



Staff Report

Report To: South Huron Council
From: **Dan Best, Chief Administrative Officer/Deputy Clerk**
Date: December 17 2018
Report: CAO 2018.20
Subject: Cannabis Legalization

Recommendations:

That the report of D. Best, Chief Administrative Officer regarding cannabis legalization be received.

Purpose:

Information

Background and Analysis:

In April 2017, the federal government introduced legislation to legalize and regulate recreational cannabis in Canada by July 2018. The Cannabis Act creates rules for producing, possessing and selling cannabis across Canada. As part of that legislation, provinces have the authority to regulate the use, distribution, and sale of recreational cannabis.

In December 2017, Ontario passed legislation to regulate the lawful use, sale, and distribution of recreational cannabis to address the federal legalization of July 2018. Post-provincial election in May, the provincial government introduced new amended legislation (Bill 36) on Sept. 27, 2018, to address the federal legalization on Oct. 17, 2018.

Legalization on Oct. 17, 2018, includes:

- personal recreational and medical use in public and private places
- personal growing (for recreational use)

- legal online sales (for recreational use)

Ontario Rules

The Province regulates the use, sale, and distribution of recreational cannabis. In general, anywhere that tobacco use is permitted, so will cannabis use (vape or smoke). Prohibition of recreational or medical cannabis use in public spaces aligns with Smoke Free Ontario Act.

Sale (for recreational use only)

The following outlines the rules respecting the sale of cannabis:

Legal sale is restricted to online sales at this time and operated by the Ontario Cannabis Store

- Users must be 19+ years of age to access the online store and receive deliveries of cannabis
- Up to 30 g (about one ounce) of dried cannabis can be purchased at one time for personal use

The Province has also introduced legislation for a tightly regulated private retail model for cannabis that will launch by April 1, 2019. The Alcohol and Gaming Commission of Ontario (AGCO) is the provincial regulator authorized to grant store licenses, and to inspect, investigate and enforce rules for registered operators and stores. The following are key links related to the implementation of retail sale of cannabis:

[AGCO retail regulation facts](#) - outlines AGCO role in regulating retail following the proclamation of The Cannabis Retail Act on Nov. 16, 2018

[AGCO Cannabis Retail Landscape Infographic](#) - provides an overview of the cannabis retail regulation landscape in Ontario

Regulations

Regulations establish a minimum distance of 150 metres (approximately 500 feet) between cannabis retail stores and schools, including private and federally-funded First Nation schools off-reserve. This distance buffer will help protect students and keep communities safe, while other regulations will combat the influence and participation of organized crime in the legal licensed framework.

- Retailers will not be permitted to allow anyone under the age of 19 to enter their stores. This approach and other regulations were developed to address the risk of youth exposure to the cannabis retail market.
- Specific instances in which applicants will be denied a licence, including cannabis-related criminal offences. Notably, illegal cannabis retailers who were operating after October 17, 2018 are not eligible for Ontario cannabis sales licenses.
- A prohibition on the issuance of a licence to any individual or organization who has an association with organized crime.
- Requirement that individuals or entities applying for an operator licence demonstrate their tax compliance status to show that they are in good standing with the government.
- A requirement for all private recreational cannabis retail storefronts to be stand-alone stores only.
- Individuals with a store authorization, cannabis retail managers and all retail employees will be required to complete the approved training to ensure that any individual who works in the cannabis retail market is trained in the responsible sale of cannabis.
- It is anticipated that the AGCO will begin accepting applications on December 17, 2018 and private retailing of cannabis will begin on April 1, 2019.
- The government has committed to providing \$40 million over two years to help municipalities with the implementation costs of recreational cannabis legalization.
- Private retail recreational cannabis stores will be permitted to open between 9:00 a.m. and 11:00 p.m. on any day. These operating hours are consistent with on-site retail stores for alcohol and will provide retailers with the flexibility to respond to local market conditions and consumer demands.
- A market concentration limit of 75 stores per operator has been set to prevent a high degree of market consolidation, promote opportunities for small businesses and promote investment in the cannabis retail sector.

At the Local Level

Under Ontario's recreational cannabis policy, private cannabis retail stores will be approved to sell as of April 1, 2019 where municipal governments allow them. Municipal governments that do not wish to allow cannabis retail stores can do so by informing the AGCO in writing by January 22, 2019 of council's decision.

Municipalities can opt in or out of cannabis sales in their community. The deadline to opt out is January 22, 2019. The following are two key elements for Council's consideration:

- If municipalities opt out by January 22nd, they can opt in at a later, yet to be set date
- If municipalities opt in, they cannot opt out at a later date

It should be noted that the decision not to allow retail stores or the decision is to opt out and opt back in after Jan. 22 will affect access to the municipal portion of the Province's share of the federal share of its cannabis excise tax. No matter the municipal decision, consumers will continue to have access to cannabis through on-line sales, personal growing and through retail in other communities.

Moving forward, Council will need to determine what the direction regarding cannabis sales in the community. If Council moves forward, a municipal policy statement will need to be developed.

Financial Impact:

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

Legal Impact:

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

Staffing Impact:

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

Policies/Legislation:

Bill 36, Cannabis Statute Law Amendment Act, 2018

Consultation:

None

Related Documents:

Cannabis Infographic

Respectfully submitted,

Dan Best, Chief Administrative Officer/Deputy Clerk