



Cannabis

Labour Market Analysis



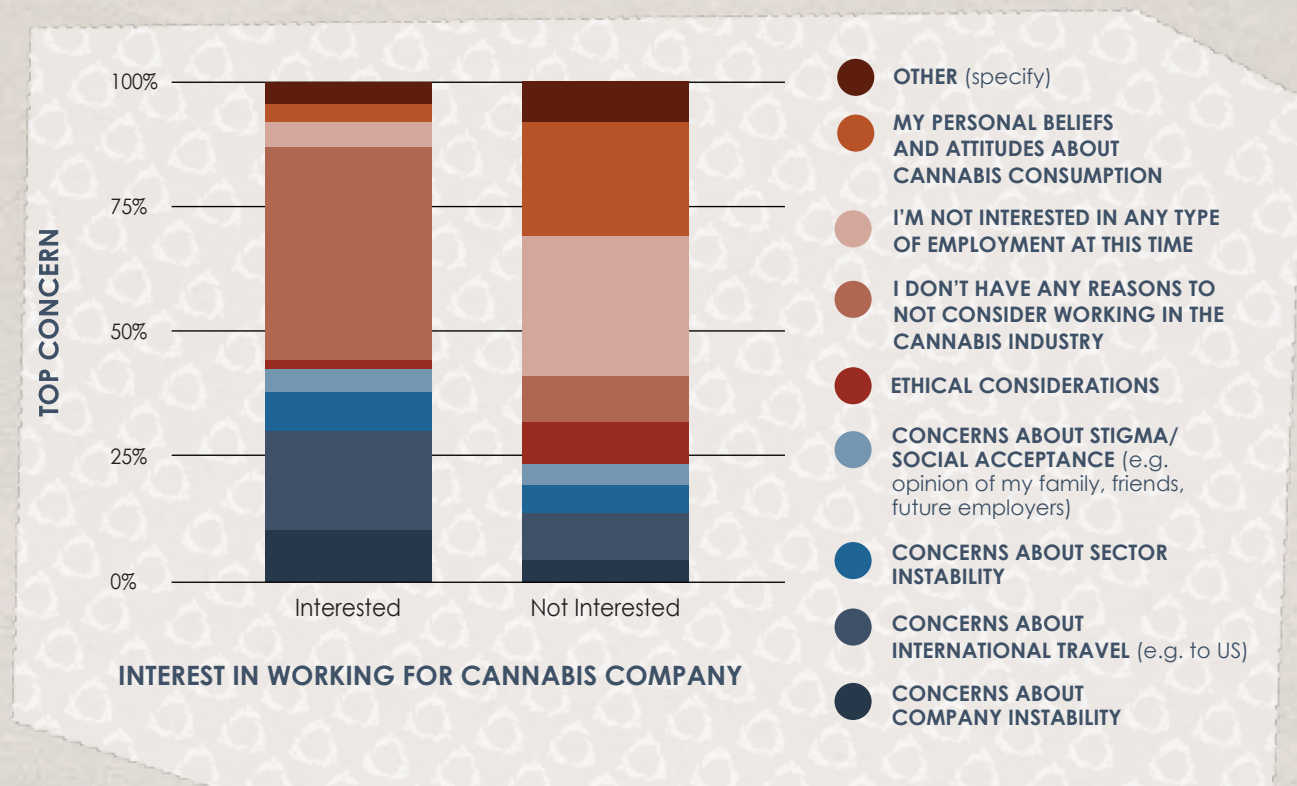
Introduction

Since cannabis was legalized in Canada on October 17, 2018, the rippling legal and bureaucratic implications which followed the controversial policy decision have outpaced the industry's market growth. However, with countries such as Australia, Israel, Poland, and some European nations recently moving to legalize cannabis for medical and adult use, the market is set to expand worldwide. One of the many implications of cannabis' legalization is the corresponding job market boom and, in the early stages of the industry's maturation, surprising reflections in the job market are already evident. For example, the February 2020 Goldbeck Recruiting poll of members of the Angus Reid

forum found that 71% of respondents believed the cannabis industry would offer competitive salaries, and 70% of respondents also believed the industry was set to employ significantly more people in the future.

Overall, 59% of respondents agreed that the cannabis industry was an attractive employer.[1]

However, almost half, or 47%, of those currently employed or look-



ing for work were not interested in working in the cannabis industry, and 55% of respondents figured people who work in the cannabis industry are likely to face negative stigmas or assumptions from the general public. There is also a strong correlation showing that the willingness to believe, or not believe, in the stability and growth potential of the industry depends on respondents' personal ethical beliefs. As such, the cannabis industry is perhaps facing a tumultuous relationship with the job market—and with slower growth reported this year, the industry is perhaps facing a much greater instability.[2]

TYPES OF JOBS CREATED

The still emerging cannabis industry is creating jobs along each stage of

"In our experience as a conduit between candidates and employers for cannabis positions, we are seeing trends supporting our findings in the report. We regularly have candidates decline to entertain positions due to their concerns around the industry, but that doesn't mean the searches aren't feasible. There are many people out there that are excited by the new industry, and want to invest themselves in that future."

HENRY GOLDBECK, PRESIDENT

its production pipeline, from the first to the last step in harvesting, processing and eventually selling the end products. This creates ample opportunities both for highly skilled workers in agriculture and horticulture as well as city-dwellers looking for either part time work in a

retail environment or full time work in a dynamic marketing and publicity role.

The majority of jobs created so far by the cannabis industry in Canada fall into the horticultural production steps of the pipeline. The statistics are impressive and telling: in the years following the legalization of cannabis in Canada, the number of positions filled by federally licensed producers has more than quadrupled. In 2019, Statscan counted 9,200 full time jobs, up from 2,630 in the 2018 fiscal year and a mere 1,438 in fiscal 2017. Of these, 60 percent of cannabis industry jobs were filled by workers involved in production, including cultivation and processing duties. Another 20 percent were found to work in marketing, sales and administrative or pub-

lic-facing roles, with the last 20 per cent unidentified.[3][4] It is worth noting that when thousands of cannabis retail sites were shuttered after not successfully obtaining federal licensing immediately after the legalization, and many jobs were lost.

This upward trend in job numbers, barring a major shakeup in Canadian primary or secondary industries, is only set to continue as demand grows. However, reported disinterest in employment in the cannabis industry highlights the possibility of a shortage of labour as the industry continues to grow.[1]

WHERE FACILITIES ARE BUILT

The cannabis industry can be rudimentarily considered as two parts

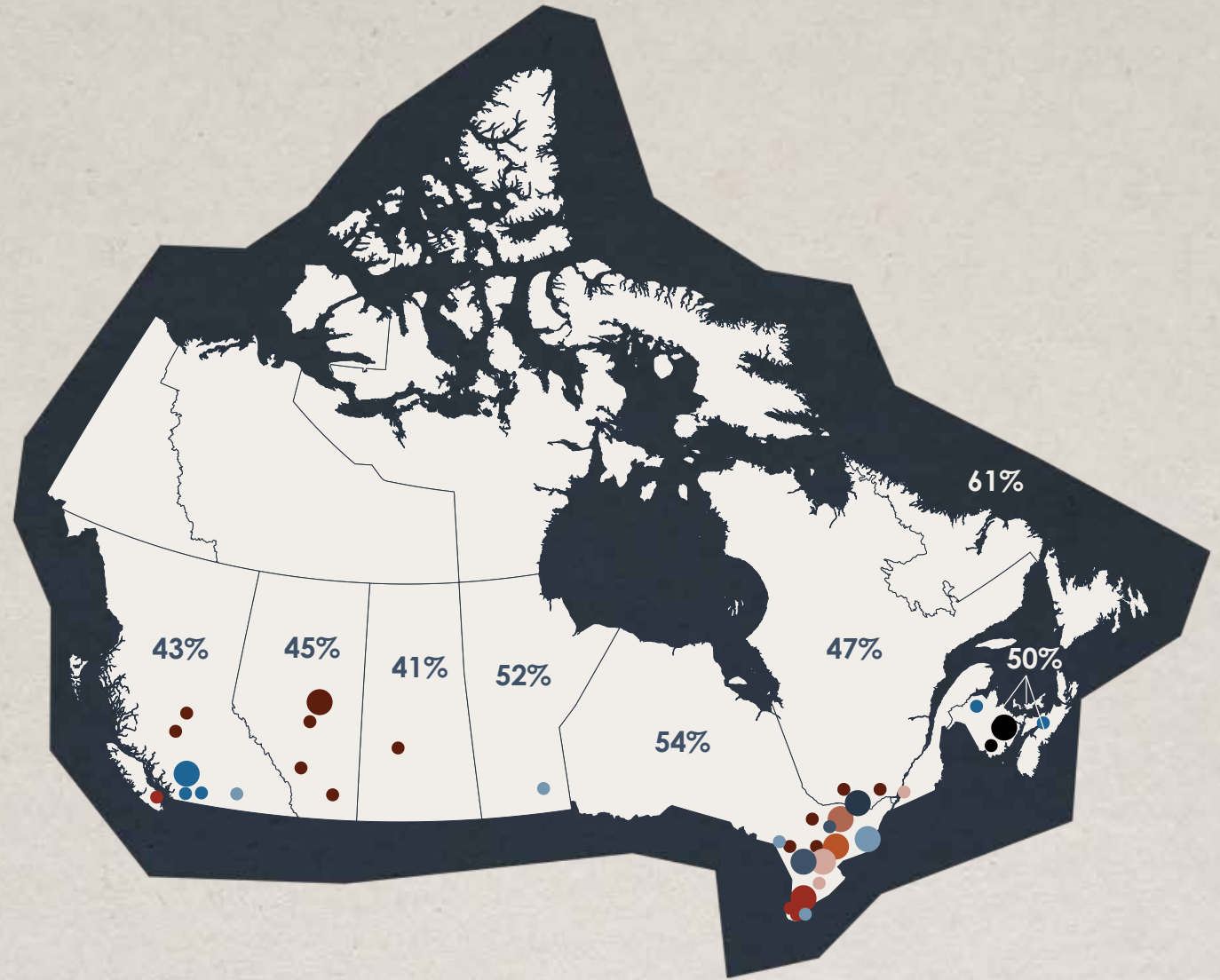
which are highly contingent on location. While storefronts and head offices are often located in densely populated urban areas, production and harvesting facilities, as well as shipping centres, are located in less densely populated areas, such as rural or industrial communities. The reason for this division is simple: to sell, companies need to be near their customer base, while producing the product requires a much larger footprint which is only available in peripheral communities.


Aurora Cannabis, for example, operates several of its facilities in sparsely populated areas of Alberta and Quebec, including Leduc County and Lachute respectively, while its head office is located in downtown Edmonton. Canopy Growth Corporation operates its facility and head offices out of Smith Falls, Ontario. These compa-

nies were the two most profitable cannabis companies in the country as of 2019, but interest in the industry falters from within their respective provinces.[5] For example, the Atlantic provinces and Ontario were the most interested at 54% of respondents, and Saskatchewan (41%), BC (43%), and Alberta (45%) were least interested.[1]

Like most industries which require a rural presence, hiring outside of the facility's immediate community often requires competitive remuneration, benefits and perks to make the job — and the accompanying relocation — more enticing. However, the cannabis industry is also unique for the space it occupies in the public consciousness. Unlike many manufacturing sectors, the cannabis industry remains riddled with stigma as an industry with

apparent moral and ethical qualities. People that are ethically opposed to the industry believe that there is little room for growth and little stability in the industry. Those who are interested in the industry believe that cannabis-related employment would offer competitive salaries and opportunities for growth, as indicated by 84% and 80% respectively of interested respondents to the Goldbeck Recruiting poll. Of those disinterested in working in the industry, only 60% of respondents believed the industry would offer competitive salaries.[1] Even



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|---|----------------------------|---|---------------------|
|  | AURORA CANNABIS |  | HEXO |
|  | APHRIA |  | ALEAFIA HEALTH |
|  | CANNTRUST HOLDINGS |  | ZENABIS GLOBAL |
|  | CANOPY GROWTH |  | CRONOS GROUP |
|  | THE GREEN ORGANIC DUTCHMAN |  | ORGANIGRAM HOLDINGS |

% indicates percentage of people interested in working for a cannabis company

with the overall conception that jobs in the cannabis industry offer comparatively high salaries and benefits, large numbers of the population remain uninterested, and this variation showed no correlation with the locations of head offices and production facilities. One possible explanation: the stigma which persists around the cannabis industry today.

INDIGENOUS ECONOMIC INVESTMENT AND GROWTH

For many Indigenous thinkers and leaders, the Cannabis Act of 2018 fell short. In Canada, while federally legal, provinces are vested with the responsibility of structuring sales and production. Indigenous peoples living on reserves are not necessarily governed by the same laws and

structures as the rest of Canada as settled in the last 200 years. Theoretically, this means that Indigenous peoples should be allowed to produce, sell and regulate their own cannabis products outside of federal or provincial structures. While reserves are subject to some laws of the Canadian government, meeting the restrictions required to obtain a federal licence can be difficult (such as extensive security clearance background checks and the assumption that individuals hold identification approved by the government Canada),[6] meaning Indigenous communities are vastly restricted in their ability to take part in this economic boom.

In many cases, however, legalization presents an opportunity for self sufficiency on Indigenous lands

without relying on the government. On Mohawk territories, for example, retailer Legacy420 employed 50 people and was the second largest employer on band lands as of August 2019.[7] Such economic surges allow Indigenous people to work nearer to home and within a community congruent with their cultural values and beliefs. Given that fair regulatory standards are reached between Indigenous lands and the Canadian government along with existing tax exemptions, Indigenous peoples across Canada are poised to flourish as the cannabis industry grows.

This is especially the case as there are consistently not enough jobs available on reserve. According to the 2019 Indigenous Economic Progress Report produced by the

The National Indigenous Economic Development Board, the employment rate on reserve is 24.2 percentage points lower than the non-Indigenous rate.[8] This is a staggering figure given that most unemployed Indigenous peoples are actively seeking work.[9] The establishment of dispensaries and production facilities on reserve lands, then, can feasibly create dozens of permanent jobs on reserve. Presently, most dispensaries opening on Indigenous reserves seem to be owned and operated by residents, with few employees or investors brought in from mainstream cannabis.

Within the reserve system most businesses are run by residents—however, cannabis products must be licenced by Health Canada in order to be legally sold, and not all bands

have the resources or space to grow and harvest cannabis plants. For bands like the Kwaw-Kwaw-Apilt in Chilliwack, BC, the council is looking to nearby reserves such as the Shxwha:y Village which in 2018 sought federal production licencing. As such, even if bands do not grow their own product, there is interest in importing the product of other Indigenous communities (though when necessary product is purchased from off reserve facilities).[10] This strategy creates space for on reserve positions at all levels of the production pipeline, from front of house management and budtenders to extraction specialists at the facility itself.

REMUNERATION, BENEFITS & PERKS

With the rapid growth of the cannabis industry in mind, workers are often entitled to competitive remuneration, benefits and perks within their contracts. The roles created by the cannabis industry have designations within the North American Industry Classification System (NAICS) which groups workers into categories which allow for measurements that are used to forecast the health of a given industry. In Canada, for example, cannabis dispensary managers (NOC 0621) earn a median hourly wage of \$32.69, with the high median hourly wage of \$35.58 belonging to Alberta. Budtenders (NOC 6421) in Canada make on average only \$14.00 per hour, with a median high

of \$16.26 in the Northwest Territories. An extraction specialist (NOC 2121), however, is reported to make a median hourly income of \$36.00 across Canada, with Alberta and Ontario offering a high median of \$38.46.[11] Within Statscan, these classifications make an appraisal of cannabis worker remuneration visible, but this is only part of the picture.

Some cannabis companies, for example, offer stock options for senior managerial staff in addition to competitive remuneration.[12] For other employees, companies like Aurora Cannabis offer competitive life, medical and dental insurance along with a moderate Health Spending Allowance and an Employee Assistance Program.[13] Rather than employee discounts,

Aurora has opted to sign with Sun-Life Financial to provide employee health benefits, a plan which covers the use of medical cannabis. Since this move, other cannabis companies have followed suit.

These gestures towards a more lucrative and fulfilling employment are necessary to meet prospective workers' expectations. As noted above, 71% of respondents assumed the cannabis industry would offer competitive salaries—suggesting an expectation of higher remuneration given industry needs, such as the possibility of relocation and the respondents' concerns over international travel for work (for example, to countries like the United States, where cannabis is still illegal), which composed the largest representation of concerns

over working in the industry with 23% of respondents identifying as such. Especially in light of 2019's reported labour shortage in the industry, companies are having to compensate to bring in, and retain, talent.[14]

However, even despite expectations about remuneration, the Goldbeck Recruiting poll also found a generational bias: an average of 48% of respondents aged 45 and older were interested in working in the cannabis industry, in contrast with those under 45 of which 58% were interested. Similarly, the poll found a gap which ran along lines of gender, wherein 57% of male respondents were interested in the cannabis industry, but only 50% of female respondents employed or seeking work were interested.

Regardless of remuneration expectations which consistently remain high, it seems personal beliefs still trump a job-seeker's attraction to the industry.

RESEARCH AND INNOVATION

The global economy demands, now more than ever, customization, personalization and an abundance of choice; the same goes for the cannabis industry. This industry is marked by its expenditures in research and development, charging into the consumables market with items such as beverages, softgels, varied edibles and specialty vape options to satiate its consumer base. But that's not all — while many people partake in the cannabis industry for the product's mood altering capacities, more people are also purchasing prod-

ucts without THC, such as CBD oil, for the benefits of relaxation and pain relief without any mood alteration. These two arenas — products with THC and without — are continuing to grow, with dozens of companies dedicated exclusively to R&D with the intention of developing new proprietary additions to the market.

This facet of the cannabis industry expands the types of jobs being created. While the need for master growers, budtenders and retail managers is still present, an emphasis on research and development creates new positions for experts in chemistry, biology, and medical and health sciences to oversee and direct the creation and patenting of new cannabis based products. Additionally, these developments create space for experts in business

development and marketing, in order to carve space in the cannabis retail market for these new products.

However, with legalization not yet two years behind us, many companies are still setting up basic standards of operation to ensure a consistently profitable business model. Once the regulatory issues have been ironed out, it seems likely that companies will be eager to invest more specifically in the clinical testing of new products, like skin care or gum and other ingestibles for roll-out to an excitable market. Similarly, as regulatory bodies become more agile in the face of the changing cannabis industry, Health Canada would, theoretically, expedite licensing for new products, further enticing the development of novel products.

Summary of Data

For this analysis, we split into two groups those who were interested vs not interested in working in the cannabis industry and compared their responses:

- The biggest concern about the industry for people interested was international travel (29%). However, the most common response was “I don’t have any reasons to not consider”.
- The biggest concern about the industry for people not interested was personal beliefs (32%).
- 60% of people who were not interested and 84% of people who were interested agree that the cannabis sector is likely to offer a competitive salary (71% overall).
- There is a large difference in belief of career growth opportunities. Most people who are not interested (57%) do not think there are growth opportunities, where the vast majority (80%) of those who are interested think there are growth opportunities. This could indicate that a wider understanding of opportunities has the potential for persuading more people to take a chance on the industry.

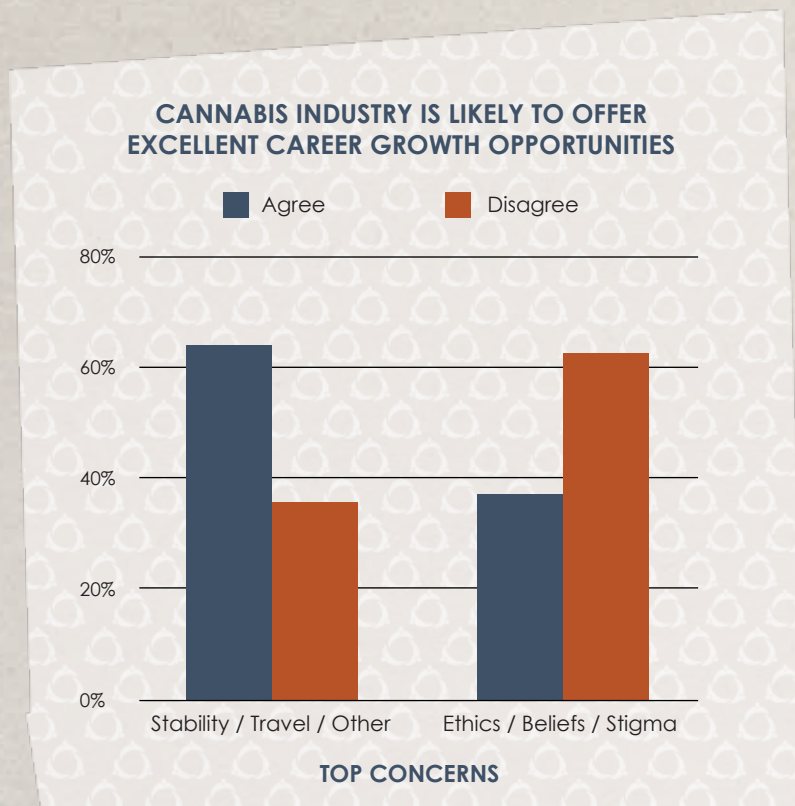
We then split respondents into groups based on their stated concerns about working in the cannabis industry and compared their responses to each other:

- People concerned about their personal beliefs, ethics, or assumed stigma were the most likely to disagree that the cannabis industry offers career growth opportunities (70%, 61%, and 32% respectively). This could indicate that people are letting their personal beliefs influence their overall opinion of the viability of the industry.
- For all other groups, the majority believed the industry would offer career growth, including respondents who stated their chief concern as:
 - Company or industry instability
 - No reasons to be concerned
 - Not interested in any type of employment
 - International travel
 - Other
- Overall 61% of respondents believed the industry would offer excellent career growth opportunities.

- People most concerned due to personal beliefs are the only group who mostly (52%) disagree that the cannabis industry is likely to employ significantly more people in the future.

For the next section, we looked specifically at certain states of employment:

- When normalized by only looking at the group who answered “not employed and looking for work”, there was a significant difference



between men and women in interest toward-working in the industry. 79% of men were interested while 67% of women were interested.

- When normalized by looking at people who were employed or looking for work, there was still a gender disparity with 57% of men being interested vs 50% of women.

- When normalized by only looking at the full-time employed group, there was a difference between the interest levels in various regions:

- Ontario and the Atlantic provinces were most likely to be interested at 54%.
- The lowest interest rate was in Saskatchewan (41%) followed by British Columbia (43%) and Alberta (45%).

- There is a negative correlation between age and interest even when normalized by removing the “not employed and not looking” group - but only after age 44. Ages 18-44 answered similarly with an average of 58% interest.

- 45-54 = 49%
- 55-64 = 47%
- 65+ = 44%



General results:

- A majority of people (53%) are not interested in working in the cannabis industry.
- People who are unemployed but looking for work are the most likely (72%) to be interested in working in the industry.

Citations

1 These are the findings of a survey conducted by Goldbeck Recruiting Inc. in February 2020 with a representative sample of n=1521 online Canadians aged 18+ who are members of the **Angus Reid Forum**.

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