



---

**Ontario's Approach to Federal Cannabis Legalization:**  
Cannabis Act, 2017 and Ontario Cannabis Retail Corporation Act, 2017  
Presentation to Rural Ontario Municipal Association, January 22, 2018

# Background

In December 2017, Ontario passed Bill 174, to ensure we are ready for the federal legalization of cannabis.

Ontario's key objectives are protecting youth, keeping our communities and roads safe, and eliminating the illegal market.

# Overview

- Ontario is committed to a safe and sensible approach to the federal legalization of cannabis. Ontario's legislative approach aligns with the federal government's legislative framework.
- Ontario's legislative approach includes the Ontario Cannabis Retail Corporation Act, 2017 and the Cannabis Act, 2017, which are the focus of this presentation. The legislative framework also includes:
  - The Smoke-Free Ontario Act, 2017, which repealed the Smoke Free Ontario Act and the Electronic Cigarettes Act, 2015 and which regulates where medical cannabis can be smoked or vaped; and
  - Amendments to the Highway Traffic Act to create a zero tolerance approach prohibiting young, novice, and commercial drivers from having the presence of a drug in their system, as detected by a federally-approved oral fluid screening device.
- **Collectively, these statutes establish a provincial Crown corporation to retail recreational cannabis in Ontario and set out rules for the sale, distribution, purchase, possession, consumption, cultivation, harvesting and propagation of cannabis.**

# Proposed Regulations under the Cannabis Act

- The government has posted regulations pertaining to our legislative framework and we are seeking feedback in the following areas:
  - Prescribe restrictions on where medical cannabis can be used in a form that is not smoked or vaped;
  - Clarify the places of use rules for recreational cannabis; and
  - Provide exemptions to permit the consumption of cannabis in hotel, motel and inn rooms, vehicles and boats that are used as residences and in private residences that are also workplaces.
- Additional regulatory proposals related to the retail and distribution of cannabis in Ontario, the *Smoke-Free Ontario Act, 2017*, and road safety measures, including impaired driving, have been separately posted on the Regulatory Registry for feedback.
- We are also seeking early feedback on prospective proposals to permit licensed and regulated cannabis consumption lounges/venues (would require legislative amendments) and/or designated outdoor smoking and vaping areas for cannabis for multi-unit dwellings.
- These proposals will be posted for public and stakeholder review and feedback until March 5, 2018. In preparing the proposed draft regulations, the government will consider the feedback received through the Regulatory Registry.

# Cannabis Act, 2017

## Prohibitions\*

- The Cannabis Act, 2017, contains a series of prohibitions intended to address the illegal market, protect public health and safety, and restrict access to cannabis for individuals under the age of 19, including:
  - Prohibiting the sale of recreational cannabis to anyone under the age of 19;
  - Prohibiting the use of recreational cannabis in all public places, workplaces and motor vehicles;
  - Prohibiting youth (under 19) from possessing, cultivating, consuming and sharing any amount of recreational cannabis; and
  - Addressing illegal selling, including storefront dispensaries.
- Ontario is seeking feedback on regulatory proposals to ensure a safe and sensible transition to the government's plan to legalize recreational cannabis by July 2018.

\* See Appendix for detailed information on penalties and proposed places of use regulations under the Cannabis Act, 2017.

# Possession

**Ontario is prohibiting individuals under the age of 19 from possessing, cultivating, or consuming recreational cannabis, which will allow police to confiscate small amounts of cannabis from young people.**

- Under Bill C-45, adults could legally possess up to 30 grams of legal cannabis. Bill C-45 would also decriminalize youth possession of up to 5 grams, while youth possession of more than 5 grams would be dealt with under the Youth Criminal Justice Act.
  - Ontario agrees that the proposed federal adult possession limit strikes the right balance and has set the adult possession limit to 30 grams.
  - In Ontario, the legal age to purchase, possess and consume cannabis will be 19.

## **Youth Diversion:**

- In order to help prevent youth from unnecessarily being brought into the justice system, the Cannabis Act, 2017 provides police, prosecutors and courts with the opportunity to refer young people to prevention and education programs that are approved by the Attorney General.

## Places of Use

**Ontario is creating restrictions on recreational cannabis use that align with both tobacco and alcohol.**

- Under this approach, individuals would:
  - Only be able to use recreational cannabis\* in private residences.
  - Not be able to use recreational cannabis\* in any public space, workplace and motor vehicle.
- Under the Smoke-Free Ontario Act, 2017, smoking and vaping of medical cannabis would not be allowed in enclosed workplaces, enclosed public spaces, and other areas where tobacco smoking is currently banned. Limited exemptions for smoking and vaping of medical cannabis are being proposed.
- Ontario currently has restrictions on where people can use alcohol and tobacco:
  - Alcohol: public consumption is illegal unless in a licensed place
  - Tobacco: smoking or holding of lit tobacco is prohibited in certain areas, including enclosed workplaces and public places and other specified spaces in the Smoke-Free Ontario Act.
- The approach is guided by the provincial experience with alcohol and tobacco, and by public health (precautionary) principles which aim to protect our youth, as well as the public from second-hand smoke and vapour.

\* Applies to all forms of recreational cannabis (smoking, vaping, edibles and extracts)

# Illegal Selling – Enforcement Strategy

**Ontario is pursuing a coordinated law enforcement approach with federal and municipal partners, to eliminate the illegal market**

- In October, Ontario hosted an enforcement summit that brought together more than 100 law enforcement and public health experts, First Nations, and representatives from the federal government to help us deliver a coordinated enforcement strategy centered around community safety, with a focus on prevention and diversion.
- The Cannabis Act prohibits any person from selling or distributing cannabis, other than the Ontario Cannabis Retail Corporation or persons authorized under applicable federal law. The Act would also prohibit landlords from knowingly permitting such activities on their premises.
- Individuals and corporations convicted of these offences would be subject to high maximum fines upon first conviction, with additional fines for each day on which the offence occurs or continues on subsequent convictions. Individuals may also face a potential jail sentence of up to two years less a day. Minimum fines would apply to corporations convicted of these offences.
- In order to address illegal storefronts, the Act provides an interim closure authority which would allow for the immediate closure by police, upon charges being laid, of premises that are suspected of being used for the illegal sale or distribution of cannabis.
- Selling outside of Ontario's retail system will remain illegal under federal law.

# Engaging with Indigenous Communities and Organizations

**Ontario has and will continue to engage with Indigenous people, communities and organizations to discuss interests, perspectives and concerns, and consider opportunities for collaboration.**

- Ontario recognizes the need to engage meaningfully and to work with Indigenous communities and organizations about cannabis legalization.
- The Cannabis Act, 2017 includes flexibility to accommodate community specific on-reserve approaches, including authority for the Attorney General to enter into agreements with First Nations communities related to cannabis regulation including: minimum age, places of use and other matters within the scope of the Cannabis Act, 2017.
- The Ontario Cannabis Retail Corporation Act, 2017, authorizes the Minister of Finance to enter into agreements with First Nations communities related to cannabis retailing on reserve.

# Ontario Cannabis Retail Corporation Act, 2017

## Retail and Distribution Model

**Ontario's retail model establishes the Ontario Cannabis Retail Corporation ("OCRC") that will be responsible for new stand-alone cannabis storefronts and an online channel**

- This approach meets the standards of public safety and social responsibility that Ontarians expect, while responding to consumer demand and eliminating the illegal market.
- These decisions have been guided by Ontario's experience with the sale of alcohol, input from key public health experts and law enforcement, and lessons learned from other jurisdictions.
- Under this approach, approximately 150 standalone stores will be opened by the end of 2020, including about 40 by July 2018, rising to 80 within the first year. Stores would sell cannabis and related products, not alcohol.
- Stores will be complemented by an online channel that would provide Ontarians across the province with a safe and secure way to legally purchase cannabis. At a minimum, the same safeguards that exist now for online LCBO alcohol sales would apply to cannabis, including ID checks and signatures required upon delivery.
- Trained and knowledgeable staff would sell products in stores in a safe and socially responsible manner, including strict requirements for age verification, so youth access to the product is restricted and consumers have the information that they need.

# Ontario Cannabis Retail Corporation Act, 2017

- The OCRC, which is a subsidiary to the LCBO, will have the exclusive right to sell recreational cannabis in Ontario, and would:
  - Sell cannabis and related products through dedicated storefronts, and an online channel;
  - Determine the types of cannabis products it sells and at what prices; and
  - Promote social responsibility in connection with cannabis.
- The Act requires the OCRC to comply with measures required by the proposed federal legislation (e.g., sell only legal product from Licensed Producers, no sales to young persons, appropriate record-keeping, and adequate measures to prevent diversion to the illegal market).

# Municipal Engagement on Siting Process

**Municipalities are essential partners in Ontario's efforts to retail and distribute cannabis. Ontario is committed to directly engaging with municipalities as they are identified for initial stores.**

- Ontario is using two primary considerations to guide the identification of municipalities where stores will be located:
  - To achieve geographical distribution of stores across the province; and
  - To reduce the number of illegal stores, including dispensaries, currently in operation.
- Staff from the Ministry of Finance and LCBO have met with each identified municipality to discuss the guidelines and process for siting store, and local interests.
- Informed by consultations with the Association of Municipalities of Ontario, the LCBO is using guidelines to identify specific store locations with the objectives of ensuring that youth are protected and addressing the illegal market. The proposed siting guidelines include:
  - Adhering to municipal zoning by-laws
  - Minimizing proximity to schools
  - Equitable access for consumers within municipalities
  - Addressing, where present, illegal storefront activity
- When a specific store site is identified, a public notice will be posted online and at the physical site. The public will have the opportunity to submit questions and comments on the intended site before it is confirmed.

## Engagement on Implementation Funding

- Municipalities are critical partners in the implementation of the cannabis retail and distribution system. Ontario has been and will continue to directly engage with municipalities on funding to help address the incremental costs of implementation.
- In January, the Minister of Finance sent a letter to all Municipal Heads of Council to communicate Ontario's interest to begin engaging with municipalities on a reasonable distribution of the province's share of the federal excise tax revenue.
- The Ministry of Finance is working with the Association of Municipalities of Ontario and the City of Toronto on the engagement process.

# Responsible Economic Development - Opportunities

## Legalized cannabis could generate new economic growth and employment opportunities in rural Ontario

- Ontario recognizes that legalization presents a new economic opportunity for municipalities and the province.
- Ontario has a strong footprint in the medical cannabis market, which gives the province a strategic advantage.
  - The province's 47 Federally Licenced Producers (LPs) are located in diverse communities across the province including Kirkland Lake, Niagara-on-the-Lake, Napanee, and Langton.
  - Ontario LPs represent approximately 56% of Canada's total, including some of the largest medical cannabis companies in the world.
  - Currently, the sector supports approximately 1,000 cannabis related jobs across the province, with potential for creating new high-value jobs in R&D, technology and manufacturing.

# Responsible Economic Development – Stakeholder Engagement

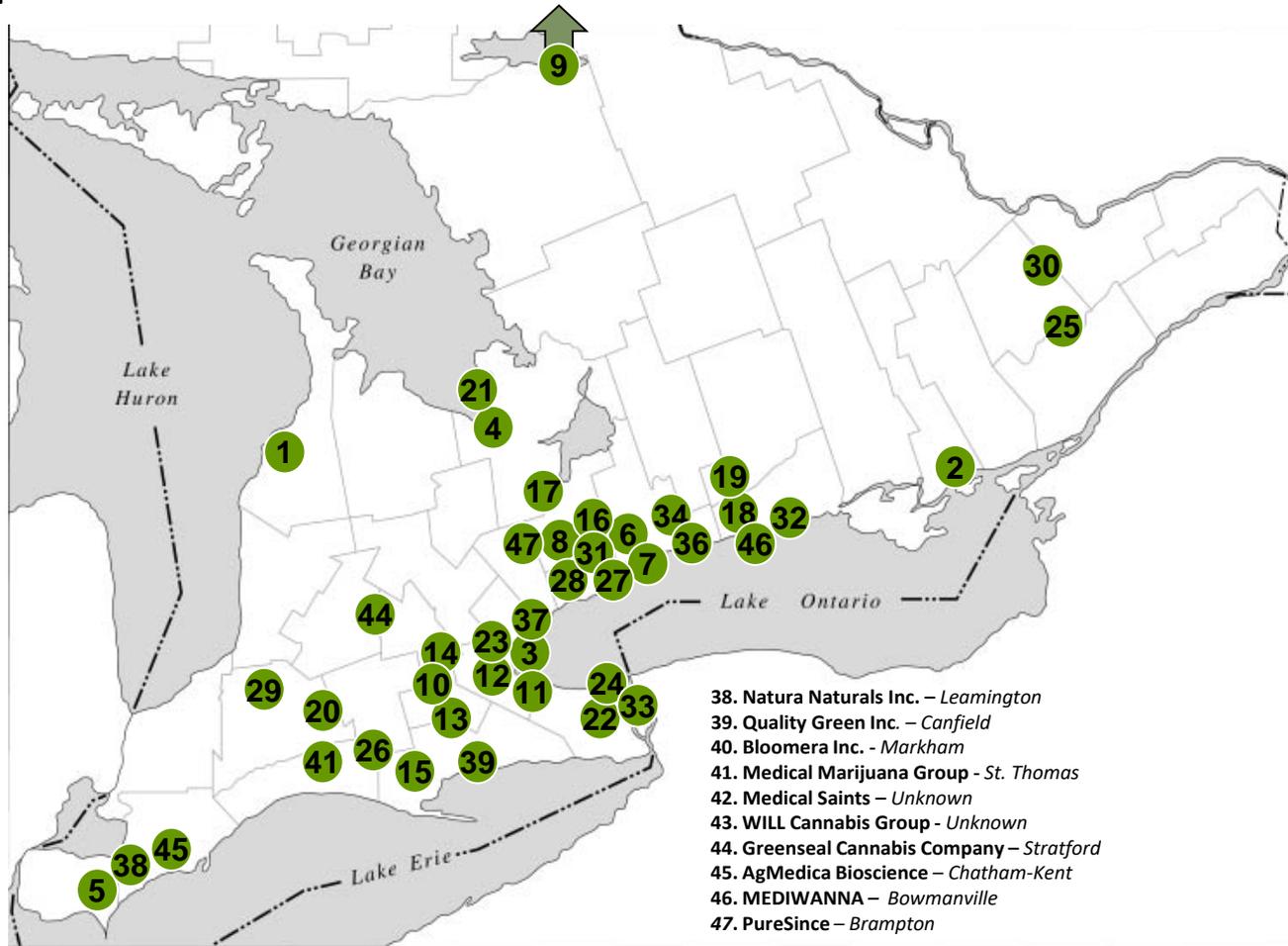
**Ontario is working with a range of stakeholders to determine how best to help grow the cannabis sector responsibly.**

- During the summer of 2017, Ontario held several roundtable discussions with key stakeholders – including health/safety groups, retailers, and Licensed Producers (LPs).
  - Stakeholders at the Responsible Economic Development Roundtable recommended that Ontario look into developing an effective growth strategy for the cannabis sector.
  - During the fall of 2017, the province met with cannabis sector stakeholders to discuss the economic opportunities surrounding Ontario’s emerging cannabis sector.
- In support of Ontario’s cannabis framework, Ministry of Economic Development and Growth / Ministry of Research, Innovation and Science (MEDG/MRIS) is:
  - Developing a cannabis sector strategic approach to support responsible economic development of the cannabis sector.
  - Supporting provincial engagement with Indigenous communities on potential economic opportunities.

# Responsible Economic Development – Licenced Producers

## Geographic distribution of Licensed Producers across Ontario

1. 7 Acres – Kincardine
2. Abcann Medicinals Inc. - Napanee
3. A B Laboratories - Hamilton
4. Agripharm Corp. - Creemore
5. Aphria - Leamington
6. Bedrocan Canada Inc. - Scarborough
7. Bedrocan Canada Inc. (2<sup>nd</sup> site) - Scarborough
8. CannTrust Inc. - Vaughan
9. DelShen Therapeutics Corp. – Kirkland Lake
10. Emblem Cannabis Corp. – Paris
11. First Access Medical Inc. - Hamilton
12. Green Relief Inc. - Hamilton
13. Hemisphere Pharmaceuticals Inc. - Brantford
14. James E. Wagner Cultivation Ltd. - Kitchener
15. MariCann Inc. - Langton
16. MedReleaf Corp. - Markham
17. MedReleaf Corp. (2<sup>nd</sup> site) - Bradford
18. Mettrum (Bennett North) Ltd. - Bowmanville
19. Mettrum Ltd. - Bowmanville
20. Natural Med Company - London
21. Peace Naturals Project Inc. - Stayner
22. RedeCan Pharm – Ridgeville
23. The Green Organic Dutchman Ltd. – Ancaster
24. Tweed Farms Inc. – Niagara-on-the-Lake
25. Tweed Inc. - Smith Falls
26. WeedMD - Aylmer
27. Canveda - Toronto
28. Solace Health – Toronto
29. Indiva – London
30. RockGarden Medicinals – Carleton Place
31. RedeCan Pharm (2<sup>nd</sup> site) - Toronto
32. FV Pharma – Cobourgh
33. CannTrust Inc. (2<sup>nd</sup> site) – Niagara
34. Abba Medix Corp. - Pickering
35. Aero Farms Canada - Unknown
36. HydRx Farms - Whitby
37. Maricann Inc. (2<sup>nd</sup> site) – Burlington



Source: Health Canada (January 15, 2018) <http://www.hc-sc.gc.ca/dhp-mps/marihuana/info/list-eng.php>

## Public Information and Awareness

**Ontario will lead a province-wide public awareness campaign on areas of provincial responsibility, including age, where and how to buy recreational cannabis, and provincial drug-impaired driving measures.**

- Ontarians (particularly youth and young adults) will be made aware of the measures that will be put in place to protect public health and safety.
- The Ministry of Education is working with education partners to identify public education and awareness opportunities to help prevent recreational cannabis use among youth and promote healthy decision-making and student safety.
- The Ministry of Transportation is working with its extensive network of provincial and regional road safety and enforcement partners, including: MADD Canada, arrive alive DRIVE SOBER, the Canadian Automobile Association, Ontario Students Against Impaired Driving, Parachute, Operation Springboard, Teens Learn to Drive and the Ontario Association of Chiefs of Police and others to build on their support in launching and supporting a wide array of anti-drug impaired driving activities.
- The federal government is leading and investing in a national public awareness campaign on the health risks of cannabis use and the dangers of cannabis-impaired driving.
- Ontario will work to support the federal government's planned national public awareness campaign to promote public health, prevention and harm reduction.

# Prevention and Harm Reduction

**Ontario is developing cannabis prevention and harm reduction initiatives that focus on programs and services, and service provider education and training.**

- Prevention and harm reduction initiatives can help play a role in preventing, delaying, reducing cannabis use.
- The Ministries of Health and Long-Term Care (MOHLTC), Children and Youth Services (MCYS), Education, and Advanced Education and Skills Development (MAESD) are working together to develop a comprehensive prevention and harm reduction approach which:
  - Promotes awareness of the harmful effects related to cannabis and helps people make informed decisions about use;
  - Develops or updates existing programs and services to support cannabis prevention and harm reduction in youth and young adults; and,
  - Provides needed training and/or resources to education, health, youth workers, and social service providers.
- Ontario will also work with key experts, stakeholders and local communities to inform the development and delivery of cannabis prevention and harm reduction initiatives and align them with similar efforts carried out by the federal government.
- Initiatives will consider the unique needs of Indigenous communities, youth involved in the justice system, those living in rural/remote areas, racialized Ontarians, newcomers, and those of lower socio-economic status.

# Penalties under the Cannabis Act, 2017

Offences related to illicit market participation:

<b>Unlawful sale and distribution (s. 6)*</b>		
	<b>Minimum</b>	<b>Maximum</b>
<b>Fine upon first conviction (individuals)</b>	N/A	\$250,000 and/or a term of imprisonment of not more than two years less a day
<b>Fine upon first conviction (corporations)</b>	\$25,000	\$1,000,000
<b>For each day or part of a day on which the offence occurs or continues on subsequent offences (individuals)</b>	N/A	\$100,000 and/or a term of imprisonment of not more than two years less a day
<b>For each day or part of a day on which the offence occurs or continues subsequent offences (corporations)</b>	\$10,000	\$500,000
<b>Allowing property to be used for unlawful sale or distribution (s. 13)**</b>		
	<b>Minimum</b>	<b>Maximum</b>
<b>Fine upon first conviction (individuals)</b>	N/A	\$250,000 and/or a term of imprisonment of not more than two years less a day
<b>Fine upon first conviction (corporations)</b>	\$25,000	\$1,000,000
<b>For each day or part of a day on which the offence occurs or continues on subsequent offences (individuals)</b>	N/A	\$100,000 and/or a term of imprisonment of not more than two years less a day
<b>For each day or part of a day on which the offence occurs or continues subsequent offences (corporations)</b>	\$10,000	\$500,000

\*Unlawful selling, or distributing illicit cannabis or distribution by a person over the age of 18 of more than 30 grams of dried licit cannabis or its equivalent, would also be an offence under the proposed federal Cannabis Act.

\*\*To aid in the enforcement of offences under sections 6 and 13, the Cannabis Act, 2017 includes an interim closure authority for non-residential premises that are believed to have been used in the commission of the offence (s. 18).

# Penalties under the Cannabis Act, 2017, Cont'd

## Offences involving individuals under 19 years of age:

Selling or distributing to an individual under 19 years of age (s. 7)*		
	Fine	Imprisonment
<b>Individuals</b>	Maximum: \$200,000	A term of imprisonment of not more than two years less a day, either in lieu of or in addition to a fine
<b>Corporations</b>	Maximum: \$500,000	N/A
Possession and consumption by individual under 19 years of age (s. 10(1))**		
Fine	Imprisonment	In lieu of a fine, the court may choose instead to refer a young person convicted of one of these offences to an approved education or prevention program.
Maximum: \$200	N/A	
Home cultivation by individual under 19 years of age (s. 10(2))***		
Fine	Imprisonment	
Maximum: \$200	N/A	

\*Selling or distributing cannabis to an individual under **18** years of age would be an offence under the proposed federal Cannabis Act.

\*\*In addition to the provincial offence, the proposed federal Cannabis Act would make it an offence for an individual under **18** years of age to possession more than 5 grams of dried cannabis, or its equivalent.

\*\*\* In addition to the provincial offence, the proposed federal Cannabis Act would make it an offence for an individual under **18** years of age to cultivate, propagate or harvest cannabis.

## Unlawful consumption:

Consumption in a public place, workplace, vehicle or boat or prescribed place (s. 11)	
Maximum fine, no previous convictions	\$1,000
Maximum fine, one or more prior convictions	\$5,000

# Penalties under the Cannabis Act, 2017, Cont'd

## Other Offences:

A general offence provision will apply to the following offences:

- Presenting documentation as proof of age that was not lawfully issued to the person presenting it (s. 7(4));
- Sale or distribution to intoxicated persons (s. 8);
- Unlawfully purchasing cannabis (s. 9);
- Unlawfully transporting cannabis (s. 12);
- Possessing the proceeds of an offence (s. 15);
- Remaining in a premises after being required to vacate (s.17(2));
- Re-entering a premises on the same day that a person is required to vacate (s. 17(2));
- Contravening of any order made under the Act (s. 22); and
- Contravening a provision of a regulation made under the Act (s. 22).

## **Penalties**

23(1) Subject to subsections (2) to (7), on conviction for an offence under this Act,  
(a) a corporation is liable to a fine of not more than \$250,000; and  
(b) an individual is liable to a fine of not more than \$100,000 or to imprisonment for a term of not more than one year or both.

In addition to any other remedy or penalty provided by law the court may make one or more of the following orders:

- An order requiring the person, within the period or periods specified in the order, to do or refrain from doing anything specified in the order.
- An order imposing requirements that the court considers appropriate to prevent similar unlawful conduct or to contribute to the person's rehabilitation.
- An order prohibiting the continuation or repetition of the offence by the person.
- An order under section 25, subject to subsection 25(11) (closure order for premises that are not used for residential purposes).