



Farm Products Council
of Canada

Conseil des produits agricoles
du Canada

CANADIAN INDUSTRIAL HEMP PROMOTION AND RESEARCH AGENCY REQUEST

Panel Report

NOVEMBER 2021

FARM PRODUCTS COUNCIL OF CANADA

Canada

ACKNOWLEDGEMENTS

The Panel Report was written in collaboration with Agriculture and Agri-Food Canada, the Canadian Food Inspection Agency, Health Canada, and Statistics Canada.

The content of the Panel Report represents the opinions of the Farm Products Council of Canada Panel members and does not necessarily reflect the opinions and policy position of the collaborators.

Table of Contents

Part 1. Introduction	3
Part 2. The Hemp Promotion and Research Agency Application Review Process	4
2.1. Reception of the Proposal	4
2.2. Analysis of the Proposal	4
2.3. Establishment of the Panel	4
2.4. Public Notice	5
2.5. Reception of the Letters of Support	5
2.6. Pre-hearing Teleconference	5
2.7. Establishment of the Working Group	6
2.8. Publication of the Requests to Appear	6
2.9. Public Hearing	6
2.10. The Panel Report on its Findings for Presentation to Council	7
Part 3. A Brief Review of the Hemp Industry and its Potential	8
3.1 Background and History	8
3.2 The Four Hemp Markets	9
3.3 Hemp Production	10
3.4 International Market (Imports/Exports)	12
Part 4. The Panel's Findings	15
4.1 Item A: Support Among Producers and Importers	15
4.2 Item B: Effects of Establishing a National Agency	21
4.3 Item C: Due Regard for the Interests of Producers, Importers and Consumers	23
4.4 Item D: Promotion and Research Plan Priority projects	24
4.5 Item E: Collection of Levies on Domestic Production	26
4.6 Item F: Collection of Levies on Imports	27
4.7 Item G: Governance and Financial Viability	28
4.8 Item H: Powers Pursuant to Section 42 of the <i>Farm Products Agencies Act</i>	30
Part 5. Conclusion	31
Part 6. Annexes	32

Part 1. Introduction

This Panel Report was produced for the Council members of the Farm Products Council of Canada (FPCC) in the matter of the inquiry into establishing a Canadian industrial hemp¹ Promotion and Research Agency (PRA).

Upon receipt of a written request from one or more associations representing growers or producers of any farm product in Canada, Subsection 7(1) of the *Farm Products Agencies Act* (FPAA) provides the power to FPCC to inquire into the merits of establishing a PRA with respect to the farm product. Under the FPAA, the Governor in Council may, by proclamation, establish a PRA for a given farm product, if a majority of producers and importers (if imports are to be levied) are in favour of establishing the agency.

The proclamation may include the potential powers to be given to the PRA, as listed in Section 42 of the FPAA, such as:

- Implement a promotion and research plan, as set out in the proclamation;
- Make orders and regulations as it considers necessary to achieve its promotion and research objectives;
- Collect a levy on national and imported products;
- Undertake research, advertise, and promote the regulated products; and
- Undertake activities on the promotion of consumption, improvement of the quality and variety, and publication of information on the regulated products.

Once established, FPCC becomes an active participant in ensuring that Canadians benefit from the marketing, promotion, and research of the farm product through its supervision of the PRA.

The Panel Report is composed of six sections, including this introduction:

- Part 2, “The Hemp PRA Application Review Process,” outlines the steps taken by FPCC upon receipt of the Hemp PRA proposal.
- Part 3, “A Brief Review of the Hemp Industry, and its Potential,” presents an analysis of the past, current, and projected hemp industry and markets.
- Part 4, “The Panel’s Findings,” summarizes the results of the inquiry of the Panel as they pertain to the elements of the scope established for the inquiry.
- Part 5, “Conclusion,” provides a brief summation of the report.
- Part 6, “Annexes,” provides detailed supplementary information on the submissions and survey.

¹ The Industrial Hemp Regulations (IHR) defines industrial hemp as a cannabis plant, or any part of the plant, in which the concentration of delta-9-tetrahydrocannabinol (THC) is 0.3% or less in the flowering heads and leaves. For the Panel Report, the terminologies “Canadian industrial hemp,” “industrial hemp,” “hemp,” and “hemp by-products” are used interchangeably.

Part 2. The Hemp Promotion and Research Agency Application Review Process

This section highlights the steps applied by FPCC in reviewing the Hemp PRA proposal. The process included several steps, such as receiving and analyzing PRA proposals, establishing a Panel for the inquiry, publishing a public notice, reception of the letters of support, publication of the requests to appear, holding public hearings, and reporting the findings and its recommendation to the Minister of Agriculture and Agri-Food Canada (AAFC).

2.1. Reception of the Proposal

On October 17, 2017, the Producer Industrial Hemp PRA committee (Applicant), supported by the Canadian Hemp Trade Alliance (CHTA), submitted a proposal to FPCC for the creation of a PRA. The proposal included: a brief introduction on the history of the Canadian hemp industry; information on the Canadian hemp sector; rationale for a PRA; the promotion and research plans; evidence of support for the PRA; and the legal establishment plan for the agency.

2.2. Analysis of the Proposal

On November 9, 2017, after reviewing the proposal, FPCC requested additional information on the mandate and membership of the CHTA, further evidence of support for the PRA, and details regarding the proposed budget and activities for the first year of the PRA's operations. On December 5, 2017, the Applicant provided to FPCC all the requested information, including the list of CHTA's national and international members, preliminary survey results for the support of establishing the PRA among hemp producers, and details on the forecasted revenue and expenses of the PRA.

2.3. Establishment of the Panel

On December 28, 2017, Council members took the decision to await the appointment of the new Chairperson before assigning Council members to the Panel for the Hemp PRA Inquiry. This decision was taken to allow Council to be in a better position to hold a proper public hearing.

On August 8, 2018, pursuant to Subsection 8(3) of the FPAA, Brian Douglas, the new Chairman of FPCC, appointed Mike Pickard and Yvon Cyr, to the Panel. The Panel's responsibility was to examine the proposal and inquire into the merits of establishing the proposed PRA. Mr. Pickard's term as Vice-Chairman of FPCC, and as a Panel member for the Hemp PRA Inquiry expired on April 24, 2019. Maryse Dubé was subsequently appointed co-chair to the Panel.

The Panel's mandate was to submit to Council members its findings on the matter of establishing the PRA through the submission of the present Panel Report.

The Panel's findings were based on the scope of the assessment which consisted of the following elements:

- (a) The current status of Canadian industrial hemp producers and importers and the degree of support among them for establishing an agency;

- (b) The potential effects of establishing a national agency on the operations of producers and importers, as well as on the development of the industry, its competitiveness and markets, rural economies and the Canadian agriculture and agri-food sectors;
- (c) The means for ensuring that an agency has due regard for the interests of producers, importers and consumers;
- (d) The draft Promotion and Research Plan in the proposal, the priority projects (including their potential relationships with AAFC and Government of Canada programs), resource requirements, and sources;
- (e) The degree and nature of federal-provincial cooperation required to implement the proposed national plan particularly with respect to levy collection authorities and consistency with the *Canadian Free Trade Agreement* (CFTA);
- (f) The collection of levies on imported industrial hemp and hemp products, including its consistency with Canada's rights and obligations under international trade agreements;
- (g) The financial viability of the proposed agency; and
- (h) Whether any restrictions should be placed on the proposed agency or any of the powers to be exercised pursuant to Section 42 of the FPAA.

2.4. Public Notice

Pursuant to Section 9 of the FPAA, public notice was published in the Canada Gazette on October 13, 2018, to provide information on the date and scope of the public hearing and to invite members of the public to submit letters of support or opposition for establishing the PRA. The notice was also advertised in various newspapers and farm journals across Canada: Alberta Farm Express, Agricom, Atlantic Farm Focus, Chronicle Herald, Le Droit, Manitoba Cooperator, Ontario Farmer, La Presse, Quebec Farmers Advocate, La Terre de Chez Nous and Western Producer.

2.5. Reception of the Letters of Support

In response to the public notice, FPCC received 33 letters from members of the public, including individuals, farmers and corporations, all in support of establishing the PRA. Among the 33 letters, eight came from stakeholders in the province of Manitoba, six from Ontario, six from Quebec, five from Alberta, five from British Columbia, two from Saskatchewan and one from New Brunswick. Copies of the letters are available on the FPCC website and a summary of the submissions can be found in Annex 1 of this report.

2.6. Pre-hearing Teleconference

On November 23, 2018, FPCC held a pre-hearing teleconference to provide information on procedural matters and the sequence of events during the public hearing. FPCC recorded 29 participants on the teleconference, including FPCC staff and Council members, as well as members of the Applicant's team. The list of participants can be found in Annex 2 of this report.

2.7. Establishment of the Working Group

As part of the preparation for its inquiry into the merits of establishing the PRA, FPCC staff formed a working group with representatives from AAFC and Health Canada. The purpose of the working group was to assist FPCC staff with assessing the merits of the PRA proposal; conduct data and information analysis from various sources; identify potential issues in establishing the PRA; draft questions for the public hearing; and discuss ongoing related provincial initiatives.

As a result of the working group analysis and discussions, additional information on the assessment of majority support from hemp producers for establishing the PRA was requested. The Applicant submitted the requested information, which was used for internal analysis only. The documents have been made available on the FPCC website. However, due to the confidential nature of their content, and at the request of the Applicant, FPCC redacted some of the information contained in the documents, as a measure to protect the confidentiality of the information.

2.8. Publication of the Requests to Appear

FPCC published on its website an announcement regarding the Hemp PRA Public Hearing. The purpose was to encourage the public to submit requests to appear and express their support or opposition for establishing the PRA; to ask questions regarding the PRA proposal; and to present their views on issues related to the hemp industry and the potential benefits and impacts of establishing the PRA. As a result, FPCC received six requests to appear at the public hearing.

2.9. Public Hearing

Pursuant to Sections 8 and 10 of the FPAA, the Panel conducted the public hearing in a manner that ensured a thorough examination of relevant matters and encouraged the public's input and participation.

The objectives of the public hearing were to provide an opportunity for the Applicant to present the proposal and to address concerns raised by the Panel and interveners, and for the industry stakeholders, government representatives and the public to share their views on the proposal.

On January 29, 2019, the Panel held a public hearing that was webcast live, in Winnipeg, Manitoba.

During the public hearing, the Applicant, represented by Don Dewar from the Dewar Seed Farm in Dauphin, Manitoba, and six interveners presented materials in support of the PRA and answered questions from the Panel and FPCC's staff. The following is a list of the interveners who presented at the public hearing:

- Ted Haney, Executive Director at the Canadian Hemp Trade Alliance (CHTA) in Alberta. The CHTA is a not-for-profit organization that promotes Canadian hemp and hemp products globally. The organization's primary areas of focus are education, market development and research. It consists of over 350 national and international members active in the production, processing, research, retail, seed breeding, government and academic sectors related to hemp.

- Keith Jones, General Manager and CFO at Rowland Farm in Alberta. The farm is involved in primary processing, producing, and transporting food, feed and fibre products derived from hemp for customers globally.
- Jeff Kostuik, Director of Operations Central Canada at Hemp Genetics International in British Columbia. The company supplies farmers and processors with regionally adapted hemp varieties to help reduce production risk.
- Larry Marshall, Organic Producer at Marshall Farms in Saskatchewan. The company operates a 4,000-acre organic farm at Shellbrook, Saskatchewan.
- Olivier Lalonde, Supply Chain Manager at Eko-Terre in Quebec. The company develops products based on fibre derived from hemp.
- Clarence Shwaluk, Director of Farm Operations at Fresh Hemp Foods Ltd. in Manitoba. The company's business activities with farmers include hemp seed breeding and genetics, contract production, and agronomic research and support.

A transcript of the hearing is available on the FPCC website.

2.10. The Panel Report on its Findings for Presentation to Council

The last step of the process involved the Panel reviewing and analyzing the information collected, and then providing its findings in the present Hemp PRA Panel Report. The Council members will receive the Panel Report and consider the findings in preparing their recommendation to the Minister of Agriculture and Agri-Food of Canada (Minister).

Part 3. A Brief Review of the Hemp Industry and its Potential

This section of the report provides an overview of the hemp industry, which includes a brief background and history of the industrial hemp regulations, hemp markets and production, and international hemp markets.

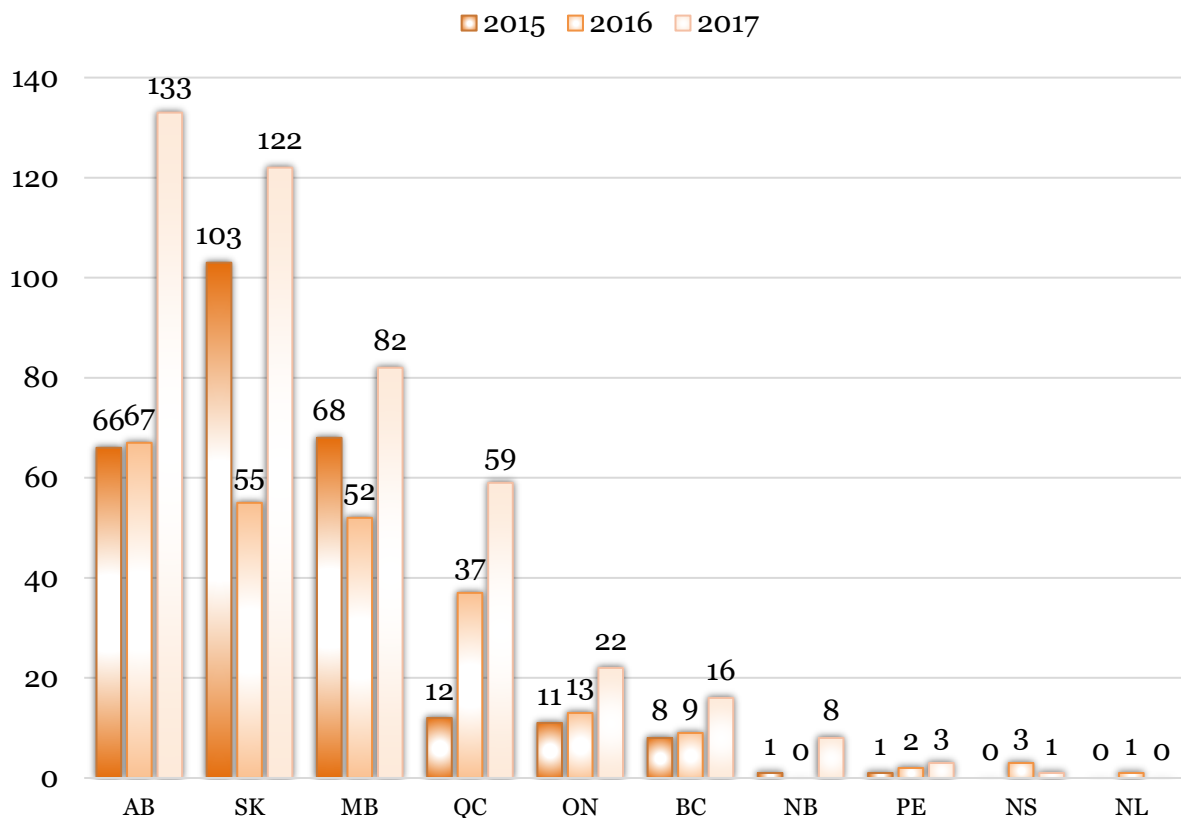
3.1 Background and History

In 1923, the Canadian government introduced the *Act to Prohibit the Improper Use of Opium and Other Drugs*, which made the cultivation of industrial hemp illegal. In 1998, the government repealed the Act and introduced the *Industrial Hemp Regulations* (IHR) under the *Controlled Drugs and Substances Act* (CDSA), making the cultivation of hemp legal under a licensing and permit system regulated by Health Canada.

Health Canada established the controls, licensing, and requirements for industrial hemp production; the minimum area for cultivation; the requirement for mandatory sampling and delta-9-tetrahydrocannabinol testing throughout the supply chain; and other requirements pertaining to record keeping, distribution, processing, criminal record checks, sales, importation, and exportation.

As shown in Graph 1, the three prairies provinces (Alberta, Saskatchewan, and Manitoba) have obtained the highest number of licences to cultivate industrial hemp from 2015 to 2017, followed by Quebec and Ontario.

Graph 1: Number of Distinct Licences to Cultivate Industrial Hemp (2015-2017)



Source: Health Canada—Industrial hemp licensing statistics

On October 17, 2018, the *IHR* became part of the new *Cannabis Act*. This legislative change softened several regulatory requirements on industrial hemp. For instance:

- The criminal record checks were removed from the requirements to obtain a licence to grow hemp;
- The sale of hemp plants (flowers, leaves and branches) to licensed cannabis processors is now permitted;
- Producers are no longer prohibited from cultivating hemp within one kilometre of school grounds or other public places;
- Producers are no longer required to store industrial hemp in a locked container or a locked location, or on the premises that only authorized people can access;
- Producers are no longer required to use third-parties for sampling;
- New import and export permits are now valid for up to six months;
- Licence holders have 30 days to notify of changes to licence information;
- Producers must notify of the required cultivation information within 30 days of seeding; and
- New licences will be valid for up to five years.

Some industry stakeholders anticipate that these regulatory changes will encourage farmers to capture the full value of the hemp production and increase hectareage of hemp cultivation across Canada. Hence, the Canadian hemp industry could expand rapidly, as it could have the potential to move from a single revenue source (food) to four revenue sources (food, feed, fibre, and fractions).

3.2 The Four Hemp Markets

3.2.1 Food

The food market is initially where the hemp industry flourished in Canada and remains its core business. Hemp farmers sell hemp seeds² to processors, who then sell food products derived from hemp into domestic and export markets, which represent approximately 30% and 70% of sales, respectively. These food products include hemp bites and bars, protein drinks and powders, oil, flour, and milk.

3.2.2 Fibre

The commercial fibre components of hemp are found in the plant stalk. They contain bast and hurd fibres, which are suitable for industrial and consumer use. For instance, these fibre components are used in the manufacturing, construction, and building materials sectors, as well as in the production of animal bedding, paper, rope, furniture, textiles, and clothing. It is projected that there will be more hemp grown given the increasing demand for hemp fibres.

² As defined in Section 1 of the *Industrial Hemp Regulations*, “seed” means achene of industrial hemp that is represented, sold or used to grow a plant; and “grain” means achene of industrial hemp that is not represented, sold or used to grow a plant. For the Hemp PRA Panel report, the word “seed” is used interchangeably with “grain.”

3.2.3 Feed

Hemp is not currently approved as a feed ingredient to be fed to livestock in Canada and is therefore considered a novel feed. The Canadian Food Inspection Agency's (CFIA) *Feeds Act and Regulations*, which regulate livestock feed, registration procedures and labelling standards, do apply to products that have not previously been used as livestock feed in Canada (i.e., they are not listed in Schedules IV or V of the Feeds Regulations). The hemp industry, like other crop sectors, must submit a complete application for a pre-market assessment to the CFIA's Animal Feed Division to authorize the release of a novel feed (i.e., the manufacture, sale, import or use as livestock feed). As part of the evaluation, the CFIA assesses data on the safety (to animals, humans via food safety and by-stander exposure, and environmental safety) as well as on the efficacy, or fit for purpose, of a novel feed.

The PRA will be important in providing the research funding required to generate the data to support a complete application. Approval of hemp for feed use would optimize the utilization of the hemp plant and create a new revenue stream for processors and producers in the animal feed market.

3.2.4 Fractions

The amendments under the *IHR* allow for the flowering heads, leaves and branches of the plant to be sold to licensed cannabis processors for the extraction of cannabidiol (CBD), the non-intoxicating cannabinoid in hemp. Additional research on the usage of hemp for the extraction of CBD is needed. The PRA could provide the research funding required to generate the data needed for using the hemp plant in the natural health products and pharmaceutical industries, which could increase demand for hemp production and provide additional revenue streams for hemp farmers.

3.3 Hemp Production

Hemp has great potential to become an important part of the Canadian agriculture industry. Canadian hemp production and processing practices optimize food quality and safety, as well as plant traceability and preservation. Certain varieties of hemp are well adapted to Canadian regions and can be harvested with limited modifications to existing equipment, depending on the end-use of the hemp plant. Hemp grows well in organic and conventional production systems and it is highly competitive with weeds.

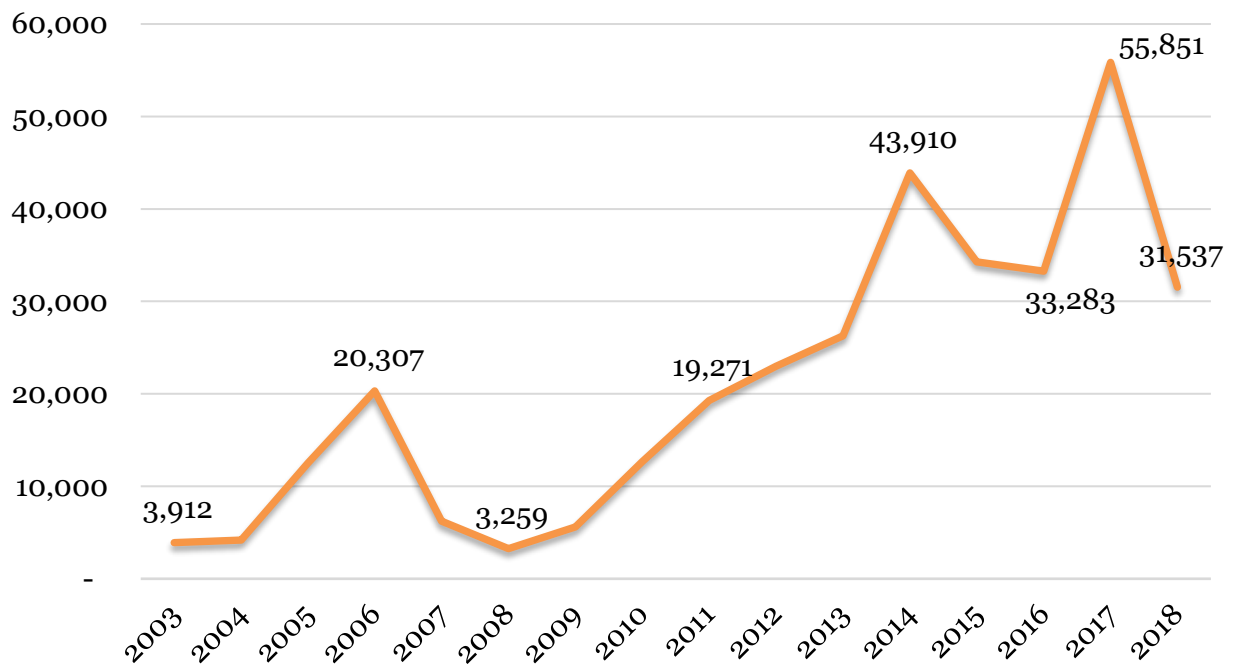
Hemp is a good crop for northern areas, as it can withstand six degrees of frost with limited impact on seedlings in spring and fall. The further north the hemp plant is cultivated, the more daylight hours it gets during the growing season, and the taller the plant grows. For instance, in Northern Alberta, it is possible to achieve double cropping of some hemp varieties. In addition, Canada's winters help with suppressing microbial and fungal diseases, and insects that could negatively affect the plant. Therefore, the hemp plant performs well in the Canadian short growing season.

Production practices and harvesting methods differ based on the variety of the plant and its market destination. For instance, hemp plants destined for sale to licensed cannabis processors for the extraction of CBD may have additional cannabis regulations that apply to production, harvest, and storage. Therefore, when considering whether to grow hemp, farmers must initially select one or more sub-markets (feed, food, fibre, or fraction) and then establish a contractual relationship with each potential buyer. Essentially, the

hemp market is based on supply and demand between farmers and processors, while considering the regulatory framework applicable to the corresponding hemp sub-market.

As shown in Graph 2, licensed hectareage for cultivation began to expand after 2003, with peaks in 2006 and 2014, reaching a high of 55,851 hectares in 2017, and then decreasing to 31,537 hectares in 2018.

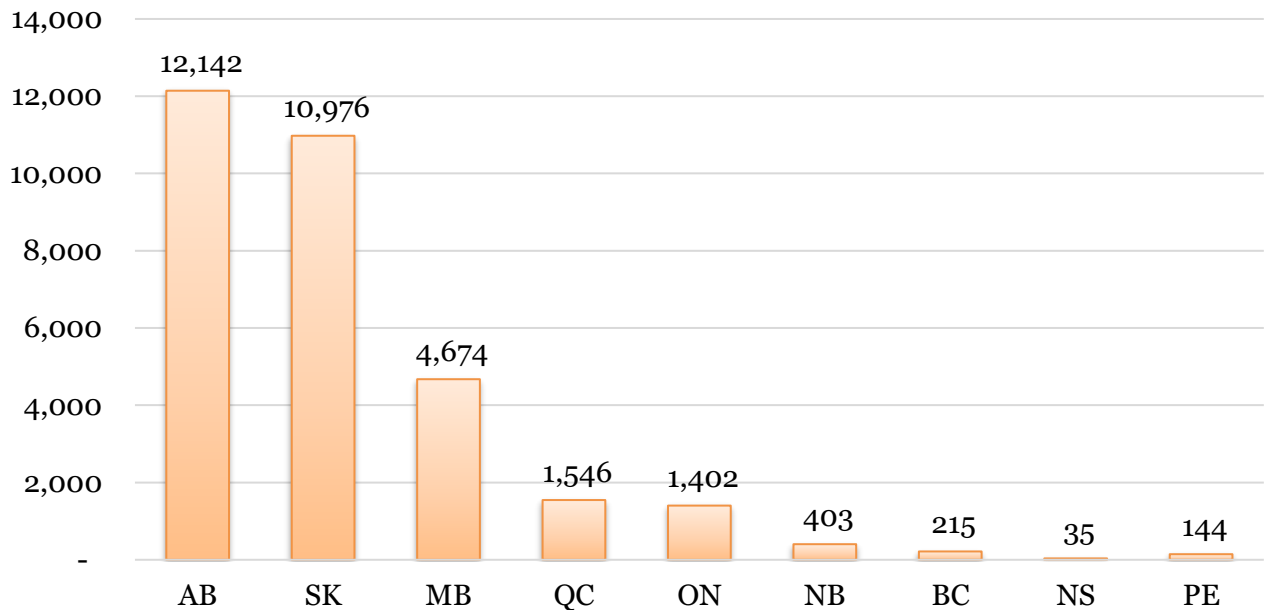
Graph 2: Licensed Hectarage for the Cultivation of Industrial Hemp (2003 - 2018)



Source: Health Canada—Industrial hemp licensing statistics

As shown in Graph 3, in 2018, Alberta, Saskatchewan and Manitoba had the highest licensed hectareage for cultivation of industrial hemp, followed by Quebec and Ontario. According to the Applicant, total sales in the Canadian hemp industry in 2018 were estimated to be \$139 million, with \$97 million in exports and \$42 million in the domestic market.

Graph 3: Licensed Hectarage for the Cultivation of Industrial Hemp by Province (2018)



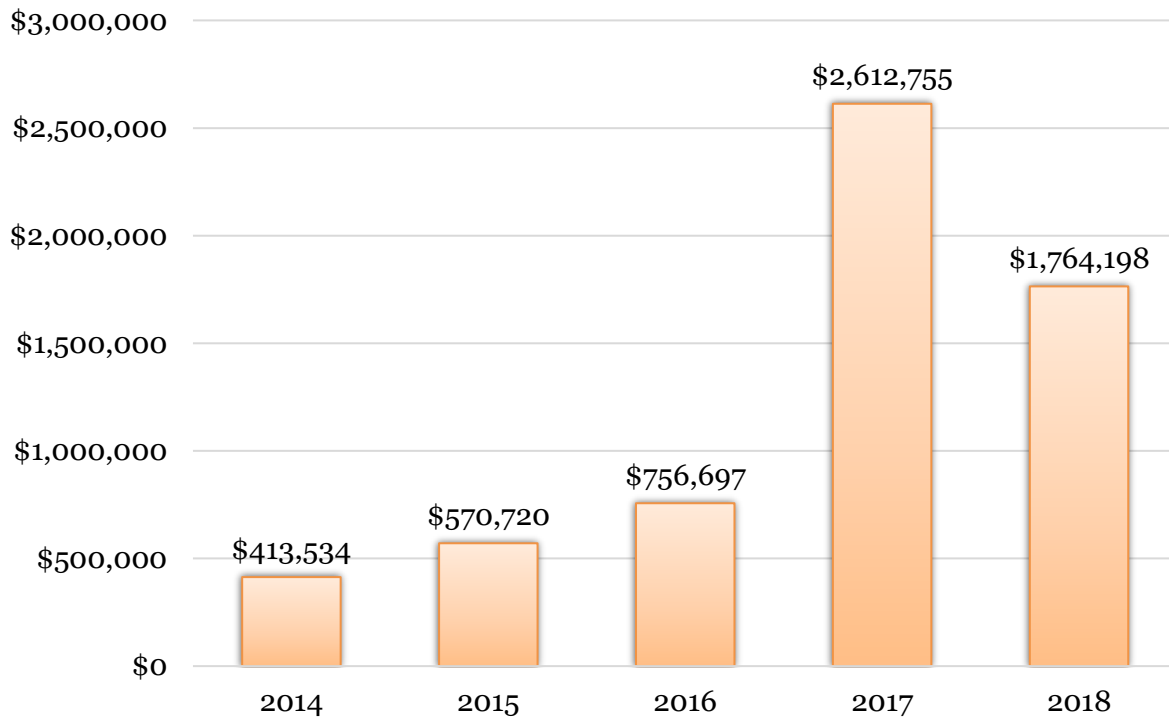
Source: Health Canada—Industrial hemp licensing statistics

The Canadian hemp industry is aiming to become a billion-dollar industry by 2023, which will make a significant contribution to the Canadian economy. Ted Haney, from CHTA, reported during the public hearing that in 2018, about \$92 million was spent on wages, and \$52 million was invested in capital to support the industry's production and sales. As the industry grows, it will continue to make contributions to the Canadian economy by creating jobs, investing in capital, increasing seeded hectarage, and devoting funds to research and development (R&D).

3.4 International Market (Imports/Exports)

The Canadian hemp industry has the potential to grow given the projected four product markets. As shown in Graph 4, the total value of hemp imports has been increasing since 2014, with a peak at \$2,612,755 in 2017, and a decrease to \$1,764,198 in 2018.

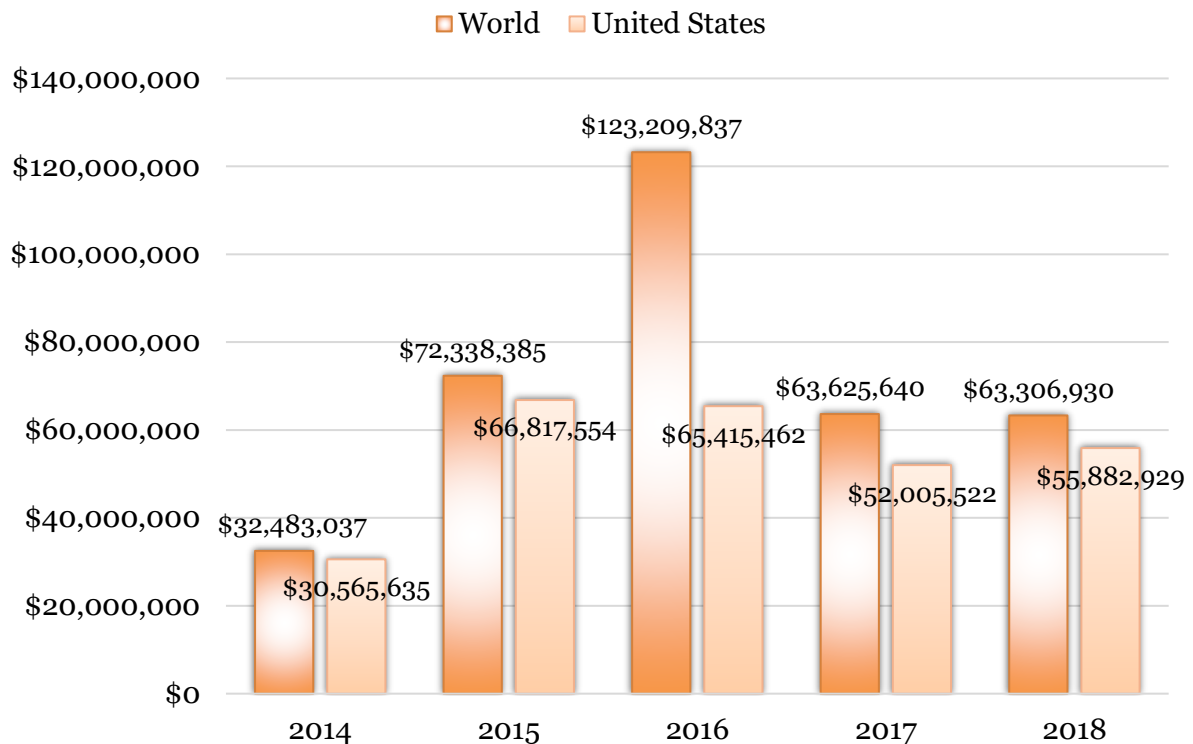
Graph 4: Total Value of Hemp Imports (2014 - 2018)



Source: Statistics Canada, CATSNET Analytics

With respect to exports of hemp, the United States, the Republic of Korea, Australia, the Netherlands, and the United Kingdom had the highest value of hemp seeds exported from Canada in 2018. As shown in Graph 5, the value of hemp seeds exported to the United States represented, on average, 90% of the total value of hemp seeds exported from Canada during the period 2014-2018.

Graph 5: Value of Hemp Seed Exports (2014-2018)



Source: Agriculture and Agri-Food Canada

The production and processing of hemp in the United States are projected to increase due to the 2018 United States Farm Bill. The Farm Bill contains several provisions that are beneficial to the United States hemp industry. These include the removal of industrial hemp from the Schedule I's narcotics list, the legalization of industrial hemp production, the authorization of the transfer of hemp-derived products across state lines for commercial or other purposes, and the removal of restrictions on the sale, transport and possession of hemp-derived products, as long it is consistent with the law.

It is projected that the Farm Bill could affect the current export markets for Canadian hemp products. The United States has the potential to become a major competitor to Canada, given its capacity to invest in hemp research, production, and processing. Therefore, it is essential for the Canadian hemp industry to further invest in research and promotion to maintain and improve its competitive advantage.

Part 4. The Panel's Findings

This section of the report pertains to the Panel's findings regarding the scope elements enumerated in Section 2.3, "Establishment of the Panel." This section is a collection of the information gathered from the Applicant's proposal and presentation at the public hearing, submissions from the hemp industry stakeholders, interveners' presentations at the public hearing and the FPCC working group's research and analysis.

4.1 Item A: Support Among Producers and Importers

For the Panel to recommend establishing the PRA to Council, the Applicant had to demonstrate, as pursuant to Section 39 of the FPAA, that the majority of the aggregate of the producers and importers of the farm product, in Canada, are in support of establishing a hemp PRA. To do so, the Applicant held votes in 2016 and conducted surveys in 2017 and 2018 among hemp producers and importers.

At the early stage of the drafting of the PRA proposal, the Applicant focused solely on obtaining support from hemp producers. Therefore, the first part of this section focuses on the initial steps undertaken by the Applicant to demonstrate majority support from hemp producers. The second part of this section focuses on the demonstration of support from hemp producers and importers following the public hearing. The last part of this section focuses on the Panel's independent analysis of majority support from hemp producers and importers.

4.1.1 Support Among Producers Prior to the Public Hearing

The first step in assessing the level of support from hemp producers was determining the number of hemp producers who grew hemp during the 2015-2017 period. The three-year period was selected because the Applicant claimed that hemp producers may not cultivate hemp on an annual basis due to crop rotations, land availability, agronomic issues, limited economic opportunities and lack of production contracts.

The second step consisted of holding voting sessions during meetings held in the spring of 2016. During these meetings, the Applicant presented the PRA initiative to hemp producers, importers, and industry stakeholders. Among the 118 hemp producers who participated in the meetings, only 35 were eligible to vote given that they grew hemp during the three-year period. As shown in Table 1, all 35 hemp producers were in support of establishing a PRA and for the adoption of a 0.5% levy on the value of sales of hemp materials.

The third step in the process of demonstrating majority support for the PRA consisted of reaching out to the remaining hemp producers through telephone and e-mail surveys. A copy of the survey carried out in 2017 can be found in Annex 3 of this report. The Applicant developed a pan-Canadian hemp producer database based on information collected from Health Canada, CHTA and other sources. The Applicant was able to reach out to an additional 190 hemp producers who grew hemp during the three-year period, of which 161 were in support of the PRA, 19 were unsure, and 10 were not in support.

As shown in Table 1, the Applicant combined the results from the 2016 spring meetings (35) and the 2017 electronic and phone survey (190), totalling 225 responses, of which 196 (87%) hemp producers were

in support of establishing a hemp PRA with a 0.5% levy on the value of sales of hemp plant materials, compared to 29 (13%) of the hemp producers who were unsure or not in support.

Table 1: Voting Results From the 2016 Producer Meetings and the 2017 Producer Survey (Producers Who Grew Hemp in 2015-2017)

Province/ Territory	Number of producers who voted during the 2016 meetings (A)	Number of producers who took part in the 2017 survey (B)	Total number of hemp producers (A + B)	Percentage of hemp producers in support of the PRA	Percentage of eligible voters not in support or unsure of the PRA
Alberta	4	61	65	78%	22%
British Columbia	0	5	5	100%	0%
Manitoba	15	42	57	95%	5%
New Brunswick	0	3	3	100%	0%
Newfoundland and Labrador	0	0	0	n/a	n/a
Nova Scotia	0	2	2	50%	50%
Ontario	4	7	11	100%	0%
Prince Edward Island	0	1	1	100%	0%
Quebec	2	8	10	90%	10%
Saskatchewan	10	61	71	86%	14%
Northwest Territories	0	0	0	n/a	n/a
Nunavut	0	0	0	n/a	n/a
Yukon	0	0	0	n/a	n/a
Total	35	190	225	87%	13%

Source: Canadian Producer Industrial Hemp PRA Committee – Producer Data

The Applicant was aware that by conducting a survey, there was a probability that not all the hemp producers would be reached. Therefore, to demonstrate that the requirement of majority support has still been met, even when considering hemp producers who did not take part in the 2016 voting and the 2017 survey, the Applicant computed the average number of hemp producers who had a licence during the three-year period. As shown in Table 2, for each province, the numbers of distinct licences from 2015 to 2017 was summed and then divided by three to obtain the average number of producers who held a licence to grow hemp during the three-year period. The sum of the averages for each province, equalling to 318, was considered to be the average number of hemp producers in Canada for the three-year period. The total number of hemp producers in support of the PRA (196) was divided by the average number of hemp producers (318) to obtain a second percentage of the Canadian hemp producers (62%) in support of the establishment of a hemp PRA.

Table 2: Producers Support Based on the Three-Year Average of Licences

Province/Territory	Average of the distinct licensee's (2015-2017)	Producers in support of the PRA	Percentage of producers in support of the PRA based on the three-year average
Alberta	89	51	57%
British Columbia	11	5	45%
Manitoba	67	54	81%
New Brunswick	3	3	100%
Newfoundland and Labrador	0	0	n/a
Nova Scotia	1	1	100%
Ontario	15	11	73%
Prince Edward Island	2	1	50%
Quebec	36	9	25%
Saskatchewan	93	61	66%
Northwest Territories	0	0	n/a
Nunavut	0	0	n/a
Yukon	0	0	n/a
Total	318*	196	62%

*The total of 318 is the rounded sum of the average of the distinct licensees during the three-year period.

Source: Canadian Producer Industrial Hemp PRA – Producer Data

The Applicant concluded that the results of both calculations met the FPAA requirement for majority support from hemp producers. On one hand, when solely taking into consideration hemp producers who took part in the voting and the survey and who reported growing hemp during the three-year period, the Applicant received an overwhelming support of 87% for the establishment of the hemp PRA. Alternatively, when taking into consideration the average number of hemp producers who received a license, regardless of whether they grew hemp or not during the three-year period, the Applicant received a support of 62% from hemp producers. Based on both calculations, the Applicant presented its case to the Panel on how the establishment of the Hemp PRA received majority support from hemp producers.

4.1.2 Support Among Producers and Importers Following the Public Hearing

The Applicant encountered two main challenges throughout the process of determining the level of support of hemp producers. The first challenge consisted of the several attempts made to reach out to hemp producers who did not take part in the electronic survey. The Applicant reported that despite many attempts made by phone, it was not possible to reach some of these producers.

The second challenge was regarding the language barrier when trying to conduct phone surveys in French. For instance, in the province of Quebec, 55 hemp producers were identified, but only 9 responded to the survey. The Applicant admitted that the lack of bilingual staff was a major setback in trying to contact francophone hemp producers.

The Panel noted that language barrier could represent a serious challenge for PRA applicants. However, the PRA is a national initiative that requires the inclusion of producers across Canada. It is expected that some producers are unilingual, French, or English, while others are bilingual. Therefore, PRA applicants should demonstrate due diligence in their efforts to reach out to producers by having available resources and information in both of Canada's official languages.

Taking into consideration the Panel's comment, the Applicant resumed the survey process following the public hearing to reach out to francophone hemp producers. The Applicant obtained additional support from 11 francophone hemp producers in the province of Quebec and three in the province of New Brunswick.

The Applicant also took the opportunity to consult and assess the level of support for the PRA from organizations that import hemp seed, to determine whether the required aggregate majority support from importers and producers is achieved. For importers to be eligible to participate in the voting process, the Applicant required that an importer must have imported hemp at least once during the given period. The Applicant was able to reach out to ten importers through a similar survey as provided to Canadian hemp producers. All ten importers were in support of the PRA, but only four imported hemp seed during the given period. Annex 4 of the Panel Report provides details on the breakdown of the voting and survey results to demonstrate majority support from hemp producers and importers.

4.1.3 Panel's Analysis of the Support Among Producers and Importers

The Panel is aware of the many challenges and limitations that PRA applicants could encounter throughout the process of developing a proposal. The heterogeneity of farm industries attributes could impact the Applicants' ability to conduct the necessary research and to undergo the proper process for the preparation of a comprehensive proposal for the establishment of the PRA. Therefore, the Panel's assessment of the majority support must be consistent among all applicants, while taking into consideration and adapting to each applicant's capacity and procedural choice.

In the case of the Hemp PRA, the Panel's assessment is consistent with how the proposals for establishing the Beef and Pork PRAs were assessed. This approach requires that the Panel needs only to be satisfied that the Applicant has received majority support from the aggregate of the hemp producers and importers by means that satisfy the PRA guidelines, and that the Applicant has demonstrated due diligence through the process of obtaining such support. Given the realities that surround farm industries, the Panel does not require that PRA applicants conduct a census when demonstrating majority support. Rather, the Panel seeks to be convinced that applicants applied reasonable and fair measures to allow the members of the targeted group to indicate their support or opposition for the establishment of the PRA.

In the cases of the Beef PRA and the Pork PRA proposals, the respective panels were satisfied with the status and representations made by the provincial organizations to confirm the support of their producer members. Unlike the Beef and the Pork industries, the current status of the hemp industry does not have provincial organizations, rather it has one national organization, the CHTA.

The CHTA has over 350 members, of which approximately 185 are hemp farmers. Similar to the Beef and Pork industries, for which the provincial organizations represented most of the producers, the CHTA represents most Canadian hemp farmers.

Unless the Panel has reasons not to rely on the status and representation of the respective organizations, majority support of producers and importers can be demonstrated by a motion of support from the directors of the national or provincial organization boards, from which it is assumed that all the members represented by the board are in support. Representation by provincial or national organizations is believed to be efficient and unambiguous given that it provides applicants with the opportunity to work closely with their respective local producers, to explain the benefits of establishing a PRA and to receive feedback and support from them. The Panel took into consideration that the CHTA represents a significant amount of hemp producers, the letters of support from CHTA members and from the provincial government Ministers of Alberta, Manitoba, and Saskatchewan, and it is satisfied with the status and representation of the CHTA as a national organization in demonstrating the support from hemp producers.

The Panel also assessed the credibility of the methodology and the authenticity of the documents provided by the Applicant. In the cases of the Beef PRA and the Pork PRA, the Panel reviewed the letters of support, minutes of the meetings and all other relevant documentation provided to demonstrate the support by the provincial organizations. In the case of the hemp industry, the Applicant submitted voting and survey results, summary of the survey methodology and other supporting documents. Given that the Applicant conducted a survey, the Panel contracted Statistics Canada (StatCan) to validate the survey process, to assess the survey methodology and to confirm whether the majority support of the aggregate of the producers has been met.

The analysis conducted by StatCan concluded that, overall, the process used to demonstrate majority support from the hemp producers and importers for the purpose of establishing a PRA was adequate, the design of the survey was appropriate for its purpose and the results were valid from a survey methodology standpoint. To conduct the analysis, StatCan used the same dataset as the Applicant. After correcting for minor errors and discrepancies, the final dataset contained a list of 396 hemp producers, which was considered to be representative of all hemp producers.

Out of the 396 hemp producers contacted by the Applicant, 241 responded to the survey, which equaled to a response rate of 61%. The response rate can reflect the challenges usually encountered by surveyors, such as non-responses despite many follow-up attempts, which was one of the main challenges raised by the Applicant. To resolve this issue, StatCan pointed out that conducting further follow-ups, may lead to significant additional costs and issues related to the interpretation of the results. Once the follow-ups ended, there were two options to get good interpretation of the results despite non-response: to calculate the approval rate by excluding non-respondents from the calculations or by using the imputation technique to take non-respondents into account.

Using both options, StatCan assessed the two approval rates computed by the Applicant. Similar to the Applicant, StatCan's first computation of the approval rate consisted of excluding non-respondents and hemp producers who did not grow hemp during the three-year period.

Unlike the Applicant, StatCan excluded those who voted “unsure” to clearly present the number in support and those not in support. While the Applicant’s calculation of this first approval rate was 87%, StatCan confirmed an even higher approval rate of 94%. The exclusion of non-respondents, as done by the Applicant, is deemed to be a commonly used approach when conducting statistical analysis given that it excludes ambiguities and assumes the same proportion of non-respondents and respondents support for the creation of the PRA.

With respect to the second approval rate of 62% calculated by the Applicant, StatCan did not recommend using the average number of the licences during the three-year period when trying to include non-respondents in the approval rate. Instead, StatCan recommended to use imputation, which is employed to determine and assign replacement values to resolve problems of missing, invalid, or inconsistent data. This method is recommended when trying to obtain a close representation of what the actual approval rate would be if the Applicant were able to survey all the hemp producers. The method realistically assumes that some non-respondents did not grow hemp during the three-year period and therefore, they were not eligible to vote. It also takes into consideration the producers’ characteristics, such as industrial classification and geography to create homogeneous groups. By using the imputation technique, the approval rate was calculated to be 86%, with a probability of 1 in a billion that the real approval rate is lower than 50% +1. This result means that if the Applicant were to consult all the hemp producers who received a licence to cultivate hemp in 2017, it is statistically impossible that the support for the establishment of the hemp PRA would be less than 50% +1.

The Panel finds the conclusions drawn by StatCan to be compelling, credible, and appropriate for the purpose of assessing the majority support from hemp producers. A summary of the report produced by StatCan is found in the Annexe 5 of the Panel Report.

4.1.4 The Panel Conclusion on Finding A

In conducting its assessment of the majority support among hemp producers and importers, the Panel took into consideration the structure of the hemp industry; the challenges encountered by the Applicant throughout the process; and the due diligence demonstrated by the Applicant in meeting the requirement for majority support. The Panel is satisfied with the current status of the CHTA as the national organization representing hemp producers and importers, and with the results presented by the Applicant and by StatCan to confirm that there is majority support from hemp producers for the establishment of the Hemp PRA. The Panel is also satisfied that by adding the four importers who were eligible to vote and who all provided their support for the hemp PRA, the Applicant has met the requirement pursuant to Subsection 39(1) for the majority of the aggregate of the hemp producers and importers in support of the establishment of the Hemp PRA.

Finding A: The Panel is satisfied with the current status of Canadian industrial hemp producers and importers and the degree of support among them for establishing an agency.

4.2 Item B: Effects of Establishing a National Agency

FPCC received several letters of support for establishing the PRA from stakeholders, such as the submission from Kelley Fitzpatrick, M.Sc. President of Nutriscience Solutions Ltd, stating that Canadian hemp producers are prepared to contribute to the development of the industry through the adoption of a levy.

During his presentation at the public hearing, Keith Jones, General Manager and CFO of Rowland Farms mentioned that producers' financial contribution to the Canadian hemp industry will be matched by other stakeholders, such as plant breeders, suppliers, processors, distributors, and manufacturers. Chris Dzisiak, Chairman of Parkland Industrial Hemp Growers Co-op Ltd, and Kevin Cain, Founder and Director of Modern Hemp Innovations, mentioned that contributions from hemp industry stakeholders will enable more promotion and research in areas like breeding and agronomy, facilitate entry in the livestock feed market, and increase awareness of Canadian industrial hemp. Therefore, investment from producers, importers and various stakeholders in the PRA will be beneficial to the hemp industry and the Canadian economy.

4.2.1 Potential Effects and Interest of Producers and Importers

At the public hearing, Larry Marshall, a representative of Marshall Farms, mentioned that the levy will have a positive impact on the industry, given that it will create accountability that producers and importers want to see in organizations they fund. For instance, it is expected that the PRA will address some of the consumers' concerns regarding land stewardship, plant proteins, natural healthy nutritious ingredients, traceability, value-added processing, carbon sequestration and sustainability. Dan Madlung, President and CEO of Biocomposites Group, stated in his submission that if those concerns are properly addressed, there will be a positive response from consumers in terms of demand for hemp. An increase in demand could lead to the expansion of the Canadian hemp industry and market demand, which in turn will be favourable to hemp producers and importers.

4.2.2 Potential Effects on the Development of Canadian Hemp Industry

The Canadian hemp industry has the potential to develop by efficiently utilizing the hemp plant. The PRA will be an asset in the development of business models that could expand, diversify and add value to the hemp sub-markets (feed, food, fibre, fractions). Currently, the limited research pertaining to hemp prevents the Canadian hemp industry from attaining its full potential.

An example of the impacts of insufficient promotion and research for developing the hemp industry is the utilization of hemp fibre. Hemp fibre has unique properties that create a diverse range of potential products for consumer and industrial markets. It is reported to be easy to process, as well as being strong, light, absorbent, and fire-resistant. Robert Ziner, the founder, and CEO of the Canadian Industrial Hemp Corporation, explained in his submission that, though hemp fibre has potential, the stalks from which hemp fibre could be extracted tend to be burned after the hemp seed is harvested.

Félix Ladouceur, a representative of Nature Fibres Inc, and Mr. Fitzpatrick advocated in their submissions on the importance of conducting research on processing hemp fibre into industrial products. Notably, promotion and research on insulation panels made from hemp fibre that can be used for a ceiling, wall, and floor insulation; semi-rigid acoustic panels made from 85% natural hemp fibre that can be used for

residential and commercial construction; and hemp wool made from 100% hemp fibre that can be used as a flooring underlay in new construction and renovation projects.

As highlighted in the submission by the company Northern Nutraceuticals Inc., the development of the Canadian hemp industry is dependent on investments that would facilitate research and promotion for better processing technology and that would address technical issues.

4.2.3 Potential Effects on Competitiveness of the Hemp Industry and Market

Martin Jansen, a representative of Arjazon Seed Trading, highlighted in his submission that the Canadian hemp industry is one of the largest exporters of hemp seed products due to the success of the industry at the national level. At the public hearing, Mr. Lalonde emphasized that, as international competition grows, a PRA is necessary for the Canadian hemp industry to stand out and continue to provide quality products in the domestic and international markets.

In the United States, the retail sales of hemp products in 2016 were estimated at \$688M across seven market categories: food, consumer textiles, personal care products, health supplements, CBD products, industrial products, and other consumer products. As previously mentioned, the 2018 United States Farm Bill legalizes the cultivation of industrial hemp in the United States and declassifies it as a Schedule 1 controlled substance. Hence, as highlighted in the submission by Mr. Madlung, Canada has a small window of opportunity to strengthen the Canadian hemp industry, before the United States fully emerges into the hemp industry, domestically and internationally. As stated by Ruth Shamaï, a lobbyist involved in the legalization of hemp, a PRA could help Canada be at the forefront of the global hemp industry through research and promotion.

A case that illustrates the need for a PRA to support the Canadian hemp industry in the international market occurred in South Korea in 2016. The South Korean government was provided information regarding an alleged high heavy metal content in Canadian hemp seed. According to Robert Rae, President and CEO of Canada Hemp Foods Ltd., the Canadian hemp industry was not equipped with the resources and research that could have made it possible to offer evidence countering the allegations and to retain the South Korean market. As mentioned by Doug McCartney, President and CEO of the Composites Innovation Centre, the PRA will allow the Canadian hemp industry to remain competitive with emerging international competition by enhancing understanding of hemp products through research and promotion and by assisting in addressing emerging issues and challenges.

4.2.4 Potential Effects on Rural Economies

The PRA will support job creation through the growth and development of the hemp sub-markets. According to Guillaume Dallaire, a representative of Ferme Tournevent Inc., new markets will allow the Canadian hemp industry to stand out and continue to provide quality products at the national and international levels, while contributing to the growth of rural economies. The company Midlake Specialty Food Products noted in its submission that the success of the hemp industry is defined by a continuous growth in demand for hemp products, which in turn contributes to providing employment in rural communities. Similarly, Louis Bibeau, CEO of Eko-terre Inc., emphasized that through the collection

of the levy to fund the PRA activities, Canadian hemp producers will become stronger participants in the development of a healthy hemp market and a stronger Canadian economy.

4.2.5 Potential Effects on the Canadian Agriculture Sector and Economy

Currently, approximately 90% of hemp production is in Alberta, Saskatchewan, and Manitoba. As demand and production for hemp continue to expand, it is anticipated that most Canadian provinces will increase their hemp hectareage, since hemp can grow in most Canadian agricultural areas. With the recent change to legislation allowing the utilization of the whole hemp plant, new opportunities will be created across the country. These opportunities will contribute to the Canadian agriculture sector and economy by creating more jobs and by increasing the revenues of farmers and stakeholders in the hemp value chains.

4.2.6 The Panel Conclusion on Finding B

The Panel is satisfied with the potential positive effects of establishing a national agency on the operations of producers and importers, on the development of the industry, its competitiveness and markets, rural economies and the Canadian agriculture and agri-food sector. The Panel is of the view that the levy to be collected through the PRA for research and promotion will greatly contribute to generating knowledge for better usage and sales of the whole hemp plant and hemp products as well as the development of the hemp industry. Such benefits will create new markets and more opportunities for the industry, which will allow it to attain its full potential and ensure its competitiveness in the national and international markets.

Finding B: The Panel is satisfied with the potential positive effects of establishing a national agency on the operations of producers and importers, on the development of the industry, its competitiveness and markets, rural economies and the Canadian agriculture and agri-food sector.

4.3 Item C: Due Regard for the Interests of Producers, Importers and Consumers

4.3.1 Potential Effects on Consumers

In addition to the potential positive effects on producers, importers, and other stakeholders, as referred to in Section 4.2 of the Panel Report, the PRA will have positive effects on consumers. As stated in the submission by Doug Mason, CEO of Naturally Splendid Enterprises Ltd., an important factor that would contribute to the expansion of Canadian hemp industry is the increase in demand for hemp products and the ability for hemp producers to adjust their supply accordingly. Consumers' awareness of the benefits of hemp products will have a significant influence on the demand of hemp products. Mr. Lalonde stated that the potential effects of the PRA will be to provide consumers access to promotional information and research findings on hemp and thereby build their confidence in the Canadian hemp industry. The PRA will also address the interests of consumers through:

- Education and information programs;
- Negligible price increases in products due to the levy on hemp materials;

- Increased awareness of the nutritional value of hemp-based food products and ingredients; and
- Credible, trusted, and accessible source of information on the hemp industry.

4.3.2 The Panel Conclusion on Finding C

The Panel is satisfied that, in addition to being beneficial to producers and importers, the PRA will have due regard to the interest of consumers. Increased access to information will allow consumers to be more aware of the hemp products and their benefits. The Panel is of the view that the multi-faceted products of the hemp industry will provide short-term and long-term advantages to consumers.

Finding C: The Panel is satisfied with the means for ensuring that an agency has due regard for the interests of producers, importers, and consumers.

4.4 Item D: Promotion and Research Plan Priority projects

In its proposal and at the public hearing, the Applicant explained how the PRA would facilitate priority promotion and research projects on the hemp sub-markets. The priority research projects will focus on agricultural studies, while the priority promotion projects will focus on improving access to the domestic and international hemp markets and on building consumer awareness and confidence in the benefits of hemp products.

4.4.1 Research Plan

a. Food and Fractions

The market demand for hemp seed is reported to be strong because of the classification of its derivatives as “superfood.” According to Mr. Marshall, the market demand for hemp seed is expected to grow as consumers continue to learn about the nutritional and health benefits of hemp seeds. In an increasingly competitive market, investments in new technologies and innovation in the hemp industry need to persist for Canada to remain a supplier of good quality hemp food products in the world.

Furthermore, Mr. Jones expressed his confidence that the Canadian hemp industry will thrive in the fractions market, given its advanced understanding of agricultural practices. The PRA will contribute by advancing and guiding the necessary research into handling, harvesting and storage processes of the flowers, leaves and branches of the hemp plant.

As indicated in the PRA proposal, the priority research regarding hemp food and fractions will focus on the following:

- Dehulled hempseed, hempseed oil and hemp protein;
- Biomarkers for Cardiovascular disease: serum lipids, inflammatory biomarkers, etc.;
- Biomarkers for diabetes: glucose, insulin sensitivity, hemoglobin A1C, etc.; and
- Satiety and weight control.

b. Agricultural Research

The Applicant, as well as several interveners at the public hearing, and in several submissions highlighted the importance of the PRA's ability to prioritize, coordinate and leverage funding for agricultural research projects. During his presentation at the public hearing, Jeff Kostuik, from Hemp Genetics International, stated that the PRA is needed to identify the best production and post-harvest handling methods to help producers make the right decisions on their farms.

The research priority projects will cover a broad spectrum, including:

- Soil fertility
- Seeding dates and rates
- Storage of hemp seed, fibre, and fractions
- Hemp mortality
- Nitrogen concerns
- Phosphate control
- Hail damage
- Drying processes
- Pest control

c. Fibre

The Canadian hemp industry is in the early stages of learning how to use hemp fibre in products, such as textiles and building materials. Mr. Kostuik reported that there is research currently being conducted with the Composites Innovation Centre, located in Manitoba, on bio composites. More research is being conducted given the increasing demand for hemp fibre. However, additional funding through the PRA is needed to conduct research with a focus on the following priority projects:

- Fibre yield and quality from hemp varieties grown for seed versus dual purpose varieties and their economics;
- Harvesting of dual purpose varieties to maximize fibre quality;
- Retting (soaking) methods to fulfill specific requirements of various end users of fibre and the associated economics;
- Novel uses of hemp residues after decortication (fibre separation); and,
- Life cycle analyses and recyclability of hemp fibre products.

d. Feed

As mentioned in Section 3.2.3 of the Panel Report, if hemp obtains regulatory approval as a feed ingredient, demand could potentially grow in the animal feed market. According to Mr. Marshall, research on the efficacy of the utilization of hemp as animal feed is needed to obtain regulatory approval. The Applicant stated that research and development would be carried out in collaboration with government agencies to increase the possibilities of obtaining official approval from CFIA. Therefore, the PRA priority research projects regarding hemp-based feed will focus on the assessment of the efficacy and safety of lower grade seeds and by-products such as whole hemp, hulled hemp, hemp meal, hempseed oil, screenings, hulls, and chaff as an animal feed for poultry, swine, beef, and dairy cattle.

e. Working with Industry Stakeholders

During the public hearing, Mr. Lalonde reported that current research is mostly conducted by companies, which tends to target the companies' specific plans, and not necessarily the broader industry's goals. Consequently, several submissions and interveners reported that even though the research conducted by companies could be advantageous for the hemp industry, there is a lack of confidence that it could adequately contribute to the advancement of the industry.

Alternatively, research conducted by other parties, such as the federal and provincial governments, universities, research centres and not-for-profit associations, is perceived as essential to the development of the industry. The PRA will improve the collaborative research and promotion initiatives by working closely with the CHTA, federal and provincial governments, commercial partners, and the research community.

4.4.2 Promotion Plan

For the Canadian hemp industry to successfully grow, there must be an increase in market access and in consumers' knowledge, interest, and confidence in hemp products. To increase demand for hemp, the priority projects for the PRA promotional plan will focus on developing science-based information and education materials and their effective dissemination to improve consumer confidence in hemp products and their utilization.

4.4.3 The Panel Conclusion on Finding D

The Panel is satisfied with the Applicant's promotion and research priority projects plan for the PRA. The Panel is of the view that a PRA will facilitate access to financial and human resources to work on research and promotion projects. By working together, the governments, industry stakeholders and hemp producers will be able to respond to several problems through easier and faster access to unbiased data and independent research.

Finding D: The Panel is satisfied with the draft promotion and research plan in the proposal, the priority projects including their potential relationships with AAFC and government of Canada programs and the resource requirements and sources.

4.5 Item E: Collection of Levies on Domestic Production

4.5.1 Federal-Provincial Cooperation to Collect Levies on Domestic Production

The Applicant indicated that the PRA aims to collect levy on interprovincial and intraprovincial trade and imports. The information pertaining to the levy on imports is discussed in Section 4.6 of the Panel Report.

Once established, a PRA has federal authority to collect a levy on products subject to interprovincial, export and import trade. Pursuant to Subsection 42(3) of the FPAA, the PRA may grant authority to a party to exercise powers of regulation in relation to the marketing within the province of the regulated product to which the PRA may exercise any function relating to interprovincial, export or import trade. Similarly, the PRA can collect a levy on products subject to intraprovincial trade, upon receiving delegation of authority from the province. Pursuant to Subsection 42(2) of the FPAA, the PRA may perform on behalf of a province any function relating to intraprovincial trade in the regulated product in relation to which it may exercise its powers.

The Applicant's initial plan upon establishing the PRA is to collect the interprovincial levy, which will be applicable across all the Canadian provinces. Within the first year of establishing the PRA, the Applicant will start discussions with provinces to obtain federal-provincial cooperation to collect the intraprovincial levy. The delegation of authority agreements for the intraprovincial levy will initially focus on the three prairie provinces, Alberta, Manitoba, and Saskatchewan, which represent approximately 90% of the hemp grown in Canada. The Applicant received letters of support for establishing the PRA from the Ministers of agriculture of all three prairie provinces. The discussions have also started with the provinces of Ontario and Quebec and will be pursued with the other provinces.

4.5.2 *The Panel Conclusion on Finding E*

The Panel is satisfied with the Applicant's approach of initially operating the PRA on the interprovincial levy, and gradually collecting the intraprovincial levy as delegations of authority are obtained. The Panel notes that if the Hemp PRA were to be established, the Applicant must take into consideration the *Canadian Free Trade Agreement* (CFTA), which governs the interprovincial trade of goods in Canada. While the CFTA does not have specific rules on the movement of hemp and hemp products, it does contain non-discrimination provisions (Article 201) that generally ensure equal treatment of products in each province and territory. Essentially, the Applicant must ensure that the levies to be applied on the interprovincial and intraprovincial trade should not create differential treatment amongst producers in different provinces, as to contravene the CFTA.

Finding E: The Panel is satisfied with the degree and nature of federal-provincial cooperation required to implement the proposed national plan particularly with respect to levy collection authorities and consistency with the *Canadian Free Trade Agreement* (CFTA).

4.6 **Item F: Collection of Levies on Imports**

4.6.1 *The PRA Authority to Collect Levies on Imports*

Pursuant to Section 41 of the FPAA, the object of the PRA is to promote a strong, efficient, and competitive industry for the regulated product by conducting research activities and by promoting the marketing and production of the products. The PRA may exercise its powers to extend the collection of the levies on imported hemp products, as authorized by the proclamation establishing it.

At the public hearing, the Applicant informed the Panel that after careful assessment of the hemp market, they have decided that a levy of 0.5% on the import value of hemp products will be collected from importers once the domestic levy is applied across the country. Pursuant to Subsection 39 (1) of the FPAA, the Applicant must satisfy that the majority of the aggregate of the hemp producers and importers are in favour of the establishment of the PRA. As stated in Section 4.1.2 of the Panel Report, the Applicant was able to obtain the necessary level of support from importers, as requested by the Panel during the public hearing.

4.6.2 *The Panel Conclusion on Finding F*

The Panel has found no objections to the Applicant's amendment to add levy collection from hemp importers. However, the Panel notes that the application of levies on imports must be compliant with

the Canadian international trade agreements, such as the World Trade Organization General Agreement on Tariffs and Trade. This agreement contains the National Treatment rule, which prohibits a less favourable treatment of imported products compared to domestic products once the imported products have passed the national frontier. Therefore, if the Hemp PRA were to be established, the Applicant must ensure that the regulations pertaining to the collections of the interprovincial and intraprovincial levies are aligned and compliant with the Canadian international trade agreements prior to implementing the collection of levies on imports. As such, the Hemp PRA could benefit from how the Beef PRA implemented its import levy system to meet these conditions.

Finding F: The Panel is satisfied with the collection of levies on imported industrial hemp and hemp products, including its consistency with Canada's rights and obligations under international trade agreements.

4.7 Item G: Governance and Financial Viability

The financial viability of the proposed PRA is based on the notion that sufficient levy will be collected for the PRA to be self-reliant. Currently, hemp farmers in Canada have been investing in the hemp industry through a voluntary checkoff paid to CHTA. For instance, processing companies solicit contract growers to invest in the industry and deduct a 0.5% voluntary checkoff at the time of payment. The funds are then forwarded to the CHTA to support the development of the industry. At the public hearing, Mr. Jones stated that the concept of a PRA levy is already known to Canadian hemp growers.

The Applicant's plan is to turn the 0.5% voluntary checkoff into a refundable 0.5% levy to be paid to the PRA. The Applicant noted that the proposed refundable 0.5% levy will have no negative impact on consumers' prices of hemp products, producers' overall production levels and production systems (conventional or organic), processing sectors and trade flows. The partial or full levy refund will be subject to conditional requirements, such as satisfactory evidence that the mandatory levy was paid; the refund request is consistent with the agency's levy records; and the province where the producer resides allows for such refunds.

In addition to the funds to be collected from levy, the PRA could receive funds from other sources that would permit additional investments in the priority promotion and research projects. According to Mr. Jones, it is anticipated that processors and other hemp industry stakeholders will continue to provide additional resources to support research. The leveraged funds will be added to the PRA's revenue, which will contribute to the financial viability of the PRA.

4.7.1 Short-Term Plan

The Applicant reported that the levy revenue for the first year of the PRA is based on interprovincial trade from hemp seed sales. Based on past data of the production and price levels of conventional and organic hemp seed, the levy revenue is forecasted to be between \$190,000 and \$210,000.

The forecasted expenses will be divided into four categories: research activities, business development and promotions, general administration, and levy refunds. The percentage budget allocation for expenses is expected to change as the PRA revenues grow. For instance, the Applicant estimates that, as the levy

revenue increases, the percentage of the budget allocation for the general administration expenditures will decrease, while the percentage of the budget allocation for investment in research and promotional activities will increase.

To keep the administrative expenditures low, the PRA will contract these services to CHTA. The CHTA and the PRA will operate on a cooperative business model, which requires two independent boards of directors and memberships and two independent business plans. Essentially, the PRA funding decisions will be made by its board of directors based on the needs of Canadian hemp producers. Then, the CHTA will provide secretariat and operational services to the PRA on a cost-recovery basis.

The Applicant originally reported that the PRA board of directors will consist of seven members, including five producers from Alberta, Saskatchewan, Manitoba, Ontario, and Québec, and two non-producers, representing hemp processors and researchers. Among the seven board members, three members will be selected as chair, vice-chair, and secretary-treasurer. Given the Applicant's subsequent request to collect a levy on imports, the PRA board will have to be amended to include representation of importers as prescribed in the Subsection 40 (3) of the FPAA.

Based on the Applicant's proposal, the board's responsibilities will focus on accountability to producers and other stakeholders; ensuring that the agency meets the requirements of all relevant federal and provincial statutes, regulations, standards, and procedures; confirming the annual research and promotional plans; approving the PRA contracts, annual audit, budget, and report; overseeing the usage and disbursements of the PRA fund; and addressing concerns. The board will review its operations and develop an action plan every three years to implement corrective measures. In addition to the board, there will be a promotion committee responsible for recommending and implementing the promotion plans and projects, and a research committee responsible for recommending and implementing the research plans and projects.

4.7.2 Medium and Long-Term Budget Plan

Although the board will initiate discussions with the prairie provincial governments and the federal government to obtain delegation of authority agreements for levies on intraprovincial trade for hemp seed and fibre at the early stage, it is anticipated that it would take at least one year to achieve across all three provinces. This means that levies from intraprovincial trade in hemp products will take time to implement.

The Applicant forecasted its medium and long-term revenue at an estimated compound annual growth rate ranging from 5% to 10%. The forecasted medium and long-term revenue growth is based on overall hectareage growth, production, and pricing patterns, and intraprovincial trade. Mr. Jones stated that the sales of unprocessed fractions in the medium and long-term are estimated to raise the levy revenue to over \$400,000, about three years following the establishment of the PRA. The investment in promotion and research activities is expected to increase proportionally to the increase in levy revenue, while the administrative expenditures increase will be based on an inflation rate of 2.5%.

To optimize the investment in promotion and research activities, the board will put in place a reserve fund in the event of volatility in production. The reserve fund will have a contingency fund to be utilized to meet financial commitments, and a cash reserve to act as a buffer for potential uneven flow of levies to the PRA.

4.7.3 *The Panel Conclusion on Finding G*

The Panel is satisfied with the budget and expenditure plans for the proposed PRA. Although revenues will be low and might take time to grow in the initial year, the cautious plan presented will allow the Applicant to adjust the PRA expenditures as the industry develops.

Finding G: The Panel is satisfied with the financial viability of the proposed agency.

4.8 **Item H: Powers Pursuant to Section 42 of the *Farm Products Agencies Act***

4.8.1 *List of Powers conferred in Section 42 of the FPAA*

As listed in the introduction of the Panel Report, the PRA may obtain the powers conferred in Section 42 of the FPAA. Such powers are subject to the proclamation and they may include the implementation of a promotion and research plan; make orders and regulations; collect a levy on national and imported products; undertake research activities, advertise and promote hemp products; and other activities that are considered appropriate to carry out the PRA functions.

4.8.2 *The Panel Conclusion on Finding H*

Though the Panel is of the view that the Applicant will need these powers, it does not support the use of the PRA's funds for advocacy purposes to relax the hemp regulatory regime. Essentially, if the PRA is established, the Council members must be satisfied, when reviewing the budget and expenditures of the PRA, that the funds received through the collection of the levies (interprovincial, intraprovincial, and imports) are solely attributed to promotion and research activities and the administration of the PRA.

Finding H: The Panel is satisfied that no restrictions should be placed on the proposed agency or any of the powers to be exercised pursuant to Section 42 of the FPAA.

Part 5. Conclusion

The Panel has concluded that the future of the Canadian hemp industry is very promising. Though the industry is at the entry level, its potential to grow and to succeed in the near future is evident. The lack of available data, research, and information to better assess the past, current, and foreseen states of the industry emphasize the importance of establishing a PRA. The Panel has based its findings to Council members on the pressing need for research and promotion to maintain and advance the sector's competitiveness in domestic and international markets; the expected outcomes of the hemp industry upon the establishment of a PRA; and the impact on the hemp industry, the overall Canadian agricultural sector, and the economy in general.

Part 6. Annexes

Annex 1: Summary Table of Submissions

Author		Affiliation	Opposition/ Support	Highlights
1.	Russ Crawford <i>President</i>	Agrinomics I.T. Consulting Limited	Support	The PRA will legalize and formalize the collection of levies which is currently being supported through a voluntary checkoff which is supported by most growers.
2.	Diane Jang <i>CEO</i>	Hempco Canada Superfoods Inc.	Support	Establishing a hemp PRA managed and governed by a producer Board will allow Canadian hemp growers to become a strong partner in the delivery of strategic research and promotion programs that will benefit all participants in the industry.
3.	Robert Rae <i>President and CEO</i>	Canada Hemp Foods Limited	Support	We recognize that initially levy funds generated by the PRA would be modest, but strategic research and promotion efforts will be important going forward for producers and the broader hemp value chain.
4.	Dan Madlung <i>President and CEO</i>	Bio Composites Group Inc.	Support	By approving this application, we feel the industry will develop more quickly and in a more organized fashion thus creating wealth and jobs for rural Canada from a currently wasted product.
5.	Clarence Shwaluk <i>Director</i>	Fresh Hemp Foods Limited	Support	With the cooperation of our contracted farmers, our company has already been collecting a voluntary checkoff from all purchases of hempseed to submit to the CHTA to fund industry development.
6.	Lyall Bates <i>President and Vice-President</i>	Hemp Sense Inc.	Support	The proposed Hemp PRA will give hemp producers the legal framework to create the financial capacity and formalized governance structure to be a significant partner in hemp industries development.

Efficiency *through* Dialogue

Author		Affiliation	Opposition/ Support	Highlights
7.	Ted Haney	Canadian Hemp Trade Alliance	Support	The CHTA believes that the collection of a national levy will allow Canadian hemp producers to become a strong partner in building their industry.
8.	Kelley Fitzpatrick <i>President</i>	Nutriscience Solutions Limited	Support	To reach its potential, hemp requires research in areas including genetics and varietal development, agronomy and production, processing and production, health and efficacy outcomes and marketing including the need to educate consumers on the safety and efficacy of hemp.
9.	Kevin A. Cain <i>Director</i>	Modern Hemp Innovation	Support	We anticipate (the PRA) will lead to a broader range of products with technical advantages and unique benefits in many consumer and industrial market segments.
10.	Garry Meier <i>President</i>	Hemp Production Services	Support	A PRA also avoids duplication of administrative costs associated with multiple provincial commissions or Boards and keeps the focus of research and promotion on initiatives that support all hemp producers regardless of where they live in Canada.
11.	Garry Meier <i>President</i>	Hemp Genetics International	Support	A PRA is a financially efficient legal framework which will allow producers to collaborate with industry partners, governments and others on research and promotional efforts to grow and strengthen the industry.
12.	Larry Marshall	Marshall Farms	Support	We believe a national organization like a PRA will operate efficiently, provide leadership, and collaborate in research and promotion to move the industry forward.
13.	Robert Ziner <i>CEO</i>	Canadian Industrial Hemp Corporation	Support	The agency will allow producers to become a valuable partner to companies like ourselves as we strive to address the issues mentioned above and create more value from existing hemp production while growing the volume and value of hemp produced in Canada.

Author		Affiliation	Opposition/ Support	Highlights
14.	Christian Taillon	Ferme Taillon et Fils	Support	A farm levy for a Hemp Promotion and Research Agency (PRA) is a good tool to support farmers and the whole industry to develop markets and supporting research resulting in the adoption of best practices by farmers and consequently, giving to the consumers the quality they deserve.
15.	Marc Bercier <i>Président</i>	Ferme Agriber Inc.	Support	It will give farmers more tools, with the research and promotion, to bring more profitability at the farm level.
16.	Marc Bercier <i>Président</i>	Centre de Criblage Marc Bercier	Support	Industrial hemp is a very promising crop for the environment.
17.	Félix Ladouceur	Natures fibres	Support	The creation of a PRA would help producers, manufacturers and all the instances involved to facilitate research, marketing strategies and the creation and implementation of legislation.
18.	Doug Mason <i>CEO</i>	Naturally Splendid Enterprise	Support	In our view, the participation of hemp growers in the growth and development of the hemp industry in Canada is vital to its success.
19.	Luce Bisson	Ferme Aquilon Senc	Support	Investing to further develop current hemp markets and supporting research that will build consumer confidence in current products and support new product innovations are very important to the future of hemp production in Quebec and the rest of Canada.
20.	Doug McCartney <i>President and CEO</i>	Composites Innovation Centre	Support	The creation of the Canadian Hemp PRA will facilitate research activities that promise to enhance understanding of the production, quality, and properties of various biomaterials and in so doing ensure industry's commercial specifications and need for consistent, reliable feedstocks are met.

Author		Affiliation	Opposition/ Support	Highlights
21.	T. Chris. Dzisiak <i>Chairman</i>	Parkland Industrial Hemp Growers Cooperative Limited	Support	We envision a national Promotion and Research Agency (PRA), working with other organizations, will find the reaches of Industrial Hemp's potential by enabling research in areas like breeding and agronomy, addressing barriers to market entry like in the livestock feed market, and broadening awareness of Industrial Hemp's potential fit and benefits in relatively new markets like the natural fibre industry.
22.	Luc Boivin <i>President</i>	Agrofibrés Inc.	Support	Our view is that producer funding in addition to funding provided from the processing sector, like us, and other sources will assist in the advancement of the industry in these, and most assuredly other areas not necessarily recognized by our company.
23.	Guillaume Dallaire	Grains Tournevent — Ferme Tournevent	Support	In a time of globalization and economic agreements between nations, an agency like the Hemp PRA is very important for the Canadian hemp industry to stand out and continue to provide quality products at national and international levels.
24.	Ruth Shamai	Member of Canadian Hemp Trade Alliance	Support	I see the PRA as necessary to advance the hemp industry and keep Canada at the forefront of the worldwide hemp industry.
25.	Louis Bibeau <i>CEO</i>	Eko-terre	Support	We believe that the collection of a national levy will allow Canadian hemp producers to become a strong partner to the rest of the hemp industry, and consequently participate to the development of a healthy market.
26.	Keith Jones <i>General Manager and CFO</i>	Rowland Farms	Support	We firmly believe that farmer contributions are key to the successful growth and development of the hemp industry, and that farmers need to play a role in how the Canadian industry secures and extends its current global leadership position in industrial hemp for food.

Efficiency *through* Dialogue

Author		Affiliation	Opposition/ Support	Highlights
27.	Paul Bobbee <i>Managing Partner</i>	Midlake Specialty Food Products	Support	The proposed PRA provides the mechanism for producers to invest alone and with other organizations who have a stake in the growth of the sector, like the Canadian Hemp Trade Alliance (CHTA), under the umbrella of a well-defined regulatory and governance structure.
28.	Reuben Stone	Stone Farms	Support	I am in support of the proposed structure of a Hemp PRA and urgently wish to see it completed.
29.	Reuben Stone	Valley Bio Limited	Support	We are looking forward to the establishment of a Hemp PRA as soon as possible as it will help the industry advance and compete on the world stage.
30.	Rod Fisher	Fisher Farms Limited	Support	Producer funds will hopefully attract other industry funds.
31.	Keith Watson	Hempsense Inc.	Support	Research is paramount to the continued success of the hemp industry, and we support the need for industry participation in the developing and financing the research needs of the industry.
32.	Martin Jansen	Arjazon Seed Trading	Support	We believe that the formation of the Hemp PRA will be a big step forward, in helping the Canadian hemp sector to keep its leading position on the world stage, seeing all the new hemp suppliers popping up around the world.
33.	Kevin Johnson	Northern Nutraceuticals	Support	Research and promotion investments on new varieties, better processing technology, or to address technical issues in new and existing markets, are key to growing hemp hectareage and the broader industries future success.

Annex 2: List of Participants at the Pre-hearing Teleconference

Farm Products Council of Canada

Friday November 23, 2018 at 1:00 PM

Nom – Participants in French	Organization
MELANIE PRUNEAU	Farm Products Council of Canada
INAUDIBLE	Unknown
JUDY BUNDROCK	Egg Farmers of Canada
LARRY MARSHALL	Marshall Farms
MARC BERCIER	Ferme Agriber Inc. et Centre de criblage Marc Bercier
MARIE EISENMANN	Hempbassadors
OGESHWALI PATEL	Unknown
RUSS CRAWFORD	Agrinomics IT Consulting
NO INFORMATION LEFT	Unknown
NO INFORMATION LEFT	Unknown
NO INFORMATION LEFT	Unknown
NO INFORMATION LEFT	Unknown

Name – Participants in English	Organization
Mike Pickard	Farm Products Council of Canada
Yvon Cyr	Farm Products Council of Canada
Nancy Fournier	Farm Products Council of Canada
Martin Leblanc	Farm Products Council of Canada
Palmira Lutoto	Farm Products Council of Canada
Mike Iwaskow	Farm Products Council of Canada
CARMAN READ	Producer Industrial Hemp PRA Applicant
JIM TODD	Unknown
JULIE UNDERWOOD	Unknown
PATRICIA KOROSI	Agriculture and Agri-Food Canada
RUSS CRAWFORD	Agrinomics IT Consulting
SUSAN JOHNSTONE	Unknown
TED HANEY	Canadian Hemp Trade Alliance
VALERIE GILVESY	Unknown
NO INFORMATION LEFT	Unknown
NO INFORMATION LEFT	Unknown
NO INFORMATION LEFT	Unknown

Annex 3: Producer Survey Sample

We are asking you to voice your opinion to the proposed proposal.

Questions	Response Choices
Support PRA	Yes/No
Do Not Support PRA	No/Yes
Uncertain If support PRA	No/Yes
If you do not support the PRA are you strongly opposed?	No/Yes/Not Applicable
If you do not support the PRA are you somewhat opposed?	Yes/No/Not Applicable
Grew Hemp in 2018	Yes/No
Grew Hemp in 2017	Yes/No
Grew Hemp in 2016	Yes/No
Grew Hemp in 2015	Yes/No

Annex 4: Voting Results for the Demonstration of Support

The two tables below provide additional details on the Applicant's calculations of the approval rate and include the votes obtained from Quebec and New Brunswick and the hemp importers. The Approval rate 1 only includes those who grew or imported hemp (eligible). The Approval rate 2 takes into consideration the average of distinct licences, whether they grew or imported hemp.

APPROVAL RATE 1: Exclusion of Non-respondents	Number of eligible producers who voted during the 2016 meetings (A)	Number of eligible producers and importers who took part in the 2017-2019 survey (B)	Total number of eligible hemp producers and Importers (A + B)	Votes in support of the PRA	Votes not in support of the PRA	Votes unsure of the PRA	Percentage of support (Votes in support of the PRA/Total eligible hemp producers and Importers)
Province/Territory							
Alberta	4	61	65	51	3	11	78%
British Columbia	0	5	5	5	0	0	100%
Manitoba	15	42	57	54	3	0	95%
New Brunswick	0	6	6	6	0	0	100%
Newfoundland and Labrador	0	0	0	0	0	0	n/a
Northwest Territories	0	0	0	0	0	0	n/a
Nova Scotia	0	2	2	1	0	1	50%
Nunavut	0	0	0	0	0	0	n/a
Ontario	4	7	11	11	0	0	100%
Prince Edward Island	0	1	1	1	0	0	100%
Quebec	2	19	21	20	0	1	95%
Saskatchewan	10	61	71	61	4	6	86%
Yukon	0	0	0	0	0	0	n/a
Total Producers	35	204	239	210	10	19	88%
Importers	n/a	4	4	4	0	0	100%
Total Producers and Importers	35	208	243	214	10	19	88%

Efficiency *through* Dialogue

APPROVAL RATE 2: Distinct Licences from Health Canada	Distinct Licences from Health Canada to Cultivate and Import Hemp				Eligible Producers and Importers in Support of the Hemp PRA				Percentage of support (Total votes in support of the PRA/Average (2015-2017))
Province/Territory	2015	2016	2017	Average* (2015-2017)	Voting Results from the 2016 Producer Meetings	Voting Results from the 2017 Producer Survey	Voting Results from the 2018 Producer and Importer Survey	Total votes in support of the PRA	
British Columbia	8	9	16	11	0	5	0	5	45%
Alberta	66	67	133	89	4	47	0	51	58%
Saskatchewan	103	55	122	93	10	51	0	61	65%
Manitoba	68	52	82	67	15	39	0	54	80%
Ontario	11	13	22	15	4	7	0	11	72%
Quebec	12	37	59	36	2	7	11	20	56%
New Brunswick	1	0	8	3	0	3	3	6	200%
Nova Scotia	0	3	1	1	0	1	0	1	75%
Newfoundland and Labrador	0	1	0	0	0	0	0	0	0%
Prince Edward Island	1	2	3	2	0	1	0	1	50%
Northwest Territories	0	0	0	0	0	0	0	0	n/a
Nunavut	0	0	0	0	0	0	0	0	n/a
Yukon	0	0	0	0	0	0	0	0	n/a
Total Producers	270	239	446	318	35	161	14	210	66%
Importers	n/a	4	7	5	n/a	n/a	4	4	80%
Total Producers and Importers	270	243	453	323	n/a	n/a	18	214	66%

*Average values are rounded

Annex 5: Summary of Statistics Canada Report

Introduction

To confirm the results by an independent organization, FPCC reached out to Statistics Canada to validate the survey process used by the Applicant, to determine whether best practices in the survey methodology were applied, and to make recommendations if needed.

Methodology

Some caveats, albeit minor, were detected: First, the list contained duplicate voters. Second, the contact list used by the Applicant was not exhaustive as some licence owners did not give consent to Health Canada to share their contact information. Third, not all licence owners are actually hemp producers.

After correcting for the caveats, the final list contained 396 hemp producers of which 241 responded to the survey. This means a response rate of:

$$\text{Response rate} = \frac{241}{396} = 60.9 \%$$

The validation exercise for the response rate focused on the analysis of the non-respondents. The purpose was to know if the non-respondents were truly hemp producers (i.e., if they were eligible to vote), and to compare some of their characteristics with those of the respondents to determine whether the respondents are representative of all hemp producers.

To do so, a match was done between the list used for the survey and Statistics Canada's Agriculture Frame, which contains businesses Statistics Canada considers to be farms and the Business Register (BR) for non-farm units. At the end of the matching process, good matches were found for 316 of them out of the 396 units in the sample. This leads to the conclusion that there is no obvious evidence that respondents are different from non-respondents, or in other words, no evidence of non-response bias.

Calculation of the Approval Rate

The determination of the numerator is quite straightforward: it is the number of respondents who grew hemp between 2015 and 2017 and explicitly approved the PRA's creation in the 2016 meetings or in the 2017-2019 survey. This number is 151 respondents to the survey and 12 voters in the 2016 meeting, a total of 163 explicitly supporting the PRA.

The key to calculate the right approval rate is to derive the right denominator.

1. One option would be to remove non-respondents and 'unsure' votes from the denominator (i.e., keeping only clear 'support' and 'do not support' votes).

$$\text{Approval rate} = \frac{163}{173} = 94.2\%$$

This rate assumes that the approval rate of the respondents is the same as the approval rate of the non-respondents.

2. Another option would be to correct for non-response by using imputation. Imputation is a process commonly used by statisticians to determine and assign replacement values to resolve problems of missing, invalid, or inconsistent data. For realistic results, the method takes into consideration information provided by respondents and characteristics of all producers in the population.

The population is divided in groups called ‘imputation classes’. These classes are built using the producers’ characteristics such as industrial classification and geography to create homogeneous groups, (i.e., producers that are more similar or more likely to give similar responses). Imputed values are given to non-respondents based on the respondents of the same class. This method assumes that not all non-respondents were eligible to vote. Therefore, producers with an imputed value ‘ineligible’ were removed from both the numerator and the denominator of the approval rate calculation.

$$\text{Approval rate (imputation method)} = \frac{278}{323} = 86.07\%$$

This method found that the probability of not obtaining majority support, in other words an approval rate of less than 50% +1, is a lot smaller than one in one billion, which means it is essentially impossible. Another more conservative imputation rate which does not take account of respondent characteristics, assumes that on average 1 non-respondent out of 3 is assigned the response ‘support’ (the other 2 are unsure or opposed) gave an approval rate of 61.95%, with the probability of having a final approval of less than 50% +1, is smaller than 1 in five million.

Conclusion

Considering all the available information, it can be determined that the approval is between 62% and 86%. It is also important to note that by using imputation, the probability of obtaining an approval rate below majority (50% +1) is almost null.

Statistics Canada concluded that there is majority support among the hemp producers for the creation of a PRA, especially if the strong support showed by producers in meetings and consultations prior to this survey are also taken in consideration.