

LCBO to Control Retail and Online Cannabis Sales in Ontario

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September 8, 2017

On September 8, 2017, Yasir Naqvi, Attorney General, Charles Sousa, Minister of Finance and Dr. Eric Hoskins, Minister of Health and Long-Term Care, announced Ontario's planned approach to the federal legalization of cannabis as proposed by Bill C-45, the *Cannabis Act*. Bill C-45 left significant discretion to the provinces for determining the appropriate distribution, sale and retailing of cannabis.

Highlights of the media announcement are as follows:

- The Ontario Government has indicated that the mandate to distribute, sell and retail cannabis products for recreational consumers in Ontario will be operated by the Liquor Control Board of Ontario (LCBO), a crown corporation.
- The LCBO will establish a separate entity, which will distribute cannabis through cannabis-specific retail outlets physically separate from existing LCBO stores. The Province of Ontario will not permit alcohol and cannabis to be sold in the same locations.
- The expectation is that the LCBO, through its subsidiary, will begin to roll out cannabis-specific retail outlets with 40 locations to be operational for the Government of Canada's targeted July 1, 2018 implementation date. The locations of these retail outlets will be determined in consultation with municipalities across the province.
- The new LCBO subsidiary will also distribute cannabis across the Province of Ontario online through a government-controlled website that will be functional by the targeted July 1, 2018 implementation date.
- The intention is to increase the number of retail locations to 80 within the first year, with additional locations over time with a goal of 150 cannabis-specific storefronts by the end of 2020.
- The new cannabis-specific stores will require a behind-the-counter type of retail environment similar to how tobacco is now sold.
- The Ontario Government's pricing model has not yet been determined but will be guided in order to discourage the reliance on the illicit market. The Government of Ontario anticipates that profitability will initially be modest.
- Use of cannabis will only be permitted in private residences for the time-being, although over the coming months, the Ontario Government will explore the feasibility and implications of introducing designated establishments where recreational cannabis could be consumed.
- Edibles and cannabis-infused snacks will not be sold in the initial Ontario storefronts or online retailer, consistent with Bill C-45.
- Rules and restrictions for distribution will be strictly in keeping with the federal rules proposed by Bill C-45, however cannabis sales will be restricted to those aged 19 and older in Ontario, in keeping

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with current alcohol restrictions but above the mandatory minimum age of 18 proposed by the Government of Canada in Bill C-45.

- Police officers will be permitted to confiscate small amounts of cannabis from individuals under the age of 19. Confiscation will not result in a criminal record.
- Dispensaries currently operating in Ontario will be shut down through a coordinated approach with police forces and local municipalities.

In discussing its decision, the provincial representatives highlighted the advantages of the LCBO distribution model in terms of experience in the distribution of controlled substances and upholding both the focus on harm reduction from cannabis use, protecting youth and promoting public health, public safety and shutting down the illegal market. In addition, the Ontario Government highlighted that this approach will ensure that there is both only one distributor of recreational cannabis and that alcohol and cannabis are not sold alongside one another.

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