



Office of the Regional Solicitor

Office of the Commissioner of Community and Health Services

Memorandum

To: Regional Council

From: Joy Hulton, Regional Solicitor and Katherine Chislett, Commissioner of Community and Health Services

Date: November 16, 2017

Re: **Legalization of Recreational Cannabis**

Background

Bill 174, Ontario's *Cannabis Act, 2017* was introduced on November 1, 2017. If passed, the legislation would regulate the use and distribution of recreational cannabis in Ontario once it is legalized by the federal government in July 2018.

The federal Cannabis Act (Bill C-45) and related amendments to the *Criminal Code* (Bill C-46) are currently before the House of Commons. This legislation will authorize the federal government to licence the production and distribution of recreational cannabis, including through on-line sales from federally licenced producers. Bill C-45 remains at Third Reading and the federal government has yet to introduce any of the regulations that will be necessary to establish the federal framework to regulate licensing, production and distribution of recreational cannabis.

Provinces will have the authority to regulate retail sales and consumption of recreational cannabis. Sales and distribution of medical cannabis will continue to be regulated by the federal government.

The proposed Ontario *Cannabis Act, 2017* would create the legislative framework for Ontario's regulation of retail sales and consumption. The goals of the legislation are to protect youth, maintain safety in communities and on roads, and establish a provincial cannabis retailer.

Bill 174 would:

- Create a new provincial retailer, overseen by the Liquor Control Board of Ontario.
- Set a minimum age of 19 to use, buy, possess and cultivate cannabis in Ontario.
- Focus on harm reduction by allowing for the diversion of people under the age of 19 from the justice system into programs focused on education and prevention, avoiding unnecessary contact with the justice system.
- Ban the use of cannabis in public places, workplaces and motor vehicles, similar to alcohol.
- Regulate public consumption of medical cannabis under the proposed new *Smoke-Free Ontario Act, 2017*.
- Introduce new provincial offences with strict, escalating penalties.
- Establish tougher impaired driving laws including a zero-tolerance approach for young, novice and commercial drivers.

The Ontario government plans to establish an on-line and in-store retail model through a newly established cannabis control board. Approximately 150 standalone stores will be opened by 2020, including 40 stores by July 2018 and rising to 80 by July 2019. Online distribution will be available to service all regions of the province. The Ministry of Finance plans to engage with municipalities to discuss the process for siting its stores. On November 3rd, the Ministry and LCBO announced an initial 14 municipalities intended for cannabis stores by July 2018, including Vaughan.

Impact to Municipalities

The Association of Municipalities of Ontario (AMO) has been actively working with municipalities to understand the impacts of cannabis legalization, and to advocate for a regulatory framework that would minimize adverse impacts on municipalities. The proposed control board model for retail sales does address some of the adverse impacts that would be associated with a private retailer model. However, Regional staff identified several program areas that will likely be impacted by the legalization of cannabis and proposed changes to the *Smoke Free Ontario Act* as set out in Table 1. York Regional Police will report separately to the Police Services Board outlining the anticipated increased demands on policing and related costs.

Table 1
Impact to Regional Services

Regional Services	Potential Impact of Cannabis Legalization	Comments
Public Health	<ul style="list-style-type: none"> • Enforcement of consumption of medical cannabis under the amended <i>Smoke Free Ontario Act</i> • Public Education • Impact on services due to increased use of cannabis by clients 	Actual responsibilities of Public Health related to enforcement and education are unknown
Paramedic Services	<ul style="list-style-type: none"> • Increased calls for services (impaired persons) 	Difficult to estimate scale of impact at this time
Social Services	<ul style="list-style-type: none"> • Increased demands for service and supports (including community agencies) 	Supporting community agencies with service policy amendments as required, including social housing
Courts	<ul style="list-style-type: none"> • Prosecution of new POA offences under the <i>Cannabis Act</i> and amended <i>Smoke Free Ontario Act</i> • Changes to the <i>Highway Traffic Act</i> will likely result in an increase in trials rather than guilty pleas 	<p>Amendments required to allow Regional POA Court program to retain fine revenue from <i>Cannabis Act</i> offences.</p> <p>Workload will increase</p>
Planning	<ul style="list-style-type: none"> • Siting of new cannabis stores 	Supporting local municipal planning

Note: All service areas will require training for staff and development of new policies.

Conclusion and Recommendations

Municipalities are concerned about potential costs to municipal governments and municipally funded organizations, including police services, as it is anticipated that municipalities will shoulder much of the program and cost impacts of legalization. As such, AMO has been advocating for resources to cover these costs, and to ensure that municipal governments receive an appropriate share of revenue generated by the sale of recreational cannabis.

Staff recommend that Council endorse AMO's advocacy for funding and resources to support municipalities in the implementation of cannabis legalization as follows:

1. The provincial and federal governments ensure that municipal governments are fully funded on a cost-recovery basis and provided the necessary supports for their role in implementing and enforcing the new recreational cannabis regime, including increases in demands for service and training requirements associated with their role.
2. The Ministry of Health and Long Term Care provide 100% funding for public health programs to fund the impact on those programs arising from the implementation of legalized recreational cannabis, including but not limited to public education, addiction and related services, and enforcement of the use of medical cannabis under the *Smoke Free Ontario Act*.
3. The provincial government ensure that municipal governments receive an appropriate portion of sales and tax revenue from the sale of recreational cannabis to fund the impacts on their services and programs.
4. The provincial governments ensure that municipalities responsible for operating POA Courts retain all fine revenue associated with POA offences under Ontario's *Cannabis Act, 2017*.

Joy Hulton
Regional Solicitor

Katherine Chislett
Commissioner of Community and Health
Services

Attachment

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Resolution Re: Bill 174 – Cannabis, Smoke-Free Ontario and Road Safety Statute Law Amendment Act, 2017

Whereas the Government of Canada introduced Bill C-45, *An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts*, to legalize and regulate the production, distribution and sale of cannabis and cannabis products by July 2018; and

Whereas the Ontario government introduced Bill 174, *Cannabis, Smoke-Free Ontario and Road Safety Statute Law Amendment Act, 2017* (the Cannabis Act) in preparation for the federal legalization of cannabis and cannabis products; and

Whereas Bill 174 is intended to ensure that Ontario will be prepared to implement the requirements of the federal legislation by:

- Creating a regulated retail and distribution system for cannabis products.
- Establishing 19 as the minimum age to use, buy, possess and cultivate cannabis in Ontario.
- Diverting youth under the age of 19 from the justice system through harm reduction programs focused on education and prevention.
- Banning the use of cannabis in public places, workplaces and motor vehicles, similar to alcohol.
- Regulating the public consumption of medical cannabis under the proposed new *Smoke-Free Ontario Act, 2017*.
- Introducing new provincial offences with strict, escalating penalties.
- Establishing tougher impaired driving laws including a zero-tolerance approach for young, novice and commercial drivers; and

Whereas municipalities and municipally funded services, including police, will face increases in costs and demands for services related to the implementation and enforcement of the *Cannabis Act*;

NOW therefore be it resolved that:

1. The Regional Municipality of York requests that the Government of Ontario and the Government of Canada:
 - i. ensure that municipal governments are fully funded on a cost-recovery basis and provided the necessary supports for their role in implementing and enforcing the new recreational cannabis regime, including increases in demands for service and training requirements associated with their role.

- ii. ensure the Ministry of Health and Long Term Care provide 100% funding for public health programs to fund the impact on those programs arising from the implementation of legalized recreational cannabis, including but not limited to public education, addiction and related services, and enforcement of the use of medical cannabis under the *Smoke Free Ontario Act, 2017*.
- iii. ensure that municipal governments receive an appropriate portion of sales and tax revenue from the sale of recreational cannabis to fund the impacts on their services and programs.
- iv. [amend section 165(5)(d) of the *Provincial Offences Act* to ensure that municipalities responsible for operating a POA Court retain all fine revenue associated with offences under the federal *Cannabis Act* and *Controlled Drugs and Substances Act* prosecuted in their court.]

2. A copy of this resolution be forwarded to Premier Kathleen Wynne, the Honourable Eric Hoskins, Minister of Health and Long-Term Care, the Honourable Yasir Naqvi, Attorney General, the Honourable Charles Sousa, Minister of Finance, the Honourable Ginette Petipas Taylor, Minister of Health, and the Association of Municipalities of Ontario.