

Cannabis Legalization

August 22, 2018

Ministry of Attorney General
Ministry of Finance

Federal Cannabis Legalization and Regulation

The federal *Cannabis Act* received Royal Assent on June 21, 2018 and will come into force on October 17, 2018.

- In April 2017, the federal government introduced the federal *Cannabis Act*, to legalize and regulate recreational cannabis in Canada.
 - Once in force, the federal *Cannabis Act* will create rules for producing, distributing, selling and possessing cannabis across Canada
- The federal *Cannabis Act* establishes the overarching legislative framework for cannabis in Canada, including:

Supply Chain Oversight and Regulation

- **Federal licensing** for the production, cultivation and processing of cannabis
- **Provinces and territories authorized to distribute and sell cannabis**, subject to federal conditions
- **Federal regulation of cannabis for medical purposes** would continue

Youth Access Restrictions

- **Minimum age of 18**
- Not an offence for youth to possess five grams or less of cannabis

Adult Access

- **30 gram adult public possession limit** of legal dried cannabis
- **Adults could grow up to 4 cannabis plants** per residence for personal use

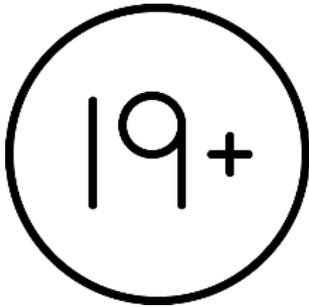
- Provinces and territories have the ability to set their own rules for cannabis, including the legal minimum age, how recreational cannabis can be sold, where cannabis can be used, and how much cannabis can be possessed and by whom.



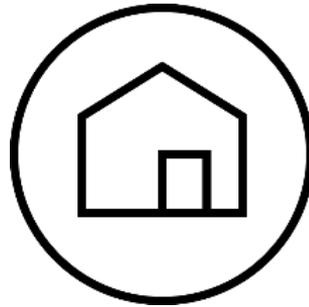
Provincial *Cannabis Act, 2017*

Provincial cannabis legislation necessarily aligns with the federal *Cannabis Act*. The provincial *Cannabis Act, 2017* will also come into force on October 17, 2018.

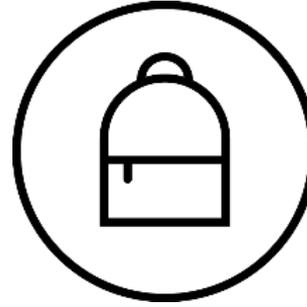
- The provincial *Cannabis Act, 2017* establishes **provincial rules** respecting the sale, distribution, purchase, possession, transportation, cultivation and consumption of cannabis. Key elements include:



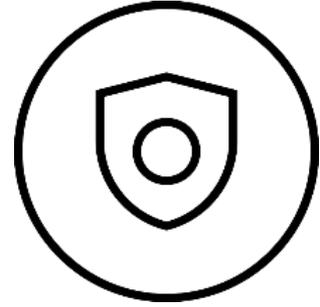
Prohibiting the sale of recreational cannabis to anyone under the **age of 19**



Prohibiting the use of recreational cannabis in all **public places, workplaces and motor vehicles and boats**



Prohibiting **youth (under 19) from possessing, cultivating, consuming and sharing** cannabis



Addressing **illegal selling**, including illegal storefronts

- Generally, municipalities will retain all *Cannabis Act, 2017* fine revenues.



Protecting Youth and Ensuring Community Safety

Youth Protection

Public Education, Prevention and Harm Reduction Initiatives: various ministries are leading initiatives focused on education, prevention and harm reduction for children and youth. For example, the Ministry of Education released resources intended for educators, parents/guardians and youth, to increase awareness about cannabis, prevent and/or delay cannabis use among youth, promote healthy decision-making and student safety, to help and prepare the education sector for legalization. The province is also planning to launch a public information campaign focused on promoting awareness of provincial rules.

Youth Diversion: the provincial *Cannabis Act, 2017* provides law enforcement personnel, prosecutors and courts with the opportunity to refer young people caught possessing, consuming, attempting to purchase, purchasing distributing or cultivating cannabis to prevention and education programs.

Enforcement

Illegal Selling: the provincial *Cannabis Act, 2017* contains additional tools to address the illicit market.

Training: the province is committed to ensuring that the appropriate law enforcement personnel have the tools, training and resources needed for legalization. For example, impaired driving detection training has been expanded, a specialized legal team to support drug-impaired driving prosecutions has been created, and work is under way to support training of law enforcement on both the provincial rules and the federal legislative framework including the development of e-learning training for all police services on the provincial *Cannabis Act, 2017* that will be available later this summer.

Provincial Impaired Driving Legislation

Amendments to the *Highway Traffic Act* to make changes to provincial **impaired driving laws**, including a zero-tolerance approach for young, novice and commercial motor vehicle drivers, higher financial penalties for all impaired drivers – zero-tolerance sanctions came into force on July 1, 2018 and higher financial penalties for impaired driving will come into force on January 1, 2019.



Youth In Ontario and Cannabis Use

Over 3.2 million youth ages 6-24 live in Ontario – almost one-fourth of the population:



- 19% of grade 7-12 students have used cannabis in the past year and,
- 38% of young adults (18-29 years) versus 14.5% of all adults.

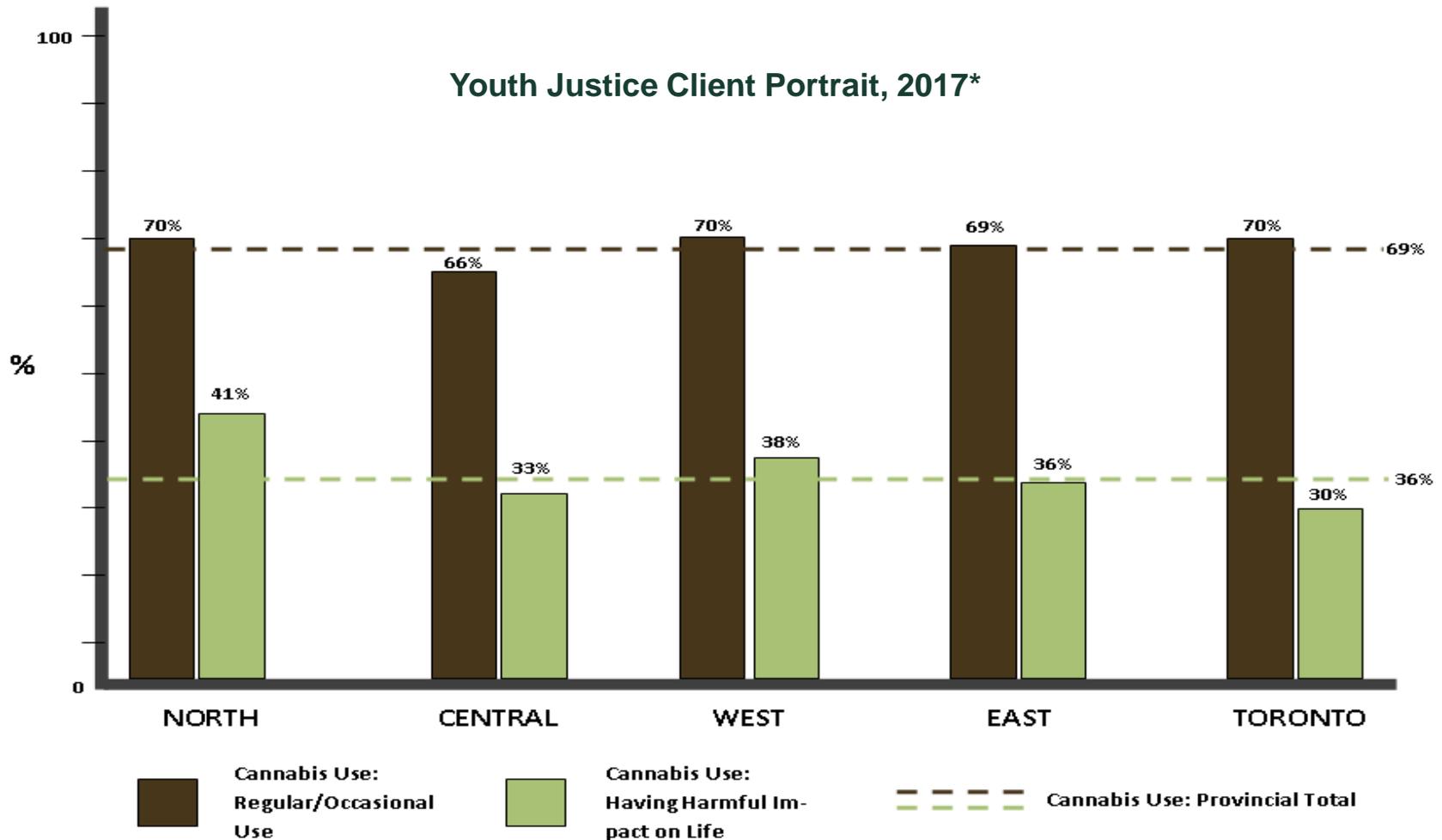
Research also suggests that early and continued regular use of cannabis can harm the developing brain.



Early initiation of regular cannabis use may also reduce the likelihood of progressing further in formal education and be associated with lower income, unemployment, and greater need for financial assistance.



Youth and Cannabis Use: In Youth Justice Services



Youth Justice Services Division

Ontario's Youth Justice Services Division provides a range programs including prevention, diversion, community and custody-based programs, that are aligned with the principles and provisions set out in the federal *Youth Criminal Justice Act, 2003* and the provincial *Child, Youth and Family Services Act, 2017*.



Youth justice systems can support the prevention and diversion programs for youth with cannabis related charges by referring young persons to programs or agencies in the community.



Prevention and diversion programs addresses the underlying causes of youth crime, provides effective and timely responses outside the formal justice system and provides opportunities for youth to make better choices.

The Cannabis Diversion Program is developed to respond to Section 20 of the *Cannabis Act, 2017*.

Cannabis Youth Diversion Program

- Youth Justice Services Division is partnering with the Ministry of the Attorney General and Springboard Services on the development of a customized online youth education and prevention program for youth under the age of 19 that come into contact with the justice system for certain cannabis related offences.
- This program will be available by October 17, 2018 to align with the proclamation of the *Cannabis Act, 2017*.
- This program can be utilized both pre and post-charge and would serve as an alternative to fines and other judicial sanctions.



The program will improve outcomes for youth in Ontario by enhancing awareness, knowledge and prevention strategies of cannabis use, in efforts to prevent further involvement of youth in the justice system.



Cannabis Youth Diversion Program: Referral Process

CANNABIS YOUTH DIVERSION PROGRAM

Referral process to the Cannabis Youth Diversion Program could be accessed through the court or law enforcement referrals.



Special Constables



Prosecutors



First Nations Constables



Court Referrals



Police Officers



Designated Provincial Offenses
Officers



Positive Outcomes for Youth and Young Adults (aged 18)



Improved Functioning & Positive Social Behaviours



Increased Skills & Abilities



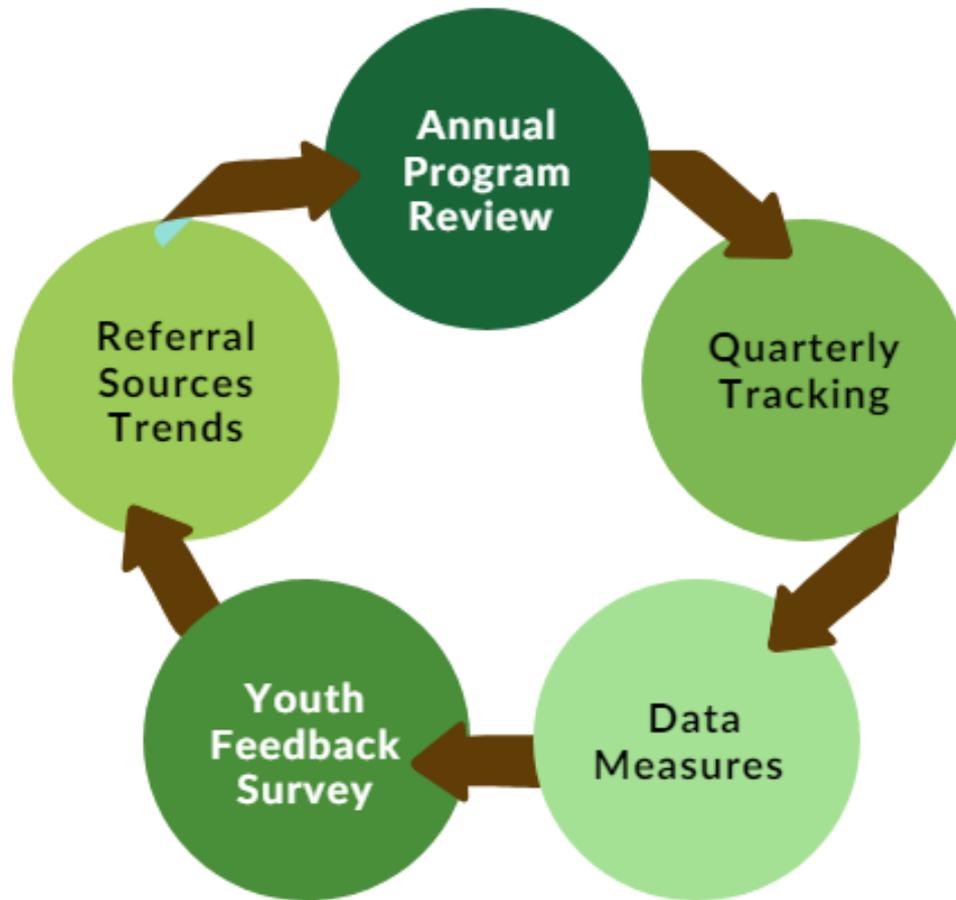
Increased Youth Engagement with Supports



Decreased Re-Offending



Anticipated Opportunities for Provincial Trends of the Program



Federal Requirements for Cannabis Retailing

The federal government has put in place a number of legislative and regulatory requirements that control and influence how provincial retail and distribution systems may operate – Ontario’s retail system must build on these requirements.

Products

- Limited to fresh and dried cannabis, oils, seeds and seedlings
- Retailers must source supply from federally licensed producers
- Plain packaging with labelling requirements
- No products with alcohol, nicotine, or caffeine

Stores

- No sales to youth
- Products, including accessories, cannot be visible to youth and must be sold from behind the counter
- Public possession limit of 30 grams for adults means maximum purchase limit would also be 30 grams
- Must participate in a national cannabis tracking system

Promotions

- Restrictions on marketing, advertising and promotions, including:
 - No promotion that is considered appealing to youth;
 - No sponsorships; endorsements, facility naming; and
 - Promotions limited to factual information



Cannabis Retail in Ontario

- When cannabis is legalized in Canada on October 17, 2018, Ontario will launch a safe and secure online sales channel for recreational cannabis through the Ontario Cannabis Store website
- Ontario has confidence in the OCS to sell cannabis safely and securely through their online channel
- Ontario is also moving forward with a private retail store model to help eliminate the illegal market
- Ontario will make sure private stores will be regulated, with the protection of children and youth as the top priority
- The OCS will develop and deliver the wholesale function to support private retailers
- Current illegal storefronts will remain illegal – as of October 17, the only legal place to buy cannabis in Ontario will be the OCS website



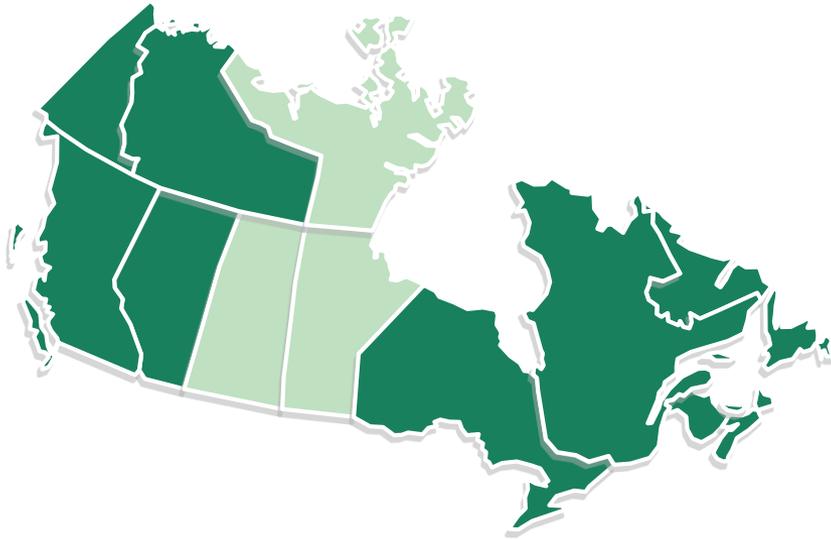
OCS Online Channel

- Following federal legalization, consumers who are 19 years of age or older will be able to buy cannabis from the Ontario Cannabis Store website
- Age will be verified, with signature required when packages are delivered directly to the door or picked up at the post office
- Packages will not be left unattended at a consumer's door
- Individual purchases will be limited to 30 grams, to comply with the federal government's possession limit
- The OCS website will provide customers with:
 - A modern, safe and secure web platform that is optimized for mobile but responsive in design for all screen sizes
 - A wide selection of dried cannabis, cannabis oil-based products, cannabis seeds and accessories
 - Social responsibility content, including guidelines on responsible use, health-related support resources and a clear legislative understanding
- In advance of launch, the OCS will provide customers with more background on services and the retail experience including: delivery options and times, range of products, packaging and other important information to help guide customers through this new online channel



Provincial and Territorial Approaches to Retail

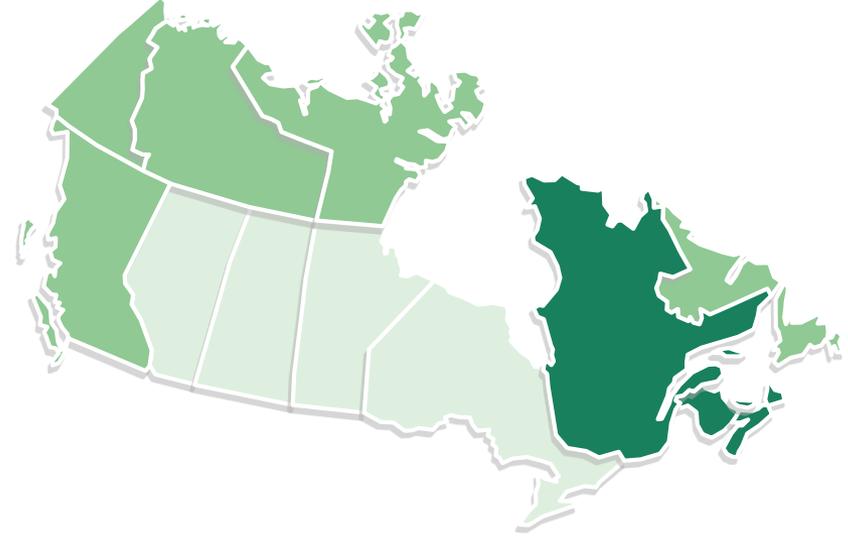
Online Sales



Legend

- Public:** Government-run online sales (BC, YK, AB, NWT, ON, QC, PEI, NS, NB, NL)
- Private:** Privately-run online sales (MB, SK, NU)

Retail Store Sales



Legend

- Public:** Government-run retail stores (QC, NB, NS, PEI)
- Hybrid:** Mix of government-run and privately-run retail stores (BC, YU, NWT, NU, NL)
- Private:** Privately-run retail stores (AB, SK, MB, ON)



Next Steps

- The government intends to move quickly to enable private retail stores, starting with consultation over the summer
- The government will gather input from the Association of Municipalities of Ontario, the City of Toronto, First Nations organizations, police, the cannabis industry association and other key stakeholders to examine the design elements of a private retail store model, such as:
 - the types of eligible businesses and the rules by which they would operate
 - the roles of municipalities and First Nations
 - how to protect youth and children in our communities, and
 - how to protect against intervention by organized crime and the diversion of product
- This consultation will inform the government’s development of the regulatory framework, which includes consideration of provincial oversight to ensure compliance and public safety, including consideration of a role for the Alcohol and Gaming Commission of Ontario in this regard.
- The government’s proposal will provide municipalities with a one-time window under which they can choose to opt-out of permitting physical cannabis retail stores within their boundaries.



Municipal Funding

- The province will provide \$40 million over two years to help municipalities across Ontario with costs related to the legalization of cannabis
 - All municipalities will receive at least \$10,000 in total
 - If the province's portion of excise duty revenue on recreational cannabis exceeds \$100 million over the first two years of legalization, municipalities would receive 50% of the surplus
 - The government is consulting on how the funding beyond \$10,000 could be allocated
- This funding will help municipalities with the costs of cannabis legalization, such as:
 - Enforcement of provincial and federal cannabis legislation
 - Increased 311, emergency calls and usage of paramedic and fire services
 - Related public health services
- This funding complements provincial initiatives to protect youth, combat the illegal market and address road safety

