

For Information Only

Cannabis Act and Municipal Impact

Presented To:	City Council
Presented:	Tuesday, Dec 12, 2017
Report Date	Tuesday, Nov 21, 2017
Type:	Correspondence for Information Only

Resolution

For Information Only

Relationship to the Strategic Plan / Health Impact Assessment

This report provides information related to Quality of Life and Place, specifically regarding the legalization of cannabis and potential impacts to municipalities.

Report Summary

The Federal government is developing a new legislative and a regulatory framework to legalize, regulate, and restrict access to cannabis, and is expected to become law in July, 2018. Under this new law, Canada's provinces and territories will be responsible to license and oversee the distribution and sale of cannabis.

This report provides information regarding the Province of Ontario's planned response to the anticipated legislation, and the potential impacts to municipalities.

Financial Implications

No financial implications at this time.

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Background

The Federal government is developing a new legislative and a regulatory framework to legalize, regulate, and restrict access to cannabis. A Cannabis Act has now been tabled in the House of Commons and is expected to become law in July, 2018. Under this new law, Canada's provinces and territories will be responsible to license and oversee the distribution and sale of cannabis, subject to Federal conditions.

Municipalities and local communities will also be impacted by the legislation. This report provides a summary of potential impacts and anticipated next steps.

It is important to note that there is a distinction between the proposed “recreational” use of cannabis, and medicinal cannabis usage. It is anticipated that the federally controlled medicinal use of cannabis would continue as described below.

Cannabis for Medical Purposes

Under the Access to Cannabis for Medical Purposes Regulation (ACMPR) which came into force on August 24, 2016, Canadians who had been authorized by their health care practitioner to access cannabis for medical purposes could continue to have the option of purchasing safe, quality-controlled cannabis from a producer licensed by Health Canada. Canadians would also be able to produce a limited amount of cannabis for their own medical purposes, or designate someone to produce it for them.

The ACMPR replaced the “*Marihuana Medical Access Regulations (MMAR)*” which was repealed on March 31, 2014. However, as a result of a Federal Court Order granted on March 21, 2014, individuals who were previously authorized to possess and/or produce marijuana under the former MMAR and who met the terms of the Federal Court injunction order could continue to do so until the Court orders otherwise.

Currently, medical cannabis can only be purchased directly from a federally licensed producer online or over the phone and delivered by secure mail.

Province of Ontario's Response

In response to the Federal legislation and planned legalization of cannabis for recreational use, the Province of Ontario released a plan to build on the federal framework in several key areas. The provincial government indicated that it is committed to ensuring a safe and sensible transition to federal legalization.

The provincial plan would introduce new legislation and rules that would, if passed, ensure cannabis remains a carefully controlled substance subject to strict rules on both the lawful use and retail of the product. Revenues associated with cannabis legalization will be reinvested to ensure that the priorities are maintained:

- protecting young people
- focusing on public health and community safety
- promoting prevention and harm reduction
- eliminating the illegal market

Minimum Age

Ontario will set the minimum age to purchase recreational cannabis at **19 years old**, the same as alcohol and tobacco. This minimum age would also apply to possession and use.

The province has indicated that it has consulted public health and law enforcement stakeholders and determined that raising the minimum age above the federal minimum (18 years old) will help to protect youth. It was acknowledged that setting the age too high would risk driving young people to the illegal market.

Youth Possession

The federal government's proposed possession limits for adults and youth would limit adults to possessing up to 30 grams of dried legal cannabis, while people under 18 years old could have up to five grams.

However, to protect young people in Ontario, as noted above, the province will prohibit individuals under the age of 19 from possessing or consuming recreational cannabis, which will allow police to confiscate small amounts of cannabis from young people. The province's approach to protecting youth will focus on prevention, diversion, and harm reduction without unnecessarily bringing them into contact with the justice system.

Prevention and Harm Reduction

The province will support youth, young adults and other vulnerable populations through the development of a comprehensive prevention and harm reduction. The approach will also include education, health and social service providers that work with, and educate, youth and young adults.

In the lead-up to federal legalization, to help ensure public awareness of this transition and the new measures that will take effect, the province will undertake a public information campaign. Ontario will also work to support the federal government's planned national public awareness campaign to promote prevention and harm reduction.

Where Cannabis Can Be Used

Under Ontario's proposed approach, it would only be legal to use recreational cannabis in private residences. People would not be allowed to consume any form of recreational cannabis in public places, workplaces or when inside a motor vehicle.

This approach is guided by the two key principles of a safe and sensible framework as well as lessons drawn from the existing laws for consuming alcohol and the province's Smoke-Free Ontario Act. Over the coming months, Ontario will consult with municipal partners, the Alcohol and Gaming Commission of Ontario and other organizations to explore the feasibility and implications of introducing designated establishments where recreational cannabis could be consumed. Enforcement of these regulations is one area that still needs to be addressed at the City of Greater Sudbury. Discussions with Greater Sudbury Police Services (GSPS), the Sudbury & District Health Unit (SDHU) and CGS By-law Enforcement Services are underway to bring clarity in this area.

Shutting Down Dispensaries

The province indicates that it will pursue a coordinated and proactive enforcement strategy with municipalities, local police services, the Ontario Provincial Police (OPP) and the federal government to help shut down illicit cannabis dispensaries. This strategy will aim to reduce the illegal market, enhance public safety and eliminate the sale of unregulated and potentially unsafe cannabis products. Greater Sudbury does not appear to have an issue with illegal dispensaries for recreational purposes, though there have been concerns regarding producers of medicinal cannabis. It is not anticipated that the new legislation will have an impact on these concerns.

Enforcement

The province has committed to continued engagement with municipal and policing partners, stakeholders and community partners, including Indigenous and First Nations partners to ensure police have the tools they need to prioritize the protection of public health and safety, including road safety. Keeping Ontario's roads safe is a critical part of the province's safe and sensible approach to the federal government's legalization of cannabis. New measures to address drug-impaired driving are to be introduced in the future.

The legalization of marijuana will impose responsibilities on municipalities, who may become the enforcers of laws regarding legal marijuana, such as:

- sanctioning impaired drivers
- ticketing individuals who consume marijuana outside of their private residences
- enforcing bylaws on retailers who sell marijuana
- monitoring home producers who are caught growing/manufacturing outside prescribed regulations.

The Canadian Association of Chiefs of Police have indicated the following major themes are of specific concern to law enforcement:

- Training and the Impact on Police Resources
- Personal Cultivation and Possession
- Organized Crime
- Medical Marijuana
- Packaging and Labeling, Return of Property
- Youth and Public Education.

The costs of local regulation and enforcement could be recuperated by municipalities through cost-sharing with the federal government, who could divert some of the revenue generated from taxes, such as excise taxes, back to local governments.

Workplace Safety

As a key part of Ontario's integrated awareness campaign and to help keep Ontario workplaces safe, the province will be developing resources to guide employers, labour groups and others as they manage workplace safety issues related to impairment at work through education and awareness initiatives. Locally, no significant impact is anticipated as the City of Greater Sudbury already has a duty to accommodate employees, which currently includes the medical use of cannabis. The new legislation, as it relates to recreational use of cannabis, does not impact current practices and processes, specifically regarding impairment at work but may require supervisory education and updates to CGS Health & Safety policy.

Retail and Distribution Model in Ontario

Ontario is proposing a safe and sensible approach to the retail of recreational cannabis, overseen by the Liquor Control Board of Ontario (LCBO) through a subsidiary corporation, the Ontario Cannabis Retail Corporation (OCRC). The province is proposing that approximately 150 standalone stores be opened by 2020, including 80 by July 1, 2019 servicing all regions of the province. Dedicated stores will be set up to sell only cannabis, it will not be sold alongside alcohol. The proposed model is intended to meet the standards of control and social responsibility while responding to consumer demand and eliminating the illegal market. Additionally, the province's plan indicates:

- Online distribution will be available across the province
- All sales will be assisted via counter service, and there will be no self-service
- Retail staff will follow strict requirements for age verification

- There will be mandatory training for retail staff. Staff will have knowledge of the individual products and public health information about how to use cannabis responsibly
- Product types and formats will need to meet the federal government's requirements, including forthcoming federal regulations on packaging and labelling information
- Ontario would work closely with municipalities to consider community priorities when choosing store locations (e.g., proximity to schools)

On October 30, 2017, letters were sent to all municipalities in Ontario regarding the proposed next steps to establishing retail stores in the province. The provincial government has indicated that the public will have the opportunity to ask questions and provide feedback on proposed locations. Greater Sudbury has been identified as a community that will be receiving a retail outlet, to be operated by the OCRC, by July 2018.

It is also important to note that current the land use planning framework permits retail operations in commercial zones. This would allow for the establishment of cannabis retail outlets under the current framework. Consultations with municipalities on site selection are occurring and a website has been established to provide public information regarding the implementation of cannabis retail stores: www.lcbocannabisupdates.com.

Online sales

Online sales will allow for secure and safe delivery across the province. Products would be stored, packed and distributed in a safe and controlled manner. All of the same delivery safeguards that exist now for online alcohol sales would apply.

Public Health Perspective

The Ontario Public Health Association (OPHA) has published a position paper regarding the legalization of cannabis. OPHA calls for a Federal and Provincial regulations that advance the goals outlined in the Federal Task Force on Cannabis Legalization and Regulation's 2016 discussion paper. These include:

- **Protect young Canadians** by keeping marijuana out of the hands of children and youth
- **Protect public health and safety** by strengthening, where appropriate, laws and enforcement measures that deter and punish more serious marijuana offences (e.g. selling and distributing to children and youth, selling outside of the operating a motor vehicle while under the influence of marijuana)
- **Ensure Canadians are well-informed** through sustained and appropriate public health campaigns
- **Establish and enforce a system of strict production, distribution and sales**, taking a public health approach, with regulation of quality and safety (e.g., child-proof packaging, warning labels), restriction of access, and application of taxes, with programmatic support for addiction treatment, mental health support and education programs.
- **Conduct ongoing data collection**, including gathering baseline data to monitor the impact of the new framework

Municipal Impact and Next Steps

The terms of reference for the *Task Force on Marijuana Legalization and Regulation* call for consultation with municipalities. As local governments are best positioned to determine local implementation plans for the production, distribution and consumption of marijuana within their boundaries, any marijuana legalization framework should recognize and respect the autonomy and authority of municipalities to make and enforce local bylaws related to:

- the production and distribution of marijuana
- managing the health and safety impacts of how and where marijuana is consumed.

Based on the experience of other jurisdictions, legalizing marijuana for recreational use may lead to new revenue generation for Canada's three orders of governments. As such, the anticipated additional costs to municipalities regarding enforcing the framework must be recognized and addressed. A revenue sharing model for these potential new revenues will be required.

Production

There are two major categories of production to be considered in terms of municipal regulation of legalized marijuana: large scale producers, and growing small amounts of marijuana for personal consumption.

The recently announced new rules for medical marijuana users (ACMPR) that will allow patients to grow their own at home is a positive temporary step towards legalizing and regulating personal production of marijuana; however, more clarity and collaboration is needed to refine the recent temporary measures put into place and develop a comprehensive system regulating the personal production of marijuana and marijuana-based products, both for the safety of producers as well as the general public. The roles and responsibilities related to safety and security remain unclear. It is anticipated that there will be a municipal role regarding the enforcement of these regulations.

Distribution

Canadians currently move approximately \$7 billion of marijuana around the country or across national borders with no standards for storage, transport, or distribution. Distribution of legal marijuana will be a key part of the development of a framework, including the regulation of local distribution facilities. Business licensing legislation could be used to regulate the conduct of distribution facilities within the municipality.

Several cities in Canada have taken steps to regulate the distribution of medical marijuana within their communities. Requirements and restrictions included in the licensing process for recreational cannabis production and sales could include:

- Must operate only in commercial zones, at least 300 m from schools, community centers, neighbourhood houses, youth facilities and other marijuana-related businesses
- Require both a community notification process and a signed good neighbor agreement
- Rigorous fee structures for obtaining a license (e.g, in Vancouver the license fee of for compassion clubs is \$1,000 and \$30,000 for medical marijuana-related retail dealers.

Next Steps

Staff will continue to monitor the progress of the proposed legislation and regulations, and will work collaboratively with our municipal peers, police and public health partners to identify impacts to municipalities and local communities.

Staff have formed an internal working group to identify potential issues and collaborate on identifying a consistent approach to managing the municipality's role in a still-evolving provincial legislative framework. Regular communication among staff with their peers in other municipalities about this subject is ongoing.

The Government of Ontario is coordinating initial meetings between their offices, the OCRC, and municipalities identified as the first to host cannabis retail stores. Discussions with CGS and several ministries and the LCBO occurred on November 20th, and included:

- Federal and provincial requirements for cannabis retail and distribution
- Proposed guidelines for siting stores and public notification regarding potential sites
- Plans for store design and operations

Staff also anticipate raising the following issues:

- Planning considerations for cannabis operations, which contemplate the input of City Council on location, siting requirements, parking, etc...
- Requirements for public engagement regarding cannabis operations
- Building, by-law, and enforcement considerations for cannabis operations
- Anticipated impact on municipal services associated with cannabis operations (e.g. increased law enforcement, social and health service costs)
- Potential risk to increased extended health benefit costs (if medical cannabis becomes an eligible expense for health plans)
- Public acceptance of potential retail locations and strategies for potential consultation on this matter
- Provincial revenues to help offset any additional municipal service costs

Additional discussions will be occurring no later than the end of February 2018, which will include city staff and Council input on siting and location.

Sources:

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Legalization of Cannabis – Municipal Impact Information Report

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