

Proposed Regulations and Distribution of Recreational Cannabis in Canadian Provinces and Territories

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On April 13, 2017, the Federal Government introduced Bill C-45, *An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts* (the “ Act”). Once passed, the Act will establish a national framework for the governance and strict regulation of recreational cannabis in Canada. Under the proposed Act, the Federal Government will be responsible for overseeing the regulatory framework governing the licensed cultivation, production and manufacturing of cannabis and setting industry-wide standards with respect thereto, whereas the provinces and territories will be responsible for regulating the distribution and sale of recreational cannabis within their own jurisdictions.

The Act currently provides a general regulatory framework for recreational cannabis, however, provincial, territorial and municipal governments will be permitted to deviate from certain proposed federal standards, including the following limits and restrictions proposed in the Act:

- The minimum age to purchase, possess and use cannabis will be eighteen (18) years of age (however, provinces and territories can raise such age limit);
- The Act will prohibit individuals aged eighteen (18) years or older from possessing more than thirty (30) grams of dried cannabis (or its equivalent) in public (however, provinces and territories can lower such limit or provide more restrictive limits on possession);
- Adults will be permitted to grow up to four (4) cannabis plants in their home for personal use (however, the provinces and territories can lower such limit or prohibit personal cultivation); and
- Minimum health and safety standards will be required in provincial and territorial legislation regulating cannabis (however, the provinces and territories are able to decide where and how cannabis will ultimately be retailed and distributed within their jurisdiction, in addition to setting restrictions on where recreational cannabis can be consumed).

Given the latitude afforded to the provinces and territories that permits them to tailor or deviate from certain federal standards contemplated in the Act, as well as their ability to control the distribution and retail of recreational cannabis in their respective jurisdictions, the following is a summary of the proposed regulatory approaches that have been announced by each province and territory. A chart summarizing the proposed regulations in each jurisdiction can be [found here](#).

Alberta

- Distribution & Retail: Alberta has proposed a hybrid model consisting of private retailers and government-run online sales of recreational cannabis. The Alberta Gaming and Liquor Commission (“AGLC”) will be the sole wholesaler of recreational cannabis and will be responsible for overseeing the distribution and sale of recreational cannabis in the Province. Private retailers will have to be licensed by the AGLC and will be prohibited from selling recreational cannabis alongside alcohol, tobacco or pharmaceuticals. Alberta recently announced that it expects to issue up to 250 licenses to private retailers.

- Consumption Restrictions: Consumers will be permitted to consume recreational cannabis in their private residences and in public spaces where tobacco is permitted. Consumption will be banned in motor vehicles and places frequently occupied by children, including, schools, daycares and hospitals. Municipal governments will be permitted to set additional restrictions.
- Minimum Age: Eighteen (18) years old.
- Personal Cultivation: Four (4) plants per private residence.

British Columbia

- Distribution & Retail: British Columbia intends on implementing a hybrid distribution and retail structure, whereby both private and public retailers will sell recreational cannabis. The BC Liquor Distribution Branch ("LDB") will be the sole wholesaler of recreational cannabis in the province and will also operate public retail stores. Private retailers will be licenced and monitored by the Liquor Control and Licencing Branch ("LCLB"). In urban areas, licenced retailers will be prohibited from selling cannabis alongside alcohol. At this time, it is uncertain whether online sales in the province will be operated by private or public retailers, or both.
- Consumption Restrictions: Consumption of recreational cannabis will be limited to those public spaces where smoking tobacco is permitted and prohibited in public areas frequented by children. Cannabis consumption in motor vehicles will be prohibited. Municipal governments will be permitted to set additional restrictions.
- Minimum Age: Nineteen (19) years old.
- Personal Cultivation: Four (4) plants per private residence, provided the plants are not visible from public spaces around the property. Personal cultivation will be prohibited in residences used as daycare facilities.

Manitoba

- Distribution & Retail: Manitoba intends on implementing a distribution and retail model that would provide for government regulation and management of the supply chain and private retail of recreational cannabis. Manitoba's Liquor and Gaming Authority ("LGA") (to be renamed the Liquor, Gaming and Cannabis Authority) will be responsible for regulating the purchase, storage, distribution and retail of recreational cannabis and will oversee the licensing regime for private retail stores. The Manitoba Liquor and Lotteries Corporation ("MBLL"), as provincial wholesaler, will administer and oversee the supply and distribution of recreational cannabis in the Province, whereas the private sector will operate all retail locations and will be required to purchase cannabis from the MBLL. Manitoba has signaled its intention to allow licensed retailers to offer online sales. Retailers will not be permitted to sell cannabis alongside alcohol. Municipalities will be permitted to prohibit the sale of recreational cannabis upon holding a plebiscite.
- Retail Agreements: Manitoba recently announced that it has conditionally accepted proposals from the following four (4) entities to operate retail sales in the Province: a joint venture between Canopy Growth Corp. and Delta 9 Cannabis Inc., National Access Cannabis Corp., Tokyo Smoke (a subsidiary of Hiku Brands Company Ltd.) and 10552763 Canada Corp. (a newly formed consortium featuring Avana Canada Inc., Fisher River Cree Nation in Manitoba, Chippewas of the Thames First Nation in Ontario, MediPharm Labs of Ontario, and U.S.-based. cannabis dispensary brand Native Roots Dispensary).
- Consumption Restrictions: TBD
- Minimum Age: Nineteen (19) years old (the only province to deviate from its legal drinking age).
- Personal Cultivation: Prohibited.

New Brunswick

- Distribution & Retail: The distribution and sale of recreational cannabis in New Brunswick will be the sole responsibility of the public sector. The newly formed Cannabis Management Corporation, a Crown corporation, will oversee, control and manage retail sales of recreational cannabis in New Brunswick. The New Brunswick Liquor Corporation ("NB Liquor"), through its subsidiary, Cannabis NB, will operate stand-alone retail stores that will be governed by the rules and regulations

established by the Cannabis Management Corporation. The New Brunswick government anticipates that there will be approximately twenty (20) retail locations in fifteen (15) communities throughout the Province. Additional locations will be established at a later date based upon market conditions. Online sales will be available province-wide.

- Supply Contracts: New Brunswick has partnered with three (3) cannabis producers to supply the province with cannabis for the recreational market: Zenabis, OrganiGram and Canopy Growth Corp.
- Consumption Restrictions: Consumption of recreational cannabis will be prohibited in public spaces. Additionally, cannabis stored in private residences will have to be in a locked container or a locked room to ensure it is not accessible to minors.
- Minimum Age: Nineteen (19) years old.
- Personal Cultivation: Permitted, however the number of permitted plants has not been released.

Newfoundland and Labrador

- Distribution & Retail: Newfoundland and Labrador has proposed a model whereby the Newfoundland and Labrador Liquor Corporation ("NLC") will oversee the distribution of cannabis in the province and control the possession, sale and delivery of recreational cannabis, and private retailers, licenced and regulated by the NLC, will be responsible for retail sales of recreational cannabis. Online sales of recreational cannabis will initially only be available through the NLC.
- Supply Contract: The Province has entered into a supply and production agreement with Canopy Growth Corp.
- Consumption Restrictions: Consumption of recreational cannabis will be limited to private residences only.
- Minimum Age: Nineteen (19) years old.
- Personal Cultivation: TBD

Northwest Territories

- Distribution & Retail: The Northwest Territories Liquor Commission will be responsible for the import and sale of recreational cannabis. Initially, recreational cannabis will be sold by the Liquor Commission through its retail stores and via secure online ordering. Unlike other provinces (except Nova Scotia), recreational cannabis will be sold alongside liquor. In the future, the Territory will consider implementing a retail model permitting stand-alone cannabis stores.
- Consumption Restrictions: Consumption of recreational cannabis will be permitted in private dwellings and select public spaces, but will be prohibited in areas frequented by children, large crowds, and areas where smoking tobacco is prohibited. Areas such as parks, trails and streets, when not being used for public events, will be permitted areas for the use of cannabis (unless municipalities within such areas restrict the use of cannabis in such areas). Cannabis in vehicles must be unopened. If opened, it must be resealed and stored in an area of the vehicle that does not permit access by the occupants in the vehicle. Municipalities will have the option of holding a plebiscite to establish restrictions and prohibitions on recreational cannabis.
- Minimum Age: Nineteen (19) years old.
- Personal Cultivation: Four (4) plants per private residence.

Nova Scotia

- Distribution & Retail: Nova Scotia has proposed a public distribution and retail model whereby the Nova Scotia Liquor Corporation ("NSLC") will oversee the distribution and sale of recreational cannabis through its existing retail operations and through secure online sales and home delivery. Although recreational cannabis will be sold alongside alcohol, the area in which the cannabis will be sold will be separate and not visible from the rest of the store. NSLC will initially sell recreational cannabis through nine (9) existing retail locations. The Province intends on reassessing the retail landscape following the first year.
- Consumption Restrictions: TBD
- Minimum Age: Nineteen (19) years old.
- Personal Cultivation: Four (4) plants per private residence.

Nunavut

- Distribution & Retail: The Nunavut Liquor Commission ("NULC") will oversee the distribution and sale of recreational cannabis. Initially, there will be no physical retail stores in 2018. Sales of recreational cannabis will be conducted online and by phone. The Territory will consider implementing a system in which the NULC oversees and controls the sale and distribution of recreational cannabis, but outsources all retail sales to the private sector.
- Consumption Restrictions: Consumption of recreational cannabis will be permitted within private residences and in public spaces where the consumption of tobacco is permitted, but prohibited in areas frequented by children such as schools and playgrounds, as well as health care centres. Cannabis in vehicles will have to be in closed packaging and not accessible to the vehicle occupants. Municipalities will be able to place restrictions the use of cannabis in public spaces.
- Minimum Age: Nineteen (19) years old.
- Personal Cultivation: TBD

Ontario

- Distribution & Retail: Ontario has proposed a government-run distribution and retail model. The Ontario Cannabis Retail Corporation ("OCRC"), a subsidiary of the Liquor Control Board of Ontario ("LCBO"), will be the sole provincial retailer of recreational cannabis in Ontario, operating through stand-alone stores and via online sales. The Province has announced that approximately forty (40) stand-alone stores will be open by July 2018, eighty (80) stand-alone stores by July 2019 and one hundred and fifty (150) stand-alone stores by 2020. Online sales of recreational cannabis (via Shopify Inc.'s e-commerce platform) will be available in all regions of the Province.
- Consumption Restrictions: Consumption of recreational cannabis will be restricted to private residences only. No person will be permitted to consume recreational cannabis in public places or vehicles.
- Minimum Age: Nineteen (19) years old.
- Personal Cultivation: Four (4) plants per private residence.

Prince Edward Island

- Distribution & Retail: The Liquor Control Corporation will operate four (4) stand-alone cannabis retail stores located in Charlottetown, Summerside, Montague and West Prince, as well as an e-commerce platform with secure home delivery.
- Supply Contracts: The Province has secured supply agreements with three (3) cannabis producers: Canada's Island Garden, OrganiGram and Canopy Growth Corp.
- Consumption Restrictions: Consumption of recreational cannabis in the Province will initially be limited to private residences with the potential to be expanded into designated public spaces. Cannabis being transported in vehicles must remain in unopened packaging. Open packages of cannabis being transported in vehicles will have to be securely stored and inaccessible to those in the vehicle.
- Minimum Age: Nineteen (19) years old.
- Personal Cultivation: TDB

Quebec

- Distribution & Retail: The Société québécoise du cannabis ("SQC"), which will be a newly created government agency and a subsidiary of the Société des alcools du Québec, will act as the sole distributor and retailer of recreational cannabis in Quebec. Quebec has announced that there will be fifteen (15) retail locations operating by July 2018, with one hundred and fifty (150) retail outlets planned for 2020. Recreational cannabis ordered online will be delivered by the Canada Post.
- Supply Contracts: Quebec recently announced that it has signed tentative agreements with the following six (6) cannabis producers for the supply of recreational cannabis in the Province: Hydropothecary, Canopy Growth Corp., Aurora Cannabis,

MedReleaf, Tilray and Aphria.

- Consumption Restrictions: Recreational cannabis will be subject to the same laws and regulations in place that govern the use of tobacco. Consumption of cannabis will be prohibited on the property of health care and educational institutions, as well as outdoor areas frequented by minors.
- Minimum Age: Eighteen (18) years old.
- Personal Cultivation: Prohibited

Saskatchewan

- Distribution & Retail: Saskatchewan has proposed a model whereby the Saskatchewan Liquor and Gaming Authority ("SLGA") will be responsible for regulating the wholesaling and retailing of recreational cannabis while the private sector will be the sole retailers of recreational cannabis. The SLGA intends on issuing approximately sixty (60) retail permits to private retailers in around forty (40) municipalities and First Nation communities with populations of at least 2,500 residents. Regions with larger populations will be allocated additional permits. Retail cannabis locations will be stand-alone stores selling only cannabis and cannabis related accessories. Private retailers will also have the option to offer online sales.
- Consumption Restrictions: TBD
- Minimum Age: TBD
- Personal Cultivation: TBD

Yukon

- Distribution & Retail: The Yukon Liquor Corporation will be solely responsible for importing, storing, transporting and distributing (to retail locations) recreational cannabis. Initially, only government-run retail and e-commerce sales will be available. The Territory intends on establishing a licencing regime for private retail sales, although such regulations are still being developed.
- Consumption Restrictions: Initially, consumption of recreational cannabis will only be permitted in private residences and on adjoining properties. The Territory is considering the possibility of future cannabis consumption in public spaces. Cannabis in motor vehicles will also be prohibited unless it is in a closed container and inaccessible by those in the vehicle.
- Minimum Age: Nineteen (19) years old.
- Personal Cultivation: Four (4) plants per private residence.

Conclusion

Several provincial and territorial governments are still in the process of finalizing the details of their respective regulatory approaches to recreational cannabis.

Although the Liberal Government targeted a legalization date in July 2018, the Senate's vote on the Act schedule on or before June 7, 2018 will likely result in Canadians not being able to purchase recreational cannabis until at least August, and potentially as late as September 2018. The Federal Government has announced that following Royal Assent, which would immediately follow the vote in the Senate, the provinces and territories will need at least eight (8) to twelve (12) weeks to prepare retail operations.

The information and comments herein are for the general information of the reader and are not intended as advice or opinion to be relied upon in relation to any particular circumstances. For particular application of the law to specific situations, the reader should seek professional advice.

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