



Staff Report

Report To:	South Huron Council
From:	Dan Best, Chief Administrative Officer/Deputy Clerk
Date:	May 22 2018
Report:	CAO 09-2018
Subject:	Cannabis Update

Recommendations:

That the report of Dan Best, Chief Administrative Officer dated May 22, 2018 regarding an Cannabis update be received.

Purpose:

Information

Background and Analysis:

Legalized non-medical cannabis will have many impacts on municipal governments and the communities they serve. Community and neighbour concerns related to safety enforcement, nuisance, public health and economic development are just some of the issues municipal governments will need to deal with. In short municipalities need to understand their responsibilities regarding legal cannabis as well as policy and regulatory options to respond to local interests.

Some of the issues that need to be considered are the following:

- Understanding the federal framework
- Land use management
- Business regulation
- Public consumption
- Cannabis in the workplace for municipal employers
- Enforcement issues.

Ontario's Cannabis Act and Smoke Free Ontario Act and Ontario Government action to date set out requirements and a regional context which will affect what municipalities can and cannot do in relation to cannabis in the province. For instance, Ontario has raised the minimum age for possession to 19. It is 18 under federal law. The following are specific Ontario policies that municipalities need to be aware of as they develop a local strategy to be ready for legalized cannabis.

1. Ontario Cannabis Retail Corporation (*Ontario Cannabis Store*)

Ontario has chosen to regulate cannabis through a provincial monopoly, opening 40 storefronts in communities across the province when legalization takes effect. Outlets may increase to up to 150 by 2020. Online sales by the Ontario Cannabis Store will be available to all Ontarians regardless of their locale.

A provincial monopoly means that Ontario municipalities will not regulate cannabis retail outlets the way they license private businesses. Ontario will administer these outlets, their policies and manage staff in compliance with provincial and federal laws and corporate responsibility practices. As requested by AMO, the provincial government has committed to respect municipal land use by-laws, seek all necessary permits and consult with municipalities regarding appropriate locations for these stores in a community.

However, licensing of grow operations remains a federal responsibility and municipal governments need to consider where to best locate these facilities if they are approached by a licensee. These facilities can generate significant economic activity and jobs for a local economy and impact municipal service needs.

To prepare for the expansion of the outlet network in future years, South Huron should define areas that are appropriate or inappropriate for these uses in cooperation with other local groups and organizations, School Boards and Public Health.

2. Cannabis Consumption and *Smoke Free Ontario Act* Rules

Ontario is restricting non-medical cannabis consumption to private dwellings. Non-medical users will be unable to use cannabis in workplaces, vehicles or on public property. Medical cannabis users will be subject to rules and regulations for cannabis use (smoked or vaporized) in environments such as vehicles when they are passengers.

The Ministry of the Attorney General is considering some limited exemptions for hotel rooms, stationary boats, long-term care facilities and other environments. Owners and operators of multi-unit dwellings will have the ability to designate outdoor consumption areas through proposed regulations.

Considerations for South Huron

For South Huron, there is no action required.

3. Consumption Venues – Cannabis Lounges

Cannabis consumption is restricted to private residences in Ontario. However, Ontario has signalled that it may consider regulatory authority to allow cannabis consumption venues at a future time and has recently sought feedback on this proposal. AMO has supported this proposal where a municipal government is able to control whether it is desirable in a community and where and under what circumstances it may be able to operate.

Considerations for South Huron

If these venues come to pass, South Huron should consider appropriateness of these facilities in the community and what criteria to apply. Again, consultation with key stakeholders will be required.

4. Policing and Enforcement and Support for Municipalities from the Provincial Excise Duty Share

It should be acknowledged that this activity will have an impact on communities and municipal government budgets. Ontario has responded to concerns from AMO regarding the impact of cannabis legalization on municipal government fiscal sustainability with a recent funding approach to support municipalities through the transition.

The approach provides \$40 million provided over two years distributed to all municipal governments as follows:

- Per household formula allocation – adjusted to provide a minimum of \$10,000 to each municipality, Split 50/50 between Upper Tier and Lower Tier municipal governments. Further information will be provided after Royal Assent of the federal Cannabis Act

- Eligible categories such as policing and by-law and/or public health enforcement, paramedic costs, and streamlined reporting requirements will be established
- Municipal avoidance of the costs for policing impairment evaluation certification and public health education

It should be noted, If Ontario's share of the Federal Excise Duty exceeds \$100 million in the first two years of legalization, the government has committed to sharing the surplus with municipalities on a 50/50 basis.

Looking forward, Ontario has committed to engage AMO in developing the province's approach to federal Excise Duty Sharing after the current two-year agreement. Canadian youth use cannabis at amongst the highest rates in the world and the legal, regulated system aims to reduce youth access.

Long-term, AMO is advocating that there is a strong case for investments in local youth skills building and engagement activities to strengthen communities.

In addition, Ontario's legislation also allows a council to request that municipal enforcement staff be designated to carry out some policing duties associated with illegal storefront enforcement where it is in the municipal interest.

Considerations for South Huron

South Huron will need to work with the OPP, Public Health and any other local organizations to gather information about how activities may change when cannabis is legal. Key considerations include:

- what the incremental impact is on the activity (i.e. what activities will increase demanding more resources than previously and why)?
- Will there be current activities that may diminish over time as experience with the legalization grows?
- How can you track these activities and costs?

As noted, over the long-term there is a strong case for investments in local youth services (such as skills building and recreation). We will need to determine what our Community foresees and will require.

Provincial Offences Act Fines and Youth Justice

Many fines under the Ontario *Cannabis Act* are Provincial Offences and municipalities will prosecute them and administer the courts at the local level. *Provincial Offences Act* fine revenues are payable to the municipal government.

One of the main objectives of legalizing non-medical cannabis is to protect youth. Federally, young people possessing up to five grams of cannabis will not face prosecution under the justice system. Ontario has chosen to lower that limit and will set up a diversionary program for youth caught in possession of cannabis to keep these young people out of the justice system. The province will operate this diversion system.

Considerations for South Huron

Assess the legislation for new impacts on municipal courts services and prosecutions.

Operational Considerations:

As this report is for information only, there are no operational considerations required.

South Huron's Strategic Plan:

Section 6.2.2 of the Municipality of South Huron 2015- 2019 Strategic Plan identifies key priorities and strategic directions. The following elements are supported by the actions outlined in this report:

- ✓ Administrative Efficiency and Fiscal Responsibility
- ✓ Increased Communications and Municipal Leadership
- ✓ Transparent, Accountable, and Collaborative Governance

Financial Impact:

There are no financial implications as a result of the actions outlined in this report

Legal Impact:

There are no legal implications as a result of the actions outlined in this report

Staffing Impact:

There are no staffing implications as a result of the actions outlined in this report

Policies/Legislation:

Bill C45 – Cannabis Act

Bill C46 - Cannabis conveyancing and trafficking, as well as enhancing impaired-driving investigation and enforcement measures

Cannabis Act and Smoke Free Ontario Act

Consultation:

None

Related Documents:

FCM Municipal Guide to Cannabis Legalization

Provincial Cannabis Framework

Respectfully submitted,

Dan Best, Chief Administrative Officer/Deputy Clerk