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**Date:** December 4, 2018  
**To:** Mayor and Council  
**Author:** Peggy Van Mierlo-West, CAO  
**RE:** Report on Cannabis  
**Report No.:** CAO 13-2018

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## **AIM**

The purpose of this report is provide an update on the Government of Ontario's proposed changes to Bill 174 – the Cannabis, Smoke-Free Ontario and Road Safety Statute Law Amendment Act, 2017.

## **BACKGROUND**

On December 12, 2017, the previous Ontario government passed Bill 174 – the Cannabis, Smoke-Free Ontario and Road Safety Statute Law Amendment Act, 2017. Bill 174 establishes a legal framework for the sale, distribution and consumption of recreational cannabis within the Province when cannabis becomes legal Canada-wide on October 17, 2018.

On August 13, 2018, the newly elected Government of Ontario publicly announced that they would be making changes to the legal cannabis framework established by the previous Provincial government. Specifically, the Government will propose legislative changes as to where and how cannabis would be sold within the Province. These proposed changes include:

- allowing for the legal sale of cannabis to only occur online through the Ontario Cannabis Store (OCS) beginning on October 17, 2018;
- permitting privately licensed stores to sell cannabis, rather than provincially operated stores (OCSs) beginning April 1, 2019;
- permitting local councils to opt-out of having physical cannabis retail location(s) within their municipality

Under the previous Provincial government, legal recreational cannabis was set to be sold through provincially operated OCSs. The recently proposed changes would reduce the function of the OCS to an online distributor of cannabis starting October 17, 2018, rather than having them operate as a chain of physical locations similar to the LCBO. Further, the Government will establish a private retail model for cannabis sales starting on April 1, 2019. More specifically, cannabis will only be available for purchase online, through the OCS, from October 17, 2018, until private retail locations begin opening in April 2019. Additionally, the Government has now indicated that municipal governments will be given a “one-time opportunity” to “opt-out” of having a physical cannabis retail location within their municipality once the new term of Council begins in December 2018.

The provincial government’s Bill 36, Cannabis Statute Law Amendment Act, 2018 would make the Alcohol and Gaming Commission of Ontario the licensing authority for private cannabis retail stores. Under the provincial legislation, the Town cannot regulate the location of Cannabis stores. The Cannabis Licence Act, 2018, section 42(2) states that the Town’s ability to pass a by-law under the Planning Act, such as a land use regulation or zoning by-law, does not include the authority to pass a by-law that would regulate based on a use of land, a building or a structure for the sale of cannabis.

The Association of Municipalities of Ontario is seeking clarification on municipal zoning by-law implications – whether cannabis stores will have to follow municipal zoning for commercial retail land uses, or whether they are exempt from the municipal zoning by-laws.

The provincial government’s Bill 36 states that the Registrar of the Alcohol and Gaming Commission of Ontario must consider, among other things, the public interest, having regard to the needs and wishes of the residents of the municipality. The proposed legislation would allow for public notice of an application for a cannabis retail store and an opportunity to make written submissions. Written submissions must be made no later than 15 days after the public notice is first given. The provincial government’s Licence Appeal Tribunal would be authorized to adjudicate appeals relating to cannabis retail store licences, similar to its process for alcohol licences.

The provincial government is allowing municipalities to “opt out” by passing a resolution by January 22, 2019 to prohibit cannabis retail stores from being located in the municipality. If a municipality decides to opt out, it could then choose to lift the prohibition through a subsequent motion, but that decision would be final – the municipality would not be able to continue to go back and forth between allowing and prohibiting cannabis retail stores. Even if a municipality prohibits cannabis retail stores from being located in the municipality, cannabis use would remain legal in the municipality under federal and provincial laws and the online sale of cannabis would continue to take place through the provincial government’s online retailer.

The Cannabis Licence Act, 2018, would set a minimum distance that a cannabis retail store must be located away from a school as well as “any other prescribed land use.” The proposed provincial legislation requires that only cannabis and any other things that may be specified by regulations made under the Cannabis Licence Act, 2018, may be sold in a cannabis retail store.

## **DISCUSSION**

On Monday December 17<sup>th</sup>, 2018 a Special Council meeting will be held to provide further information to Council and residents. Mary Durocher – Fox D Consulting will be presenting an information session regarding Cannabis regulations. Fox D Consulting is a regulatory consulting firm focusing in the Canadian cannabis industry. They offer a diverse range of consulting services for the cannabis industries in Canada. Their firm specializes in providing regulatory consulting focusing on quality assurance and facility optimization in the Canadian Cannabis Industry.

This Special Council meeting will provide Council the ability to ask questions to Fox D Consulting and to hear public comment from residents regarding Cannabis Retail Outlets. An online survey will be available on December 18<sup>th</sup>, 2018 which will remain active until January 8<sup>th</sup>, 2019. The survey will be advertised on the Town's Facebook page, website and local newspapers. It will be a short survey that will include the following questions; should the Town opt in or opt out, demographic age and residency. (Schedule A)

A subsequent report will come to Council to the January 14<sup>th</sup>, 2019 meeting to discuss results and provide recommendations. The results of the survey and comments from the December 17<sup>th</sup> meeting will be included within the report.

## **LINK TO STRATEGIC PLAN**

To promote a safe community.

## **FINANCIAL CONSIDERATIONS**

The Ontario Cannabis Legalization Implementation Fund has been created to assist Municipalities who decide to opt in. This letter has been attached to this report for your information. (Schedule B)

## **CONSULTATIONS**

## **RECOMMENDATION**

That Council receive the report titled Report on Cannabis for information

*Peggy Van Mierlo-West*

Peggy Van Mierlo-West, C.E.T.  
Chief Administrative Officer