FOX CONSULTING

MARY KATHERINE FOX

Town of Kingsville

December 2018



HOW DID WE GET HERE?

- 1923 Cannabis prohibition officially begins in Canada and is added to the Opium and Narcotic Control Act (along with Heroin & Codeine)
- 1971 Cannabis activism was born
- 1995 4/20 march
- 2001 Launch of the MMPR Medical Marijuana Access Regulations
- 2013- Enactment of the MMPR Marijuana for Medical Purposes
 Regulations
- 2016 Transition into the ACMPR Access to Cannabis for Medical Purposes Regulations
- 2018 Current Regulations

WHAT CANNABIS IS LEGAL?





Commercial Licensed Producer vs. Personal Growing License







What is legal as of October 17, 2018

Subject to provincial or territorial restrictions, adults who are 18 years of age or older are legally able to:

- possess up to 30 grams of legal cannabis, dried or equivalent in non-dried form in public
- share up to 30 grams of legal cannabis with other adults
- buy dried or fresh cannabis and cannabis oil from a provincially-licensed retailer
 - in provinces and territories without a regulated retail framework, individuals are able to purchase cannabis
 online from federally-licensed producers
- grow, from licensed seed or seedlings, up to 4 cannabis plants per residence for personal use
- make cannabis products, such as food and drinks, at home as long as organic solvents are not used to create concentrated products

Cannabis edible products and concentrates will be legal for sale approximately one year after the <u>Cannabis Act</u> came into force on October 17th, 2018.

Possession limits for cannabis products

The possession limits in the Cannabis Act are based on dried cannabis. Equivalents were developed for other cannabis products to identify what their possession limit would be.

One (1) gram of dried cannabis is equal to:

- 5 grams of fresh cannabis
- 15 grams of edible product
- 70 grams of liquid product
- 0.25 grams of concentrates (solid or liquid)
- 1 cannabis plant seed

This means, for example, that an adult 18 years of age or older, can legally possess 150 grams of fresh cannabis.

Cannabis for medical purposes

The current regime for medical cannabis will continue to allow access to cannabis for people who have the authorization of their healthcare provider.



(30₉) How much cannabis you are able to

possess

You are able to have a maximum of 30 grams (about one ounce) of dried cannabis in public at any time.



(19+) Minimum age is 19

You must be **19 and older** to buy, use, possess and grow **recreational** cannabis. This is the same as the minimum age for the sale of tobacco and alcohol in Ontario.

(≛) Growing cannabis

You are able to grow up to four plants per residence (not per person).

Cannabis in the provinces and territories

The <u>Cannabis Act</u> came into force on October 17, 2018. Provinces and territories are responsible for determining how cannabis is distributed and sold within their jurisdictions.

They set rules around:

- how cannabis can be sold
- · where stores may be located
- · how stores must be operated

Provinces and territories also have the flexibility to set added restrictions, including:

- lowering possession limits
- increasing the minimum age
- restricting where cannabis may be used in public
- setting added requirements on personal cultivation

Each province and territory has its own excise stamp for legal cannabis products.

You are responsible for knowing what will be legal in the province or territory where you live or visit.

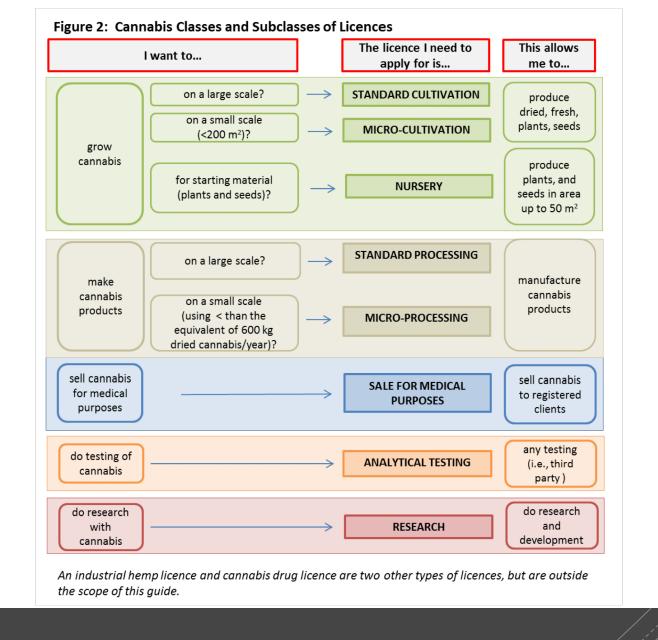
We have provided links to all provinces and territories, with a brief outline of what is legal there (as of October 17, 2018). Go to your provincial or territorial website for more details.

Show all

Yukon

► Alberta	► British Columbia	► Manitoba
▶ New Brunswick	► Newfoundland and Labrador	► Northwest Territories
► Nova Scotia	► Nunavut	► Ontario
► Prince Edward Island	► Quebec	► Saskatchewan
Fillice Edward Island	Quebec	Saskatchewan

Cannabis Licensing



Commercial Production Facilities

- GPP / GMP
- Experienced Personnel
- Physical Security
- Analytical Testing
- Record Keeping
- Provincial / Municipal Laws
- Personnel Security
- Marketing Restrictions
- Odour

By-Laws

- Site Selection
- Zoning (Residents, Odour, Agriculture)
- ERCA
- Storm Water & Waste Water
- Site Planning
- Building Permits
- Offshore Labour
- Local Talent
- Incentives

Private retail licensing and regulation

<u>The government of Ontario has announced</u> the AGCO as the regulator for privately run recreational cannabis stores.

Applying its experience as the province's regulator of the alcohol, gaming and horse racing sectors, the AGCO's focus will be on the **safe**, **responsible and lawful** sale of cannabis, consistent with the government legislation, once enacted.

The AGCO will move quickly to define the licensing process for private retailers once the legislation has been enacted, and will work closely with the government to support the goal of having private stores licensed and open for business by April 1, 2019.

Note that we are not accepting any applications at this time.

Stay informed

More information about regulations and the licensing process will be shared as it becomes available.

- Visit our website agco.ca
- Follow us on Twitter at <u>@Ont_AGCO</u>
- Subscribe to our cannabis email list to receive updates

Please submit inquires to Customer Service by using the <u>iAGCO</u> portal or call 416-326-8700 (1-800-522-2876 toll-free in Ontario). You do not need an account to make an inquiry.

ONTARIO RETAIL OUTLETS

- Municipal Opt-Out
- Edibles
- Restrictive Advertising
- OCS Fulfillment

Alcohol and Gaming Commission of Ontario

90 Sheppard Avenue East

Suite 200

Toronto ON M2N 0A4

Commission des alcools et des jeux de l'Ontario

90, avenue Sheppard Est Bureau 200

Toronto (Ontario) M2N 0A4

Tel./Tél.: 416-326-8700 or/ou 1-800-522-2876 toll free in Ontario/sans frais en Ontario

www.agco.ca



INITIAL INFORMATION FOR ONTARIO MUNICIPALITIES ABOUT CANNABIS RETAIL STORE LICENSING

The government of Ontario has announced the Alcohol and Gaming Commission of Ontario (AGCO) as the regulator for privately run recreational cannabis retail stores.

The AGCO's regulatory focus is on the safe, responsible and lawful sale of cannabis, consistent with the government legislation.

The AGCO is also committed to assisting our municipal partners in understanding their regulatory and operational responsibilities in this newly regulated sector. To that end, we are reaching out to provide you with some initial information and will provide more information on our website as it becomes available and as part of our 2018/19 Municipal Webinar Series.

The information below outlines the process for municipalities choosing to opt in or out of allowing cannabis retail stores in their municipality. It also provides additional information about what it means for municipalities who decide to permit retail stores in their community.

OPTING OUT OF RETAIL CANNABIS STORES

Municipalities may opt out of having cannabis retail stores within their jurisdiction. If they wish to do so, the Cannabis Licence Act, 2018 requires them to pass a resolution to that effect by January 22, 2019.

The manner in which municipalities must notify the AGCO of their decision to opt out is for the municipal Clerk, Chief Administrative Officer or Mayor to send the AGCO Registrar written notification that the municipality has passed a resolution prohibiting cannabis retail stores. This written notification must be sent by email to municipal@agco.ca and received by the AGCO no later than January 22, 2019. The notification must include:

- 1. The official name of the municipality, and;
- 2. The date the resolution was passed.

Once received, the AGCO will acknowledge receipt by email.

A municipality that decides to prohibit cannabis retail stores may later reverse its decision; however, under the Cannabis Licence Act, 2018, a decision by a municipality to allow cannabis retail stores is final and may not be subsequently reversed.

If the AGCO has not received written notification from a municipality within the process described above, by January 22, 2019, then, by default, private cannabis retail stores will be allowed within this jurisdiction beginning April 1, 2019, providing all other eligibility criteria have been met.

OPTING IN TO ALLOW RETAIL CANNABIS STORES

If at any time before January 22, 2019, a municipality decides it will allow cannabis retail stores within its jurisdiction, they are encouraged to notify the AGCO as soon as possible. This will allow the AGCO to process retail store applications, complete the public notice process and, provide more time for stores to set up their operations. Early notification to the AGCO, using the municipal@agco.ca email, will not change the date that licensed retail stores may open, which remains April 1, 2019 at the earliest.

ADDITIONAL INFORMATION FOR MUNICIPALITIES THAT ARE CONSIDERING PERMITTING PRIVATE RETAIL CANNABIS STORES

PUBLIC NOTICE PROCESS

The AGCO may issue a Cannabis Retail Store Authorization to an applicant unless the Registrar finds it is not in the public interest, as defined by Ontario Regulation 468/18 made under the *Cannabis Licence Act, 2018*.

Once a complete Retail Store Authorization application is received by AGCO:

- The applicant will be notified, via iAGCO, that they have 24 hours to post a placard at the location of the proposed retail store location. The placard must be posted for 15 calendar days and it will indicate that an application has been submitted for a cannabis retail store at that location.
- 2. All cannabis Retail Store Authorization applications that are placarded under the public notice process will be searchable on the AGCO's website through the iAGCO portal. AGCO will be providing more information and education opportunities to municipalities and the public about this feature.

Written submissions regarding how a Retail Store Authorization is not in the public interest, as per the criteria set out in regulation, can only be made to the Registrar by:

- A resident of the municipality in which the proposed store is located;
- The municipality representing the area in which the proposed store is located. If the municipality is a lower-tier municipality, then the upper-tier municipality of which it forms a part may also make a submission.

Submissions must be received by the AGCO on or before the date set out in the Public Notice. Written submissions may be submitted online via the iAGCO portal, available at www.agco.ca. The AGCO may provide copies of any submissions to the applicant. Anonymous submissions will not be considered.

AGCO TO HOST A WEBINAR FOR MUNICIPALITIES

Please join the AGCO for the third installment of its Municipal Webinar Series on **November 27**, **2018.** A panel of AGCO representatives will provide more information about the cannabis licensing process and the legislation and regulations related to cannabis retail stores, including the opt-out / in and public notice processes. The AGCO will be accepting questions during the webinar. A formal invitation will follow, including timing and registration details.

FOR MORE INFORMATION

Otherwise, please submit any questions you may have to AGCO's Customer Service by using the iAGCO portal or call 416-326-8700 (1-800-522-2876 toll-free in Ontario). You do not need an account to make an inquiry.

Information about Ontario's approach to cannabis legalization can be found at ontario.ca/cannabis.

For more information about the legalization and regulation of cannabis in Canada, please visit canada.ca/cannabis.

Ontario Cannabis Regulation 468/18 RETAIL

- Applications may be submitted starting December 17th and will be submitted online
- Licenced retail stores must display Ontario's cannabis retail seal in an exterior window visible from the store entrance
- The regulation document has been written at a high level and the Alcohol and Gaming Commission of Ontario (AGCO) admits much of the licensing process is still in development. Practical guidance for how to apply and details of how a licensed store must be constructed and operated will follow in the AGCO's Cannabis Retail Application Guide and the AGCO's Registrars Standards.
- 50 m. separation distance required between cannabis retail stores and schools
- The online application process opens December 17th, 2018, giving the AGCO three and a half months to meet their goal of having stores operational by April 1, 2019.
- Cannabis-related criminal offences; illegal cannabis sales after Oct. 17; and associations with organized crime make a person/organization ineligible to apply for a licence.
- No mandated distance between cannabis retail stores (i.e. no concentration limits)
- Store operators and their affiliates must hold no more than 75 retail licences
- Corporations owned or controlled to a degree of more than 9.9% by licensed producers (LPs) and their affiliates are ineligible to apply for licenses; LPs are permitted one store at their licensed facility
- "Affiliate" is extensively and broadly defined in the regulation; the definition encompasses all parent, sister and subsidiary companies of LPs; all corporations in which the LP has an ownership stake of >10%; corporations in which the LP has >50% of the votes to elect directors or a majority of fair market shares; corporations controlled by the same person/entity; partners; members of the same joint ventures, including informal joint actions; and more
- Storefronts must be stand-alone only, meaning they must be enclosed by walls separating the store from any other business or activity and the store must not be accessed by passing through any other business (there is an exception for shopping malls)
- Retail cannabis stores must have their own private shipping/receiving area that is unshared with other businesses and inaccessible to the public
- Permitted product mix is recreational cannabis (purchased from the Ontario Cannabis Retail Corporation, OCRC), cannabis accessories, and shopping bags
- Retail stores may not enter into distribution contracts with entities other than the OCRC
- Provincially-approved training is mandated for retail store owners, cannabis retail managers, and all employees of retail stores
- Opening hours may be between 9 am and 11 pm
- Authorization of retail stores will involve a public notice process
- Individuals under 19 are prohibited from entering stores, and the AGCO has zero-tolerance for any retailer providing cannabis to anyone under the age of 19
- Applications for cannabis retail stores will require demonstration of good financial standing with provincial and federal governments (tax compliance)

Eligibility

Eligibility criteria is outlined in the Cannabis Licence Act, 2018 and regulations

Retail Operator Licence

Retail Store Authorization

Cannabis Retail Manager Licence Generally, to be eligible:

- Be at least 19 years of age;
- Be financially responsible;
- Conduct their duties in accordance with the law, and with honesty, integrity and in the public interest;
- Have no convictions or charges under the Cannabis Licence Act, 2018;
- Not have or previously had roles or connections with a criminal organization;
- Not made a false statement in their application.

Retail Operator Licence

To operate a retail store and sell recreational cannabis, you must have a Retail Operator Licence.

A Retail Operator Licence allows you to operate one or more retail stores in Ontario.

- You must have a separate Retail Store Authorization for every store you wish to operate.
- Eligibility criteria is set out in the Cannabis Licence Act, 2018 and its regulations.

The Cannabis Retail Operator Licence is NOT a licence to produce cannabis.



PART 1 - CANNABIS RETAIL

Documents to Prepare: Retail Operator Licence

These documents may be required before a Retail Store Operator Licence can be issued. However, they do not have to be submitted with your application at the outset. Processing times may be impacted if complete information is outstanding.

- 1. Constituting Document(s)
- 2. Schematic Diagram
- 3. Details of Shareholders
- 4. Financial Statements
- 5. Tax Return and Tax Assessment
- 6. Personal History



You will want to ensure that these documents are available for review.



Other Industry Players

Areas of Activity:	Who is responsible?
Medical cannabis use and distribution	Health Canada
Recreational cannabis production licence	Health Canada
Recreational cannabis cultivation & processing	Health Canada & Licenced Producers
Recreational cannabis wholesale	Ontario Cannabis Store
Recreational cannabis online retail sales	Ontario Cannabis Store
Recreational cannabis consumption	Municipal by-law powers under the Smoke Free Ontario Act
Investigations of criminal activity related to cannabis and illegal dispensaries	Police