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Cannabis Stores in Ontario No Longer Deemed Essential

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On April 3, 2020, the Government of Ontario revised its list of essential businesses that can remain open during the province-wide state of emergency due to COVID-19. One major revision to this list was the removal of cannabis stores as an essential business, which forced all private sector retail cannabis stores to close as of 11:59pm on April 4, 2020. This closure order will be in effect for 14 days and may be extended.

The removal of cannabis stores as an essential business requires private retailers to temporarily discontinue retail operations, including both in-person sales and click-and-collect services which had become more popular throughout the month of March as a result of the COVID-19 pandemic. Retail cannabis stores are also unable to deliver cannabis products, as this is prohibited under Ontario's *Cannabis License Act*.

Consumers in Ontario are still able to purchase recreational cannabis online through the government-run Ontario Cannabis Store with delivery being conducted by Canada Post. However, last month, Canada Post announced that as a result of the spread of COVID-19, it would no longer request signatures for deliveries and, accordingly, consumers are now required to go to their local post office to pick-up their cannabis shipment in person as opposed to home delivery.

In response, the Ontario Cannabis Store announced on April 5, 2020, a new three-day direct-to-door delivery service that is now available for consumers in the Greater Toronto Area as well as Hamilton, Waterloo Region and Guelph.

The revised essential businesses list also prohibits non-critical construction projects. The Alcohol and Gaming Commission of Ontario (AGCO), which is responsible for licensing retail cannabis stores in the Province, requires that a retail cannabis store be fully constructed in accordance with the regulations prior to the issuance of a retail store authorization (RSA). As a result, while the AGCO expected to issue up to 20 new RSAs per month commencing in April 2020, that timeline may be impacted as only limited construction projects are currently permitted in Ontario.

While retail cannabis stores must close, cannabis producers may continue operations as they are deemed an essential agricultural production business. In addition, liquor, wine and beer stores are permitted to continue operations. To view Ontario's updated essential services list, please click here.

The Cassels Cannabis Group is continuing to monitor the developments relating to COVID-19 that impact businesses and will provide updates as they become available.

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