



Report to: General Committee

Meeting Date: September 4, 2018

SUBJECT: Update on Legal Cannabis Sales in Ontario
PREPARED BY: Michael Killingsworth, Deputy Clerk, By-law Enforcement,
Licensing & Regulatory Services, Extension 2127
Josh Machesney, Acting Council/Committee Coordinator;
Extension 2211

RECOMMENDATION:

- 1) That the report entitled “Update on Legal Cannabis in Ontario” be received; and,
- 2) That the City Clerk be delegated the authority to inform the Province of Ontario that Markham is not a willing host of cannabis retail locations and that Markham is opting out of permitting physical cannabis retail stores within the City once with option is officially made available to municipalities; and,
- 3) That Staff report back to General Committee when changes to Bill 174 are passed by the Government of Ontario.

PURPOSE:

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 will 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.

OPTIONS/ DISCUSSION:

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.

At this point, very little information is available regarding the Government’s proposed changes to Bill 174. The announcement by the Province’s Minister of Finance and Attorney General spoke to the changes noted above and did not indicate that any further changes would be made to other acts enacted by Bill 174. Currently, there are no proposed changes as to where cannabis can be consumed, the amount an individual can purchase or carry at any one time, how many plants can be grown per household, established penalties for operating vehicles under the influence of cannabis, or other significant aspects of recreational cannabis legalization.

The proposed changes are substantial in nature and invite a number of important questions from the City’s perspective. With respect to the proposed private retail model, it is unclear whether the Province or municipalities will license cannabis stores, and how it will change the City’s role in inspecting retail locations.

With respect to the proposed one-time opt-out option for municipalities, a number of questions arise. Firstly, the Province has emphasized that the municipality will be given the opportunity to “opt-out” of having a physical retail location within their municipality. It is uncertain if a municipality that elects to opt out as described will be required to amend their zoning by-laws to prevent cannabis retailers or if the Province will adopt regulations to implement the local municipal opt out. Further, the “one-time” aspect of the opt-out option is also largely unclear. At this time, it is believed that municipalities will not be able to make this decision until the new term of council commences on December 1, 2018.

On December 12, 2017, City of Markham Council passed a resolution declaring that Markham is not a willing host of a legal cannabis location. This resolution was reaffirmed by Council on June 26, 2018 (see **Appendix “A”**). In an effort to expedite the process, staff recommends that the City Clerk be delegated the authority to notify the Province of Markham’s decision to opt-out of allowing legal cannabis retail locations in Markham.

It is also recommended that Staff report back to General Committee on the proposed changes to the retail sales of cannabis and any other changes when the Province makes the details available.

FINANCIAL CONSIDERATIONS

Not applicable

HUMAN RESOURCES CONSIDERATIONS

Not applicable

ALIGNMENT WITH STRATEGIC PRIORITIES

Not applicable

BUSINESS UNITS CONSULTED AND AFFECTED

Legal Services has been consulted in the preparation of this report.

RECOMMENDED BY:

2018-08-27

2018-08-27

X



Kimberley Kitteringham
Clerk
Signed by: Machesney, Josh

X



Trinela Cane
Commissioner, Corporate Services
Signed by: Machesney, Josh

ATTACHMENTS:

[Appendix A – July 12, 2018 Letter to Hon. Doug Ford re: Cannabis Stores in Markham](#)