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## Ontario Introduces Legislation to Regulate the Sale and Consumption of Cannabis with Bill 174

On November 1, 2017, the Government of Ontario introduced [Bill 174, Cannabis, Smoke-Free Ontario and Road Safety Statute Law Amendment Act, 2017](#) (the "Act"), which seeks to regulate, among other things, the sale and consumption of cannabis in Ontario. Ontario is the first province to release legislation to regulate the recreational cannabis market.

The Act is in its first reading and is not currently law. Once passed, the Act will enact the *Cannabis Act, 2017*, the *Ontario Cannabis Retail Corporation Act, 2017*, the *Smoke-Free Ontario Act, 2017* and make certain amendments to the *Highway Traffic Act*.

### Establishment of the Ontario Cannabis Retail Corporation

The Act provides for the establishment of the Ontario Cannabis Retail Corporation (the "OCRC") pursuant to the *Ontario Cannabis Retail Corporation Act, 2017*. The OCRC will be overseen by the Liquor Control Board of Ontario and will have the exclusive right to sell

cannabis in the Province of Ontario. There are exceptions that permit a party other than the OCRC to sell medical cannabis in accordance with federal legislation, to sell cannabis to the OCRC and to sell cannabis in accordance with the regulations, which have yet to be prescribed.

The objectives of the OCRC include the purchasing, possession and sale of cannabis and related products, the determination of the varieties, forms, types and prices of cannabis and related products and the promotion of social responsibility in connection with cannabis. While additional details regarding the retail and distribution of cannabis in the Province of Ontario are still to be determined, the Government of Ontario has released the following [guidelines](#):

- Online distribution will be available province-wide by July, 2018;
- 40 stand-alone cannabis stores will be open by July, 2018;
- 80 stand-alone cannabis stores will be open by July 1, 2019;

- 150 stand-alone cannabis stores will be open by 2020; and
- Cannabis will not be sold in the same stores where alcohol is sold.

The Ontario Government has [announced](#) the first 14 municipalities that will operate stand-alone cannabis retail stores by July 1, 2018. These municipalities are Barrie, Brampton, Hamilton, Kingston, Kitchener, London, Mississauga, Ottawa, Sault Ste. Marie, Sudbury, Thunder Bay, Toronto, Vaughan and Windsor.

Ontario's exclusive model for the sale of recreational cannabis contrasts with Manitoba's hybrid retail and distribution model, which was [announced](#) by the Government of Manitoba on November 7, 2017. Under Manitoba's hybrid model, the Liquor and Gaming Authority will have oversight over the purchase, storage, distribution of cannabis and the Manitoba Liquor and Lotteries Corporation ("MBLL") will secure and track the supply of cannabis. The private sector will operate all retail locations. All cannabis sold in such retail stores must be purchased from MBLL and will be sourced from federally licensed producers.

### Restrictions on the Use and Distribution of Cannabis

The purpose of the *Cannabis Act, 2017* is to protect public health and safety, restrict access to youth, deter illicit activity through enforcement and provide for youth education and prevention programs. The Act prescribes a legal minimum age of 19 for the use, purchase, distribution and

cultivation of cannabis. Individuals under the age of 19 caught using or distributing cannabis will be subject to a fine of not more than \$200, or alternatively, the individual may be sent to an approved youth education and prevention program. This alternative demonstrates the Ontario Government's preferred approach of diversion and educating youth rather than imposing harsh penalties.

Consumption of cannabis will be restricted such that no person can consume cannabis in a public place, workplace, vehicle or boat, or any other place prescribed by the regulations under the Act, which have yet to be released. In effect, these restrictions will limit the consumption of cannabis to private residences. Exceptions are provided to users of medical cannabis, however even medical cannabis use is subject to restrictions imposed by the *Smoke-Free Ontario Act, 2017*, which are described below.

### Compliance and Enforcement

In contrast to the penalties imposed on youth, the consequences under the Act for individuals and corporations who sell or distribute cannabis illegally can be quite significant. Even on the first conviction, corporations can be fined up to \$1,000,000 and individuals can be fined up to \$250,000, with potential jail sentences of up to two years. Where premises, such as a storefront, are used for the sale or distribution of cannabis, police will have the authority to close and bar entry from the premises for such period of time as determined by a

court to ensure that the premises will no longer be used for the sale or distribution of cannabis. These measures appear to primarily target Ontario cannabis dispensaries which, although currently illegal, will certainly contravene the Act once passed into law, primarily due to the OCRC's exclusive right to sell cannabis in Ontario. It is anticipated that there will be greater police enforcement of Ontario cannabis dispensaries after the Act is passed into law so as to limit the availability of cannabis from illicit sources.

### Additional Restrictions Under the *Smoke-Free Ontario Act, 2017*

The *Smoke-Free Ontario Act, 2017* will impose additional restrictions on the sale, supply and promotion of cannabis, as well as tobacco and vapour products. Cannabis cannot be displayed or promoted in any place in which it is sold, nor can it be promoted in any place of entertainment, such as a restaurant, bar, sporting event, or any other place primarily devoted to eating, drinking or any form of amusement where the public is ordinarily permitted. The Act also prohibits the sale of such products in other places, such as pharmacies, hospitals, long-term care homes, post-secondary campuses, and schools.

In addition to regulating the locations where cannabis can be sold or promoted, signs and packaging will be subject to regulations that have not yet been released. Restrictions are also placed on the sale of flavoured tobacco products, vapour products

and prescribed products and substances.

Overall, the Act generally conforms to the Ontario Government's previous announcements regarding recreational cannabis. The regulations to the Act, which have yet to be released, will provide further guidance as to how the recreational cannabis market will function in Ontario. It is likely that the Act and its regulations will be passed into law quickly in order for the Ontario Government to meet the July 1, 2018 timeline targeted by the federal government for the permitted use of recreational cannabis across Canada.

For more information, please contact the Cannabis Law Group at Torkin Manes LLP at [cannabis-law.ca](http://cannabis-law.ca).