

Legislative  
Assembly  
of Ontario



Assemblée  
législative  
de l'Ontario

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**Official Report  
of Debates  
(Hansard)**

SP-2

**Journal  
des débats  
(Hansard)**

SP-2

**Standing Committee on  
Social Policy**

Cannabis Statute Law  
Amendment Act, 2018

1<sup>st</sup> Session  
42<sup>nd</sup> Parliament

Thursday 11 October 2018

**Comité permanent de  
la politique sociale**

Loi de 2018 modifiant des lois  
en ce qui concerne le cannabis

1<sup>re</sup> session  
42<sup>e</sup> législature

Jeudi 11 octobre 2018

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Chair: Nina Tangri  
Clerk: Eric Rennie

Présidente : Nina Tangri  
Greffier : Eric Rennie

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

**STANDING COMMITTEE ON  
SOCIAL POLICY**

**COMITÉ PERMANENT DE  
LA POLITIQUE SOCIALE**

Thursday 11 October 2018

Jeudi 11 octobre 2018

*The committee met at 1230 in room 151.*

**CANNABIS STATUTE LAW  
AMENDMENT ACT, 2018**

**LOI DE 2018 MODIFIANT DES LOIS  
EN CE QUI CONCERNE LE CANNABIS**

Consideration of the following bill:

Bill 36, An Act to enact a new Act and make amendments to various other Acts respecting the use and sale of cannabis and vapour products in Ontario / Projet de loi 36, Loi édictant une nouvelle loi et modifiant diverses autres lois en ce qui concerne l'utilisation et la vente de cannabis et de produits de vapotage en Ontario.

**The Chair (Mrs. Nina Tangri):** Good afternoon, everyone. We're meeting here this afternoon for public hearings on Bill 36, An Act to enact a new Act and make amendments to various other Acts respecting the use and sale of cannabis and vapour products in Ontario.

Pursuant to the order of the House dated October 3, 2018, each witness will receive up to 10 minutes for their presentation, followed by 10 minutes of questioning from the committee, divided equally amongst the recognized parties.

I do ask you all to please respect those who are speaking by turning off your phones and putting them on vibration mode.

Are there any questions before we begin? I see none.

**ONTARIO CAMPAIGN  
FOR ACTION ON TOBACCO**

**The Chair (Mrs. Nina Tangri):** We will call our first witness: the Ontario Campaign for Action on Tobacco. If you can please introduce yourself.

**Dr. Michael Chaiton:** Good morning. My name is Michael Chaiton, Ontario Tobacco Research Unit, University of Toronto. I'm here today on behalf of the Ontario Campaign for Action on Tobacco.

Madam Chair and members of the committee, I am presenting today on behalf of the Ontario Campaign for Action on Tobacco, whose members include the Ontario Medical Association, Heart and Stroke Ontario, the Canadian Cancer Society's Ontario office, and the Ontario Tobacco Research Unit at the University of Toronto.

The sole focus of my presentation today is section 24(1)(g) of schedule 4 of Bill 36. This section provides

regulatory authority under the Smoke-Free Ontario Act, 2017, to allow exemptions for display and promotion of vaping products in retail locations such as convenience stores and gas bars.

First, let me say that the Ontario Campaign's members agree with the scientific consensus that vaping products in general are less toxic than cigarettes. But we also agree with a similar consensus that no one who does not smoke should vape. Vaping devices are less toxic than combustible tobacco but they are not harmless. Recent research has demonstrated increased risk of cardiovascular disease and respiratory symptoms in young vapers.

In terms of their effectiveness as smoking cessation devices, the prestigious US National Academies of Sciences, Engineering, and Medicine concluded earlier this year that the evidence for the effectiveness of vaping devices as effective smoking cessation aids is limited.

Every day, many thousands of Ontario's young people go into convenience stores and gas bars in search of candy, pop, chips or other consumer products. In many of these locations, they see countertop or free-standing displays of vaping products. As an example of what they see, I have attached a picture of a particularly large display for Imperial Tobacco's Vype vaping device from a convenience store. You will note its location immediately adjacent to the candy and other products of particular interest to young people. Every day, more and more of these displays are appearing in convenience stores and gas bars across the province.

Today's retail displays and promotion of vaping products are eerily similar to circumstances prior to the early 2000s, when combustible-cigarette displays behind convenience store counters presented tobacco as just another normal consumer product, in the eyes of young people. These displays also served as triggers to those who had recently stopped smoking to start again. When the impact of these displays on our young people was understood, combustible-cigarette displays at retail were banned in 2006.

As currently written, Bill 36 and associated regulations allow retailers to display and promote vaping products. The Ontario Campaign for Action on Tobacco has no objection to either the sale or promotion of vaping products in specialty stores, nor do we object to the sale of vaping products in convenience stores and other retail locations. We strongly object, however, to the exemption that allows these locations to display and promote vaping products.

Our objection is based primarily on recently available evidence. Vaping by Ontario students in grades 10 to 12 has increased from 6.8% in the 2014-15 school year to 9.9% in the 2016-17 school year. Vaping by young people increases the risk of nicotine addiction. Nicotine, including nicotine found in vaping juice, is known to alter adolescent brain development and can affect memory and concentration.

We also know that nicotine addiction in adolescents is likely to lead to cigarette smoking in later life for a sizable number of young people who become addicted to it through vaping.

As concerns retail settings and their management of vaping products, a February 2016 report for Health Canada concluded that three in 10 retailers in Ontario were willing to sell vaping products to underaged youth. In the United States, the Food and Drug Administration has qualified teenage vaping and nicotine addiction as an epidemic. The product primarily responsible for this epidemic, called Juul, now occupies 70% of the US vaping market and has been described by the USFDA as extremely attractive to young people. The USFDA has given five manufacturers, including Juul, 60 days as of mid-September of this year to produce plans to stop kids from accessing their products at retail, or face removal of these products from the marketplace.

On August 30, the makers of Juul announced they would enter the Canadian market. In the attached document recently received by the Ontario Campaign, you can see the marketing agreement between Shell gas stations and the Juul company. Juul devices are expected to appear in many other retail settings, apart from Shell gas stations.

Why is this important? Well, one pod of e-juice for a Juul vaping device contains as much nicotine as one packet of cigarettes. This is not our estimate; this information is provided on the packaging of Juuls themselves. Many, if not most, vaping products contain nicotine and, as previously noted, the use of such products increases the risk of cigarette use later in life in both youth and young adults.

Some have said that the federal Tobacco and Vaping Products Act, which legalized vaping devices in May of this year, will prohibit any advertising that may reach youth. This is simply inaccurate. It does not apply to retail displays of any type, nor to typical promotional material found in retail settings, such as the display of which you have a picture, and is therefore useless as a potential remedy to control retail promotion and displays.

What would be the impact of prohibiting these displays? The evidence from similar bans on retail tobacco displays that have occurred over the past 15 to 20 years provides a strong indication. In a review of 13 studies evaluating various retail tobacco display bans, researchers concluded that children and adolescents who are frequently exposed to point-of-sale tobacco promotion have around 1.6 times higher odds of having tried smoking, and around 1.3 times higher odds of being susceptible to future smoking compared with those less frequently exposed. If we eliminate retail point-of-sale displays of vaping

products, we can expect a related reduction both in young people's interest in such products and the likelihood that they would go on to use them.

In conclusion, we feel the evidence in support of prohibiting these displays at retail is unambiguous. No one, whatever their affiliation or political persuasion, wants our young people to be at risk of nicotine addiction and subsequent cigarette smoking. If these displays are allowed in retail settings, there will certainly be many among this generation of Ontario teenagers who will become addicted to nicotine and who will go on to cigarette smoking. We urge the committee and the government to take all necessary steps to ensure that retail displays and promotion of vaping products are not permitted.

**The Chair (Mrs. Nina Tangri):** Thank you very much. Each of the parties has five minutes to ask questions. You may begin: five minutes.

**Ms. Sara Singh:** Thank you very much for your presentation today. Can you maybe elaborate on how some of the marketing actually influences young people to try vaping products and why that is extremely dangerous?

**Dr. Michael Chaiton:** Sure. Retail promotion especially presents the image of the product as a normal consumer good. It presents it in a place where other goods purchased by youth and young adults, such as candy and snacks and drinks, are often found, and this can influence the behaviour of youth who think that this is a normal product. It also presents the brand and the product itself to youth who may not otherwise have been aware of these products and may encourage them to use them further.

**The Chair (Mrs. Nina Tangri):** You have five minutes, if you have any questions.

Go ahead.

**Ms. Doly Begum:** Do you think we're putting our children at risk by advertising to them vaping products?

**Dr. Michael Chaiton:** I think that any promotion of vaping products, particularly promotion that is accessible to youth, is likely to lead to increased use by youth.

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**Ms. Doly Begum:** Do you want to elaborate a little on what kind of message we're sending to our children and what kind of risk they might face?

**Dr. Michael Chaiton:** We're providing a message that vaping is a normal and acceptable activity for everyone. Our position is very much that vaping should only be done by those who have already smoked and are trying to stop, and certainly not by youth.

It is not a normal consumer product. It does pose serious health risks for youth themselves, and in the potential for progression to cigarette smoking.

In the US, we've seen an explosion of vaping among youth, and much of that has to do with these new products and the novel promotion that's available to them. We would expect to see the same sort of epidemic here if we have this same sort of promotion here as well.

**Ms. Sara Singh:** Perhaps you can elaborate on some of the health impacts of vaping. Oftentimes vaping is recommended as a safer alternative to smoking and as a tool for smoking cessation. Maybe you can elaborate on some of

the impacts to users of vaping, but specifically focusing on some of those younger populations and the impacts they face in using vaping products.

**Dr. Michael Chaiton:** Sure. I'm not a medical doctor.

We know that vaping is probably less hazardous than combustible cigarettes, but there are so many things that are less hazardous than combustible cigarettes. We know that there are potential risks from vaping itself. We know that the vapour contains microfine particles and those particles can directly damage the lungs and get into the bloodstream, which has potential cardiovascular and respiratory effects. We've seen evidence that youth who vape have increased levels of respiratory symptoms compared to those who don't. And there may be independent effects of vaping, above and beyond those of cigarette smoking.

The other major issue is that of nicotine addiction and exposure to nicotine through vaping, which may make youth susceptible to starting smoking. That, certainly, is one of the major concerns for us.

**Ms. Sara Singh:** I just want to follow up on that. Do you think that placing recreational cannabis products alongside vaping products is also encouraging young people to use either/or?

**Dr. Michael Chaiton:** At retail?

**Ms. Sara Singh:** If that is something that would be done, would you think that it would encourage young people to access vaping products and cannabis products more readily?

**Dr. Michael Chaiton:** That's a difficult question. It depends on the retail setting. A specialty vape shop, for instance, may have different effects, especially if entry into that shop was limited to those who were able to buy the product. I'm not sure if I can answer more than that.

**Ms. Sara Singh:** Fair enough.

**The Chair (Mrs. Nina Tangri):** I'd like to move over to the government side, if you'd like to ask questions. You have five minutes between you.

**Mrs. Robin Martin:** Thank you for your submissions.

I did the stakeholder round table for the Minister of Health and had OCAT, Michael Perley and others come and present to us at that stakeholder round table, so I'm aware of the concerns that they have expressed. One of the things I didn't find out then and I haven't heard today is, do you have a proposed amendment that you would like to see, or can you elaborate on what changes you would like to see specifically?

**Dr. Michael Chaiton:** That's a very good question. I don't personally have an amendment. Michael Perley, who is expected to be here today, may have had something prepared. The basic recommendation is that the display and promotion of vaping products in retail stores should be put into the same category as other tobacco products, as I understand it. But I don't have a specific proposal right here.

**Mrs. Robin Martin:** As I understand it, what they do now in retail stores is, they have them behind a beige wall or something like that, with the products available listed in black and white—that's for tobacco—and then the prices of the product. So something similar to that is what you think would be appropriate?

**Dr. Michael Chaiton:** Something to limit the actual display of the product itself, and limit the ability to promote the product in advertising form to the youth who will be in the store.

**Mrs. Robin Martin:** Vaping is a fairly new phenomenon. It's new to me, and I've learned a lot about that more recently, certainly from the OCAT presentation as well, and about the use—that young people seem to be taking up this product. We mostly hear about it as a cessation tool, which can work, I think, for some people. But do all vaping products have nicotine in them?

**Dr. Michael Chaiton:** Not necessarily. Most do. The situation has changed this year from, historically, when vaping was unregulated or technically banned. Many products were not claiming to have nicotine in them, but some of that liquid that was claimed to be nicotine-free did in fact contain nicotine.

I don't know if we've done a survey to see if the current products in the market all have nicotine. It is possible that some do not.

**Mrs. Robin Martin:** Would OCAT prefer that all vaping products not be displayed in convenience stores and retail, like tobacco products—that none of it be displayed, or just the ones that have nicotine?

**Dr. Michael Chaiton:** I believe that it would be across all vaping products. I think that particularly the branding would be an issue. That would seem to me to be a significant loophole if you allowed different rules for different products.

**Mrs. Robin Martin:** You know that we have restrictions in Canada against lifestyle marketing of vaping products and tobacco products and stuff like that, which they don't have in the US. Do you think nonetheless that this is a concern for young people in these stores?

**Dr. Michael Chaiton:** I would, absolutely. I think most of the advertising that we've seen examples of, including the one here, would not be considered lifestyle advertising. It is, however, bold and eye-catching and attractive. Those are the features that would be of most concern to us.

**Mrs. Robin Martin:** Effie, did you have questions?

**Mr. Sheref Sabawy:** I have. Actually, I have three questions for you. One of them is, are there any studies around the effect of the vaping other than the nicotine? Any studies by the organization, or follow-ups or research in regard to other effects? Not only nicotine—the whole presentation is focused on nicotine, but I'm talking about different elements of vaping versus standard cigarettes.

**Dr. Michael Chaiton:** Absolutely. There are a number of different studies on various aspects of e-cigarette devices that have been shown to cause harm. The main one is the vapour itself and the vape particles. Some of these can be ultrafine particles, very tiny particles, that have been shown to penetrate through the lungs and into the bloodstream.

There is also the issue of flavourings. Many of these flavourings may have been on lists of being safe to consume for eating, but they have not been tested in terms of—

**The Chair (Mrs. Nina Tangri):** I'd like to thank you, Michael. Time is up. Thank you for the questions. Thank

you for submitting your questions and presentation to us. We really appreciate it.

#### AURORA CANNABIS INC.

**The Chair (Mrs. Nina Tangri):** I'd like to request Aurora Cannabis to please come forward with your presentation. Thank you. If you could please introduce yourself as well. Go ahead.

**Ms. Andrea Paine:** Good afternoon to the committee members. My name is Andrea Paine. I'm the national director of government relations for Aurora Cannabis. On behalf of Aurora, I'd like to express our support for the new direction that the government is taking in Ontario with respect to the retailing of recreational cannabis. As one of the world's largest producers of medical cannabis, Aurora is making significant new investments across the country.

We are a community-minded, Canadian-owned and -operated company with a substantial and growing presence right here in Ontario. We have 11 production facilities in Canada, including three in Alberta, one in Saskatchewan, three in Ontario and two in Quebec. In full production, we will produce well over 500,000 kilograms of cannabis per year. At present, we employ 1,500 direct employees and thousands of spinoff jobs across the country. These figures are obviously growing monthly.

1250

Internationally, Aurora is also building two medical cannabis production facilities outside of Copenhagen, Denmark. We own the biggest distributor of medical cannabis, located in Berlin, Germany, and we have partnerships and interests in Australia and are the sole supplier of medical cannabis to the Italian government. We also have supply agreements on four continents.

Here in Ontario, Aurora is proud to be making significant investments in job creation and economic growth in the greater Toronto area and southwestern Ontario. Our MedReleaf production facilities in Markham and Bradford currently employ over 200 direct employees and occupy 200,000 square feet of cultivation space. Earlier this year, we further expanded our operations in Ontario through the acquisition of a one-million-square-foot greenhouse space in Exeter, which is under development and will have its first harvest in 2019. Aurora is also very pleased to have recently entered into supply agreements with the Ontario Cannabis Store.

On October 17, less than one week from now, the OCS online store will include a broad range of Aurora products, including dried flower products that we expect will be priced at a level that effectively competes with the black market in Ontario. Aurora believes that Ontario will be best positioned to eliminate the illegal market by creating a regulatory environment that supports investment, innovation and partnerships in the cannabis retail market.

Bill 36 is a highly balanced piece of legislation that prioritizes the public health and safety of all Ontarians, in particular the youth of the province. We agree that public safety is paramount, which requires that all participants in the legal cannabis market be subject to strict licensing

requirements and ongoing regulatory oversight. It is imperative that Ontario's cannabis retail marketplace include retailers who are prepared to make the necessary investments to ensure safe, secure and educational retail environments across the province.

We also agree that the best way to tackle the illegal cannabis market in this province is through a competitive marketplace: one that allows a diverse group of licensed participants to compete not only against one another but with those who operate outside the law. We congratulate the government for the overwhelming majority of the choices it has made. For example, we support the creation of provincially mandated buffer zones around sensitive-use areas, including schools; the alignment of Ontario's cannabis consumption rules with the province's Smoke-Free Ontario Act; and the establishment of strict regulatory rules for cannabis retailers, including with respect to sales to minors and intoxicated persons, mandatory staff training, and record-keeping requirements.

Last year we made a strategic investment in Alcanna, a publicly traded company and one of North America's largest alcohol retailers. Aurora has a 25% interest in Alcanna and does not control the decisions of the Alcanna board, which is independent from Aurora. Aurora made this investment to support their efforts to open cannabis retail stores across Canada. This forward-thinking investment was intended to combine Aurora's brand, leadership, scientific innovation and customer care knowledge with Alcanna's well-established expertise in responsible retailing and exemplary track record of responsibly retailing controlled substances in a well-regulated market. We have worked closely with Alcanna to create a unique and engaging state-of-the-art consumer retail concept that aims to deliver an inviting, inclusive and educational experience. In the province of Alberta, we are proud of the fact that through our partnership, Alcanna has been licensed to open two of the first 17 cannabis retail stores next week, with several more stores to come.

We are hopeful that the Cannabis Licence Act and its regulations will be crafted in a way that supports forward-thinking partnerships like the one we have with Alcanna. I understand that the committee will be hearing more from our partners from Alcanna later today, who will no doubt speak in some detail about their plans to make similar investments in Ontario's cannabis retail market.

Aurora comes before the committee today with two specific recommendations for members' consideration. First, we acknowledge that the government has made the decision to limit the ability of licenced producers to directly operate retail stores in Ontario. Specifically, Bill 36 restricts licensed producers to having one store, which must be located in an Ontario-based production facility. The bill also captures the affiliates of licensed producers in this restriction, but has left the definition of "affiliate" to forthcoming regulations.

Aurora strongly recommends that the government adopt the definition of "affiliate" that is used throughout the Ontario statute books. This long-standing and universally accepted definition captures companies that are under common ownership or common corporate control.



Aurora is just one of many Canadian-owned companies that have partnered with established retailers to combine hard-to-find cannabis expertise with the necessary infrastructure and operational retailing expertise. We are concerned that an overly narrow definition of “affiliate” will eliminate several innovative and forward-looking retail partnerships from the Ontario market, including the one that exists between Aurora and Alcanna. In doing so, the legislation may inadvertently limit the level of competition, diversity and size of Ontario’s retail marketplace. We therefore recommend that the Cannabis Licence Act regulations adopt the definition of “affiliate” that has long been used in, for example, the Ontario Business Corporations Act, the Ontario Securities Act, the Retail Business Holidays Act and the Alcohol and Gaming Regulation and Public Protection Act.

Second, Aurora has some specific recommendations related to Bill 36’s rules governing on-site or farm-gate retail stores. Our first recommendation is that the bill be amended to allow each licensed producer to operate up to two on-site or farm-gate retail stores. Several years ago, Ontario breweries were permitted to have an on-site store at two of their production facilities. We think it would be good for local tourism and good for local jobs to allow LPs—licensed producers—to have up to two stores.

Our second recommendation relates to the interaction of the municipal opt-out rules in Bill 36 with the rule that limits licensed producers to a single on-site retail store. If a licensed producer has its production facility in a municipality that has chosen to opt out, for example, that licensed producer may not be able to open its on-site retail store at all. In our case, for example, if the city of Markham opts out, we may not be able to operate our store at our Markham facility.

We therefore recommend that the committee consider one of two possible amendments: that the bill can clarify that municipal opt-outs will not apply to so-called on-site retail stores, or that the bill can give municipalities the ability to exempt on-site retail stores from a municipal opt-out resolution.

I’d like to sincerely thank the committee members here today for your time and your attention to our concerns, and would like to add that we are always available for any additional expertise or questions that you may have.

Je suis également disponible pour répondre à vos questions en français. Merci beaucoup.

**The Chair (Mrs. Nina Tangri):** Thank you very much. We’ll start over on this side. I’d like to recognize Lindsey Park, parliamentary assistant to the Attorney General. You have five minutes.

**Ms. Lindsey Park:** Ms. Paine, thank you so much for your presentation here. Thank you for putting together a detailed submission and making some specific recommendations.

While many decisions have already been made and are set out in the proposed bill, many decisions are also left to regulation. We’re continuing to consult on those aspects, and you have included in your presentation some helpful information that speaks to that regulation that’s going to come later. So thank you for that.

Overall, you mentioned that in order for our model in Ontario to be successful, we need to make sure there is a competitive marketplace to undermine the illegal market. Can you just describe for me what you think the key parts are of this bill and this model that will help that?

**Ms. Andrea Paine:** Sure. Thank you for your question. I’d like to congratulate the government for, first of all, making that difficult decision to go into the private retail market, but I do believe that is a substantial step up in terms of the ability to eliminate the black market.

You have people in the private sector from not only LPs but different small retailers who will want to get into the retail market and will be financing, so they will actually take their money and finance the opening of these stores. It won’t be on the back of the taxpayers of Ontario. If we had kept a completely public retail space, a large burden of that would have gone onto the Ontario taxpayers. I think in a market such as this, there are a lot of people—we’ve been in the medical marijuana business for medical cannabis for many years now. For five years we’ve had our medical patients and we’ve had the expertise of online sales and we have call-in centres and places where people—we have clinics as well through our CanvasRx clinics, which are located largely in Ontario and are staffed with doctors and counsellors that have the expertise and education to provide to medical consumers.

**1300**

**Ms. Lindsey Park:** Just a follow-up question—I’m intentionally making this open-ended; I want you to be able to give the evidence you want to give here today. What are some factors that you’re looking to if you’re a business owner that wants to get into this business? What tools do you need in the regulations, in the law-making process here, to enable you to be competitive?

**Ms. Andrea Paine:** I think the main concern right now is the definition of “affiliate.” I think there’s openness in the market for all of us to be able to participate in that. If you look at the Alberta model, for example, they, with their population, have decided on a certain number of stores on which there’s a cap at 15%. So the law is very well laid out right now to service the Ontario industry and to make sure that big licensed producers such as ourselves don’t come in and take up the entire market. If you follow that model, it will well serve the Ontario population, probably with a few more stores than they have because of the population here, but in general I think that would work nicely.

**Ms. Effie J. Triantafilopoulos:** I wanted to follow up on some of Lindsey’s questions as well. When you talked about the “affiliate” definition as not being overly narrow, could you clarify what you mean by that?

**Ms. Andrea Paine:** The affiliation is more of the definitions that you’ll find in Ontario legislation, meaning that there’s the definition of the relationship that we have with the affiliate, whether it is a small interest, a partnership or a majority board type of relationship. If you make it into an affiliation that makes it clear from the start, such as in the legislation here in Ontario, and then you ensure through regulation that there is a little bit of a cap in terms

of how many stores each party will be given, that goes a long way to ensuring that the market will be full of a variety of different retailers.

**The Chair (Mrs. Nina Tangri):** Five minutes—so thank you very much, Effie Triantafilopoulos, MPP.

Now to the official opposition: Sara Singh.

**Ms. Sara Singh:** Thank you very much for the presentation today. Just following up on some of the questions that were posed by our members earlier around the definition of “affiliates”: Can you maybe elaborate on what some of the benefits to Aurora Cannabis would be if the definition is changed?

**Ms. Andrea Paine:** As it stands right now, and if you use the Alberta model, we are absolutely fine with that. We actually purposely chose Alcanna last year as a partner because of their expertise in the retail industry. We’re not pretending that we have all that knowledge. What we have is our expertise to lend to that partnership. We can bring in our knowledge of production and very, very in-depth knowledge of cannabis, of means of production, of the different types of cannabis products that are on the market, and we can lend that expertise, along with the fact that we have served our patients for five years and we have in-depth knowledge of what they need and how we counsel them.

We’re very big on education. We talk to anyone who’s starting about going low and starting slow because we feel that people need to have that education around this product in many ways. For example, I’ll go to talk to high school students about responsible use, but not only that, that they don’t use it before they’re 21. If they have that knowledge around them and if people understand the product and have that knowledge, then it goes a long way to helping people make their own decision.

**Ms. Sara Singh:** Great. Just so that I can understand: By changing the term to allow a broader definition of “affiliates,” you’re saying that you are going to increase access to education? Or is this allowing you to create more effective partnerships with larger producers or suppliers?

**Ms. Andrea Paine:** It allows us, with our partners, to open a certain number of retail stores, but it allows us to provide the education that’s needed and the expertise that’s needed in that environment. If you’re opening a retail store, the retailers that are successful will have the expertise and knowledge in how to open those stores, but then we also have knowledge and expertise about the product, about educating people around the product and the science around the product as well. So it’s actually a very good partnership.

**Ms. Sara Singh:** Fair enough. And just a follow-up on that, I guess: You mentioned providing licensing to LPs to acquire two storefronts. Can you elaborate on what some of the benefits to your company in particular would be by doing so?

**Ms. Andrea Paine:** We have three locations in Ontario, two of which are quite rural. When we go into a community, we also adopt the community, so we’re very involved in it. We like to meet the elected officials. We like to talk to the people around there. We like to get involved in

different aspects of their community organizations, for example, to offer any of our expertise or education around the product to ensure that the stigma around it is less daunting.

I’m not sure if any of you have visited one of our facilities, but when you visit it, it’s a completely different experience. It’s like going into a pharmaceutical production facility where you put on your cap and your gown and you cover your shoes, and you have to card in and out of rooms. There are lots of cameras around. It’s a much different experience. If you have, then you’d understand that we produce a very high-quality, safe product.

**The Chair (Mrs. Nina Tangri):** You have one minute.

**Ms. Sara Singh:** I’m just going to pass it over.

**Ms. Doly Begum:** Thank you so much, Ms. Paine. It was a very good presentation. I learned a lot.

What would you recommend for the government in terms of the concentration of stores? Because you have that experience with ownership, how would you recommend that the government go forward so we don’t create, say, cannabis ghettos or whatever they would call it in certain areas, and other areas don’t have any?

**Ms. Andrea Paine:** I think that is to be left up to our elected officials. I think everyone is well placed and has their own constituents, populations and jurisdictions to respond to. I think that with education and knowledge about the industry and the product, they’re well placed to make those decisions on their own.

I’ll go back and say that the safety of children and proximity to things like schools, daycares and hospitals should be taken into consideration, and we’re very conscious of that. I think that’s in the hands of elected officials as well. We’d be very happy to provide more information, to talk to councils or anyone who wants more information about how we function, but what I could say is that when we go into communities, we not only go in and create an employment opportunity, an investment opportunity, but we go in there to educate as well, and we have a very big corporate responsibility to do so.

**The Chair (Mrs. Nina Tangri):** I’d like to thank you for coming out and presenting to us today.

**Ms. Andrea Paine:** Thank you very much.

#### ONTARIO PUBLIC SERVICE EMPLOYEES UNION

**The Chair (Mrs. Nina Tangri):** I’d like to call upon the Ontario Public Service Employees Union. Please go ahead and introduce yourself. Thank you.

**Mr. Smokey Thomas:** Hi. I’m Smokey Thomas, president of OPSEU. With me today is Denise Davis. Denise is chair of what we call our liquor board employees division, so she’s the chair of the group that work at the LCBO currently.

Thank you for the opportunity to present today on Bill 36, the Cannabis Statute Law Amendment Act. I’m here today because Ontario needs a responsible plan for cannabis. Legalization is one of the most controversial social policy changes in the last decade, and it comes with

some big risks, especially for kids. It's this government's job to lower those risks as much as possible, and that means offering a public retail option.

At OPSEU, we proudly represent 155,000 workers in the Ontario public service and across the broader public service, including more than 8,000 members at the LCBO. These members are experts on the responsible sale of alcohol. They keep our kids and our communities safe because they are trained and qualified. They work for the publicly owned and operated LCBO, and they take social responsibility seriously. In 2016-17 alone, OPSEU members at the LCBO challenged more than 14 million customers for ID and refused sales to more than 250,000 individuals, mainly because they were under age. Unlike the private sector, the LCBO is not all about profits; public health and safety matter, too.

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The LCBO is a huge asset to this province. It will bring in more than \$2 billion in profits every year to pay for things like schools, hospitals and other public services, and it does so in a responsible way. It's tried, tested and true. And most importantly, Ontarians trust the LCBO. The most recent polling from Nanos Research confirms that.

But with cannabis legalization, we're entering new and unknown waters. I could list a thousand reasons we need to be cautious of the health risks of cannabis use, the issues of public safety and drug-impaired driving and exposing kids to cannabis—but for the sake of time I won't do that. I think we can all agree there are risks. But I will add that public health experts have warned for years that kids are at a much higher risk of harm from using cannabis. The rate of cannabis use is more than two times higher in youth compared to adults. This poses a real problem when cannabis is legalized.

The question is, how do we keep kids safe? According to the most recent Nanos poll, Ontarians choose the LCBO. When it comes to preventing cannabis sales to underaged kids, Ontarians are 11 times more likely to trust the LCBO than private retailers. When it comes to keeping communities safe, Ontarians are nine times more likely to trust the LCBO. So there's clearly an appetite for the public LCBO model.

That's why in September 2017, following extensive public consultations, the Ontario government announced the safe and responsible plan for the sale and distribution of adult-use cannabis through the LCBO. To be blunt, it's not rocket science.

With the legalization of cannabis, there are so many unknowns. Quite reasonably, most Ontarians are worried about the fallout for our kids in our communities. According to the poll, nearly 70% of Ontarians are worried about cannabis being sold to underaged kids. There's a lot of anxiety and no room for mistakes. That's why we've got to get this right. With the LCBO model, there's a much higher chance to get it right. That's what makes it the responsible plan.

Just think, we've got a public asset with a proven track record. Investing in the LCBO and building on this public

asset to sell and distribute cannabis only makes sense. We had a good plan during the election campaign. Even Premier Doug Ford promised to stick with that plan in a TV debate.

What changed and who will benefit? I can assure you, it's not the people. The government is creating a Wild West of pot shops, and corporate cannabis is sure to be the big winner. As it turns out, the cannabis business in Ontario is just as shady and secretive as it ever was. Not only have eyebrow-raising connections been made between corporate cannabis and former political staffers like Will Stewart and Melissa Lantsman; we've now learned of a secret cannabis warehouse that has opened. We still don't know who was contracted to run this warehouse or how they were hired. We don't know whether these jobs were ever advertised or if the workers received any training. It's troubling. The public knows next to nothing, and we're less than a week away from legalization.

Since OPSEU is the bargaining representative for workers at the Ontario Cannabis Store, we're deeply concerned that these warehouse workers don't even know they're OPSEU members. After all, there has been no discussion. All that LCBO's Patrick Ford would disclose is that there's a warehouse, but he wouldn't say where it was.

For a government talking up transparency and accountability, all this secrecy really stinks. Legalization was meant to bring this business into the light of day, not deeper into some back alley.

Just a few weeks ago, I was at Minister Fedeli's big breakfast announcement about Ontario's finances, and believe me, the only good thing there was the sausages. His main take-away: We're far worse off than we thought. If that's the case and if we've got to make many sacrifices to tackle the whopping deficit, why are we handing off possibly billions in cannabis revenue to the private sector? It makes no sense to me at all.

I'll just finish off by saying this: We need a cautious and responsible approach. The public retail model, where the workforce is properly trained and qualified, is less risky. The LCBO will do a better job at keeping our kids and grandkids safe. It's why virtually every public health organization in Ontario supported the LCBO model. It's also why we're seeing a growing wave of municipal opposition to the government's plan.

Premier Ford says he has given cities and towns a choice on cannabis, but it's really a choice between private retailers and the black market. A choice between bad and worse is no choice at all.

It's no wonder that cities and towns across Ontario are concerned about private retailers. Leaders in Markham and Richmond Hill are so worried that they're already talking about opting out of this privatization plan. With all the risk that comes with legalized cannabis, especially for our kids, cities and towns shouldn't have to choose between bad and worse.

Ontarians trust the public retail model for cannabis. It's safer, and we've already got LCBO store locations all across the province that could be easily retrofitted.

That's why the government should offer a third option, a public option. Bill 36 must be amended so that a public option is implemented in cities and towns that opt out of the private retail plan. Otherwise, the black market will flourish. The Ontario Cannabis Retail Corp. must not be prohibited from operating retail stores directly or indirectly. The legislation proposes to prohibit them from doing so. With this public option on the table, municipalities can choose what's truly best for their own communities.

At OPSEU, we're focused on the upcoming municipal elections, providing resources to candidates, and encouraging them to take back their power and say no to this flawed and dangerous plan. That's why I'm here today.

This majority government can railroad through any plan it wants. But I'll just remind you that this government and its leader have made some big promises to govern for the people. Political terms come to an end when governments break promises. Just look at the empty chairs in this room; there are no Liberals here.

It's time to listen to the people. Offering a third option is the responsible plan.

I'll be happy to take questions.

**The Chair (Mrs. Nina Tangri):** Thank you very much. We'll begin with the official opposition. Sara Singh, MPP.

**Ms. Sara Singh:** Thank you very much for the presentation—some enlightening points.

Maybe what you can share with us are some of the concerns around public safety, in particular for young people. Are there any particular measures that you would suggest that would help us prevent young people from accessing recreational cannabis?

**Mr. Smokey Thomas:** First off, Quebec is proposing to make the age of use up to 21, which would be a good start.

Second, in the alcohol world—it's called the 80-20 rule: 80% of the product is consumed by 20% of the consumers. The target audience is young males 19 to 25 years old, who are the heaviest users of the majority of the product. The cannabis world is no different. They've already admitted that the 80-20 rule applies there, and they intend to market toward the young males, 19 to 25. The exact group of society that should not use cannabis even once, they're going to market to. So there need to be some stricter rules around marketing, around advertising.

I haven't seen this education program the government has been talking about for a long time. Even the Liberals talked about it and didn't deliver. A year and a half ago, I was saying we don't know what we don't know. There should be some broader discussions.

My fear is for young people. I have a grandson. I don't want to see Brady try it. He's 17 years old. He has his world ahead of him. I worked in mental health my whole life; I've seen the effects of just one joint. I've seen that first-hand. So they need to do more about safety.

**Ms. Sara Singh:** Just to follow up on that: What do you think the public model in particular would have provided us in terms of mechanisms to ensure that young people would not be able to access recreational cannabis?

**Mr. Smokey Thomas:** It would provide that social safety net. They're going to be more apt to turn away somebody who looks under age, they're going to be more apt to turn away somebody who already looks impaired, because they can do that. In fact, they can get disciplined, up to being fired, if they don't do that. They're checked routinely. So it just provides more safety. And it's not going to market the same way private retailers will.

I heard a previous speaker say that the taxpayers won't be burdened with developing a plan. Well, they wouldn't be in a public option. They'll just pass the costs on to the consumers for developing the stores just the same as the private sector will. All the costs get passed on to the consumers, not the taxpayers, in either scenario. So that's a bit of a wrong argument as well.

**The Chair (Mrs. Nina Tangri):** Doly Begum.

**Ms. Doly Begum:** Thank you very much, Mr. Thomas. It's good to have you here.

You mentioned a little bit about creating jobs, as well as a revenue model. We're always looking for revenue methods, because of the books that we have right now. We're at a crisis point. Would you elaborate a little bit more in terms of what it would mean for a public model—for jobs as well as the revenue coming in to our province?

**Mr. Smokey Thomas:** Well, the agreement bargained with the Liberals would be a framework agreement that would see the Cannabis Store employees be paid on par with the LCBO. It's a myth that they'll make \$27 an hour. That's just not true. But they would make a decent paycheque, have benefits, have a pension.

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In their private model, there was a—United Food and Commercial Workers Union tried to organize a grow op. They went to the feds and got them declared farm workers and fired the organizers. They were almost all immigrant Vietnamese women. I'm sure they were paid less than minimum wage.

I've heard some cannabis retailers say, "We pay more than minimum wage." How much more? I hope somebody will ask them, "How much do you actually pay?" The amount of money and profits here are staggering, so my hope is that they will have really good-paying jobs with benefits. That's why they wanted a union. I'm quite sure that if we ever find these people, they will want to be in a union.

I always kept saying to the Liberals, "You could be the safe model of production and distribution for the world, if you really embraced it and did it properly." They were going down that road. I thought they were doing a pretty good job, actually.

**The Chair (Mrs. Nina Tangri):** You have one minute left.

**Ms. Doly Begum:** Just to follow up on the part about revenue: We're always looking for opportunities to create ways to have revenue. Wouldn't this give the province another new way of making money for the province?

**Mr. Smokey Thomas:** Oh, for sure. They'll make money off it, for sure, but if they had handled the retail, they would have made even more. The LCBO is a couple

of billion a year. They say that cannabis is going to match that—maybe more. It’s a lot of money to give away for a guy who says, “Oh, we’ve got this massive deficit we don’t know how to deal with.” Well, why are you giving away revenue? Why did you cancel the cap-and-trade? He gave away all that money, right? He’s going to have to pay more to get out of it. At a time when they’re desperate for cash, they just passed up an opportunity here to get some extra cash.

**The Chair (Mrs. Nina Tangri):** Thank you very much.

I’d like to go to the government side. Who is going to be speaking first? Robin Martin.

**Mrs. Robin Martin:** Hi. I was a little disturbed by some of what you presented. For example, you said that alcohol is targeted at people 19 to 25, which probably isn’t good. You said that cannabis is going to be doing the same thing, that we have a public retailer of alcohol targeting, I guess, young men as well. So I don’t know how we’re better protected with a public retailer.

**Mr. Smokey Thomas:** You probably shouldn’t ask me that. Here’s how it works: You watch the ads on TV from the beer companies. They’re targeting young males, all that, “You’re out on the boat; it’s the only way you can have fun,” and all that kind of stuff.

I actually oppose the glossy advertisement from the LCBO, but the LCBO is more about a bottle of wine with dinner.

There’s a lawyer for one of the companies who debated me on a Financial Post YouTube thing. He said that their goal is to normalize it, and they’re going to do that by targeting advertising to the group that will use it the most. That’s like upsell. The marketing is going to be directed at sales; the LCBO marketing is directed at sales, with some caveats. They don’t say, “It’s the best thing in the world, and you can’t have fun without drinking.” Their record of turning people away speaks for itself.

Again, I’ve been asked this publicly many times. I don’t think that all the glossy advertising, even what the LCBO does, should be done, but that’s just my opinion.

**Mrs. Robin Martin:** One of the issues we had that we’re trying to tackle is to eliminate the illegal market. The proposal by the former government was only going to have 140 stores up in two years. Part of our concern is that that isn’t going to be enough to eliminate the illegal market. How would you respond to that?

**Mr. Smokey Thomas:** You’re going to have no stores up until 2019, so at least they were going to open 40. All the stuff was made—the furniture was made, the leases were got. Who’s accounting for how much money was wasted that way? There were stores ready to open. I saw the mock-ups of the model; they looked like the Apple stores where you make a reservation when you get your phone fixed. They were pretty cool; it was very secure. The model was great. It really looked good.

My position originally was to put it in the LCBO stores. They don’t take up a lot of space. It’s not like you’re buying a case of beer or a case of wine. But groups like MADD, SADD, Arrive Alive, CAMH and harm reduction

specialists convinced me and, obviously, the government that that wasn’t the way to go; that this should be stand-alone. There are strict rules now on where you can locate a store. To think that there would be 1,000 stores by next spring—I just say it’s not as easy as people think, but they could have had 40 right off the hop. They were ready to go, is what we were told by the LCBO; they were ready to go.

**The Chair (Mrs. Nina Tangri):** I’d like to recognize Lindsey Park, the parliamentary assistant.

**Ms. Lindsey Park:** Thank you for your presentation. I think there are some things we can agree on, which is that we need a cautious and responsible approach to cannabis legalization in our province.

You mentioned that one of the reasons why the LCBO is so trustworthy is because they have well-trained employees. Can you describe for me the training that they go through?

**Ms. Denise Davis:** Hi. It’s Denise here.

They have repetitive training on theft and on ID’ing people. They have mystery shoppers who come in, that the LCBO hires to come and make sure that the customer service reps are actually following through on what they’ve learned. It’s outstanding, the percentage of accuracy in them being correct.

I think that because we’re not a profit-driven organization—it’s a balanced approach that we have, profit along with community safety—these people are more dedicated to making sure that the product is received in the right hands.

It’s a requirement of the position, of the employment, for them to go through all of these courses that they have. There are probably about 25 courses that they have to do and be successful and be tested on. Then it’s reinforced in performance appraisals and making sure that they’re hitting that mark.

It’s very important, I know, to the LCBO that this is taking place.

**Ms. Lindsey Park:** And who provides that training?

**Ms. Denise Davis:** The LCBO.

**Ms. Lindsey Park:** What is the name of the program?

**Ms. Denise Davis:** You could have Hard Target. Hard targets are the folks who can be abusive when they’re refused. Shop Theft—I don’t have the whole list, but I know that it’s quite large.

**Ms. Lindsey Park:** So you would recommend that kind of training for our private retail employees?

**Mr. Smokey Thomas:** They were developing that training on the cannabis side. I’ve actually had people call me who had had three interviews and thought they were going to get a job, and then the government changed its mind.

**The Chair (Mrs. Nina Tangri):** I have to stop you there.

**Ms. Lindsey Park:** And this training is very important to making sure that employees are trustworthy and the retailer is trustworthy—

**The Chair (Mrs. Nina Tangri):** Lindsey, I have to stop you there. We've passed the five-minute mark.

Thank you very much for your presentation.

**Mr. Smokey Thomas:** Thank you.

#### CANADIAN FEDERATION OF INDEPENDENT BUSINESS

**The Chair (Mrs. Nina Tangri):** Is the Canadian Federation of Independent Business here? Thank you very much. Please introduce yourself.

**Mr. Ryan Mallough:** Good afternoon. My name is Ryan Mallough. I am the senior policy analyst for Ontario with the Canadian Federation of Independent Business. Thank you for the opportunity to speak before you today.

As some of you may know, CFIB is a not-for-profit, non-partisan organization. We represent small and medium-sized businesses across Canada. We have 110,000 members across the country, with 42,000 of those here in Ontario. All of our members are independently owned Canadian businesses, and we are funded entirely through our membership and take no funding from government.

I'm here today to express our support for the direction the government is taking with Bill 36. I would like to begin by commending the government for their decision to move away from the Ontario Cannabis Store model in favour of private retail. I think the move marks an excellent opportunity for entrepreneurs in this province.

We strongly believe that, in addition to community safety, eliminating the illicit market should be a primary goal of cannabis legalization. While we appreciate that no provincial or municipal governments asked for this, and that the federal timelines place significant constraints on decision-makers, we were deeply concerned that the OCS monopoly model, which had peaked at only four store locations, was ill-suited to achieve this goal. While it is unfortunate that a bricks-and-mortar store system cannot be in place in time for October 17, the proposed above-ground, regulated, private sector model will be better suited to meet customer demand and guard against an underground industry in the long run.

Furthermore, CFIB has a number of existing members in the cannabis accessories industry, both on the retail and manufacturing sides. It was these members that had sounded the alarm after the OCS model was announced. Under that model, manufacturers would have been forced to choose between decades-long business relationships and the government stores, being the only game in town. Accessories retailers would have been forced to compete with a monopoly operation that was partially funded through their own tax dollars. This would have been patently anti-competitive and unfair to small business owners that had been operating legally and legitimately across this province for decades.

The move to private retail will help ensure that these stores are able to compete on a level playing ground, and we are pleased to see that they will also be able to enter

the cannabis product retail market if they should so choose and qualify.

I would like to flag, though, two issues that members from these industries have raised that we urge the government to provide some clarity on.

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First, the federal legislation places significant restrictions on cannabis accessories in the name of keeping the product out of the hands of minors. We are fully supportive of this principle. However, the language in the federal law is vague, and many accessories retailers have been left in a sort of limbo, unsure of which products are compliant and which ones aren't. Some cases may be obvious, such as banning the use of well-known childhood cartoon characters, but others are much less clear, such as the use of bright colours or artistic representations of animals. We remain unsure as to how these rules may be enforced at the federal level and urge the province to fill the void quickly and provide some clarity around the types of items that can and cannot be sold so that these businesses have time to get rid of their non-compliant stock as soon as possible.

We remind the government that even under the proposed plan, where the OCS is selling online, they are still in direct competition with accessories retailers, and it is important that they not undercut market pricing, but also limit their advantage of knowing the rules before the game starts. We would be deeply concerned if businesses that have been operating in legal and legitimate space were suddenly cracked down upon without clear guidelines and sufficient time to get into compliance.

On this note, members in this area are also eagerly awaiting clarification from the provincial government on what items will be allowed to be sold alongside cannabis, and recommend that tobacco, weapons and any paraphernalia that could be used for the consumption of hard drugs be outright banned from sale alongside cannabis and/or cannabis accessories.

The second issue is around marketing restrictions. A glassware maker who is a member of ours has raised concerns around being able to compete with her American competitors based on the federal restrictions around advertising. She's unsure if her business will be able to continue doing sales promotions, providing authorized-dealer stickers or sponsoring local athletes and music acts, as they have been doing for years. Again, we look to the provincial government to provide some clarity on this issue, perhaps taking a page out of British Columbia's book and considering having a designated marketing licence to allow industry businesses to advertise in a reasonable and socially responsible way.

We are pleased to see that, so far, the government is not treating cannabis legalization as a cash grab. We note that Bill 36 provides for minimum pricing to be set by regulation at a later date, and we'll be watching that very closely. We feel strongly that pricing and the taxation mix that comes on top of it will be a crucial tool to combatting the illicit market. We would be concerned if the government were to slap further taxes on the industry, especially in the early days of legalization, and force much of the

industry back underground. From decades of experience with tobacco taxation, we know conclusively that punitive tax rates may discourage some users, but it does push a significant amount of sales to the underground economy. With the federal excise tax and the HST already in place, we want to make sure that legitimate businesses are not priced out of the market from day one.

I'd also like to note that less than a week from legalization, we are watching red tape start to develop in real time across the country. In 10 different provinces, we have 10 drastically different systems, and what took about 150 years to get to with alcohol seems to have been accomplished in about a year with cannabis. This is deeply concerning for us. Within provinces, we see the rules between municipalities, from store hours to location restrictions, differ wildly. While we would not ask the province to overstep its jurisdiction, we highly recommend that the government put forward a set of guidelines or best practices around municipal cannabis rules to help prevent the regulatory patchwork we've seen crop up in other jurisdictions.

While we have no stance on the use of the municipal opt-out clause, we do want to ensure that municipalities are required to consult not only with their communities but with prospective industry participants before making their final decision. We have heard some concern that if we see large regions starting to opt out, it could help to spur and support the illicit trade.

I would also be remiss if I did not raise the workplace concerns felt across our membership with legalization. Organizationally at CFIB, we're doing our best to prepare our members. We have engaged a major law firm to put on a series of cannabis-in-the-workplace webinars and had their help in developing a workplace drug and alcohol policy template, but we still look to government to step up its education efforts. I believe the government at all levels has generally done a good job of highlighting the dangers of driving with cannabis and the importance of keeping cannabis out of the hands of young Ontarians. We encourage you to continue that work. However, the workplace element has been lacking and needs to be better communicated to employers, especially the small businesses that don't have the luxury of full HR departments.

Before I conclude, I wanted to add a note on the vaping portion of this bill. Just this morning, a CFIB business member who owns a vape shop reached out to me, concerned that the bill does not do enough to incentivize owners to improve the air quality in stores, and pointed to the limit on the number of people testing products at any time. The government may want to consider easing that restriction based on air quality and air-cleaning measures put into the business.

In summary, we are very encouraged by the overall direction the government is taking on cannabis under Bill 36 and we applaud the government for quickly shifting the retail direction on cannabis from a monopoly system to one where licensed, regulated private businesses can thrive. We look forward to continuing our participation throughout the ensuing regulatory process so that the

system is as well positioned as possible for success when it opens to the public on April 1 of next year. Thank you.

**The Chair (Mrs. Nina Tangri):** Thank you very much. We'll go to the government side. Who would like to speak first? Amy Fee, member of provincial Parliament.

**Mrs. Amy Fee:** My first thing is, I'm just wondering if it's possible to get a copy of your submission in writing, as well, for us.

**Mr. Ryan Mallough:** Absolutely.

**Mrs. Amy Fee:** One of the things that we want to do as a government is that we want to make sure that we are educating the public on what's going on. We are taking part in campaigns to educate, especially around the health effects of cannabis use. I'm just wondering, from the legalization of the businesses and the standpoint of what's going on with the businesses and what they're allowed to do and what they're not, if you could elaborate on what you think would be key for any public awareness campaign.

**Mr. Ryan Mallough:** Absolutely. The concern that we've been hearing—we've been receiving hundreds of calls in the lead-up to October 17, and the main concern is, "I've got an employee that has shown up high on October 18. What do I do? What can I do?"

I want to make very clear that we don't have the Reefer Madness expectation that this is going to happen in every business on day one, but it is going to happen in some places, and right now they're not sure what they're allowed to do when it comes to things like workplace drug testing. They're not sure if that's something they can just do, what reasonable grounds for testing are, and that sort of thing.

When we've asked the Ministry of Labour—and we asked under the previous government and we've asked under this government—the main response that we've gotten is that the rules really haven't changed. On the recreational side, it's like alcohol in the workplace: You can't be impaired; if you are, there are consequences. On the medicinal side, it's the same as any other prescription drug.

That's all well and good, but that's not what the headlines in the newspapers are saying. They are that this huge thing that everybody knows has been forbidden for years is about to become legal, and it's going to be a monster change. Even if the answer is that rules haven't changed, that information needs to be better conveyed to business owners, because right now they're in a grey area of, "What is it I'm supposed to do? What can I do?"

**Mrs. Amy Fee:** Wonderful.

**The Chair (Mrs. Nina Tangri):** Aris Babikian?

**Mr. Aris Babikian:** Thank you very much for your presentation. Some people have a concern with market concentration in this private retail model. What are your thoughts? What do you think about the concentration of retail stores, the market concentration?

**Mr. Ryan Mallough:** I think it's an important factor. I think the main thing for us, and what we've been seeing in other jurisdictions, is consistency. Again, I know that the government has been hesitant to tell municipalities what

to do, and I respect that, but between Vancouver, Victoria, Edmonton and Calgary, the distance one store can be from another is different in all four cities, let alone the surrounding areas and the smaller towns in between. That is problematic. That is especially problematic given that someone may run a store in Toronto and they also run a store in Orillia. If the rules are markedly different, it's a monster headache for the business owner to follow. So what we'd be looking for in there is consistency.

**The Chair (Mrs. Nina Tangri):** Amy Fee, one more time.

**Mrs. Amy Fee:** You had mentioned as well—I just wanted to ask about stamping out the illegal market. I'm just wondering if you could elaborate more around that consistency piece and how we can work together to ensure that we do stamp that out.

**Mr. Ryan Mallough:** One of the most important elements in terms of eliminating the illicit market is accessibility. With the OCS model, one of our biggest concerns was that by June we'd only heard the location of four stores. I think it was Toronto, Kingston, Guelph and North Bay. That's not great for someone living in Hamilton. If they're looking to access cannabis, they're going to turn to their existing source if they're a regular user, or look at the illicit market.

We also have to keep in mind—and I think it gets lost in a lot of the conversation—that people will be allowed to grow plants at home. If you are interested in consuming cannabis, don't have a store that's near you, and your neighbour grows it, that may be where you wind up getting it. We're not asking for something like Mary Jane Lane. We don't want to see streets with a cannabis store in every other store, but we are looking for a distribution that makes accessibility reasonable.

**The Chair (Mrs. Nina Tangri):** You have one minute. Lindsey, would you like to—

**Ms. Lindsey Park:** Sure. Thanks for your input on the public education campaign and just sharing some of the concerns your members are raising. I heard from you that the concerns you're hearing are that employers want to know how they can educate their employees and set some expectations about workplace standards with legalization. Is there anything else you're hearing from your members that you think would be helpful to include in the public education campaign?

**Mr. Ryan Mallough:** Given the link-up with Smoke-Free Ontario, we have heard some concerns about people consuming cannabis outside of non-cannabis storefronts. If I run a hardware store and someone is walking down the street, the smell may discourage consumers.

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I think items around the other effects of cannabis—and on the employer side, too, because again, we're talking about small business owners. They're not HR people. They're not medical professionals. I think a lot of the "recognize the signs in the workplace" onus falls on them; I don't think a lot of them are well-trained to see that. I think a lot of people know about red eyes and drowsiness. Well, I fell asleep with my contact lenses in. I have red

eyes and I'm drowsy. It doesn't mean that I'm impaired. It doesn't mean that I've consumed cannabis.

**The Chair (Mrs. Nina Tangri):** Thank you. To the opposition. Sara Singh.

**Ms. Sara Singh:** Thank you very much, Ryan. That was a really great presentation. I'm going to just follow up on Ms. Park's question around training for small businesses. For example, what specific type of training do you feel retail providers are going to need?

**Mr. Ryan Mallough:** In the bill, we've seen the manager retail licence—I can't remember the exact name of it, but that's there. I think having something like that is a good start. From what I've heard about people in the accessories industry and people who are interested in getting involved in the legal private industry, something like Smart Serve for other employees at the non-manager level would be beneficial. Everything that we've seen when it comes to other organizations collecting data on usage says that the retail experience is going to be hugely influential about people's decision to turn away from their current source to the legitimate source, and I think an important part of that retail experience is going to be that the person behind the counter is knowledgeable about what they're selling.

I know that before there was a lot of talk about the LCBO and alcohol, but the fact of the matter is that whether you're drinking beer, wine or hard liquor, there aren't really different kinds of drunk, inebriated, hammered or whatever you want to call it. They all get you to the same place—maybe some quicker than others, but that's where they go. My understanding with cannabis strains is that depending on what you're consuming, the effects can be very different. You can get that sort of drowsy, sleepy or you can get the exact opposite, where you're on high alert. The person behind the counter should be knowledgeable and be able to provide that education to the customer.

**Ms. Sara Singh:** I think that's a really important point and something that we need to see more of in this legislation.

I just want to follow up on a specific point around the timelines for licensing. Has this presented any concerns from your members with respect to the October 17 deadline and the April 1 deadline?

**Mr. Ryan Mallough:** Not yet. The main thing that we've been hearing from members is, "How do I get involved?" Much of that is going to be set out in the regulatory process, should this bill pass, so we are very anxious to see what that looks like.

Again, based on the requirements in other jurisdictions, we are very encouraged that municipal licensing was knocked out in this bill, because that has created some major cost pressures. I do think that as long as the regulatory framework moves fairly quickly, the April 1 deadline is something that people who want to get involved feel comfortable about being met.

But in the meantime, we are left without bricks-and-mortar locations; only online. You hear about these big celebrations happening on October 17; none of that



cannabis is going to have been obtained legitimately. It's a factor.

**Ms. Sara Singh:** It's a very fair fact and point that I think has been overlooked in the conversation, so thank you for enlightening us.

**The Chair (Mrs. Nina Tangri):** Doly Begum.

**Ms. Doly Begum:** Thank you, Mr. Mallough. Right now, I think, a person who has been convicted of an offence under the Cannabis Act, 2017, will not be eligible to get a licence. However, there is a concern that folks charged within the Controlled Drugs and Substances Act might be able to get a licence. For small businesses, what are your thoughts on that?

**Mr. Ryan Mallough:** We haven't heard anything being raised yet. I know there has been a lot of conversation in the news about what's going to happen with anybody who has a cannabis-related offence on the record. We are in the same position as everyone else; we're sort of waiting to see how the federal government moves on that, and we'll take their lead on that one as well.

I think it is important to ensure, through whatever licensing regime that comes out of this, that the people who are getting involved in the market are above board, that they are responsible small business owners who are looking to get into this market for small business reasons and not anything more illicit than that.

**The Chair (Mrs. Nina Tangri):** You have one minute.

**Ms. Doly Begum:** I'm good, thank you.

**Ms. Sara Singh:** I just have a follow-up question. Earlier we heard from Aurora Cannabis. They're a licensed producer, and they are looking to open up, potentially, two retail storefront locations. Have you heard anything from your members like concerns around licensed producers getting into the market and maybe capitalizing on it?

**Mr. Ryan Mallough:** The biggest concern I've heard around licensed producers—I will say that there was a lot of cheering when the news came out that they'd be limited to, effectively, a farm-gate store or an on-site factory store.

The biggest concern is around the marketing restrictions. Right now, even outside of the cannabis conversation, companies like Aurora, Canopy, Tilray—the ones you see in the news every day, the multi-billion dollar companies—have a monster advertising advantage that is not available to the retail store that isn't a producer. The concern is a level playing field. A small business will take on a big business any day of the week. Again, customer experience—I'd put any of our guys up against any big business, no problem. But the advantage they'd have coming in was what the concern was.

**The Chair (Mrs. Nina Tangri):** Thank you very much. That's all the time we have. Thank you for your presentation.

**Mr. Ryan Mallough:** Thank you.

#### CHILDREN'S MENTAL HEALTH ONTARIO

**The Chair (Mrs. Nina Tangri):** We have Children's Mental Health Ontario. Thank you. Please introduce yourself.

**Ms. Kimberly Moran:** Hi. My name is Kimberly Moran. I'm representing Children's Mental Health Ontario, which is about 100 child and youth mental health centres all across Ontario. We advocate for investments, new policies and programs responsive to the needs of children, youth and families seeking mental health services in Ontario. Our goal is to promote a coordinated, efficient and high-quality system of care that puts kids and families first.

Our member organizations provide treatment services including targeted prevention, early intervention, short- and long-term counselling and therapy, addiction services and intensive treatment services.

We also run a program called the New Mentality, which is youth-led policy work. They consult us throughout our policy process, and co-design and co-form most of our policy work. They also drive awareness of mental health issues within their communities, eliminate stigma and improve local mental health services as well.

We're here today to talk about the impacts of cannabis on youth, related to youth mental health.

As I'm sure others have been highlighting, cannabis is shown to have an impact on the developing brain until around the mid-20s. For those who are already predisposed, chronic cannabis use can increase the risk of young people developing psychosis or schizophrenia. We also know that youth who have mental health issues are more likely to use substances—this includes cannabis—as a way to self-medicate. And of course, young people can develop a dependence or addiction to cannabis.

Earlier this week, the Attorney General, Caroline Mulroney, announced the government will be undertaking a youth education and prevention campaign, which launches next week. This is a great first step, as we know many young people are not informed about the risks related to cannabis use.

But when it comes to rates of youth cannabis use, we don't know for sure what the impact of cannabis legalization is going to be.

According to the Ontario Student Drug Use and Health Survey, almost 12% of students surveyed indicated they will either initiate or increase cannabis use post-legalization. I do think that cannabis legalization will lead eventually to more normalization of cannabis use, in many ways similar to how alcohol is normalized in our society, which is why it's so important that public health be put first when it comes to decisions related to cannabis legalization.

We hear from leading youth psychiatrists who see youth with first-episode psychosis and schizophrenia that appear to have been triggered by cannabis usage. If usage goes up, then we'll see more kids like this, so having treatment services in place for them is going to be critical. If we don't, then people with serious mental health issues like these will far too often spiral into a life where they're heavy users of both health care and social assistance systems. We know that early intervention works; we know that treatment works. So it's going to be essential that we have the service capacity to support that.

When we talk to youth themselves and mental health professionals, we know that kids use cannabis to self-medicate, primarily for anxiety but also for other mental health issues.

I'm going to talk a little bit about a girl. Leah is the daughter of a close friend of mine. She grew up with my kids. She has a serious anxiety disorder and she has had it since she was young.

Some kids have anxiety and it causes social isolation; it might lead to depression and suicide. My daughter was like that; she falls into that category. But other kids, like Leah, actually become very aggressive. Anxiety can trigger in different ways. Violence was very commonplace in their family. She cut up her mom's clothes with scissors once. She broke windows by throwing rocks at them. Police were frequently called to subdue her, and she was sent to hospital.

Her family is just like mine; it's just like yours. But she has a serious mental health issue, and 12% of kids in Ontario do.

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Her family struggled to get help. She needed extensive counselling and therapy; that can be very expensive if you look for it privately. She looked for help from the public service system, but wait times are often well over a year. Certainly, for those intensive kinds of treatment that Leah needed, you wait. You wait a long time. Kids like Leah can't wait because, in between, we're calling police and we're going to hospital, and it's very costly to the system—never mind the fact that she wasn't going to school and that she wasn't able to excel at school.

In the absence of being able to access the treatment that she needed and that other kids need, there are failures at high school, couch surfing—you've heard about that—and struggles to get and keep a job. The trajectory for her future is not bright. Is she going to be able to go on to college and university? I don't know. Is she ever going to be able to hold a job? Is she quite likely to be on social assistance rolls? Probably.

What's really sad is that that trajectory is really not the way we need to go, because treatment works. We know it works. For lots of medical conditions, we actually don't know what works, but for mental health issues for kids we do know what works. We know that counselling and therapy has been proven successful. We know that for kids with intensive treatment needs there are courses of therapy that we can take that are proven. We know that, as stigma has fallen, there has been a veritable tsunami in increased demand for services for mental health problems. In Ontario, our member organizations have reacted to that increase in demand by creating over 75 mental health walk-in clinics. So today, across the province, kids are being seen with very few obstacles to access, which is terrific.

We've found that almost 50% of kids need one to three sessions of high-quality, evidence-based care, and that's good enough; the other 50% who need more is where we have significant wait times and significant problems. It's kids like Leah. Those are the kids who are going to

hospital and using our police services. We have to pay attention to those kids, because we're failing them right now.

At CMHO, we've articulated this crisis, this problem that we've had. The problem is that they end up in hospital, and we know that, in hospital, rates for kids with mental health issues have climbed incredibly, with a 72% increase in emergency department visits and a 79% increase in inpatient admissions just over the last 10 years. What that speaks to is that we just don't have capacity in the community to provide those treatment services that kids need.

We need to ensure that kids have alternatives to self-medication:

(1) The first point is to invest in building kids' resiliency. We have to get them to understand what normal anxiety feelings are; we don't want to pathologize normal human feelings. Education about cannabis use would be in that place as well.

(2) We need to get to kids quickly who have a mild mental health issue. We know what works, and we need to get to them quickly to avoid things getting worse.

(3) For the 12% of kids who have serious mental health issues, we need to make sure that treatment services are accessible as soon as they need it so they can avoid going to hospital and having police intervention.

The availability of treatment needs to be equal to the availability of cannabis and alcohol. The government has promised \$3.8 billion in mental health funding, and we need to prioritize youth, because early intervention works and has a long-term return on investment for the people of Ontario. In addition to the pledged investment, cannabis revenue should be reinvested to address the harms related to cannabis—in education, in prevention and in treatment, particularly for youth.

We look forward to ongoing opportunities to share the expertise of our members and our youth involved in the New Mentality to advise on how we can best minimize the harms related to cannabis use. Although we don't know what the future holds for rates of cannabis use among youth, we do know that youth across the province are struggling to access mental health and addiction treatment and the supports that they need. We have an opportunity right now to end the child and youth mental health crisis, and cannabis legalization is yet another impetus for immediate action.

Thank you so much.

**The Chair (Mrs. Nina Tangri):** Thank you very much. Sara Singh?

**Ms. Sara Singh:** Thank you very much for that presentation.

With this legislation, one of the paramount concerns for us is protecting young people and ensuring that they don't get access, especially in those critical years where we can trigger mental health concerns for them with use.

We have yet to see the details around the public education plan. What are some particular aspects that you would like to see to make sure that young people are aware of the impacts of using recreational cannabis?

**Ms. Kimberly Moran:** Well, I think what we need to do is to focus on—with kids who have specific predispositions to psychosis and schizophrenia, we know what can be triggers there, so we would like to be able to reach out to that specific population of kids so that we get more in-depth information about the risk. I think that kids are fairly logical and they understand risk if we can explain it to them, so I think that that's going to be important: a targeted program to those kids that we know are at particularly high risk.

The second is a more general program that explains cannabis usage. We've done good work in alcohol. When I think of some of the usage of alcohol when I was younger—not to date myself at all—it was different than how my kids act and how they react on issues around drinking and driving. So I think that a widespread, really well done education program can be particularly effective.

**Ms. Sara Singh:** Absolutely. I think focusing on some of the harms and making sure young people are educated, really coming from a harm-reduction perspective with the education program that we implement, is really important.

You did mention some of the revenues being diverted into programs to educate communities. I know with the gaming association, for example, there are many programs as a result of revenues to ensure that people who are facing addictions related to gambling or alcohol can access resources. Do you feel that a program similar to that should be implemented to ensure that young people and users of recreational cannabis in general have access to resources to ensure that they can deal with addictions or mental health?

**Ms. Kimberly Moran:** Yes, I would say that we have to make sure that, as I said, there are investments along the continuum, so right from the education piece, which is very critical, but then have the appropriate interventions for mild, moderate, severe mental health issues and addictions issues. It's not just sort of "one strategy is going work." I think that in order to make an efficient mental health system, you have to really be deliberate about systems design to make sure that you're putting interventions in the right sort of place in a system and making sure that people who have mild mental health issues or addictions issues get treatment just as soon as they need it so we can avoid it escalating, and then all the way up to the most serious issues. Those are the kids who end up in hospital, and we don't want them to end up in hospital. It makes no sense from a systems perspective or from the kids' perspective. So we just have to make sure that we're deliberate about investing in the right spots in the system.

**Ms. Sara Singh:** Thank you.

**The Chair (Mrs. Nina Tangri):** Doly Begum.

**Ms. Doly Begum:** Thank you, Ms. Moran. I just wanted to get your opinion about—so we've been debating in terms of the advertising of the vape products. There are a lot of kids, for example, who sometimes resort to things that fall in front of their eyes. What would be your recommendation for vape products that would possibly be in storefronts everywhere for kids to access?

**Ms. Kimberly Moran:** Well, I think that again, we can work from the knowledge that we've built around cigarette advertising and alcohol advertising and learn from that. I think that we've shown that if we really highlight the risk, talking about what Sara said, that absolutely, we have to do that. I think that we just have to be very mindful that advertising has an impact on all people, particularly youth, so we have to make sure that those risks are clear in that advertising.

**The Chair (Mrs. Nina Tangri):** You still have one minute.

**Ms. Doly Begum:** My second and last question would be about your second recommendation about getting quickly to mental health. We've been facing this for a very long time and we are still behind. It's a long way to go. Would you elaborate a little bit more in terms of what we could do better for kids at risk and going online with this bill?

**Ms. Kimberly Moran:** Yes, I think that there are three parts, and we have to make sure that we don't think we just do one and then everything looks after itself. I think that sometimes what we've done in the past is that we sort of concentrate on one. The reality is that you need to do better along—I'm going to call it a continuum of care. So you need to have the mental health promotion pieces, which are making sure kids understand about cannabis; kids understand what anxiety feels like; they understand what normal is, so we don't pathologize normal feelings. We need that piece there and understanding more about mental health issues.

The second is to make sure that kids get quick access to mental health services just when they need them. The data shows that more than 50% of kids have a very mild mental health issue, and that can be dispensed with very quickly and cost-effectively, so we get to them quickly.

Then the third piece is, for those kids who have very serious issues, that we get to them with the kind of intensive treatment services that we need.

I think the thing is, we know what works. What we need now is to build capacity in the community to do that.

**The Chair (Mrs. Nina Tangri):** Thank you very much. I'd like to go to the government side. Who would like to speak first? Effie Triantafilopoulos.

**Ms. Effie J. Triantafilopoulos:** Ms. Moran, thank you very much for referring to our government's commitment on mental health care. As you mentioned, \$3.8 billion is going to be invested over the coming 10 years.

We on the government side are also very concerned about the safety of children as we move forward with this legislation. One of the areas I wanted to ask you to speak about is how we go about educating parents dealing with their children, knowing that they will be allowed to have four plants per household in their home?

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**Ms. Kimberly Moran:** I think that that's a very important point. When we think about public education, we can't leave out the families. Families need the same education. They need to understand what to do when situations come up that they don't know how to deal with. None

of the parents were raised in an era of cannabis legislation, myself included. I have to understand what to talk to our kids about. We do that anecdotally, but that's not good enough. We go from our previous experience, which is not good enough.

Absolutely, any public education campaign has to be directed at both parents and the youth and be delivered that way, because I think parents will be looking very much for information about how to educate their kids. I think that's a really good point.

**Ms. Effie J. Triantafilopoulos:** Do you have any advice or insights on how to deal with the fact that there will be parents actually smoking in the home and how the children, in turn, will look at this if it appears to be normalizing behaviour?

**Ms. Kimberly Moran:** I think that through a public education campaign, we can get to parents. Parents, generally, want to do the very best things for their kids. I think that if we can give them the right amount of education and point out the risks of normalization about that behaviour, I think that it will make an impact. As I've said before, I think we've made a good impact in smoking and alcohol. I think that we've learned from that, and I think that we can do the same thing.

**Ms. Effie J. Triantafilopoulos:** Are there any other ways or suggestions that you have for us in terms of the legislation going forward that you would recommend?

**Ms. Kimberly Moran:** I think that, as I suggested, the emphasis here has to be really on making sure that your service capacity for your mental health treatment services is there in order to offset or mitigate some of the concerns and risks that we have about the cannabis legislation. That's what we're most interested in, as well as a public education campaign that, as you said, goes to parents as well as kids.

**Ms. Effie J. Triantafilopoulos:** Thank you.

**The Chair (Mrs. Nina Tangri):** Sheref Sabawy.

**Mr. Sheref Sabawy:** Hi. Thank you very much, Ms. Moran. My question: From your point of view as an expert in the matter of children's mental health, what other amendments can we include in the legislation to protect children and at what ages, as well as if you have anything to add about the impact of cannabis on the student level of education, like how progress in education is going to be impacted?

**Ms. Kimberly Moran:** Absolutely. I think that our biggest concern is around the impact of the legislation of cannabis, so I would like to focus my remarks there. Education in schools is enormous. That is where kids are. We have mental health education programs occurring right now at school. Including the use of cannabis and the risks of cannabis in that, to me, makes a whole lot of sense, and it's efficient to do it the same way.

But of course, not all youth are going to be going to school. We know that 70% of youth aged 19 to 24 are going to colleges and universities, so we don't want to exclude them from this type of education program. And we know that 30% of youth between 19 and 24 are not attending college or university. Whenever you are doing

public education, or mass advertising for that matter, you've got to really target who you are trying to get to. I would suggest that a really well thought out targeted messaging to different groups makes tons of sense, as well as of course including parents and caregivers in that as well because that is another way to distribute information.

**The Chair (Mrs. Nina Tangri):** You have one minute.

**Mr. Sheref Sabawy:** One more point of view about the parents: Are we having any plans, to add to the legislation, for the parents who are actually vulnerable with their kids at a young age getting into cannabis—how to deal with that situation?

**Ms. Kimberly Moran:** I think that safety is going to be huge. I think that we're all going to have to be very mindful of educating parents to make sure that they keep safety first in their home. We know that there are different cannabis edibles. We know, as the previous MPP spoke about, that if parents have plants in their homes, there is a risk element there. I think that goes back to education. I think that parents really want to do the best for their kids, and so we just need to make sure that they're educated and understand what the risks are for their kids.

**The Chair (Mrs. Nina Tangri):** Thank you very much for your presentation.

#### ONTARIO PUBLIC HEALTH ASSOCIATION

**The Chair (Mrs. Nina Tangri):** I would like to call upon the Ontario Public Health Association to join us. Thank you. Welcome and please introduce yourselves.

**Ms. Pegeen Walsh:** Good afternoon, Madam Chair and committee members. Thank you for the opportunity to appear today. My name is Pegeen Walsh. I am executive director of the Ontario Public Health Association, and I am joined today by the co-chair of our cannabis task group, Elena Hasheminejad.

The Ontario Public Health Association, or OPHA, is a non-profit, non-partisan organization that brings together those from public and community health—academic, voluntary and private sector—who are committed to improving people's health. Many of our members, whether they are public health nurses, like my colleague here today, or from other fields, are working on the front lines to promote health and improve well-being in their communities.

Our cannabis task group is calling for a public health approach to the legalization of recreational cannabis to mitigate the potential harms, especially to young people. My colleague and I would like to speak to those aspects that are important for a public health approach and signal areas for further consideration.

We are pleased that the bill has among its purposes to protect public health and safety, and in particular provisions such as:

—Those applying for a retail licence have to demonstrate that they are financially responsible, and they cannot have been charged with or convicted of a cannabis-related offence.

—The government is able to refuse applicants if they don't exercise sufficient control over their retail business.

—Municipalities are able to opt back in if they choose to opt out.

—There is a 15-day public consultation period for communities to weigh in on the location of stores.

—There is the creation of “distance buffers” between schools and stores.

However, there are areas that we would urge you to consider. Elena will speak to those areas.

**Ms. Elena Hasheminejad:** Thank you.

**A cap on the number of storefronts:** One of the lessons learned from other jurisdictions that have legalized cannabis, like Colorado, is to start with a stricter regulatory framework and then re-examine this after evaluating the impacts of legislation in the future. Best practice also highlights that regulating physical availability of alcohol is an effective strategy to reduce alcohol-consumption-related harms. Research has repeatedly shown us that consumption and related problems increase as alcohol becomes more available, and vice versa. We have also learned that our partners in Denver to date have more cannabis retail stores than Starbucks stores. We want to prevent this harm from happening with cannabis storefronts, and we ask the province to support strict limits on the number and density of stores in jurisdictions.

**The display and promotion of vapour products:** OPHA wishes to convey our concerns about the display and promotion of vapour products and the health implications. While we recognize the utility of vapour products as a quit-smoking aid, we are concerned that permitting the display and promotion of vapour products will increase young people’s exposure to and use of them. We urge you to prohibit the display and promotion of these products in accordance with regulations regarding tobacco products. Our rationale for this recommendation is to reduce the risk that vaping poses to youth.

While Health Canada has acknowledged that vaping may be a useful quit-smoking aid, the department discourages non-smokers from using vapour products. Health Canada has also raised concerns about vapour products appealing to youth, the potential of nicotine-containing vapour products to promote tobacco use, and that regular vaping can lead to nicotine dependence. Research has also shown that nicotine may be especially harmful for children and youth, as it can alter brain development, memory and concentration.

OPHA is concerned that displaying and promoting vapour products in places such as convenience stores and gas bars will increase vaping and subsequent nicotine addiction and cigarette smoking in youth. The bright colours and candy flavours of products such as Juuls, for example, or other vapour products are already appealing to youth. Unrestricted marketing of products such as Juuls will intensify the problem of vaping in Ontario for youth.

OPHA is also concerned that the progress made over the last 20 years in reducing youth smoking and changing cultural norms by denormalizing tobacco use is now being undermined as teens acquire nicotine addiction through e-cigarettes. Tobacco use creates an undue health and economic burden in our society. It is the leading cause of

preventable death and disease in Ontario. Over \$2 billion a year is spent by Ontario to treat and care for people with smoking-related health concerns, and over \$5 billion a year is lost in productivity or missed days of work because of smoking-related health issues.

As such, we recommend that provincial restrictions be placed on the display and promotion of vapour products, similar to the regulations for the display and marketing of tobacco. Seven Canadian provinces already have legislation in place which bans the promotion and display of vapour products in convenience stores and non-specialty vape stores. We urge the Ontario government to adopt similar measures. We recommend that the same rules for tobacco product display, promotion and handling at retail be applied to vapour products. It is recommended that the proposed amendment to the provisions in sections 4(1) and (2) and of the SFOA 2017 not proceed.

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**In-store testing:** OPHA has concerns regarding in-store testing. Allowing sampling may create loopholes that could be used by retailers to allow employees to vape in the store or allow customers to socialize and vape. From an enforcement perspective, it may be difficult to ensure that only two people at a time are sampling vapour products. Even if only legitimate sampling is occurring, we would still have concerns about the possible health effects on the employees, due to the unknown long-term health effects from exposure to it second-hand.

Reusing e-cigarettes while only requiring a new one-time-use mouthpiece is a public health concern. Saliva is able to transfer disease to another mouth with samples of tuberculosis (TB), meningitis, herpes simplex and more, so beyond the single-use mouthpiece, there needs to be a cleaning and disinfection process for all surfaces where saliva is present. It is not recommended for an e-cigarette to be shared between customers.

**Provincial licensing of retail stores:** We understand that the Alcohol and Gaming Commission of Ontario is committed to minimum buffer distances between cannabis retail locations and schools. We recommend that such buffer distances be considered around other youth-serving facilities and cannabis retail stores, to reduce store density and underage exposure and access, and that this requirement be embedded in legislation.

Alberta Health Services has been working on their private retail model for over a year now. One of their requirements is to allow public health agencies to work closely with their municipalities on zoning and density regulations, to protect store locations in sensitive sites. With the proposed legislation, we are concerned that there may be limited opportunities for local input on store density and proximity to other sensitive facilities, and recommend that municipalities have the opportunity to work locally with their health units around this.

**Home cultivation:** We know that the federal Bill C-45 legislation allows Canadians to grow a maximum of four plants at home. However, this has raised concerns. The Canadian Association of Chiefs of Police recommends that home cultivation be reviewed at a later date, once

experience is gained with the legalized system. Currently, the province of Quebec has followed suit and is not allowing home cultivation in their province. There are concerns that law enforcement's ability to reinforce personal cultivation is limited, and diversion to the black market remains a concern. First responders have also seen the negative effects of home production, such as electrical and fire hazards.

It is in all of our interests to ensure a safe product with known THC levels, free from pesticides and where mould is controlled. Therefore, we urge the government to prohibit home cultivation and re-examine this at a later date. This will allow for evaluation measures to take place and for education around preventing harms from home cultivation to occur.

We would also like to highlight the importance of reinvestment of cannabis revenue in education, prevention, surveillance, treatment and enforcement.

We anticipate that this system change is likely to drive demand for local services, and we recommend that the government look at using revenue from cannabis to support vulnerable populations such as youth, so that they build the skills and self-reliance to manage substance use.

We also anticipate there will be a significant increase in inquiries from the public regarding health concerns, complaint investigations and so forth. We recommend that there be dedicated funding and training to support population health surveillance, public education and enforcement activities.

**Edible market:** Although the federal legislation will not introduce the edible market until late 2019, we want to highlight the importance of research and education around this market. We acknowledge that consuming cannabis through ingestion is a safer mode than inhaling cannabis. However, as of yet, there has been limited research around standard sizing, as well as potency, with edibles.

We also have learned from Colorado that one of the greatest harms they experienced was accidental ingestion, with children and youth eating cannabis.

We encourage the government to take a head start on this and provide support in research, resource development and education in order to present the potential harms of the edible market in the near future.

**Public education:** We are pleased to hear that the provincial government has announced they will be launching a public awareness campaign on cannabis legalization. Given the lessons learned from other jurisdictions around the importance of education and raising awareness, we urge the government to implement a comprehensive, sustainable, province-wide education campaign that not only discusses the legal responsibilities but also has targeted messaging and resources on health risks and harms of cannabis use, in order to empower Ontarians to make informed decisions. Involving youth in designing these products is also very important.

**The Chair (Mrs. Nina Tangri):** You have one minute.

**Ms. Pegeen Walsh:** Our organization is committed to truth and reconciliation, and as such, we encourage legislators to engage with Indigenous leaders and their

communities in a way that is meaningful for them in regard to the legalization of cannabis.

In conclusion, we are pleased that the Ontario government has emphasized its commitment to public health and safety. We urge your committee to consider the additional measures we have highlighted today to further promote public health and safety and embed a public health approach.

Thank you for giving us the opportunity to convey our recommendations.

**The Chair (Mrs. Nina Tangri):** Thank you very much for your presentation.

I will go to the government side. Who would like to ask the first question? Aris Babikian.

**Mr. Aris Babikian:** Thank you for your presentation. The government is working on amending the Smoke-Free Ontario Act, 2017. How will those proposed amendments help you implement what you are suggesting?

**Ms. Elena Hasheminejad:** I think when we focus on the whole display and promotion and advertising/marketing piece with vapour, that's one of the big concerns that was brought to our attention where we're hoping amendment happens. We know that with other substances, when things are promoted and advertised and there's an increase in access, then the risks of use increase.

When we are looking at vulnerable populations like youth or even those who are of legal age, we know that 19- to 24-year-olds are the highest cannabis users, and we don't want to allow an opportunity where we are promoting or making these products look fancy and appealing to them, but rather to be able to give the health messaging and education so that individuals can make informed choices. That is why we are recommending that that amendment be made, that the display and promotion of vapour products be similar to tobacco products. We have come a long way with tobacco, and we don't want to go in an opposite direction by allowing vapour to take a different approach.

**Mr. Aris Babikian:** Thank you.

**The Chair (Mrs. Nina Tangri):** A question? Amy Fee.

**Ms. Amy Fee:** Along that line of the education piece, when you were talking about the edibles, I'm just wondering: You mentioned Colorado and what they have learned from the accidental ingestion. I am wondering if you could elaborate on what you've learned from Colorado or anything they have done, or steps that you are aware of other provinces taking.

**Ms. Elena Hasheminejad:** For sure. One thing that Colorado did that we are hoping we do not see here is that they allowed for edibles to be made in a more creative, fun way, so gummy bears, brownies—again, it goes back to the idea of promotion and allowing something to look appealing. From my understanding, the federal legislation will not allow that, but as things move along and different businesses do get involved, things can change. We want to prevent that from happening.

As well, we are also at a point where we are emphasizing harm reduction messaging, and edibles, or consuming, is a safer way to have cannabis rather than inhaling.

However, we don't complement with education around the safety of that. We don't know the serving size of what we would recommend to individuals, the THC potency. As of October 17, individuals can make their own edibles at home. We don't have those materials to support. So for us, we know that Colorado saw a very big spike in hospitalization of children accidentally ingesting; their poison control centres' calls had increased. We want to prevent that. Before we roll this out in Ontario, let's do the research, let's have the investment in education, let's get the resources out to schools, to facilities and in our stores so that people know, if they do decide to take this route, or when it does become available in locations, how to do it safely.

**Mrs. Amy Fee:** Thank you.

**Ms. Elena Hasheminejad:** You're welcome.

**The Chair (Mrs. Nina Tangri):** Robin Martin?

**Mrs. Robin Martin:** Other than the thing around the display and promotion of vaping products, which you came and spoke to us about at the Ministry of Health round table—thank you—you're not proposing any specific amendments?

**Ms. Elena Hasheminejad:** Yes. We can speak to the fact of the buffer zones between where retail stores are going to be. We understand that the AGCO, the Alcohol and Gaming Commission of Ontario, has said that they will put regulations around locations being near schools, and having a distance. But our fellow colleague who was sitting here before shared that not all youth are in school, not all individuals are there. So we need to increase that and understand that there are other facilities that are vulnerable to children, to youth, to adolescents, those who may not be in school—like sports fields and community centres—and that's why we have asked that we stand back and allow for that to include buffer-zone areas, whereas retail stores are not places that will increase access for those who are more vulnerable.

**The Chair (Mrs. Nina Tangri):** You have one minute.

**Mrs. Robin Martin:** We have, within the legislation, allowed for municipalities to expand those buffer zones, so they may make increased zones around youth facilities. But are there other youth facilities that we should be looking at? You mentioned sports fields.

**Ms. Elena Hasheminejad:** I also think it's important to keep in mind things like shelter areas, if you're a local jurisdiction that has shelters or youth shelters, or organizations like treatment centres. Again, we don't want to normalize substance use for individuals. We want to be able to give the education for them to make informed choices. But when we look at things like alcohol and our lessons learned, the literature is always pointing to where you put a store or how many stores you have or the fact that there may be no caps on how many stores. That may all put individuals who are at risk more at risk. We want to prevent that as much as possible.

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**The Chair (Mrs. Nina Tangri):** Thank you very much. I'd like to go to the opposition: Sara Singh.

**Ms. Sara Singh:** Thank you very much for the presentation. I just have some follow-ups around the public

education piece. This is a really critical component that we need to get right, and so I thank you for stressing the importance of it.

You did mention employing a harm reduction model. I was particularly interested in your involving young people in the process. Can you elaborate a little bit more and maybe help the committee understand why that is so important?

**Ms. Elena Hasheminejad:** This has been shown for other substances as well. So it's not something that we're just recommending for cannabis, but it's from our lessons learned. We have to be able to create products that are effective to reach the population. When we discuss how we want to minimize the harms for youth, we need to involve them in the creation of what materials we're rolling out, so that when they pick up something or when they read something or it's shared, it relates to them. The language, the terminology, how they use a substance—all those pieces are extremely important.

We know that other organizations work very hard to engage youth, compensate youth, use that peer model where they can do focused testing, to make sure that what we're creating and the money that we're investing is being evaluated and is really targeting that population. We do the same messaging for those who are at risk. So even for harm reduction, those with lived experience, we also encourage that so that they can help create things that would relate to them.

**Ms. Sara Singh:** In addition to the buffer zones, are there any recommendations that you would make for private retailers to ensure that, again, young people are not able to access these substances?

**Ms. Elena Hasheminejad:** Yes. We definitely understand the idea that anyone coming under age into a store location can put someone at risk, but we also recognize that there is a concern of leaving a child unattended. I think the most important thing when it comes to storefronts is, again, the sampling of stores, ensuring that there's no promotion physically in a store, ensuring that there is health messaging, so that if an adult does come in and they have nowhere else to leave their child, we're not creating an environment where there's promotion.

Role modelling is very important. When we talk to educators and parents, one of our messages that we talk to—and the fact is, role modelling is key. So if we can also give education around role modelling to parents to avoid bringing children into storefronts, it's extremely important.

**Ms. Pegeen Walsh:** Elena, I was also thinking about training, in terms of that challenge function that stores will need to provide. We see that now around alcohol—that you have employees who are required to have that training so they know how to judge the age, when to challenge and how to do that.

**Ms. Elena Hasheminejad:** And checking IDs—similarly to how we're running our model right now with alcohol.

**Ms. Sara Singh:** I completely support what you said. I went to a school that was close to an LCBO, and we had

additional security guards, for example. There are definitely measures we need to explore to ensure that young people are being kept safe.

**The Chair (Mrs. Nina Tangri):** Doly Begum.

**Ms. Doly Begum:** Thank you very much for your presentation.

In terms of the way we're moving through this bill, it's a very speedy process. Would you recommend consultation with children, for example, or youth being part of it—slowing down and figuring out all of these pieces that need to be thought about first, and then moving ahead with the bill? What are your thoughts on that?

**Ms. Elena Hasheminejad:** I think that whatever approach is taken, we have to be open to re-examining where things are going. Again, the biggest lesson that we have learned is to ensure that we have a strict regulatory framework and be able to re-examine that at a later time once legislation is in place.

As we move forward with our date, I think there needs to be an opportunity to really evaluate the measures that are put in. It's very hard to increase access and then decrease access. When you start with limited access and you evaluate that and if there's room to increase it at a later date, then it's an easier process. You're not de-normalizing something and then trying to retract. Let's take our lessons from tobacco, where we had to do that and it took us over 20 years—but we have been successful. If we do it right from the beginning, then it's an easier process for us to re-examine moving forward.

**The Chair (Mrs. Nina Tangri):** You have less than one minute.

**Ms. Pegeen Walsh:** One of the areas that we were highlighting for possible reconsideration is home cultivation. Again, we're not saying, don't do it, but we're saying, why do that right away? Why not give it some time so that those other important issues are getting dealt with? There are going to be all kinds of issues that arise from homegrown cannabis.

**The Chair (Mrs. Nina Tangri):** Thank you very much for your presentation.

**Ms. Elena Hasheminejad:** Thank you.

#### ASSOCIATION OF LOCAL PUBLIC HEALTH AGENCIES

**The Chair (Mrs. Nina Tangri):** Can I have the Association of Local Public Health Agencies please come forward? Thank you for joining us today. Please introduce yourselves.

**Dr. Robert Kyle:** Chair and committee members, good afternoon. I am the president of the Association of Local Public Health Agencies. My name is Robert Kyle. The association is better known as ALPHA. I have served as a medical officer of health for over 30 years. With me is Loretta Ryan, who is ALPHA's executive director.

ALPHA represents all of Ontario's 35 boards of health and medical officers of health. We enforce the current Smoke-Free Ontario Act and the Electronic Cigarettes Act, 2015, in all 35 health unit jurisdictions.

ALPHA and the Council of Ontario Medical Officers of Health, which is a section of ALPHA, have filed submissions with respect to the SFOA regulation 268/18, and they're in your package.

We agree with the Attorney General that it is vital for the government's proposed retail model to protect our kids. While we have raised many issues and concerns in our submissions, my remarks will focus largely on one particular matter: We are concerned that Bill 36, as currently drafted, may have unforeseen consequences, especially respecting the health, protection and well-being of our kids.

As regards our kids, our concerns centre on normalization of cannabis use by virtue of adopting a private cannabis retail model and allowing the smoking and vaping of cannabis where tobacco is consumed, and by the normalization of vapour products by eliminating the same display and promotion bans that are in place for tobacco products. We believe the unforeseen consequences can be remedied by adopting the following recommendations, in no order of importance, which complement those found in our submissions.

Kid-specific recommendations include ensuring that AGCO effectively inspects all cannabis retail stores with respect to sales to kids, and has sufficient capacity and resources to do so.

Place limits on retail density and hours of operation, especially near places where kids frequent.

Set buffer zones around places where kids frequent, not just buffer zones around schools.

Ban cannabis and vapour product use in outdoor areas frequented by kids.

Restrict cannabis and vapour products signage near places where kids frequent.

Ban the display and promotion of vapour products.

Ban the sale of flavoured vapour products that are attractive to kids.

Implement a sustained, evidence-based strategy to alert and inform kids, cannabis users and the public about human health harms associated with cannabis use.

With respect to the public at large, we have some other recommendations.

The public LCBO store retail model may have had some advantages from a density, siting and enforcement perspective, but we acknowledge that curbing the illegal cannabis market may have taken longer to achieve.

Ensure that the AGCO utilizes a uniform approach, with respect to buffer zones, of public health concern and in the public interest when siting and licensing cannabis retailers. We've listed a number of places for consideration.

Notify local MOHs of any local applications for proposed cannabis retail store authorization.

Allow municipalities to further restrict retail density, hours of operation and places of use when it is in the public interest to do so.

Ban water pipes and other cannabis and nicotine delivery devices in and around public places and workplaces.

Apply the automatic prohibitions to vapour products.



In terms of implementation, identify clearly defined priorities and objectives; establish measurable indicators for those objectives; build in the capacity and flexibility to adjust as needed, based on the measured impacts on reform; and ensure that cannabis legalization is cautiously implemented, continuously evaluated and adjusted as required.

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In terms of evidence to support these recommendations, I have listed some. They complement what's in your package, and I'm not going to walk through them, in the interest of time. So let me come to our conclusion.

We are in the eve of expanding the accessibility and availability of cannabis, a psychoactive drug, and vapour products, which are delivery devices for both cannabis and nicotine, both of which are addictive.

We acknowledge that reducing or eliminating the illegal cannabis market is an important policy goal of the government. However, we agree with the government that the protection of our kids is paramount and should be as important, if not more so, as the economic interests of cannabis and vapour product retailers and suppliers.

We also believe that the government values evidence-informed decision-making.

With these facts and values in mind, we believe the path forward is self-evident and the very future of the health and well-being of our kids is in your hands.

Good luck and best wishes with your deliberations. Thank you for inviting us to today's public hearings.

That's it, Madam Chair.

**The Chair (Mrs. Nina Tangri):** Thank you very much for your presentation.

I'll begin with the opposition: Sara Singh.

**Ms. Sara Singh:** Thank you so much for the presentation. I think you raised some really interesting points that we need to elaborate a little further on. Perhaps you can share with us why you feel that the LCBO model would have helped to increase public safety and ensure that access is limited to those who are accessing it through that venue.

**Dr. Robert Kyle:** A couple of things: First of all, when you look at the Cannabis Licence Act, it's all about licensing, authorizations and so forth. It's a far more detailed and far more complex scheme than my understanding of the public LCBO store model.

Secondly, a go-slow approach may have helped mitigate, at an earlier stage, the whole normalization, if you will, of cannabis use, which we have argued is, if not an unforeseen consequence, certainly a likely consequence of adopting a retail type of model.

Lastly, because of a go-slow approach and a limited number of stores, on a municipality by municipality basis, if you're a local MOH or you're a local public health unit, you are not going to be hit up with quite a number of applications at a concentrated period of time, where you are going to be delivering the same message multiple times in your own jurisdiction, which would focus on setbacks beyond just schools, which are in the legislation.

I think a go-slow "build" kind of approach would have helped to mitigate the normalization process. It may be easier from a licensing, authorization and enforcement perspective, and it would have streamlined input by local stakeholders with respect to siting issues.

Those are some of the reasons. But we do acknowledge, of course, that it would take longer to curb the illegal cannabis market.

**Ms. Sara Singh:** Would it be a recommendation, then, Robert, that the approach be maybe licensing a certain number of stores per year, to ensure that we are going slowly, and increasing access at a pace that we can keep up with?

**Dr. Robert Kyle:** I think that our members would support that rather than making it wide open. But again, it's a question of balance, isn't it? You want to make it available on the one hand, but you want to curb the illegal market on the other hand. It's a balancing act. I think that "Go slow, learn as you go along and don't leave it wide open" makes a lot of sense in terms of our members' views.

**Ms. Sara Singh:** Thank you.

**The Chair (Mrs. Nina Tangri):** Go ahead, Doly.

**Ms. Doly Begum:** Thank you very much. You mentioned products—that e-cigarette advertising, for example, has a risk to kids. Was there any research done that looks into it, or any surveys?

**Dr. Robert Kyle:** I'd have to dig into the evidence in our submissions, and off of the top of my head, I can't provide you with that. But we'd be happy to get back to the committee on that.

**The Chair (Mrs. Nina Tangri):** You have one minute.

**Ms. Sara Singh:** I suppose with respect to vaping and advertising for vaping products—are there avenues we can explore that would allow consumers to access vaping products while protecting young people? Do you have recommendations on what avenues we could explore?

**Dr. Robert Kyle:** I don't. All I would say is, the point we are trying to make is that by making cannabis available widely through the retail model, coupled with allowing it to be smoked or consumed where tobacco is consumed, you are normalizing its use. So anything that the committee or the government or the Legislature can do to apply a child-and-youth lens to that, to mitigate the normalization, I think would be a welcome step. I think that the display and promotion of vaping products would contribute to mitigating, if you will, the normalization that's going to happen as a result of the approach that is being adopted.

**The Chair (Mrs. Nina Tangri):** Thank you very much. I'd like to go to the government side: Robin Martin, MPP?

**Mrs. Robin Martin:** Hi. Thank you for the presentation, Robert. As you said, it's a question of balance. The government has certainly been working hard on this legislation and the regulations to strike the appropriate balance. I am not sure if everybody is aware, but there is a two-year review built into the legislation. Part of that is that we're trying to get the balance right. We're all learning about what will happen and what will occur, so we expect that there may be some changes required. At

least we're building in a chance to revisit some of these issues as we see them.

We do believe that the protection of our children is the most important thing. The only reason really to be concerned about the economic interests of people who are selling the product is to make sure that they are able to achieve the number one thing that the legalization of marijuana is supposed to do, which is to undermine the illegal markets and all of the bad that goes with that.

I guess, in looking at the balance, what I wanted to ask you—you've acknowledged that undermining the market is an important objective. Is there anything else that you can suggest to us beyond what you've already said about how we can better protect children and youth in the circumstances?

**Dr. Robert Kyle:** I guess the short answer is: If there were, I would have included it. It strikes me—and we all have had to scramble because of the tight timelines and so forth, so if I've missed some details in the legislation, I apologize. I'm delighted there is going to be a two-year review.

When I read the government's news releases regarding the retail model and the protection-of-kids commitments, it seemed to me to centre mainly on restricting sales to kids under 19 years of age and the penalties that are going to be put in place with respect to infractions as a result of the retail model. It seemed to focus largely on that piece.

We think that another consideration is not only the sales piece but also—and you've heard this from others—the normalization piece. It's the subtle things. It's products that are attractive to youth. It is the siting of retail places that are frequented by youth beyond schools: arcades, amusement parks, parks—the list goes on—and things of that nature.

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I think that we've tried to be fairly inclusive in terms of our recommendations. I think I heard from the previous deputation about the impact at the storefront with respect to in-shop sampling. I am sure there are other things that perhaps are not included in our submission that you will hear from others.

I think the main point is, beyond just restricting sales, having tough penalties and, hopefully, having robust and effective inspection of retail stores, that you consider the impact of the normalization, and if not now, when you do your review in two years. It strikes me that the balance you've tried to create may not have taken the normalization of cannabis use into account.

**The Chair (Mrs. Nina Tangri):** Just one minute.

**Mrs. Robin Martin:** If I could just follow up, I am struggling to understand the difference between legalization and normalization. I know what the words mean, but once we have legalized the product—which is a fait accompli; the federal government is proceeding in that direction—how do we not normalize consumption? I know we've done a similar thing with alcohol consumption. It is effectively normalized. Even though it's sold in public retailers, it is normalized, unfortunately. In some ways, it's a problem for our society at large, because these

are products which also can harm people. So I'm struggling with how you'd like us to un-normalize—

**Dr. Robert Kyle:** I think alcohol is a discussion for another day; I would argue we've gone way too far. I think there is very compelling evidence that alcohol use leads to a whole host of human health effects.

I think the point is, whether you are looking at cannabis, or nicotine for that matter, and the devices that are used to aid their consumption, there is one thing about putting rules in place with respect to current users. We are talking a new generation and we are talking about being on the eve of, "What messages do we send to our kids with respect to both cannabis and nicotine use?"

When I was growing up, many decades ago, I recall going to many places where, if you were watching a hockey game or whatever, that's the smoke room. You were exposed to the smoke room and it was normal. I am very pleased that with the Smoke-Free Ontario Act and the restrictions that are currently in place, we're not going way, way back to a time when it was the Wild West with respect to tobacco.

**The Chair (Mrs. Nina Tangri):** I am going to have to stop you there. We have used up our time. Thank you very much for presenting to us today. We appreciate it.

#### BLACKSHIRE CAPITAL

**The Chair (Mrs. Nina Tangri):** I'd like to call upon BlackShire Capital to please join us. Thank you for joining us and please introduce yourself.

**Mr. Jean Lepine:** Thank you. Good afternoon. My name is Jean Lepine. Bonjour à vous tous. I am a managing director and partner at BlackShire Capital.

Firstly, all of my recommendations are rooted in a commitment to the following three principles: a commitment to the health and safety of consumers while operating within the legal framework; made-in-Ontario products and Ontario entrepreneurs; and strong support of innovation.

Let me tell you a little bit about myself before proceeding further. I've worked in government at both the federal and provincial levels. I've worked in the innovative pharmaceuticals, beverage alcohol, audio and electronics and children's media industries before joining a former teammate from the University of Ottawa, an entrepreneur, Kevin Reed, the founder of BlackShire Capital, to explore investments in private cannabis companies around the world. I've had the good fortune to have lived and worked in Canada, the US and Europe. I'm also a dad, with two young daughters under the age of 12.

BlackShire Capital is a Toronto-based private equity firm, a principal investor and asset manager uniquely focused on active investments in private companies in the global cannabis space. Our team includes some of Canada's top business leaders through an executive-in-residence program and proudly extends into Europe and the US. So far, we have raised and deployed capital in cannabis cultivation operations, beverage and consumer products brands, and most recently, in cannabis retail operations here in Ontario. In late 2018, we'll launch an

Israeli medical research fund and in early 2019, a European medical cultivation fund, followed by a retail fund.

Of note, BlackShire is also a founding member of Ontario's Independent Cannabis Entrepreneurs. The coalition was formed to represent member companies concerned with the development of policies that help cannabis entrepreneurs succeed and grow in Ontario's economy.

Thank you very much for having me here.

The Ontario government took the bold step to reverse the previous administration's public delivery model for cannabis retail. In our view, the legislative framework introduced through Bill 36 creates a strong foundation for an innovative cannabis economic sector. Of the many private-public retail models the government could have adopted, and speaking now as an entrepreneur, we believe that the government has proposed a path forward that creates a fair and transparent regime and one that, on the surface, is positive for cannabis entrepreneurs in Ontario.

As we all know, the regulations will truly bring this legislation to life, so we will share our views on what honourable members and the government should be mindful of as this legislative mechanism is reviewed by the committee and ultimately the Legislative Assembly.

At the outset, this legislation appears to avoid some of the perils that the Alberta private model created, perhaps unintentionally, whereby both municipal and provincial governments must approve each retail licence application, resulting in a burdensome approval process. Based on the latest information available, Alberta has approved 17 licences. In the city of Calgary, only two stores will be open on October 17.

As a reminder, Alberta began accepting applications in late March 2018, with the objective of having 250 store licences approved in the first phase. The legislation appears to set up a framework that will expedite approvals through a single agency, thus giving government a fighting chance to see stores open by April 1, 2019, and begin the process of eliminating the black market.

That said, there is another major competitive issue that is quietly boiling below the surface. It is meaningful and deserves discussion. Many retail stakeholders are aware that some of Canada's biggest licensed cannabis producers—some who have presented and will present to this committee, some now foreign-owned—are stealthily working behind the scenes to ensure they have a position of power in cannabis retail in Ontario. Public comments have been made that suggest they will attempt to control retail through whatever means they can achieve. Conversely, when the legislation was announced, the government's intention was clear: Each licensed producer would be allowed one retail store at their licensed production facility, much like brewers are allowed a store on their production site.

To manage this thorny issue, BlackShire's counsel is that the committee members recommend and that government adopt a zero-ownership rule for licensed producers. Simply put, LPs can't own any interest in a retail organization other than the operation of their on-site store. This is

the simplest and most transparent means to ensure that the original intent is preserved and an oligopoly is avoided out of the gate.

Major retail landlords have told us that they are waiting to see how the government defines ownership and affiliates—I know that has been a point of conversation here—before releasing available retail sites currently tied up by the large LPs. It is therefore necessary that the regulations that define this bill do not create unintentional loopholes benefiting large producers in Ontario—don't forget, there are 65 producers in Ontario; only a few of them are large—allowing them to gain a first-mover advantage that will shut out small businesses from this economic opportunity. As mentioned earlier, BlackShire is a proud founding member of Ontario's Independent Cannabis Entrepreneurs, or OICE.

To use a well-understood historical analogy somewhat unique to Ontario, OICE is trying to sensitize government officials to the downsides of allowing a Beer Store model to take shape unintentionally. That retail model is well known to have allowed major brewers to own and manage retail. It wasn't until the government intervened and provided access to craft brewers' products through the LCBO that an innovative craft brewing segment flourished. It's important to point out that the Beer Store is now almost entirely foreign-owned.

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OICE has developed a set of recommendations aimed to help build a retail model that highlights the three principles I outlined at the beginning.

The first recommendation is to create a prescribed definition for affiliate ownership, to prevent a small number of large companies from dominating the market through affiliate companies. If the committee and government can't adopt a zero-ownership rule, which is BlackShire's recommendation, then OICE's recommendation is that the combined licenced producer share ownership does not surpass 9.9% for any retail organization.

The second is to ensure the new retail network is available for all growers' and cannabis entrepreneurs' products. The government should institute a cap on the total number of retail stores that any one retail organization can achieve, at 15% of total licences approved. That's akin to Alberta's model. In our view, this construct will encourage innovation and made-in-Ontario cannabis industry jobs.

The third is to prevent proximity limits for store locations in relation to other stores. Restricting the proximity of store locations to each other will create an oligopoly, allowing large first-movers—and here I specifically speak of grocery retailers, if they're allowed to become cannabis retailers—to dominate the marketplace. The bill already includes a public notice period to address any significant proximity issues.

The fourth is to introduce a freer online private marketplace, including the creation of a cannabis delivery licensing class, allowing small businesses to serve remote communities, or municipalities who opt out, that will have less or no access to bricks-and-mortar stores.

The fifth is to create an exclusionary list of ancillary products and services that cannot be sold in retail stores, rather than a permissive list of those that can—such as is the case currently for beverage alcohol—to ensure that innovative products and services, including ones that promote health and safety, can be accessed by consumers.

One final thought, if I may: While it's not foreseen in this legislation the committee is examining, I have written about the opportunity for a Canadian jurisdiction to put a stake in the ground and promote itself as the global centre of excellence in medical cannabis research and innovation. The industry for cannabinoid-based drug therapies is in the early stages of growth. Recent developments regarding cannabis legalization have directed a spotlight onto the potential health and medical applications of the plant. Entrance to the industry comes from a wide range of sectors, including those looking to bolster existing operations and those who consider cannabis a disruptor to their businesses. If we look at the cities that boast a risk-taking culture; talented, diverse and imaginative students; a sense of community and one that gives back; access to abundant capital; and collaboration with industry and government support, many leading Ontario cities come to mind.

**The Chair (Mrs. Nina Tangri):** You have one minute.

**Mr. Jean Lepine:** In our view, Ontario has the ingredients needed to replicate Silicon Valley's tech start-up success in the cannabis space.

If, however, a Canadian jurisdiction with the right ingredients doesn't step up and put a flag in the ground and build a strategy to attract this research community and the entrepreneurship that will come with it, we will see this unique Canadian advantage slip away and likely settle somewhere in California, Washington state, Oregon or Massachusetts, where retail design enables a strong research funding base.

Do keep this in mind as you deliberate on this legislation and Ontario's competitiveness on the world stage.

I thank you for the opportunity to share our views with the committee, and I look forward to answering any questions you may have.

**The Chair (Mrs. Nina Tangri):** Thank you very much.

We'll begin with Lindsey Park.

**Ms. Lindsey Park:** Thank you so much for your presentation. I found a lot of the very specific points you've highlighted helpful. A lot of them are going to be set by regulation, so those decisions haven't been taken yet. They can't be taken until the legislation passes.

I just wanted to highlight something you said in your conclusion, which is about attracting entrepreneurship to the space and to this market in Ontario as it develops. What would you say are some of the key things that we need to do as a government to encourage that?

**Mr. Jean Lepine:** One is not to hide from the fact that this is now an area of economic interest for the province. If the province decides that this needs to happen, and it is willing to encourage innovators in the space, then it needs to actually talk about it and not hide behind the fact that some people are uncomfortable with it—and some people are. We should educate and inform people of the upside potential of this industry.

There is tons of history. This plant just didn't come to bear in the last 100 years; there are thousands of years of history behind its uses. So there's a ton of education that needs to happen.

But the government will have to take some kind of a lead in this, or at least send signals to entrepreneurs that it's interested in seeing them thrive. I worked in the pharmaceutical industry previously, and the government of Quebec made a point of encouraging innovative pharmaceutical companies to establish their research functions in Montreal or in Quebec. They had policies in place to encourage that vibrancy, for entrepreneurs and academia and institutions—health care or universities—to come together to try to find the next best thing to solve our ills. The same is true for cannabis. The same is true for those who want to pursue this conversation.

I think there is a terrific opportunity. MaRS is here. There is a hub here in Toronto. There is a hub in southwestern Ontario. Ottawa might decide that it wants to do this. But somebody has to step up, otherwise it will go to California. It's a no-brainer that it will end up in California, because they have an existing retail system, they have an existing university network and they have Silicon Valley, which knows how to do this. The mindset of entrepreneurship combined with educational institutions exists. They will pursue it, but we have a chance to do it first.

**Ms. Lindsey Park:** Our government hasn't been hidden at all in stating what the objectives of the legislation are, one of the major ones being to undermine the illegal market. Obviously, the competitiveness of the retail market is strongly connected to that objective. What sort of tools do you think we can put in place? From your presentation, I understand that a lot of them will be by regulation later. But what can we do to help undermine the illegal market and ensure that competitiveness?

**Mr. Jean Lepine:** Well, in my view, the faster you get to bricks-and-mortar stores, the faster you get to eliminating that—or, at least, the attempt to eliminate that market. The measures that have already been undertaken in terms of the construct of the legislation, which essentially take away one complexity at the municipal level, to me, give you that fighting chance. I know that I said that in my remarks. When we look at Alberta, which is trying to implement a private model, the complexity of trying to get through the process—for all the right reasons; nobody did it on purpose—is so difficult that they ended up with just a small number of stores.

**The Chair (Mrs. Nina Tangri):** You have one minute.

**Mr. Jean Lepine:** There's an opportunity, and I think that the government has taken that first step. Municipalities still have the option to opt out, and they can do that willingly. But for those municipalities who want to see some kind of crafty jobs in their municipalities, then that option is there, and the sooner we can get through processes and get stores open, I think we have a better shot at trying to eliminate that black market.

**The Chair (Mrs. Nina Tangri):** Amy, there are only 20 seconds.

**Mr. Amy Fee:** Just quickly: You had mentioned that you have two daughters as well, so obviously you have expertise in this area and also in being a parent. I'm just wondering if you have any suggestions for us on how to protect youths, because that is one of our main goals in this legislation.

**Mr. Jean Lepine:** I think that we would all agree that as parents our role is to try to educate, inform and shape them. I have been honest with my daughters in terms of the work that I do and the companies that we invest in, and I have talked to them directly about the cautions around cannabis use. As I grew up, my father was a sales rep for Seagram's, so I knew that alcohol was in our house, but I didn't chase it because I knew what it meant.

I've worked in the beer business, so it's not foreign to me to have these kinds of issues around the house. I just talk to them very directly: "This is not something that you will have as a youngster or as a teenager. We can talk about it later." But I'm not going to hide it from them.

**The Chair (Mrs. Nina Tangri):** Thank you. I would like to give the opposition an opportunity to ask questions.

**Mr. Jean Lepine:** Of course.

**The Chair (Mrs. Nina Tangri):** Doly Begum.

**Ms. Doly Begum:** Thank you for your presentation. If you wanted to finish your thought in terms of harm reduction and youth protection, please do.

**Mr. Jean Lepine:** If my daughter came to me and said, "Would you come and speak at our school?"—because she's in grade 7—I would absolutely go and talk to the kids about my own views. I'm not a health practitioner or an expert in this space, so I am not trying to be that. But I certainly would talk to them about the things they need to think about before they engage in cannabis, alcohol or anything else that may have impact on their health. I would probably talk about sports more, though, because I think that that's good for them.

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**Ms. Doly Begum:** Thank you very much for your presentation. You mentioned what an opportunity it is for small businesses, for entrepreneurs. What would you recommend in this legislation, or to be careful of, in terms of helping those small businesses so that the big-box don't take over and so that we do provide opportunities for the small guys and that it is legalized and is regulated?

**Mr. Jean Lepine:** Based on our experience in Alberta, the requirement for small entrepreneurs to be successful—and we're talking about retail store applications—is just a question of transparency. Provide them with the option to, essentially, open their kimonos to their financial backgrounds, their criminal backgrounds—none in this case. That will weed out any bad element and will allow any serious entrepreneur who has an interest in this space and who thinks that they can run a retail store appropriately to have an opportunity.

The other thing I would suggest, but that also adds a layer of complexity, is that perhaps the government consider, in the first round, only approving licences of organizations that can open five stores or more. Then you are dealing, probably, with a more robust organization that

can organize capital and organize people, as opposed to a one-off.

That is a bit of a juxtaposition to the question that you asked, but if we're trying to get to the illicit market and we're trying to get stores open by April 1, our experience in Alberta is that that didn't happen quickly and was difficult. You need to take out some of the roadblocks. One is that maybe you don't say that all applications will be seen; you say that all applications of five or more will be seen first, and then others will be seen after that. That might be a way to try to get there faster. It still supports entrepreneurs, because if you can cobble together the finances and people to open five stores, you're still an entrepreneur; you're not a major box.

**Ms. Doly Begum:** Don't you think it would eliminate some of the guys who have one store, for example, or who are just trying to use this opportunity to open up a new venture?

**Mr. Jean Lepine:** It may, but the answer—it's not saying no to them. It's just saying, "You're second in line," as opposed to first in line.

**The Chair (Mrs. Nina Tangri):** Sara Singh.

**Ms. Sara Singh:** Thank you very much for the presentation. I just wanted to follow up on some of the points that you made with respect to creating freer access online. Could you elaborate on what you would like to see in terms of wholesaling or distribution being made more accessible to private entities?

**Mr. Jean Lepine:** Yes. Well, we all know that the construct is that Ontario Cannabis Store is the online retailer and that other retailers who will begin that process of trying to engage with customers and their consumers won't have an ability to then sell online. We get it. We get why it's set up that way at the outset, but we think that over time maybe that should transform itself into allowing retailers to have that relationship. Maybe it's a question of a couple of years. In the interim, if you live in more rural areas, you may not have access to a retail store. Your only option is to look at something online, and maybe there's something in between. In California, you can have house parties where people come in and educate you on the products—it's not a sales event; it's education—they leave, and then you can order stuff online. Maybe that's a process that might work in rural areas where there won't be a store.

**The Chair (Mrs. Nina Tangri):** You have 30 seconds.

**Ms. Sara Singh:** Right. Just along those lines, if you could elaborate on some of the concerns around large LPs entering the market and undercutting some of those smaller entities.

**Mr. Jean Lepine:** Well, I'll just be as frank—I know it's a contentious issue, and I don't think anybody wants to talk about it, but I will. We are a small business. We're investing in a retail company. We've created this company, we have a team, and we are pursuing retail sites, but we are being told by major landlords that those sites are tied up in anticipation of clarity from government. So we're like, "Well, tied up by who?" By the people who you might guess they are. It's not hard to guess.

**The Chair (Mrs. Nina Tangri):** Thank you very much for your presentation. Our time is up, and thank you.

**Mr. Jean Lepine:** Of course. Thank you.

#### HEXO CORP.

**The Chair (Mrs. Nina Tangri):** Hexo Corp. are here. Welcome. Please introduce yourself.

**Dr. Terry Lake:** Good afternoon. Thank you very much for having me here today.

My name is Terry Lake. I'm the vice-president of corporate and social responsibility for the Hexo Corp., a licensed producer of medical cannabis, and we'll be, obviously, in the adult-use recreation business as well.

A little background: I am a former councillor and mayor of the city of Kamloops, from 2002 to 2008. I was also a member of the Legislative Assembly in British Columbia, from 2009 till 2017. I served as Minister of the Environment for two years and Minister of Health for four years, from 2013 to 2017.

Now I'm in the cannabis business. You may ask why I chose to be in the cannabis business. Let me start by saying that when I was Minister of Health and the federal government decided to legalize cannabis, obviously the media and the public were interested in my views. Because the provincial government didn't really have anything to do with the medical cannabis program, which was obviously a federal program, we hadn't thought much about cannabis, generally speaking. You probably know that cannabis use is normalized already in British Columbia. It was something that was an issue, but more of a federal government and local government issue. My response to whether or not I was in favour of legalization was, "Yes, I'm very much in favour of legalization."

Canada has one of the highest uses of cannabis in the world. Of Canadians between the ages of 16 and 24, about 37% use cannabis on a regular basis. So we know that cannabis use is happening. To legalize cannabis and take it from an unregulated, totally unknown quantity often controlled by criminal gangs and put it into a highly regulated system in which the quality is assured, the concentration of the cannabinoids, THC and CBD and others, is known, there are no pesticides, there are no heavy metals—to me, that made a lot of sense from a public health point of view. As a father of three daughters, I asked my daughters, when they were growing up in Kamloops, if it was easier to get cannabis or alcohol in high school. They said that cannabis was much easier to get hold of. So young Canadians were getting hold of cannabis and using cannabis without the quality assurance, without the regulations that are protective, without the education about what cannabis is and what cannabis isn't, because people were not really talking to young Canadians about cannabis.

I got into this business after attending a conference at which my daughter, who's a PhD student at the University of British Columbia, was presenting. She is doing research in cannabis and opioid interaction and how cannabis may actually play a role in combatting the opioid crisis that

we're facing all over North America. I began to learn about the fascinating science of this plant. I'm a veterinarian by profession, so that science background was activated by the knowledge that I didn't have before about cannabis. I wasn't a cannabis user, except a little bit in high school, of course, like many of us. So I learned a great deal about the prohibition of this plant and what that had done in terms of stigmatizing people, criminalizing people, really reducing their opportunity to have a good and productive life—because the social determinants of health are certainly impacted by convictions for simple possession of cannabis, which happened for so long in this country.

I also was very intrigued by the huge public policy challenge of going from an illegal to a legal system. So let me just, before I say anything else, congratulate all of you for your election results and for serving the public. It is an unbelievably fun, interesting and extremely challenging task that you've taken on, and I wish you all the very best. Dealing with public policies like this is difficult, because there are entrenched views that we sometimes have to challenge, and we have to challenge ourselves to have an open mind about where we're going with the legalization of cannabis.

A little bit about Hexo: Again, we are a licensed producer. We're based in Gatineau, Quebec. We have been in the medical cannabis business for five years, serving patients across Canada. We have grown from a company of about 40 people, when I joined a year ago, to having about 500 employees by the end of this year; going from about 45,000 square feet of growing space to 1.3 million square feet of growing space. We have operations in Gatineau. We will be opening operations in Montreal and opening in Belleville, Ontario as well, occupying the former Sears distribution centre. We hope to employ about 300 people in Belleville, and I know the community there is very excited about that.

#### 1510

Cannabis, for me, is something that is largely misunderstood by many people, because it's not one thing. We tend to think of cannabis as THC, the substance that gets you high. We associate that with the sort of stoner mentality of the Cheech and Chong era. But cannabis is over 150 different cannabinoids, or molecules that have an impact on the body's own endocannabinoid system, a system of receptors in the body that respond to cannabis components. Many of them are not psychoactive.

CBD, for instance, or cannabidiol, does not get you high but it does produce anti-inflammatory effects, analgesic effects, mood-modulating effects. It is the subject of a lot of research for things like schizophrenia and for bipolar disorder. So the legalization of cannabis in Canada will open up the door to huge research opportunities that I think will put Canada into the global leadership space in cannabinoid research.

In terms of this bill, I think, from a public health perspective, it is the right thing to do. I come from a province where alcohol sales have been a hybrid of government and private sales for many, many years. A

government-only system that was proposed for Ontario and is going to be the case in Quebec is not the best way to achieve one of the major goals of this legislation federally, and that is to get rid of the black market, because it's difficult to compete with the black market if you don't have accessibility for your product. And so, opening it up to the private sector, I think, hugely increases the opportunity for access.

Now, the other goal, of course, is to keep it out of the hands of young people, and the longer you delay the consumption of alcohol and cannabis—and tobacco, for that matter—the better off you are. We know that from a public health perspective.

I think you can accomplish both of those things. I know the argument may be made that government employees could do a better job of monitoring and age-gating these retail outlets, but I really don't believe there's much of an argument for that.

I'll give you a couple of anecdotes, being very aware that the plural of anecdotes is not data, but in Washington state, for example—my mother-in-law has a house in Bellingham, just across the border. We're there often. The last time we were there with some of my daughters we went to visit a cannabis retail outlet, as I was curious how it was set up. I didn't have my passport with me, but they did. Well, they are 24 and 27. They were allowed to go in. I was not, because I didn't have ID. So the Washington state stores take age-gating extremely seriously. There are security cameras and they know that inspectors can come in at any time and ask to see the video of the comings and goings.

In Victoria this past week, where I was talking to the chamber of commerce about business opportunities around cannabis, I visited a current black market dispensary on one of the main streets in Victoria that has a business licence from the city. Again, there was a security person outside the door making sure I was old enough to go into the store. The retail experience put on by this private company, licensed by the city of Victoria but federally illegal, was extremely professional.

And if you look at the difference between liquor stores that are run by the private sector and the government liquor stores in British Columbia, there is absolutely no difference in terms of the compliance with age-gating minors accessing those. Studies show that there is really little difference between them.

**The Chair (Mrs. Nina Tangri):** You have one minute.

**Dr. Terry Lake:** Thank you very much. I think this bill, with the ability for secret 18-year-old shoppers to go in and to have enforcement and to make sure that private operators are compliant is sufficient, and I think that's been proven out in the liquor model in British Columbia for many years.

I'm very much looking forward to your questions and, again, thank you for your commitment to public service.

**The Chair (Mrs. Nina Tangri):** Thank you very much. Sara Singh?

**Ms. Sara Singh:** Thank you very much for your presentation. I think you've raised some really interesting

points. I wanted you to just, perhaps, elaborate a little bit more on the destigmatization of users who are accessing our private retail stores. What would you suggest can be done to help destigmatize use?

**Dr. Terry Lake:** Well, to be honest, I come from a province where it really has been destigmatized, and I think that all over Canada, it is rapidly becoming destigmatized. I talk to many people my age who are, and have been, using cannabis, and they are open about talking about it today, whereas a few years ago, they would not. The people who are using it—women who are dealing with menopause, for instance, are using it to help with the symptoms of menopause. People are using it to help them sleep. Some people are using it for enjoyment on the weekends. But it has become destigmatized in many parts of this country. We are now having more open discussions about it at the dinner table.

I think if you have a professional retail operation that is age-gated properly, that has corporate social responsibility messages in terms of responsible production and responsible use, then people will quickly realize that this is a plant that many people want to access and that many highly functioning people access readily today.

**Ms. Sara Singh:** I think that those are very fair points. As we move through that legalization-to-normalization process, do you feel that there are some additional concerns for young people, who may not understand what the health impacts are in consuming this—for, example, to deal with sleep disorders—at a very early age, once they turn 19, to start consuming what they feel might be a medicinal product but is in fact a recreational product? Do you have any thoughts you might want to offer up on that?

**Dr. Terry Lake:** Thank you for that question. The kind of language we've used with young people for so many years around drugs has been fear-based—

**Ms. Sara Singh:** It has been.

**Dr. Terry Lake:** —the DARE approach, “Just say no to drugs”—and we know that hasn't worked. We know that young people are pretty sophisticated when it comes to talking about alcohol and talking about cannabis.

The Canadian Students for Sensible Drug Policy, for instance, has developed a tool kit which is designed to help organizations and parents to talk to young people about drugs in a non-fear-based approach.

Talking about what cannabis is and what it isn't is very important—distinguishing between THC and CBD, for example, or making people understand that if you are using cannabis to deal with a mental health or a physical health problem, that should be done with a primary health care specialist, whether it's a physician or a nurse practitioner.

I think those conversations should be had and are being had in schools and around the dinner table with parents.

**Ms. Sara Singh:** Fair enough. I just wanted you to also elaborate: You had mentioned the importance of investment in research around cannabinoid use. I think it's important to help people understand the difference between the recreational market and the medicinal market, because there are very different types of drugs that you're essentially accessing. Maybe just elaborate on what some of

those research opportunities can look like and why it is so important that this legislation, as well as any public education programs, do make that clear distinction for folks.

**Dr. Terry Lake:** Yes. It is difficult for a lot of people to understand the spectrum of use of cannabis. You may have someone using cannabis for a medical condition, like fibromyalgia, for instance. They may use it daily for that purpose, but then they may use it recreationally on the weekend, and they may use something very similar but in a different form or a different potency than they're using day-to-day.

That's why we need to have these discussions, to help people understand the difference between THC and cannabidiol, and the combinations of the two.

There's no question that both the major cannabinoids, CBD and THC, have medical applications. THC, we know, is not really likely to help people with schizophrenia—in fact, it may worsen schizophrenia—whereas CBD has some amazing potential to help people with schizophrenia. That's why research is so important.

We're talking to, for instance, CAMH about working with them. I've been to presentations from the University of Western Ontario, which has a very good model for CBD research.

We're just starting to explore these things because we haven't talked about it for so long because of prohibition. I think we actually will provide many health and public health benefits if we understand cannabis properly.

**The Chair (Mrs. Nina Tangri):** Thank you very much.

To the government side: Who would like to speak? Lindsey Park.

**Ms. Lindsey Park:** Thank you so much for your presentation. It has been very helpful for you to share with us what's happening in some of the other jurisdictions that you have experience with.

You have mentioned, I think, quite clearly, and in a helpful way, that strict regulation of private retail stores can ensure that we keep cannabis out of the hands of kids, and you provided some examples of how that's working in other jurisdictions.

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Can you just take that a step further and explain to us how that's working, and what sort of strict regulations they've put in place of those private retail storefronts to ensure that?

**Dr. Terry Lake:** First of all, you need to have a retail regime that is dedicated to cannabis, not something that is sold along with a whole bunch of other things. People need to know what this product is, to be able to talk to people about responsible use in a very detailed way and take the time to talk to people.

A lot of people will be trying cannabis for the first time, or for the first time in 30 years. They need to know, for instance, that their liver enzymes have not dealt with this drug for a while, and so they need to start low and go slow. They need to make sure that if they're consuming product that is made today, it may be different than the kind of product they might have consumed in 1975.

That's why I think you need to have a retail environment that is really dedicated to this product and the things around this product, rather than something that is sold on the side in a convenience store kind of environment. In some jurisdictions across the country that have alcohol in convenience stores, there's probably not a lot of responsible-use messaging that goes on, because it's something that is just one product out of many in that retail store. So I think a dedicated retail model is important.

We have examples of well-gated environments, like casinos, for example, where young people are not allowed. They're not allowed to gamble online unless they can prove that they are of age.

So there are systems in place, if you put your mind to it, that age-gate these facilities very, very well. It doesn't take much, if someone steps out of line, to bring them back into line through a very heavy penalty.

Another anecdote, if I may, again with my daughter: I was health minister at the time. We walked into a private liquor store in Victoria, BC. My daughter was 25. She went to buy something; we were just with her. She didn't have ID with her, and so they wouldn't sell it to her. So I said, "I'll buy it," and they said, "No, you're with her. You can't buy it." They had been fined because, in the past, they had done that.

So it doesn't take much to get people to really be compliant. They don't want to lose their business.

**Ms. Lindsey Park:** Our framework proposes that the Alcohol and Gaming Commission of Ontario be the regulator of cannabis and of the private retail storefronts. What do you think about that proposal?

**Dr. Terry Lake:** I think it makes eminent sense. They're dealing with two other products that you have to be of age to consume. They're both products that come with potential adverse effects. It's important that the delivery of those products is done in a way that recognizes that some people are susceptible to those adverse effects, and that is able to help people identify if they are affected adversely, and have programs in place to assist them, whether they are responsible gaming programs or responsible consumption programs. Sometimes they may be voluntary exclusion programs, which we have in British Columbia in gaming and I'm sure you have here as well.

I think that makes a lot of sense, because they've got the experience to make sure that it is restricted to people who are of age.

**The Chair (Mrs. Nina Tangri):** You have just under one minute. I think Aris had a question.

**Mr. Aris Babikian:** Thank you very much for your presentation. I know we're in uncharted waters, and this is a new route or path we are launching. We will have two years down the road to revisit and review the whole issue. But in the meantime, from now until then, from your experience, what kind of additional recommendation can you provide us, especially when it comes to youth and the safety of youth and the use of the product?

**Dr. Terry Lake:** First of all, I think we are rightly concerned about young people, and we should be making sure that they are fully informed and that they delay the onset of use as long as possible.



But if you look at the statistics from Colorado, the reality is that the use among young people has actually gone down slightly, not up. Consumption generally has gone up, but that's older people. Some people say, "Why would young people consume it less?" Some people think, "If your parents are consuming it, what's the point?" It loses a bit of that cachet value.

But I just want to say one thing, responding to a point earlier about corporations like ours getting involved in retail business. First of all, I think it's a good idea to allow LPs to have retail sales from their production facilities. I think that is something that the public will be interested in—a bit of that craft-beer-and-winery kind of approach. I don't think you need to fear licensed producers taking over the industry. You can put restrictions on ownership, as Alberta has. I think that is something the industry has no problem with at all.

**The Chair (Mrs. Nina Tangri):** I'm going to have to cut you off there, but thank you very much for your presentation.

**Dr. Terry Lake:** Thank you all very much.

#### HEART AND STROKE FOUNDATION

**The Chair (Mrs. Nina Tangri):** If I can ask the Heart and Stroke Foundation, please, to join us? Welcome. Please introduce yourself.

**Ms. Liz Scanlon:** Thank you very much. My name is Liz Scanlon. I am the senior manager of public affairs for Heart and Stroke Ontario. I very much appreciate the opportunity to speak with you this afternoon.

I want to, first of all, focus specifically on section 24(1)(g) of schedule 4, which relates to the promotion and display of vaping products in retail outlets, convenience stores and other similar retail locations.

There are two things that I want to say upfront first, which is that, by and large, Heart and Stroke is very pleased with Bill 36. We think the provisions around vaping in general are very positive. We also want to note that we are able to endorse the in-store testing provisions for specialty vape shops with the provisions and limitations that are currently outlined in the bill. I wanted to get that on the table first.

I also want to clearly state that Heart and Stroke recognizes that for adult smokers, there is a potential benefit in making vaping easily accessible, in terms of a harm reduction or a quit aid. This is based on the scientific consensus, of course, that we all know that vaping is less harmful than cigarettes. And we do not object to the promotion and display of vaping products in specialty vape shops, accessible only to people over 19, for that exact reason.

The scientific consensus for youth and non-smokers is equally strong. We know that there is no potential benefit and only harm for non-smokers and youth to be accessing vaping products. All stakeholders around the table seem to agree that if you do not smoke, you should not vape. That's where our concern lies with the retail display and promotion: We don't feel that this generation of youth should be guinea pigs for an addictive product for which we do not

know the long-term risks but we do know the evidence of short-term risk is growing almost by the day.

An indication, I think, of the seriousness of the way that this is being treated is coming from the United States. The FDA—Food and Drug Administration—in the US right now is calling youth vaping an epidemic. They're talking about historic measures that they're taking to counteract youth vaping. This has included requiring five manufacturers of vape products to, within 60 days—towards the end of September, this was launched—circulate plans to stop kids from accessing their products or risk having those products withdrawn from the market. In that context, where the FDA is responding very strongly in the US, it's difficult to understand why we in Ontario here would facilitate the display and promotion in settings that we know are frequented by youth and what objective that promotion would ultimately serve.

As you know, vaping products are often fruit or candy flavoured. Right now in retail, displays—again, convenience stores—are often located right next to candy, so these are other products that are appealing to kids. The image that I've provided in my submission is taken in a convenience store in Perth, Ontario. That's very much the kind of display and promotion that we're concerned about. You can see the vape juice there, all the different flavours, right above the shelf with all the candy, right at eye level for young people.

I will say that there's a reason why point-of-sale displays are used so frequently by different kinds of companies and different kinds of industries. They simply work, and we know that through a meta analysis of a series of studies on point-of-sale displays of products of cigarettes, which concluded that children and adolescents who have been exposed to these kinds of displays have 1.6 times higher odds of trying smoking and 1.3 times higher odds of being susceptible to future smoking than those who do not see these displays.

Another study of point-of-sale displays demonstrates that kids who are exposed to these displays tend to overestimate peer smoking. So they're seeing it in convenience stores and assuming it's more normalized in their peers than it may actually be. So it's clear to us that a point-of-sale display sends a strong message to kids that these products are obviously accessible and available, but also normal and common; they are being used normally and commonly.

To step back a bit: Why is youth vaping such a concern to Heart and Stroke if we know that it is in fact less toxic than cigarettes? As I said at the outset, the long-term impacts are not yet clear, but there is a growing body of evidence that both nicotine and vapour impacts and harms developing bodies and brains. The latest research links vaping to negative cognitive, cardiovascular—of particular concern to us, obviously, at Heart and Stroke—and respiratory impacts.

#### 1530

There are some studies there that I've outlined in the presentation, but basically the most concerning and very recent study indicates that daily use of vaping doubles the

risk of heart attacks, obviously a big concern to us; it also increases the incidence of respiratory illnesses among children, young vapers; and the US Surgeon General notes that nicotine found in vaping juice, most alarmingly for young people, is known to alter adolescent brain development and can affect memory and concentration in young people.

Underscoring all of this is that nicotine is tremendously addictive and vaping can set up youth for a lifetime of dependence on nicotine.

I want to reflect back on the strides that we have made since 1999, in the 1990s and 2000s around tobacco control. I think that we have an opportunity to learn from those lessons through that time and apply those learnings to prevent another generation of nicotine-addicted young people.

When it comes to tobacco use, we've actually made tremendous strides. In 1999, one in four youth in Ontario smoked. This rate declined steadily until about 2009 to under 10%. This was in conjunction with restrictions around where youth could see cigarettes being marketed and sold. That decline has leveled off, which indicates to us that the introduction of vapes in the marketplace has not actually furthered inhibited youth smoking. Research in fact demonstrates quite the opposite: that youth who vape are actually more likely to initiate smoking later.

While youth smoking rates have held steady since about 2010, the rates of vaping have grown rapidly, as we know. In the last several years, there was a 46% increase of youth who had used e-cigarettes within the previous 30 days from 2014-15 to 2016-17.

The decline in the smoking rates that I've referenced—among youth, but also among Ontarians generally—has contributed to a \$4.1-billion cost savings in health care from 2000 to 2014 in Ontario. That's a tremendous savings, obviously, to the system. To normalize the use of a product that can only cause addiction and harm to youth who are non-smokers will only serve to increase costs and demands on our overwhelmed system.

We understand that with this act you are developing legislation to respond to the recent passing of the federal Tobacco and Vaping Products Act, and we want to be clear that we do not believe that that act offers sufficient protection against marketing to children. The act does not apply to retail settings of any kind and would not prohibit the kinds of display and promotion that we are seeing today and are concerned about. This is why seven other provinces across Canada have limited the display and promotion of e-cigarettes at a provincial level.

I have outlined the history of tobacco. It certainly demonstrates that it's possible to make headway against the use of an addictive, dangerous product among young people. I want to emphasize once again that we must not ignore the lessons that that offers us and miss our chance to apply them.

I am reminded of a conversation, just to get personal for a moment, I had with a long-term volunteer who expressed her alarm that her 18-year-old son's competitive hockey team were all vaping as they hit the ice to give them the

jolt that they sought to compete. These are not kids that would light up a cigarette; they wouldn't think of doing that. But they're not necessarily aware of the harm that they could be doing to themselves.

I heard another story recently from a colleague who tells me the fire alarm in his daughter's school has gone off in the bathrooms as a result of all the vapour in the air. Everyone that we speak with who has teenage kids is telling us similar stories. They're all aware of this and they're seeing it in their kids' schools and they're very concerned.

I have a few quotes here that come from submissions that were sent, and I wanted to highlight a couple in particular. There's a woman saying that her daughter found four friends at recess vaping and the girls were suspended but actually thought it was a joke and find it funny that people are concerned for their safety.

I have one here that says that she has a 23-year-old son who started vaping a few years ago with the flavoured juices. He has now progressed to the nicotine juices and there's little doubt in her mind that he will eventually begin to smoke.

One parent says, "As a parent, my job is to protect my child; as a government, your job is to make policy decisions to protect our community and the health of all, including the most impressionable, our children." I thought that was a very strong message to send.

We know that parents are confused and concerned. We're hearing those concerns in our conversations. I think you're hearing them in the correspondence from across the province. I think it also resonates in a September Angus Reid public opinion poll that found that 69% of Ontarians support restrictions on marketing and promotion of vaping products.

We don't want the Ontario government in a few years to be compelled to take the kinds of steps that the FDA has had to take in the United States right now.

**The Chair (Mrs. Nina Tangri):** You have one minute.

**Ms. Liz Scanlon:** We want to avoid that epidemic. We call on the government of Ontario to join the seven other provinces which limit the display and promotion of vapes, to prevent that appeal to young people.

Thank you.

**The Chair (Mrs. Nina Tangri):** Thank you very much. Lindsey Park, to begin.

**Ms. Lindsey Park:** Thank you for coming today and taking time out of your schedule to join us. As you know, a lot of the restrictions on vaping and the display of it will be set by regulation under the Smoke-Free Ontario Act. I just wanted to see if you have had a chance to participate in those consultations with the Ministry of Health.

**Ms. Liz Scanlon:** We submitted a consultation in writing, yes.

**Ms. Lindsey Park:** Excellent. Any guidance you want to provide to us today on what you'd recommend that our restrictions look like?

**Ms. Liz Scanlon:** Generally, we're finding that in the retail setting, it could look very much like the way tobacco looks now. We have, since 2009, had tobacco displays hidden behind the walls; we're all familiar with those. I

think smokers as well who are seeking to move to vaping to reduce their harm would be comfortable and familiar with that level of protection for young people, for the exact same reason that we do it for tobacco.

**The Chair (Mrs. Nina Tangri):** Effie Triantafilopoulos.

**Ms. Effie J. Triantafilopoulos:** I was curious about some of your comments earlier when you were talking about how often, if you're a smoker, you're going to use vaping as a way to reduce your smoking. But is the converse true? Have you got any evidence around whether youth are vaping but have never smoked? Is there a correlation there?

**Ms. Liz Scanlon:** We do know that the rates of youth vaping in Ontario now are higher than the rates of smoking. So there are more youth vaping than smoking, and there is evidence emerging that youth will begin with vaping and move to combustible cigarettes. There is evidence of that.

**Ms. Effie J. Triantafilopoulos:** In addition, what about adults? What's the trend there?

**Ms. Liz Scanlon:** I don't think that we're seeing evidence of the same trend. We are seeing more the opposite: that adults who are smoking are trying to reduce their harm.

**Ms. Effie J. Triantafilopoulos:** So you haven't actually seen adults who have never smoked tobacco going to vaping as well?

**Ms. Liz Scanlon:** Initiating vaping? Not that I have seen evidence of, no. But I will say at this point that the research is still very emerging and very focused on young people.

**Ms. Effie J. Triantafilopoulos:** Is it a small minority of people that we're talking about?

**Ms. Liz Scanlon:** In terms of youth or overall?

**Ms. Effie J. Triantafilopoulos:** Both youth and adults.

**Ms. Liz Scanlon:** We're under 20% of youth, so the numbers are still low overall. But I think the lesson we can learn from the United States is that it has the capacity to grow really quickly, and we've seen that already here in Ontario. Overall, I can't speak to the adult rates off the top of my head. I'm sorry.

**The Chair (Mrs. Nina Tangri):** Sheref Sabawy.

**Mr. Sheref Sabawy:** Thank you very much for your input in regard to vaping. How do you see the online ordering? The majority of the youth now use online ordering, and it's available in all the major suppliers. How do you see that, and how can we be effective within legislation when it's available online with overnight delivery, basically?

**Ms. Liz Scanlon:** Right. I think we're acknowledging that if youth want to get their hands on these, there's lots of ways to do it online. But we're also hearing about students who are selling them to their peers in school, literally in the schools. There are numbers of different ways that youth are able to get their hands on these. So our focus for the retail display and promotion is to try to anticipate the normalization that that promotion will provide, because even if the retail outlets are not providing

them to youth and they're doing the correct procedures in the stores, if they see the displays, they will find other ways to get their hands on them, for sure.

**The Chair (Mrs. Nina Tangri):** Aris Babikian?

**Mr. Aris Babikian:** From your research, did you find any correlation between vaping and that leading to more actual tobacco smoking?

**Ms. Liz Scanlon:** Yes, there is evidence of that—among youth, for sure.

**Mr. Aris Babikian:** So that leads to more tobacco smoking?

**Ms. Liz Scanlon:** Yes, absolutely. The other thing that is interesting, just in the context of the cannabis conversation, is that we know that 30% of youth who have vaped within the past 30 days have also vaped cannabis, so that's something else to consider.

**The Chair (Mrs. Nina Tangri):** Lindsey Park?

**Ms. Lindsey Park:** I'm pleased to learn that you're participating in the consultation process on the regulation development, which will come after we get this bill passed, hopefully with all-party support. Do you have any specific amendments to propose to the bill itself?

**Ms. Liz Scanlon:** On the bill itself, we would like to see that schedule 4 provision changed, to not allow retail promotion and display in convenience stores or any locations outside of specialty vape shops.

1540

**Ms. Lindsey Park:** Have you provided a copy to the committee?

**Ms. Liz Scanlon:** Yes.

**Ms. Lindsey Park:** Okay. Thank you.

**The Chair (Mrs. Nina Tangri):** Thank you very much. I'd like to give the opposition an opportunity. Doly Begum?

**Ms. Doly Begum:** Thank you very much, and thank you for the presentation. I want to highlight one point you said: that all stakeholders agree that if you do not smoke, you should not vape. I think it sends a really strong message about the risk of advertising and promoting vape products, because obviously we're seeing a larger trend of youth having access to it and becoming more attracted to it—

**Ms. Liz Scanlon:** Right.

**Ms. Doly Begum:** —which is a dangerous effect of that. And I think that one child facing addiction is way too many. No matter how small that number is right now, it's prone to grow.

Do you think there's any benefit at all, would you say, to the legislation just including the advertising and promoting of the product?

**Ms. Liz Scanlon:** I think that what we know is that we have the specialty vape shops. From what I understand, they're well equipped to not only promote and advertise within those shops but also advise and provide cessation and harm reduction advice within some of those shops. The owners and the staff are quite knowledgeable about the products they have. So I think we can still have the full benefit of that for the adult smoking population while not

necessarily normalizing the products for youth in a retail environment where they're allowed.

**Ms. Doly Begum:** And from the research and the numbers that you're looking at, wouldn't it be better to look at regulating the way it is advertised and limiting that, rather than helping stores promote it?

**Ms. Liz Scanlon:** Yes, absolutely. For sure. When I say that all stakeholders are agreed, it's interesting, because the manufacturers themselves—many of these are manufactured by the tobacco industry, and we know that the tobacco industry has a history and has had experience marketing to youth for many decades—will say that they do not believe that youth should be using their products, that this is meant for cessation or harm reduction for smokers. That is what they will say. But at the same time, if you look at the marketing, some of that, especially when you look at sour Skittles flavours—I have an eight-year-old who badgered me all summer to have sour Skittles. This fall, while I was researching and looking at some of this stuff online, you see sour-Skittle-flavoured vape juice. I don't think that's meant for an adult non-smoker; I think that's meant for my eight-year-old in eight years.

**Ms. Doly Begum:** Another thing I was going to say: What would you think in terms of passing the legislation and having these products available, it becoming normalized, and then finding out the risks, like the FDA did, and moving backward and kind of backpedalling? How difficult would it be, and what are your thoughts?

**Ms. Liz Scanlon:** Exactly, and I think, as I say, we've had really good lessons laid out for us in the past 20 years on tobacco cessation. It was successful. We've made great strides. My bottom line on that is that we can apply those lessons here and exactly avoid what you're saying and get out ahead of this before we have the same situation that we have in the US.

**Ms. Doly Begum:** Thank you very much.

**The Chair (Mrs. Nina Tangri):** Sara Singh.

**Ms. Sara Singh:** Okay, great. I just want to touch on the conversation around normalization and making these products visibly available to young people. If you could just maybe elaborate on how this often can be perceived by young people as a safer way to start consuming nicotine—they often use studies that have been done as a way to cite why it is a safer option—and maybe just elaborate a little on how that marketing does promote that type of rhetoric to young people.

**The Chair (Mrs. Nina Tangri):** You have just over one minute, so if you could wrap up.

**Ms. Liz Scanlon:** Absolutely. I think that one of the things we've seen with the introduction of Juul into the market—Juul is one particular brand of vape that has been very, very, I would say, successful in the youth market in the US. Seventy per cent of the youth market right now is Juul in the US. I've seen there—and I'm sorry; I should have brought them with me for the committee to see, but the advertising there is marketed to, you would say, just on the cusp: 20, 24, in that range, exactly the kind of market that a 16-year-old is going to admire and look up to. The study that I talked about in terms of point of sale

and the fact that that leads to the perception that peer use is even more prevalent than it is, I think, speaks to that exact issue.

**Ms. Sara Singh:** And you also touched on the point of cannabis use with vape products. Can you just expand on how those two are coming together for a lot of young people and normalizing, again, vaping cannabis versus smoking cannabis?

**Ms. Liz Scanlon:** Right. As I said, we know that 30% of past-30-day users of e-cigarettes youth have vaped cannabis, and I think the concern there is that there's no odour. There's no obvious way to see if someone is using a vape for nicotine, for non-nicotine juice or for cannabis. I think that makes it difficult for parents, certainly. It makes it difficult for school administrators and teachers to understand when this is happening in schools. And it makes enforcement, I would think, very difficult as well.

**Mrs. Nina Tangri:** Thank you very much. And thanks for the question. Thanks for joining us here today.

**Ms. Liz Scanlon:** Thank you very much.

**The Chair (Mrs. Nina Tangri):** Lindsey Park?

**Ms. Lindsey Park:** I just had a quick point of order. I just wanted to be clear on what evidence is before the committee here. The last witness indicated that she had put forward a specific amendment to the bill. We have not received a copy of any specific amendment before us today.

**The Chair (Mrs. Nina Tangri):** Thank you for that comment. It is not a point of order, but that comment is noted.

## GATEWAY NEWSTANDS

### ONTARIO CONVENIENCE STORES ASSOCIATION

**The Chair (Mrs. Nina Tangri):** I'd like to call upon Gateway Newstands and the Ontario Convenience Stores Association. Welcome. Thank you for joining us. Please introduce yourselves for the record.

**Mr. Steve Tennant:** Thank you for allowing us to attend. I'm Steve Tennant, and I'm the chief operating officer at Gateway convenience stores.

**Mr. Noah Aychental:** And I'm Noah Aychental, the chair of the Ontario Convenience Stores Association.

**Mr. Steve Tennant:** And one of the owners of Gateway.

Just a quick two points from our presentation: I'll take you through it quickly. Gateway convenience stores have 160 stores in Ontario. You've probably seen our stores on the TTC. There are 70 stores alone just on the TTC. We're primarily in the GTA market and are one of the biggest convenience store retailers across North America. We have about 400 stores across the US and Canada.

The OCSA represents about 8,000 stores in Ontario. They're from everywhere and they represent all stores—not just the major chains, but small independents. The Ontario Korean Businessmen's Association are members of ours. Even the large chains like Circle K and Mac's

operate very much on a franchise system or a dealership system arrangement. They very much are family-run businesses. They may have an Esso or Circle K sign out front, but they're still a family-run business, and they are members of ours, of the OCSA.

What we're asking for is, if cannabis is to be allowed to be sold in convenience stores—and we're not asking for it specifically, but as part of our mix we could change our stores to be solely cannabis stores. So if a typical Gateway store is 400 or 500 square feet, that would be converted 100% to a cannabis store. One of the other asks is that in some markets or in some select markets, it would be a store within a store, obviously with strict regulations and pre-determined policies and guidelines.

Under the prior government, the regulation on the size of the grocery stores was set at 10,000 square feet. That, I think, was deliberately set to exclude the convenience store sector. That barred the Hasty Market chain and the Rabba Fine Foods chain, because none of them were in excess of 10,000 square feet. They're 5,000- to 7,000-square-foot stores. They sell exactly what a grocery store sells: fresh meat, produce, deli, baking, everything a grocery store sells, but from a smaller format. But because the size limit was put in place, they could not and are not allowed to sell beer and wine, and that's our principal concern today with cannabis. If there is a pre-set size limit, that automatically would discriminate against or bar stores that wanted to reinvent themselves, stop being convenience stores and be a cannabis store, if there is a size requirement.

1550

There are roughly 9,000 convenience stores across all of Ontario. If the government wishes to have the greatest level of competition, please don't put regulations in place that stop us from having this option, at least, to pursue converting ourselves or reinventing ourselves into cannabis stores.

The benefits of working with the convenience stores association, or c-stores, specifically, is that c-stores already sell the vast majority of all lottery tickets—76%; \$2.8 billion last year—and we sell the vast majority of all tobacco sold in the province. Age-restricted products: We're used to all of the compliance around that.

With it, we also are registered with the Alcohol and Gaming Commission of Ontario; every store owner is vetted by alcohol and gaming. We do a full background check and police checks, if necessary, so we're already vetted by alcohol and gaming, who, we believe, will be the oversight for cannabis sales. Also, with that, the Ontario Lottery and Gaming Corp has us register every single employee who sells lottery tickets. For vetting processes, we're already very much compliant with what the government is looking for.

That, I believe, demonstrates that we're fully used to being compliant, we're used to government oversights, and we welcome those. That's not a problem. We just want to make sure that we have the option to sell cannabis if the owners decide to convert their stores.

Two asks of the committee: Please do not set a minimum size limit on a cannabis store. We do not want to be excluded from the option of selling cannabis simply because of the size of our store. We also have members of the Ontario Convenience Stores Association that operate in rural markets, gas station convenience stores or in a larger store. They're asking also that they be considered to have a store within a store to serve that community. We're not asking for carte blanche, but we're asking for some leniency in the rural markets.

There was one point that Noah would like to talk about regarding the CAMH presentation just now.

**Mr. Noah Aychental:** Steve touched on the fact that, as the Ontario Convenience Stores Association, we have tens of thousands of members—everything from local convenience stores to the biggest chains in the country. We're very proud of our success and very proud of the level of intensity that we have in terms of how we've vetted and tested. Our compliance rate on every age-tested product is better than anybody in the business, and we get tested tens of thousands of times on an annual basis.

There was a mention of display bans. We are all for display bans. We take our business very seriously. If we get caught selling to minors on any age-restricted product, it means our business; our licences will be taken away. So the stakes are very high for us as small retailers. We couldn't survive without our lottery machines, and that's certainly the first thing that happens if we're caught failing any age-tested restricted product—very high stakes.

For that reason, we are 100% compliant on everything that we are asked to be compliant with. Display bans are something that we believe in strongly, especially considering that we don't want to influence youth and we don't want to have any adverse effects. I wanted to drive that point home: that we strive towards 100% compliance on all age-restricted products. We just ask for a level playing field. There should be no reason in the world that, if we're compliant, a vape store should be non-compliant, and they could be our neighbour, in many cases. Just a level playing field is our big ask.

**Mr. Steve Tennant:** In your package are two charts that I just want to clarify. Those are from the government. Those are tobacco shops done by underaged minors on the industry on tobacco. That's the number of years. That's all under the freedom of information act. That's done by the local public health units—and then the level of convictions. You'll see that we're consistently running at 96% or 97% compliance. That's the highest of any retailer selling restricted products. The OCSA has completed mystery shops in the past on the beer stores and the liquor stores. We far surpass their level of execution in asking for age verification.

**Mr. Noah Aychental:** And we've worked with the government on programs like We Expect ID and others to make sure that we have properly advertised in all of our locations to make sure that all of our customers understand that without sufficient and adequate ID there won't be any access to age-restricted products.

**Mr. Steve Tennant:** One of the examples we would point out is the Ontario Lottery lottery terminal. We can

take the driver's licence, scan it through and all it does—there is no recorded information, no privacy issues—is it simply says they're of age or aren't of age, so, legal to sell to or not to sell.

That was our presentation. Thank you.

**The Chair (Mrs. Nina Tangri):** Thank you very much. I'll start with the opposition: Sara Singh?

**Ms. Sara Singh:** Thank you very much for the presentation. I have definitely been to a Gateway newsstand while taking the TTC. But I just have some questions around what amendments you would like to see that would facilitate a smaller retailer to enter the market.

**Mr. Steve Tennant:** It's not so much amendments. We're just asking for no recommendations or no restrictions on the size of the store. That was very much a detriment to our ability to sell beer and wine because it was deliberately set at 10,000 square feet.

**Ms. Sara Singh:** Right. What additional steps do you think are needed for smaller retailers to ensure that they can enter the market and compete alongside the larger-scale retailers?

**Mr. Steve Tennant:** We like the government aspect that they're restricting some of the growers to some sites—from reading the media—that there will be wide-open competition. They want the most competition possible. That's good for us. That's good for our members. That's good for our stores.

**Ms. Sara Singh:** Right.

**Mr. Noah Aychental:** As we've seen in the news also, the future of the business a year from now is very much about all of our major suppliers getting into the business, so edibles, drinkables—all the things that we specialize in in our trade are things that we should not be restricted from in the future. So if it's a gummy that has a cannabis element to it, it's very much our locations that should be selling it—hopefully, you know, with fair profitability in the products—and it shouldn't hurt our business to drive those people to a specific store for those products that are traditionally our business, our model.

**Ms. Sara Singh:** Do you think that that might raise some concerns around public safety and, let's say, a drink or an edible ending up in a minor's hands, for example, because they were able to more readily access it through a very mainstream point?

**Mr. Steve Tennant:** We don't believe so because the compliance level would be there, and our expectation is, from what we've read and if it's what we think is the Alberta regulations that it has to be a cannabis store only. That's why. That's only accessible, to one of your prior presenters, if you're 19 or older. That would exclude—we're not looking specifically for those products to be sold in the traditional c-store or Gateway store today.

**Ms. Sara Singh:** Okay, thank you.

**Mr. Steve Tennant:** It's the ability to reinvent ourselves. We're losing 200 or 300 stores every year from the convenience store channel. They're just going out of business. They can't survive. So they need to be able to reinvent themselves. This is an opportunity for them.

**Ms. Sara Singh:** That's fair. It allows them to diversify the products that they're offering. I can understand that.

Do you have any questions, Doly?

**Ms. Doly Begum:** No, go ahead.

**Ms. Sara Singh:** You did bring up the point around the gaming machines and being able to scan someone's ID. Are there any recommendations that you could make to this committee for regulations or tools that can be implemented at the front line to ensure compliance?

**Mr. Steve Tennant:** Yes. The compliance level, that expectation level—we're checked all the time, as indicated by the public health units. That should be there.

The training: The government should step up and make sure they're part of the training. The OCSA is happy to join with the government on that whole aspect of training: age verification; what their product is; what the provider delivers, recreational or medical—but yes, absolutely, very much. Everybody is a little in the dark as to how this is going to proceed, so we all need to be educated.

**Ms. Sara Singh:** I think that's also very fair. Sorry, did you want to add something to that?

**Mr. Noah Aychental:** No, no, that sounds—we offer, as a part of our service to all of our membership, as Steve said, more than adequate training, because the stakes are so high and we have so much to lose by failing in testing. We pride ourselves on near-perfect compliance records, and that will continue in the future with signage and promotion entering.

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**The Chair (Mrs. Nina Tangri):** You have less than one minute.

**Ms. Sara Singh:** Less than one minute? I think we're okay for now. Thank you very much.

**The Chair (Mrs. Nina Tangri):** Aris Babikian.

**Mr. Aris Babikian:** Thank you very much, first of all, for coming and making your presentation. In your presentation, you mentioned a few times “reinventing themselves”—that is, the convenience stores. Can you elaborate a little bit more on what you mean by “reinventing themselves”? Because my understanding is that in your convenience stores, you sell hundreds of products. Are you going to limit the sale of the products in the convenience stores? Are you going to just focus on cannabis, cigarettes, tobacco and lottery? I would appreciate if you can elaborate more on that.

**Mr. Steve Tennant:** Sure. Subject to government regulation—and our expectation is that the government is going to mandate that it's a cannabis store, with cannabis products and cannabis accessories only. That would eliminate us from selling tobacco, lottery tickets and our regular base products. That allows a store that may be just profitable to get out of that business, come back and reinvent itself solely as a cannabis store. They own the building. They've got their life investment into that business. They're smart enough to realize that if they don't do something, they will fail. And we're seeing that. We're seeing 200 or 300 stores every year leave the industry.

If they can take their store that's 500 or 1,000 square feet and come back remerchandised solely as a cannabis

store, it gives them a chance to be profitable and remain in retailing.

**The Chair (Mrs. Nina Tangri):** Any questions? Effie Triantafilopoulos.

**Ms. Effie J. Triantafilopoulos:** You mentioned, I believe, that there are 8,000 stores that you represent in the province.

**Mr. Steve Tennant:** Yes.

**Ms. Effie J. Triantafilopoulos:** Have you got, at this point, an idea of how many of those stores have expressed interest to you to convert or to reinvent themselves?

**Mr. Steve Tennant:** No. Everybody is interested. It doesn't matter, big or small. Everybody wants to understand the cannabis market today.

My assumption is that if we're losing 200 or 300 stores every year from the industry, there's probably twice that that would be interested today. It could be up to 1,000 stores that may be interested in converting to being a cannabis store.

We're already starting to see it in some of the purchases and media attention. Some of the vape shops are converting to just be cannabis stores and are looking at that, again figuring out that there's more opportunity to sell cannabis than just a vape product.

**Ms. Effie J. Triantafilopoulos:** One other question: Can you share with us some of your experience with the way in which tobacco products have now been advertised in your convenience stores? How is that going to impact the way in which vaping products and cannabis would be displayed? What are some of your experiences that you've learned?

**Mr. Steve Tennant:** Sure. Since 2008, there is no advertising. In Gateway's case, we took all of the product that was on the back wall or the back shelves, and it is all underneath the counter today. It's totally out of sight. That's the same with all convenience stores. Some of them retain the back wall, but it's covered. So there is absolutely no advertising allowed around tobacco.

That was Noah's point on vape shops: If the vape shops are allowed to advertise and test and promote and all the rest of it, and we're the store next to them, we're not allowed to do any of that. All we're asking for is a level playing field. We're not expecting to be able to advertise tobacco or vaping.

If it's strictly a cannabis store, that's restricting everybody to be 19 and over, then it will be up to the government to set what regulations the advertising could be, or none at all. Whatever those regulations are, we will follow them.

**The Chair (Mrs. Nina Tangri):** Sheref Sabawy, you have one minute for the full question and answer.

**Mr. Sheref Sabawy:** I have two questions, quickly. You were talking about how you are losing 200 to 300 stores every year. I'm guessing that every retailer has to apply for a licence by himself; it's an individual licence. So that means that for those 200 stores, you are losing them anyway. They are not going to be part of the OCSA, because they are now into a totally different niche market,

which is not under your organization. So this is the first one.

The second question is about the numbers from the chart. I can see it's almost 5%—like, 4.7% or something like that—which are documented cases. It could be a little bit higher than that which couldn't be—where it's not on the “radar.” So I assume that this is almost 2,000 cases. When it comes to cannabis, I think it needs to be tighter than that. This is a high ratio for comparing to cannabis.

So the two questions, quickly.

**The Chair (Mrs. Nina Tangri):** Very quickly: 30 seconds, if you can.

**Mr. Steve Tennant:** Okay. We're interested in protecting our store owners, so if that means they are no longer Ontario convenience store operators or members, that's fine. They are profitable; they are a benefit to the community, to Ontario.

Two, those are public health documents. There are 20,000 checks being done. When we did the Beer Store, they were about 85%. So, yes, I appreciate that we may have a 5% or 4% failure rate, but that's way better than government agencies like the liquor stores are today.

**The Chair (Mrs. Nina Tangri):** Thank you very much for your presentation. We appreciate you coming out.

**Mr. Steve Tennant:** Thank you.

#### ONTARIO PHARMACISTS ASSOCIATION

**The Chair (Mrs. Nina Tangri):** I'd like to call upon the Ontario Pharmacists Association. Welcome. Please introduce yourselves for the record.

**Mr. Allan Malek:** Thank you very much. Good afternoon, Madam Chair, esteemed members. My name is Allan Malek. I'm the chief pharmacy officer for the Ontario Pharmacists Association, or OPA. I'm joined by Jen Baker, pharmacist and vice-chair of the OPA board of directors. Thank you for this opportunity to provide remarks today with respect to Bill 36, the Cannabis Statute Law Amendment Act.

As health care professionals at the front line with Ontario patients of all ages, OPA members are uniquely positioned to help Ontarians optimize their use of medications for the treatment of acute and chronic conditions. At the same time, they strive to completely avoid or at least mitigate the risks associated with drug interactions. This includes not just prescription medications but also over-the-counter products and, as of October 17, all forms of cannabis as well.

OPA represents more than 10,000 members, making us Canada's largest professional advocacy organization for pharmacy. We also deliver accredited continuing education programming for pharmacists and pharmacy technicians, as well as offering unbiased drug information and clinical practice support to pharmacies right across the province.

With more than 4,500 pharmacies in Ontario, pharmacists are often the patient's first point of contact in our health system. With long wait times and overworked physicians, many people rightfully turn to their pharmacist

to help them with a vast array of their health care needs. In rural communities, the pharmacist may likely be the only health care provider available for many kilometres.

As all levels of government prepare for the legalization of recreational cannabis on October 17, OPA predicts that many people will be using cannabis for the first time. If these people are also taking prescription medications, it stands to reason that they would ask their pharmacist about interactions, much as they do with their desire to consume alcohol at a party. We expect any number of questions, from “How does it interact with alcohol?” to “How do my current medications interact?”

In the absence of pharmacists, who do patients ask?

This is particularly true for our most vulnerable citizens: those with serious medical conditions, our seniors and our youth. Regardless of whether the questions they face are related to recreational or medicinal cannabis, pharmacists want to and will provide the best guidance they can to make sure the patient or user has the information they need.

The distinction, however, comes more with the proposed role for pharmacists in managing the clinical and logistical aspects of medicinal cannabis. Quite frankly, this role would exactly mirror what we do with any other medication. It is all driven by our need to populate the patient’s medical record, to prevent drug-drug and drug-condition interactions and to ensure optimal health outcomes are achieved. Accordingly, what we are asking for is the authority for community pharmacists to dispense medicinal cannabis pursuant to a medical order from an authorized prescriber.

Today, we are asking the Ontario government for an amendment to Bill 36 that would allow pharmacists to dispense medicinal cannabis. In the absence of an amendment, we would ask the Ontario government to seek formal approval of the federal government for provincial authority to task pharmacists with the dispensing of medicinal cannabis pursuant to a medical order.

At the same time, we want to make it absolutely clear that the members of the OPA do not want to distribute recreational cannabis. We expect that the legalization of recreational cannabis will cause a significant leap in the number of new users, and this expanded pool of users will generate many new discussions about cannabis, its interactions with other medications, and its potential to replace current therapies that some Ontarians might be taking.

**1610**

As stewards of the patient’s full medication profile, pharmacists are relied upon to educate and advise Ontarians on all aspects of medication therapy. This reliance on pharmacists also applies to prescribers and other health care providers. Ontarians should feel comfortable and should not hesitate to speak with their pharmacist about all aspects of cannabis use as related to their overall health. To this end, the OPA seeks to work collaboratively with the communications departments within all relevant ministries of the Ontario government.

The OPA and its members would like to be recognized as true partners with the Ontario government toward the

shared objectives of health safety and responsible drug use. We are here to help. We are urging the Ontario government to leverage pharmacists’ knowledge and expertise and to recommend and encourage all Ontarians to turn to their pharmacists for information about all forms of cannabis. This communication will be made even more clear with the inclusion of pharmacists in the distribution of medicinal cannabis.

I would now like to introduce Jen Baker, the vice-chair of the Ontario Pharmacists Association.

**Ms. Jen Baker:** Thank you, Allan. As Allan mentioned, I am the vice-chair of the Ontario Pharmacists Association, but more importantly, I am a practising pharmacist in a community not too far from here.

Unlike any other prescribed medicine, cannabis for medicinal purposes continues to be dispensed online and delivered to a patient’s address by registered mail. Surprisingly, this is the only prescription medication that excludes the pharmacist’s oversight.

While the online medicinal cannabis model has served most patients adequately, there are serious concerns that access to recreational cannabis will put medicinal cannabis patients at greater risk and disadvantage them in ways of convenience and accessibility. Patients may turn to purchasing cannabis at a bricks-and-mortar retail store for any number of reasons, from the greater selection of product that users will be provided with in the retail stores to having a speed of service that may be critical in a medical emergency like palliative care. What matters is that this new accessibility enables patients to self-medicate and rely on untrained and unlicensed individuals for health advice and guidance.

Patients who self-medicate based off of insufficient information or from the biased recommendations of a clerk place themselves at serious risk of receiving inaccurate advice. One might think that the prescriber provides this information on the prescription for cannabis, or what is officially known as a medical document. In actual fact, I can tell you that this medical document provides no details on the type or strain of cannabis the patient should consume.

We have provided you with a sample of a medical document from Health Canada’s website for your reference. As a pharmacist, I can tell you that it does not contain enough information. It only specifies the upper limit of dosing per day or the period of use; that’s it. But we know that cannabis for medicinal purposes can be much more complicated than that, and evidence in this area for different therapeutic uses is growing every day.

The medical document also doesn’t specify the type or strain of the respective percentages of its CBD or THC components. Currently, this is left to the licensed producer to determine in consultation with the patient, neither of whom are trained health professionals or have access to the patient’s complete medical history.

As a result of this lack of specificity on the medical document, recommendations are left to retailers, which introduces a serious conflict of interest between the appropriateness of care and achieving a sales target.



Another risk stems from the lack of clinical oversight when a patient shifts from the medicinal to the recreational market due to convenience. Medicinal cannabis users who choose to obtain cannabis recreationally lose access to a clinician who can advise them on the usage of cannabis and other medications. This may inadvertently put prescribers at risk for liability if anything goes wrong, and this is exactly the reason why prescribers and pharmacists work so closely together. Interprofessional collaboration and team-based care will surely drive better quality of care.

Finally, a third risk exists with incomplete data tracking of the patient's medical record. Recreational cannabis stores likely won't be set up to gather any patient usage data, nor will they be obligated to report any adverse drug reactions or allergies, like pharmacists do. As a result, this creates a fragmentation of the patient's medication history and a lack of a full picture of the patient's health condition.

The bottom line is this: For Ontario's patients and the broader health care system, deliberately bypassing pharmacists on the dispensing of medicinal cannabis is a hugely missed opportunity and a very serious safety risk. Just as the government is focusing on health and safety when it comes to the sale of recreational cannabis, Ontarians deserve and should receive the very best health advice and counselling on medicinal cannabis. Allowing for the dispensing of medicinal cannabis through pharmacies would eliminate these risks, encourage inter-professional care and ultimately safeguard a patient's health and well-being.

With Ontario in the midst of an opioid crisis that shows no signs of abating, there is a growing body of evidence that suggests that medicinal cannabis can be a suitable alternative to opioid therapy and the management of pain and harm reduction. Patients currently taking opioids for the management of chronic pain may unilaterally switch to recreational cannabis as an alternate source of relief. However, if the switch off opioids is not carefully tapered or supervised, these patients may revert back to opioids after a lapsed period, putting them at significant risk of unintentional overdose.

Finally, this is what Ontarians want. In a survey of more than 800 individuals commissioned by the OPA in 2017, seven out of 10 Ontario adults say they should be able to obtain their medicinal cannabis through a pharmacist like they do with all of their prescription products.

With all this in mind, the OPA is proposing a suggested solution to address the role of pharmacy in medicinal cannabis. This is based on the establishment of a dual licensing model for distribution whereby licence A would address the distribution of recreational cannabis, and under this licence, pharmacies would be deemed ineligible. Licence B, however, would apply to the dispensing of medicinal cannabis and would be solely issued to community pharmacies or to health centres where dispensing health professionals practise.

To conclude: OPA encourages the Ontario government to create a defined role for pharmacy with respect to cannabis in safeguarding the health and well-being of

Ontarians. We encourage the Ontario government to leverage the clinical expertise and the knowledge of Ontario pharmacists to ensure patient safety and education, particularly for people with serious medical conditions, our seniors and our youth. These are formidable times in the history of our province and country, so we owe it to Ontarians to try and get this right. We accept that there will be a period of adjustment, change and settlement with the introduction of new cannabis legislation.

I will leave you with the comment that pharmacists are ideally positioned at the front lines of care and ready to ease this transition and contribute to protecting the safety of all Ontarians. We really want to help.

Thank you for your time.

**The Chair (Mrs. Nina Tangri):** Thank you very much. I'll begin with the government side, with Lindsey Park.

**Ms. Lindsey Park:** I understand that your organization has been supportive of the government's efforts to strengthen the smoking and vaping regulations, so I just wanted to get some of your thoughts on that topic.

**Ms. Jen Baker:** Absolutely. In pharmacies, we would be encouraging non-smoked forms of cannabis. There are multiple different ways of using the product that can result in a therapeutic outcome. Pharmacists are uniquely trained in the different ways that that can actually affect the outcome that the patient receives. While there is a role for inhaled cannabis, we would strongly discourage any form of smoking and encourage safer forms of inhalation-type therapy.

**The Chair (Mrs. Nina Tangri):** Sheref Sabawy.

**Mr. Sheref Sabawy:** Thank you very much, Mr. Malek and Ms. Baker, for the presentation. It's very informative.

I have two questions for you. The first question is: Bill 36, as you might understand, is only for recreational cannabis. It doesn't have any relation to the medical one. So what you are suggesting is basically an amendment in the purpose of the bill, not specifically an item in it. That's number one.

Number two: I didn't hear—throughout your presentation, explain to me or help me to understand the position of the college, because the college is the regulatory body for you. You should give us an idea: Where does the college stand from all that discussion? I understand that you represent the pharmacists, and I have enough discussions with the pharmacists, but where is the college from that?

**Mr. Allan Malek:** I'll start with the second question first because it's actually quite a simple one. The Ontario College of Pharmacists, as the regulatory body for the profession, at their June—I believe it was June 11—council meeting, did approve a motion that basically stated that they will not—and the way they worded it is always kind of strange, but they will not stand in the way. They will not put up any barriers to any request from the Ontario government—or the federal government, for that matter—for the distribution and dispensing of non-combustible—hence, the non-smoking and non-burnable forms of cannabis—through community pharmacies. So they are actually quite supportive of the approach that the Ontario

Pharmacists Association has put forward for a role for pharmacy to dispense medicinal cannabis of a non-combustible format.

**Ms. Jen Baker:** Relative to this bill, we do believe that by looking at the licensing model by which Ontario distributes cannabis and creating a dual licensing system, we can actually address that gap with the medicinal system that currently exists as it is by creating a subset of licence within Ontario that would allow pharmacies to participate, but with a set of restrictions that it's only for medical patients who have an authorization from their physician for use.

**Mr. Sheref Sabawy:** Can I just confirm that point that the restriction that currently exists on pharmacists to sell or dispense medical cannabis is from the government, or from the college?

**Mr. Allan Malek:** From the federal government.

**Mr. Sheref Sabawy:** From the federal government.

**Mr. Allan Malek:** The federal government. If I can add to Jan's comment, we are also very concerned insofar as how Bill 36 is looking strictly at recreational cannabis. We do acknowledge, however, that there are unintended consequences as it pertains to medicinal cannabis users.

When we look at perhaps some of the barriers and the inconveniences of obtaining a medicinal cannabis order through an online format, there may be some individuals who will seek their cannabis for that medicinal purpose but they may seek it through a recreational channel. Therein lies the risk, and the risk is one of public safety and patient safety. It basically leaves that user without access to that clinician.

1620

**The Chair (Mrs. Nina Tangri):** Final question from Lindsey Park.

**Ms. Lindsey Park:** What has the federal government said when you brought this to their attention?

**Mr. Allan Malek:** We work in partnership with our national body, the Canadian Pharmacists Association, so they've been carrying that torch, if you will. The messaging, however, from what we've heard, is a little bit confusing, because it seems as if they are of the approach that it's all within the mandate and the purview of the provincial governments. So we're asking for a formal direction from the federal government to the Ontario government to allow or enable pharmacists to dispense medicinal cannabis.

**Ms. Jen Baker:** With the provisions in this bill to—

**The Chair (Mrs. Nina Tangri):** Thank you. We are done for time on the government's side, so I do want give the opposition an opportunity. Doly Begum.

**Ms. Doly Begum:** Thank you both for your presentation.

I understand that pharmacists play a front-line role in terms of the public safety of any medicine that we access. What you're pointing out, I guess, is the limbo or the confusion that you are in between the provincial government and the federal government, and you're just trying to understand your role and how you can play a role in that.

**Mr. Allan Malek:** I would say that we are somewhat caught in the middle, but we're trying to take the position of the patient. We're trying to look at the protection of the patients: those individuals who are actually using cannabis for medicinal purposes. Our members get frustrated insofar as they are wanting to provide the best possible care to their patients, and yet this is the only prescription product that is outside of a pharmacist's oversight and purview, so they feel that that they are not able to provide their patients with the best possible care.

Quite frankly, from an association perspective, we would like the Ontario government and the federal government to work together to streamline this process so that pharmacists can get to the work that they need to do, and that is to take care of their patients.

**Ms. Jen Baker:** Logistically, we'll require access to the actual supply chain of product in order to do so. Including this in this legislation to allow for the licensing of pharmacists would essentially deal with that issue. Should pharmacists be able to dispense, we do need to have access to supply to be able to purchase it to provide for our patients.

**Ms. Doly Begum:** Would you say that pharmacists, with the training that they have, would be suitable in terms of providing the feedback or the analysis that patients need, rather than something that you receive online with the medicine?

**Ms. Jen Baker:** Categorically, yes. We go through extensive post-secondary training that goes through everything from disease states, physiology and anatomy to the way in which medications work in their body, the way that medications works differently for youth as compared to a senior, how medications interact, and how they're taken into the body, processed and therefore eliminated. We are the medication experts. It's what we do.

If cannabis is used as a medication, it makes sense to include it in the pharmacist's purview, so that any time I dispense an antibiotic for someone coming into my pharmacy at 12 o'clock at night who has a dental infection, I know that that antibiotic is safe and effective for them because I know what strain of cannabis they're using, how much CBD and how much THC it contains, and what terpenes and flavonoids it contains. I know that I'm getting overly technical here, but cannabis is a highly individualized product, and knowing what a product truly contains and what that patient is truly using just enables us to make the best possible therapeutic decisions for our patients. It's hard to make decisions blind.

**Ms. Doly Begum:** Just in line with that: Do you think that there's a risk to patients receiving those online instructions?

**Ms. Jen Baker:** I think it's the system that exists now. I think it can be very much improved upon by expanding the circle of care to include regulated health professionals who can help guide the patients to make the best possible choices and also help the patient potentially come off other medications that they use for conditions when introducing cannabis could actually be considered duplication of

therapy. So this could reduce medication burden in other ways, and we are here as experts in doing that as well too.

**Mr. Allan Malek:** If I may add: In patient care, when we're looking at medication therapy, we're not talking about a commodity here; we're talking about health care. Patients are individuals, and they are very unique in their presentation. For a patient to be seeking guidance and advice through an online source is not individualized. It's pretty much a standardized message that is being delivered. The beauty of the professional relationship between a pharmacist and their patient is that it addresses the uniqueness of that individual patient.

**The Chair (Mrs. Nina Tangri):** You have one minute.

**Ms. Sara Singh:** Thank you.

Perhaps you can elaborate on some of the risks to a consumer who is switching from medicinal cannabis to recreational cannabis because it may be easier. What are some of the risks to that user?

**Ms. Jen Baker:** Some of the risks could be around access to product. Once a patient is stabilized on a certain product, if their supply chain is interrupted, perhaps because a certain retailer is out of stock in their town or they're unable to access something in a timely fashion, that could actually put them at risk of a poor health outcome.

In looking at losing supervision of a health care provisioner because it's just more convenient to go to my corner store or to order it online rather than going to my doctor's office and paying the parking and seeing them, I then take more agency over my health. However, some of the other unintended consequences could come with drug interactions, with destabilization of other conditions. We are anticipating that with the introduction of recreational cannabis we may see a spike in emergency room visits because cannabis can have cumulative adverse effects with other medications. Pharmacists want to be there to be able to help patients deal with that and help them manage it and give them the best possible evidence-based health advice.

**The Chair (Mrs. Nina Tangri):** Thank you very much for your presentation. We really appreciate you coming out today.

**Mr. Allan Malek:** Thank you very much.

#### ALCANNA

**The Chair (Mrs. Nina Tangri):** I would like to call upon Alcanna to join us. Welcome. Please introduce yourself for the record.

**Mr. Dave Crapper:** Thank you, Madam Chair. My name is David Crapper and I'm the senior vice-president, communications and investor relations, for Alcanna. We're an Edmonton-based retailer of alcohol. We own and operate 230 retail alcohol stores in Alberta, British Columbia and Alaska. We are the biggest private sector player in each one of those markets. We've been selling alcohol at retail for 25 years now in Alberta.

With your concurrence, I would like to share with you a statement from our chief executive officer, Jamie Burns,

who couldn't be here today. He's at the head office in Edmonton, busily working on finishing touches for five cannabis stores that will be opening up in four or five days, but I'm happy to be here in his absence.

As I mentioned, Alcanna is the largest private sector retailer of alcohol in Canada, the second largest in North America. We own and operate 230 retail liquor stores in Alberta, British Columbia and Alaska. We're a widely held publicly traded company listed on the TSX, and the vast majority of our shareholders are small retail investors throughout Canada.

Given our retail background, we're very interested in investing, creating jobs and locating safe retail cannabis operations in Ontario. We believe the framework for competitive retail cannabis operations outlined in the legislation before the committee is a sound, sensible and reasoned approach for Ontarians.

As this committee has heard and as all of you know, alcohol is a controlled substance, and Alcanna has been selling it safely and responsibly for 25 years in Alberta. Last year, Alcanna processed 22 million individual transactions of alcohol and we only had two incidents of non-compliance. In both cases, the employees concerned were dismissed. We have a zero-tolerance policy, which is at the core of our approach to retailing alcohol. We do not sell to minors and we do not sell to intoxicated persons, period.

The government of Alberta drew heavily from the alcohol policy framework and regulations in drafting their approach to cannabis. The Alberta alcohol system, we think, works well for consumers, governments and retailers, and we're pleased to see that that approach is reflected in varying degrees in the cannabis legislation you have before you today.

The most obvious similarity between the Alberta and Ontario approaches is the fact that the current government in Ontario understands that Ontarians do not need to pay for the retail infrastructure necessary to sell cannabis in the province. The government gets the tax revenue anyway, so why would it incur the cost, especially when private sector companies like Alcanna are prepared to make these investments ourselves, just as we have done in alcohol operations in Canada and the United States?

The Alberta Gaming and Liquor Commission announced last week that 17 retail locations throughout the province had been granted preliminary licences to be open on October 17. Five of them will be ours, and they will operate under the Nova Cannabis banner.

#### 1630

Municipalities in Alberta have debated for months now their own rules and regulations for cannabis retail. So while we were out signing leases and negotiating letters of interest and commitment and so on, and making other financial commitments, the municipalities were busy behind us making their own rules and regulations, changing those rules and regulations, and making many of our financial commitments, business strategies and other commitments null and void.

It's clear from the legislation that the government saw and appreciated this uncertainty and the confusion that it

has posed. Consequently, we particularly applaud, in the legislation, sections 42(1), (2) and (3) of the proposed act, which give us some certainty around our planning and our execution at retail. If the government wants retailers to meet its April 1 deadline for retail store openings, these provisions of the act should remain intact.

In the time I have left to address you, I'd like to speak to section 4(4)2 of the proposed act, which restricts the number of retail licences that an LP or its affiliates may have. As we understand it, the government's intent in putting forward that provision was to ensure that licensed producers, many of whom have, or have access to, very significant amounts of capital, do not use that financial might in their balance sheets to dominate the retail market. In particular, the government wants to ensure that small independent businesses are able to get established and grow in this new retail environment.

Alcanna supports that policy objective. We want to see a healthy, vibrant, vigorous private retail market for cannabis where consumers have the widest possible number of product choices and shopping options across the broadest array of retail shopping experiences, and we look forward to helping build out that network.

We also strongly urge members of the committee and the government not to lose sight of the primary objective of why cannabis was legalized in the first place. It's not to create business opportunities for Alcanna or other businesses. It was to get cannabis out of the hands of organized crime, to get the cannabis industry under the control of governments and regulators, and to use its proceeds to help create jobs and to pay taxes, so that we can fund schools, roads, police departments and the health care systems rather than fund criminal organizations.

Creating a retail system designed exclusively for small independent operators risks being a recipe for failure in the face of what we expect to be fierce competition from organized crime in the black market. Organized criminals have billions of dollars at stake in this game, and they're not going to go away next Wednesday. For this new legal cannabis retail sector to be able to get a foothold and grow, and be strong enough to push organized crime and the black market out of this industry, it needs both well-capitalized, experienced retailers and community-based local independent retailers.

Organized crime is a multi-billion dollar, sophisticated enterprise with vast resources. It's going to take time, staying power and expertise to loosen its grip on the cannabis trade. They will use every dirty trick in the book to try to disrupt the legal sector and to throw it into disrepute. Organized crime doesn't play by the rules. The black market sells to minors, addicts and the vulnerable. They have 100% of the market today, and they're not going to hand it over on Wednesday.

We believe there are a number of related provisions that, if acted upon, have the best chance of beating back organized crime and ensuring that the government's objectives are met. We believe that the government should first define affiliated companies in a manner consistent with existing federal and provincial statutes. The handout

that you have in front of you summarizes some of these provisions in various statutes across the country.

Take the Canada Business Corporations Act, for example. In defining an affiliated corporate entity, section 2 of that act stipulates:

“(a) one body corporate is affiliated with another body corporate if one of them is the subsidiary of the other or both are subsidiaries of the same body corporate or each of them is controlled by the same person” or body; and

“(b) if two bodies corporate are affiliated with the same body corporate at the same time, they are deemed to be affiliated with each other.”

We encourage the government to adopt the definition of “affiliate” used elsewhere, and widely, in law and practice. But much more importantly, Alcanna knows how retail works, and trying to restrict market dominance through an affiliate definition alone won't work. A related approach is that which was adopted in Alberta, where the government put in place a provision that any single retailer cannot hold more than 15% of the licences. For year one in Alberta, it set the number at 37 as the total number of licences that any one retailer can get, based on an assumption that there would be 250 licences handed out. It's a simple, clear approach, and it has done what it's supposed to do: It ensures that licences are available for all applicants that want them, but also ensures that larger retailers have the chance to stabilize the industry in the early going.

In conclusion, Madam Chair, Alcanna thanks the committee for this opportunity to share our Alberta experience with you. It has been much talked about today, and no matter what decisions you reach and no matter what the final legislation and regulations are, Alcanna is going to continue to support the decision of the Ford government to let Ontarians make adult choices. We will do our part, if allowed, to make the use and enjoyment of that legal product retailled in the most responsible way it can be.

Thank you very much for your time today.

**The Chair (Mrs. Nina Tangri):** Thank you very much for your presentation. I'll begin with the opposition: Sara Singh.

**Ms. Sara Singh:** Thank you so much, Dave, for that presentation.

**Mr. Dave Crapper:** Thank you.

**Ms. Sara Singh:** It was very enlightening. It's nice to hear your perspective on this. We heard earlier some concerns around allowing licensed producers to enter the market and have multiple storefronts. Would your recommendation be, if licensed producers are allowed to enter the market, that some sort of cap be placed on how many licences they're able to acquire per year?

**Mr. Dave Crapper:** We're comfortable with the provision that exists now. The concern we have is not getting caught up in a redrawing of the definition of what an affiliate would be. As the document I handed out shows, various acts of various Legislatures and the Parliament of Canada and regulatory bodies have defined “affiliate” in very common ways. Our individual concern, as a company that has a 25% investment from Aurora, is

that we are not caught up in some new definition of what an affiliate would be.

At the end of the day, think of the system—and this is the alcohol model—as having three tiers. The one tier is the producer, another tier is the vendor or the retailer, and a third tier is the distributor, in this case the government in both the case of alcohol and cannabis. When the government controls the middle—when everybody sells only to it, and everyone buys only from it—there’s no possibility for vertical integration, which is one of the concerns that people have expressed about LPs getting involved.

Does that help answer your question?

**Ms. Sara Singh:** That does. Thank you very much.

Another concern that has been raised is around access to capital for smaller retailers that would like to enter the market, and not being able to compete.

Perhaps you can enlighten us on (1) why that would be an issue for those smaller retailers, but (2) how Alcanna can perhaps work to ensure that there is fair competition for those looking to enter the market.

**Mr. Dave Crapper:** We have 7% of the licences in Alberta, and 175 stores. There are 2,400 different retail locations in Alberta where you can buy alcohol at retail. One of the ways of making sure that no one company dominates the market is to make sure that there are no artificial restrictions on the number of licences. No one could possibly corner the Alberta liquor market with 2,400 licences. Imagine that Ontario is three and a half times bigger.

One of the ways of making sure that these concerns don’t become problematic is to make sure that licences aren’t artificially constrained in any capacity.

Having said all of that, some of the LPs have significant amounts of money, and there may be an opportunity to do some things in legislation or regulation that would cap their involvement in companies but use their balance sheet to give them the start-up capital they’re going to need.

All of you represent ridings where small businesses are interested in getting into this business, and I suspect many of them get no time from their bankers. They might get some time from an LP. So the trick really is to balance that idea of using some of their cash, perhaps, to fund some of those start-ups, but not allow them to use so much of their cash that they would fund too many of them.

So these ideas of capping licences and so on and so forth can work. We’re not opposed to it. We’re reasonably convinced that the Alberta model is going to work fine. Certainly on the alcohol side of it, no caps and wide-open licences work fine too.

1640

**The Chair (Mrs. Nina Tangri):** You have one minute.

**Ms. Doly Begum:** There have been some concerns—actually, I want to say thank you first because you pointed out the need to help licensed producers be able to have enough strength so that we can eliminate the illicit market for non-licensed providers.

There are some concerns about the cannabis control act, 2017, which is what allows for us to—right now, I think it makes those who were convicted ineligible. There will be

others who may have been convicted under the other act, which is the Controlled Drugs and Substances Act. If they were convicted, they might get a licence. What are your thoughts on that?

**Mr. Dave Crapper:** It’s a serious business, retailing controlled substances. It’s highly regulated, and it should be. It’s hard sometimes to reconcile the idea that someone who was participating in an illegal portion of that industry should be allowed to participate in it legally. If they haven’t shown any willingness to follow the law and the rules previously, you may want to question why they might otherwise.

**The Chair (Mrs. Nina Tangri):** Thank you very much. Your time is up.

I would like to come to the government side: Lindsey Park.

**Ms. Lindsey Park:** Thank you for coming today.

**Mr. Dave Crapper:** Thank you for having me.

**Ms. Lindsey Park:** I hope you didn’t travel all the way from Alberta today.

**Mr. Dave Crapper:** I did.

**Ms. Lindsey Park:** You did? Oh, well, thank you for coming all this way.

Earlier today, we had a suggestion from one of the witnesses who was a representative of the Ontario Public Service Employees Union that public employees would be better at preventing sales to minors and keeping cannabis out of the hands of children. Can you just share with me what your experience has been with that?

**Mr. Dave Crapper:** We take it seriously. As I said in my remarks, we did 22 million transactions last year in our networks—and last year, at some point, we got rid of a network in Kentucky and another one in New Jersey. I can’t remember exactly what the distribution of all of the stores were, but that’s a lot of transactions. Two missteps and the employees were fired.

As a publicly traded company, we just cannot afford to lose licences because people don’t follow the rules. There’s a shot, for those of you who can see it, of a card that sits over one of our cash machines in one of our stores. It kind of jocularly says, “You look great. Can I see your ID? Forty is the new 25.” So we ID everybody who looks to be 40 or under. We mystery-shop everyone. The AGLC does that on a regular basis, and we take it all very seriously because we have to.

So I would ask the representatives of the public service unions: How many of their employees are fired when they don’t carry through on the requirement to ID and not serve individuals who are intoxicated? If the answer is some number other than zero, then maybe they seem to take it as seriously as we do.

**Ms. Lindsey Park:** You were talking earlier about the licensing and making sure that we don’t end up with one company coming in and essentially running everything in the province and making sure that there is that competition. I’m just wondering if you could elaborate on how you think that will benefit not only the retailers, but also users as well.

**Mr. Dave Crapper:** Not having one dominant company?

**Ms. Lindsey Park:** Right.

**Mr. Dave Crapper:** I think what people want ultimately is choice. They want the opportunity to shop for alcohol—and, in this case, cannabis—the way they shop for other things.

One of our banners in Alberta is a store called Wine and Beyond. They are 25,000 square feet. They carry over 10,000 different alcohol products and another 2,000 accessories. A large LCBO would have about 3,000 or 4,000 of those SKUs. People spend, on average, 30 to 40 minutes wandering around and shopping in those stores.

People want that kind of choice. They want, at that extreme, the ability to pick from a wide array of products and to talk to a host of people who understand the product categories they're interested in, all the way through to the grab-and-go convenience of our convenience chain stores.

So I think what people want and the best model you can give them is the opportunity for a full and wide range of choices. You're not going to get that by limiting their choice. I think you can see that in the notions that have been raised here today in the committee around the existing alcohol models in Ontario. There are not the choices, particularly for beer, that others would like to see. One of the solutions to that could be opening that up.

**Mrs. Amy Fee:** Thank you.

**The Chair (Mrs. Nina Tangri):** Thank you. Robin, last question: You have one minute total.

**Mrs. Robin Martin:** You mentioned that larger retailers might be able to help us stabilize the new market. How would that work? How do you see it?

**Mr. Dave Crapper:** Well, every industry goes through three phases. They go through an initial phase where the first entrants into it are the initiators, the innovators. Then you've got the imitators, who see what they've done and come along and imitate them. And then you go through a period of consolidation. That's the history of the Alberta retail alcohol model, where we're now up to 2,500 or 2,400-and-change stores. We have built our chain of stores in Alberta based on buying up smaller, independent operators who thought it was going to be a great business to get into but didn't understand that retail is detail; it never ends. They were happy to find a bigger, deeper-pocketed professional player to come along and take out their investment—

**The Chair (Mrs. Nina Tangri):** Thank you very much. We're out of time. I appreciate you coming in today and presenting to us.

**Mr. Dave Crapper:** Thank you.

#### ONTARIO CANNABIS CONSUMER AND RETAIL ALLIANCE

**The Chair (Mrs. Nina Tangri):** I would like to call upon the Ontario Cannabis Consumer and Retail Alliance, please. Welcome. Please introduce yourself for the record.

**Ms. Abi Hod:** Hi. I'm Abi Hod. I'm a director of OCCRA, and I'm also the founder of HotBox Café.

Good afternoon to the members of the Bill 36 committee. As Ontario undertakes efforts to address the legalization of recreational, adult-use cannabis, our organization stands united in being fully supportive of the government of Ontario's mission to regulate the consumption of cannabis and hopes to work closely with the Ministry of the Attorney General towards a solution that is practical for the province over. We are encouraged that the province has chosen to loosen the harsh consumption regulations that the previous government had proposed.

We at OCCRA strongly encourage the province to create a regulated framework for cannabis consumption spaces in Ontario. Currently, Ontario is home to over three million regular cannabis consumers. This number is set to grow by 39% post legalization. That will be over five million regular cannabis consumers that are residents of Ontario, plus millions of tourists.

Cannabis lounges have existed in Ontario since HotBox was established in Toronto in 2003. We are now home to 10 lounges across the province, which provide adult cannabis consumers and patients a space to consume their now legally sourced pot while also taking the general public into consideration by providing a public adult-use option outside of our parks and family-friendly public spaces.

With regulatory precedent in jurisdictions such as Denver, San Francisco and Amsterdam, licensed consumption lounges that comply with stringent health and safety standards are being proposed. OCCRA is committed to shaping consumption policies based on harm reduction, through the provision of vaporizer devices and educational resources that outline safe consumption methods and the side effects of cannabis impairment. The regulation of licensed consumption lounges will effectively address aspects of community disorder, assist in decriminalizing consumers of a legal substance and act as a front-line public education resource.

We propose that provincially compliant and municipally licensed consumption lounges shall be exempt from the Smoke-Free Ontario Act for cannabis consumption purposes provided permittees fully comply with the suggested standards outlined below.

It is also proposed that a comprehensive process shall be put into place to grandfather existing cannabis lounges into the new recreational framework. Within this framework, detailed regulations will allow for a one-year moratorium on intervention in potential bylaw infractions, while the framework for recreational consumption lounges is being developed. We request to add regulated and licensed cannabis vaping lounges to section 13(1) of the Smoke-Free Ontario Act exemptions in Bill 36, with the addition of edible forms when they become legal.

#### 1650

Suggested standards for lounge permittees: Applications for a consumption lounge permit shall be made to the appropriate municipal department. The applicant will be required to complete a form that shall contain the following information:

- (1) Address of the proposed consumption space.

(2) The name, primary address and date of birth of the applicant, as well as individuals who own 5% or more of the entity, and management.

(3) Any trade names or assumed names of any related business.

(4) Proof of possession or permission detailing the applicant's right to use the designated space for the purpose of consumption.

(5) A description of the proposed hours of operation, and, for all temporary locations, a description of the proposed duration for each proposed designated consumption lounge.

(6) The results of a criminal background check.

(7) A responsible operating plan.

(8) A health and sanitation plan that demonstrates how rental cannabis consumption accessories will be cleaned and sanitized prior to each rental, if the applicant intends to provide rental cannabis consumption accessories to consumers within a designated consumption lounge.

(9) A community engagement plan coordinated with neighbours within 100 metres of the business location.

All public-facing communications put forth by any licensed consumption lounge in the province of Ontario must be compliant with the marketing and advertising restrictions as outlined in C-45.

It is recommended that all permittees or prospective consumption lounge operators look to appointing a compliance officer whose duties include ensuring all activities undertaken by the permittee are compliant with relevant municipal, provincial and federal regulations.

Permittees shall post one or more notices of sufficient size, lettering and prominence to advise potential customers and passersby that the consumption of cannabis products is occurring on premises.

Cannabis consumption shall not be visible from any public place or any non-age-restricted area on the premises.

Security personnel must be stationed at the entrance to the licensed consumption lounge throughout the operating hours.

Any employee or agent of the municipal department of health may enter and inspect the premises during the business hours without notice.

There shall be a requirement in place that the permittee create an in-house policy that shall address issues of intoxication and outline the establishment's commitment to responsible service.

It is suggested that the permittee follow Smart Serve Ontario's risk management policy tips. Additionally, any consumption lounge located in Ontario should seek to adopt the OCRC's code of conduct and any policy measures related to drug-impaired driving.

Furthermore, following the outcome of the regulatory consultation, it is suggested that the Ministry of the Attorney General create a social consumption advisory committee comprised of key stakeholders within the recreational and medicinal cannabis sectors, health and safety experts, and any other individuals deemed necessary. The social consumption advisory committee will seek to help guide

the proposed regulations through the appropriate processes and provide a forum for the provincial government to directly communicate with those affected by the regulations. The committee will also provide feedback on how to weave public education materials into the operations of lounges province-wide.

Permittees must ensure the proposed consumption space location is not within 50 metres of a school within the meaning of the Education Act.

The sale and consumption of alcohol or tobacco are not permitted on the premises. The presence of any other inebriates on the property is also prohibited.

The permittee must comply with all other commercial standards as outlined by the relevant municipal department. In accordance with provincial guidelines, municipalities shall be able to opt out of any consumption-lounge-enabling legislation.

No permittee shall allow the on-site consumption of cannabis or cannabis products in a manner inconsistent with any permit condition, or inconsistent with any rules, regulations, or guidelines under the laws governing this licence.

A permittee shall comply with the laws governing cannabis businesses and retail food establishments.

As outlined in the Cannabis Act, only individuals aged 19 years or older shall be allowed to enter a licensed consumption lounge. Upon entry, and following the social responsibility guidelines outlined by the LCBO, every individual will be asked to present valid government photo ID. Should an individual be unable to produce this identification, they will not be permitted entry.

Should an inspection be conducted by the municipal department of health, all individuals in the establishment must have a valid government-issued photo ID and present it. Should the permittee find themselves in a position where a minor is served or is consuming cannabis on-premises, the licence will be immediately revoked.

A comprehensive air filtration system that complies with all Ontario air pollution standards must be installed throughout the location. Vaporizer devices shall be used and temperatures must be set below that at which dry cannabis begins to combust. So there will be no smoking; it's only dry-air vaporizing that's being proposed.

For on-site cannabis retail sales, Bill 36, amendment 3(1) to the Cannabis Act, states the following:

"The corporation also has the exclusive right to sell cannabis in Ontario to a holder of a retail store authorization under the Cannabis Licence Act, 2018, for the purpose of resale in a cannabis retail store within the meaning of that act."

As such, according to the above, Bill 36 allows for licensed consumption lounges to become an agent of the OCRC and enter into an agreement to possess and sell cannabis and related products on its behalf.

It is suggested that:

—products be purchased and tracked directly through the OCRC. Licensed consumption lounges will be expected to comply with any seed-to-sale tracking system that comes into place;

—any sale licence possessed by a licensed consumption lounge is to be issued by the AGCO and verified by the appropriate municipality;

—all cannabis products are to be sold pre-packaged and clearly marked as legal product;

—licensed consumption lounges will be responsible for setting a limit of cannabis product on the premises as determined by the establishment's seating capacity; and

—all additional product must be stored in a functional and secure safe.

Members of OCCRA, alongside the Hotbox Lounge, are grateful for the opportunity to ensure Ontarians have a safe, secure, sanitary and convivial place to consume their legal cannabis.

Thank you for your time, and I am happy to answer all your questions.

**The Chair (Mrs. Nina Tangri):** Thank you very much for your presentation. I'll start with Robin Martin.

**Mrs. Robin Martin:** Schedule 2 of the act outlines a proposed retail framework that will provide an opportunity for current actors involved in the illegal market to legitimize their businesses, while schedule 1 balances the need for strong enforcement tools, including penalties for illegal storefronts operating post-legalization. Do you have any suggestions for us on how we can improve the proposed act?

**Ms. Abi Hod:** Right now, what the province has said makes sense. If you close down your dispensary by October 17, you will have a chance. I think that's fantastic. It really separates the sheep from the wolves and lets you see who's got a long-term plan as opposed to a short-term plan. Dealing with landlords is probably one way of doing this.

**Mrs. Robin Martin:** Anything else that you wanted to add?

**Ms. Abi Hod:** I think the landlord way as opposed to the police way—I know from watching Project Claudia go down that it was probably the most effective tool they had. So that would be my suggestion, if you want to save some money on police work.

**The Chair (Mrs. Nina Tangri):** Thank you. Effie Triantafilopoulos.

**Ms. Effie J. Triantafilopoulos:** Yes, just a couple of questions as well. The government is proposing to align the rules around places of use for recreational cannabis with the Smoke-Free Ontario Act. Can you tell us how the proposed legislative changes affect your membership?

**Ms. Abi Hod:** The club itself?

**Ms. Effie J. Triantafilopoulos:** Yes.

**Ms. Abi Hod:** We have an outdoor area, but what's going to happen is that people will be smoking out on the street as opposed to in a safe environment that has proper education and proper vaporizer technology—there are staff that are well trained in first aid. They know exactly what to do. They're well versed in cannabis consumption and can not just teach you but watch you if you're over-consuming. So now it's a question of: Would you rather have people all consuming on the street, or would you rather create spaces that make sense for consumers?

People don't want to be a burden. People want places to go and enjoy themselves. I also think pushing people away from smoking by creating smoke-free spaces that allow people to consume will keep them from smoking on the street. So I think there are a lot of benefits to adding this.

**The Chair (Mrs. Nina Tangri):** Thank you. Lindsey Park—oh, you didn't.

**Mrs. Robin Martin:** I think Effie had one more question.

**Ms. Effie J. Triantafilopoulos:** I had one more.

**The Chair (Mrs. Nina Tangri):** Oh, you had another question. Go ahead, Effie.

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**Ms. Effie J. Triantafilopoulos:** As you know, the retail cannabis stores will be expected not to sell to minors—and we've talked a lot about that so far today—obviously to meet provincial and municipal laws. For those who have been selling cannabis illegally up till now, how are they to be trusted to follow all laws and rules going forward as legitimate store owners?

**Ms. Abi Hod:** I don't own a dispensary; I'm just going to put this out there: Most dispensaries do card. All lounges card. All lounges—the 10 lounges that exist—are all 19-plus. We card every single person that comes in, even for our accessories. We won't sell accessories to a minor. So I think we're already responsible. Those who want to comply by the law will make the provisions to comply by the law. They'll make themselves stand out. People who don't want to comply by the law, obviously, aren't going to be following the right steps and making the right applications and following the law. I think once you start getting your applications and seeing who closes on the 17th, you'll know who is serious and who is not.

**Ms. Effie J. Triantafilopoulos:** Thank you.

**Ms. Abi Hod:** No problems.

**The Chair (Mrs. Nina Tangri):** Thank you. There's one more minute if anybody has a question. No? We'll move right on to the opposition: Sara Singh.

**Ms. Sara Singh:** Thank you so much for your presentation. I apologize that I had to step out for a little bit.

I was just curious: As an operator who is functioning right now, after the October 17 deadline and prior to the April 1 deadline to allow you to operate, do you feel like there's a little bit of an operational black hole for folks that are in the industry?

**Ms. Abi Hod:** My personal business does not break the law. We sell lifestyle accessories and we provide a place for people to consume. So, again, if the bylaw inspector comes in and says, "Don't let people vaporize inside," then we'll just have to send them out on the street, it's going to be a lot more of a headache and my community is going to be pretty upset about it.

But I think, for us, we're okay. We're taking all the right steps. I've operated for 18 years. I've never sold cannabis—I've always waited for the day to come when I could—and I've made my business work without it. I think until then people who want to be legal will figure out how to stay in business and be able to apply and get their licence, because that's what we really want.



**Ms. Sara Singh:** Fair enough. Thank you.

With respect to some of the amendments that you're proposing, can you just maybe help us understand why it is important for users to be able to consume in a safe space versus aligning with the smoke-free act?

**Ms. Abi Hod:** Absolutely. Imagine that bars didn't exist and the only place that you could consume your alcohol was on the street, right? That would not be great for society and it wouldn't be great for people who consume alcohol. So you have to imagine that we're going to have about five million cannabis consumers that are regular consumers; currently about 25% of the population consume cannabis at least once a week. So you add in the new users, the not-so-regular users, and you are looking at about five million people. Then you have all the tourists that come and explore our province throughout the year as well, and probably about 25% of them consume, bringing that up a little bit.

You're expecting a lot of these people won't be able to consume at home. They live in condominiums, shared dwellings—really, it's an urban problem more than an outskirts problem. There have to be places for people to consume. Otherwise, your streets are just going to be—not overrun, but you're going to find that the alleyways have people consuming. I'm in Kensington Market and right now when I go home—I live in a little alleyway back street—there's one empty house and literally every five minutes there's somebody out there smoking a joint because they don't want to smoke on the street.

So you're look at your alleyways, your parks, your public spaces being used as places to consume. Does it not make more sense to have consumption spaces that are regulated, ventilated, have proper education, a way for the government to communicate safer consumption methods with the consumer, as well, and provide education one on one? It just generally makes sense.

We need to put away the stigma of smoking and imagine the cannabis vapour—and also in 2019 you're going to look at edibles coming into play. That's going to be a whole different ball of wax where people don't understand edibles and they think, "I'll just have a few slices of this cookie," and an hour later it's a problem. So, again, it makes more sense to have an educational space where we can moderate how much they are consuming, how they are consuming it, and educate them during their purchase and during their experience. For many of them, it will be their first experience.

**Ms. Sara Singh:** I know they are two different models, but very similar to what a safe injection site aims to do—to ensure that people have safe venues to use a substance—is the model you would prefer.

**Ms. Abi Hod:** It works both ways. We're providing a safe space for consumers, but we're also providing a relief for the 75% of the people who don't consume who don't want to walk by six people smoking a joint in the middle of the day, right? There has to be a give-and-take and we have to take into consideration everybody, the consumer and the non-consumer. I think having properly regulated consumption spaces is really the only way to regulate this without having an uproar.

**Ms. Sara Singh:** Thank you.

**The Chair (Mrs. Nina Tangri):** Thank you very much. Do you have a question? You have about 25 seconds.

**Ms. Doly Begum:** That's okay.

**The Chair (Mrs. Nina Tangri):** Thank you very much for presenting to us today. We appreciate you coming out.

**Ms. Abi Hod:** No problem.

#### ONTARIO REAL ESTATE ASSOCIATION

**The Chair (Mrs. Nina Tangri):** I would like to call upon the Ontario Real Estate Association to come and join us. Welcome. For the record, if you could please introduce yourselves.

**Mr. Steve Kotan:** Good afternoon, Madam Chair and fellow committee members. Thank you for allowing us to present on Bill 36, the Cannabis Statute Law Amendment Act, 2018. My name is Steve Kotan. I'm a realtor from North Bay and I'm a director at the Ontario Real Estate Association. Joining me today is Matthew Thornton, OREA's vice-president of public affairs and communications.

By way of background, OREA is one of Canada's largest provincial trade associations, with 70,000 real estate brokers and salespeople who are members of Ontario's 38 real estate boards. While OREA does not officially have a position on the legalization of cannabis, our members and the tens of thousands of clients they serve every year care about safe communities. With that in mind, we are encouraged by the government's efforts with Bill 36 to safeguard young people, combat the criminal market and provide safer ways to buy recreational cannabis legally.

One area, however, where we are looking for provincial leadership is the issue of cultivation of cannabis in residential properties. As this committee knows, the decision to legalize cannabis was made by the federal government and it is now up to each province to pass enabling legislation. One topic that the federal government left to the discretion of each province is home cultivation of cannabis and the number of plants permitted within a dwelling. Make no bones about it: After October 17, more Ontarians will be growing legal pot at home.

Consider, for example, Denver, Colorado, where only a few years ago cannabis was legalized in that state. Metro Denver police estimate that one in every 10 homes in that city has cannabis being grown in it—not to mention the thousands of Ontarians who have medical prescriptions to grow cannabis in their home. Often these prescriptions exceed the four-plant rule, creating sizable grow ops in homes that were never built to house them safely. And that's just legal grow operations. Crime syndicates often use residential buildings to grow marijuana, causing significant structural damage to the property. Every year law enforcement busts hundreds of grow operations across the province, many of them in middle-class Ontario neighbourhoods.

Despite the province's best efforts, we are concerned that organized crime will continue to have a large role in

the illicit cannabis market. Proposed federal rules permit up to four plants of unlimited height to be grown in any Ontario home. Former cannabis grow operations, even on a small scale, can pose significant health and safety issues for unsuspecting homebuyers. These risks are often masked by owners of existing grow operations when the property is sold, making it difficult for homebuyers and realtors to detect problems like mould and fungus. Growing cannabis indoors requires high temperatures and high humidity, which can lead to the formation of black mould and other types of fungus, which are particularly problematic for seniors and young children with breathing issues.

The National Collaborating Centre for Environmental Health recently published a report which outlines specific concerns with accidental poisoning, indoor air quality and the inappropriate use of pesticides in home cannabis grow ops. Unlike the commercial production of cannabis, there are almost no regulations for safe production of home-cultivated cannabis. Even if there are regulations, there is no guarantee that they will be followed. With an increase of cannabis plants in homes, there is also a greater risk of accidental poisoning in youth, pets and adults who may inadvertently consume cannabis.

But what about homebuyers? Stopping unsuspecting homebuyers from entering into a potential nightmare scenario whereby their family is faced with these health and safety issues is at the root of our call for action today. These examples rarely make the news because homeowners are deeply concerned about the stigma associated with former grow operations, and the impact that stigma will have on the investment of their family home.

#### 1710

For those who argue that legal cannabis plants should be treated no differently than any other plant grown in a home, let me be clear: These are not tomato plants. They are controlled substances. They can severely impact people's health. Growers typically use more water, electricity, heat, pesticides and humidity in the cultivation of cannabis than with other garden-variety plants.

A recent article in the Windsor Star found that because the federal legislation has no restrictions on height or width of a home-grown cannabis plant, an experienced grower can cultivate four pounds of cannabis with one plant. That's 60 times the personal possession limit. These plants look more like small trees than they do your home herb garden.

Experts in the medical, law enforcement and real estate sector have spoken against the personal cultivation of plants in homes and have recommended a ban on home cultivation. In particular, the Canadian Medical Association has noted concerns with high humidity and temperatures and the use of hazardous chemicals, such as pesticides.

Canada's police chiefs have also raised concerns about the production and manipulation of plants, and the possession of illicit cannabis. The chiefs of police, in a written statement to the federal Standing Committee on Health, also noted that personal cultivation was "counter to the bill's stated objective of protecting youth."

Every day I work with Ontarians who have spent years saving up for a home where they can raise their families. These people consider every detail of their purchase: the number of bedrooms, the size of the yard, and the condition of the electrical, plumbing and windows. They want to know exactly what they're buying with their hard-earned money—and that, they deserve to know.

As a realtor, it's unsettling not always being able to inform buyers if the home that they're considering was once a marijuana grow op. If a realtor knows that the home they are showing was once a marijuana grow op, they are obliged to inform their buyers. However, a realtor can't always tell, nor can home inspectors always detect the signs of a former marijuana grow op.

To protect buyers against illegal and legal grow ops, we're recommending that, first, the province should follow Manitoba's and Quebec's lead and ban home cannabis cultivation. A ban on cannabis cultivation would not only protect the homebuyers; it would reduce the size of the illicit cannabis market and encourage more people into provincially licensed retailers. Exemptions, however, should be made for the medical licence holders.

While some have argued that such a ban could be subject to a court challenge based on federal supremacy of law, OREA notes that the federal legislation already gives provincial discretionary powers over limitations on the number of plants in a home. We believe that, if challenged, this power could stand up in court.

If the province does not move forward with the ban, OREA has a three-point plan to help protect Ontario homeowners. First, the province should create a registry of former illegal grow ops, using the land title system. This registry would provide homeowners with a mechanism to check and see if their potential dream home was a former grow op and whether or not it has been remediated.

Second, with home growth expected to increase significantly after legalization, the province should require that all licensed home inspectors receive training on how to spot the signs of a former grow op.

Finally, because the risks of mould and humidity are magnified in a smaller space, we recommend that in multi-unit residential buildings like condos, the province reduce the number of plants permitted to be grown from four to one for units of 1,000 square feet or smaller.

In conclusion, while the province has rightly focused its initial efforts on getting the sale and distribution of cannabis right, today we're calling on policy-makers to turn their attention to protecting Ontario homeowners and prospective homebuyers.

Ontario realtors urge you to amend Bill 36 and ban home cultivation. However, if the government does not ban cultivation, we recommend that you take steps to protect homeowners, namely by reducing the number of plants permitted from four to one in units that are 1,000 square feet or smaller.

Thank you very much for your time. At this point, Matt or I would be happy to answer any of your questions.

**The Chair (Mrs. Nina Tangri):** Thank you very much. We will begin with the opposition: Doly Begum.

**Ms. Doly Begum:** Thank you very much for your presentation. It's good to have you both here.

**Mr. Steve Kotan:** Thank you.

**Ms. Doly Begum:** Would you be able to elaborate a little bit more on the three points, if, for example, there is no ban, as to how we can make sure that our children are safe at home? And the stigma you're talking about: a lot of people buy properties. They don't want to disclose that. It's a real stigma that is attached to it in terms of selling property later on.

**Mr. Steve Kotan:** Definitely. As I had mentioned, we do want this to be registered with the land title system. If it was registered on there, any realtor or prospective buyer could go and search title and it will tell if it was a former grow op or not, and if it has been remediated. If the property has been remediated, there are different things that go along with that.

**Mr. Matthew Thornton:** I think, to answer your question, that the best way to protect kids in homes would be to ban cultivation in residential properties altogether. But with respect to the stigma issue, our registry proposal has built into it a remediation standard that the province or the federal government would set so that homeowners could know that their property was remediated to a standard that would protect their health and safety. That's important information for the next buyer as well. So it would address the stigma issue by giving some certainty to both the existing homeowner and then prospective homeowners about the quality of home.

**The Chair (Mrs. Nina Tangri):** Can I ask you to please state your name for the record?

**Mr. Matthew Thornton:** Sorry. Matthew Thornton. I'm vice-president of public affairs at OREA.

**The Chair (Mrs. Nina Tangri):** Thank you. Go ahead.

**Ms. Doly Begum:** Thank you for that. I think another thing is that we have listened to a lot of different stakeholders today, and one was mental health issues. In terms of educating our children, educating our parents: A lot of parents don't know how to have that conversation with their children. What would be OREA's point of view in terms of the outside sale? I don't think we can stop somebody from growing at home completely, unless—what would you propose the government take, what kind of actions? In terms of educating our parents, what sort of ideas do you have or would you recommend?

**Mr. Matthew Thornton:** That is a great question. It's a little bit outside of our bailiwick, per se. As Steve mentioned off the top, we are encouraged by the direction of the federal legislation with respect to taking some steps to make our streets safe and protect youth and minimize the illicit cannabis market. We think that's a positive direction in general. But our main concern today is with the home cultivation of cannabis and what that means for our homeowners in the province.

**Ms. Doly Begum:** Thank you.

*Interjections.*

**Ms. Sara Singh:** I have some questions around—I'll wait for the Chair.

**The Chair (Mrs. Nina Tangri):** Go ahead, Sara Singh.

**Ms. Sara Singh:** Thank you, Chair. Just some questions—thank you both for the presentation—around fire regulations for those who are growing at home. Just very briefly as I was going through the pamphlet—well, the book—that you provided us, I noted that those who are growing at home often do not follow fire regulations. Are there any recommendations that you would make that would permit someone to grow at home, for example, while adhering to additional regulations that the government would impose?

**Mr. Matthew Thornton:** Yes. Steve alluded to, in his presentation, the idea that the province could create regulations around home cultivation. I think our broader concern would be whether or not those rules were followed at the end of the day. Compliance would be a really tough issue, as would enforcement. For those reasons, our position is that banning cultivation would be a much easier solution. Let's push people towards those retail outlets instead of growing at home. It would also minimize the illicit cannabis market. Our concern is that the illegal cannabis market is going to continue to have a large space in Ontario, even post-legalization. That has a lot of issues for residential properties and residential neighbourhoods.

**Ms. Sara Singh:** Thank you.

**The Chair (Mrs. Nina Tangri):** No more questions?

I'll come to the government side: Lindsey Park.

**Ms. Lindsey Park:** Thank you for coming today. We share your concern for taking care for property values and respecting properties in Ontario. Perhaps we have a different read of the federal legislation and whether a court challenge of it would be successful or not. I do note that in June 2018—and I know that your organization released a public statement challenging the federal government to be clear on this to the provinces. Absent that clarity coming from the federal government, I thank you for your three-point plan. I just wanted to know what the last status was of your discussions with the federal government, how they have been left on this important topic.

**Mr. Matthew Thornton:** Thank you very much for the question. The status is that the federal government continues to believe that the four-plant rule is a good rule, it's a good limit. That's despite the fact that Quebec and Manitoba have taken positions in favour of banning home cultivation. With that in mind, that's why we're looking to the province for some leadership on the issue.

**The Chair (Mrs. Nina Tangri):** Sheref Sabawy.

**Mr. Sheref Sabawy:** In your presentation you mentioned linking the land registry to the homes which have been grow-ops before. We're talking about mass production; we're not talking about the four plants, because the four plants are going to be legal. I don't think that the four plants would be something that the government will track, or can even track. But saying that, what is your advice? Would you create some homebuyer guide with regard to discovering even those four plants, or four plants are not going to cause a decrease in the price of the property?

**Mr. Matthew Thornton:** With respect to the four-plant issue, the registry itself would only deal with illegal grow-ops. Those are illegal grow-ops that are busted by

the police. Under the Municipal Act there's a requirement in the legislation for the police to inform the municipality that they've busted the grow-op. Our registry proposal would mandate that the municipality would have to register on the title of the property that it was a former grow-op, and any health and safety issues that a municipal inspector identified with that property. Those work orders couldn't be removed until the property was remediated. So they're checking all the boxes when it comes to health and safety. We're definitely not suggesting that legal grow-ops be captured by that registry.

In terms of your question about consumer education, I think that's definitely going to be a role for our members going forward, working with our clients to make sure they know as much information as they can about cannabis, home cultivation and some of the issues that it has around the properties. We're working on some of that information right now.

**The Chair (Mrs. Nina Tangri):** The final question, from Effie Triantafilopoulos.

**Ms. Effie J. Triantafilopoulos:** I wanted to ask you about the ability that municipalities will have, as you know, to opt out of allowing stores to come into the community. Do you think the opt-out will encourage more people to grow in their homes or discourage more people from growing in their homes? Have you considered that?

**Mr. Matthew Thornton:** That's a good question. I don't know if we've considered it in a tremendous amount of detail. I do think it would be safe to assume that if your local municipality opted out of permitting licensing and you had to travel a far distance, you might have a larger incentive to consider growing in the home. That is, I think, a safe assumption.

**The Chair (Mrs. Nina Tangri):** Thank you very much. Thank you for coming and joining us and presenting today.

**Mr. Steve Kotan:** Thank you very much for your time.

**The Chair (Mrs. Nina Tangri):** Our final presentation: They're just getting ready to begin, so we can take a five-minute recess. So if you can be back here and ready to go at 5:30. Thank you.

*The committee recessed from 1723 to 1730.*

#### CANNABIS COUNCIL OF CANADA

**The Chair (Mrs. Nina Tangri):** We will resume. We have the Cannabis Council of Canada joining us here. If you could please state your name for the record.

**Mr. Allan Rewak:** Good afternoon. My name is Allan Rewak, and I have the honour and privilege of serving as the executive director of the Cannabis Council of Canada.

**The Chair (Mrs. Nina Tangri):** You have 10 minutes to present.

**Mr. Allan Rewak:** First of all, I'd like to thank you for having me here today. I know it has been a bit of a marathon for all of you, and I'm happy you got through the day with a bit of help from coffee.

I'm here to speak around a piece of legislation that we support and that is vitally important to the future of our

sector. Of course, I'm referring to Bill 36. As I mentioned earlier, my name is Allan Rewak, and I do serve as the executive director of the council, or C3. We exist as the national trade association for Health-Canada-approved producers of medicinal cannabis under the ACMPR, the current medical framework, and, very soon, Bill C-45, the Cannabis Act.

Soon to be joining me is my vice-chair, John Fowler, who also has the privilege of serving as the president of the Supreme Cannabis Company. Unfortunately, as I've rediscovered as someone who lived in Toronto for most of my life but now lives in Ottawa, traffic is much worse here.

We, as an association, are relatively new. We are a relatively recent creation. In fact, prior to April 2018, there were two primary stakeholder voices in the licensed producer world, the Cannabis Canada Association and the Canadian Medical Cannabis Council, as well as large, independent, non-affiliated cannabis companies that are well known. While each of our stakeholder voices contributed to the creation of positive policy as it relates to cannabis, we collectively recognized that as separate entities, we weren't doing our job: assisting legislators such as yourselves, the media and members of our industry. That's why we decided to merge into one association, which really was the genesis and the birth of the Cannabis Council of Canada. Collectively, we represent 85% of the current approved legal cultivation of ACMPR-produced cannabis today, and we are the only national association that can say that we represent licensed producers through the government of Canada and our provincial partners.

Collectively, I want to make it exceptionally clear that C3 and its membership strongly support the inclusion of the private sector in retail sales that this government introduced for adult consumer use. The reason for this is simple: We're fighting a battle, and it's a battle against an illicit market that is incredibly well resourced, savvy and in existence. Don't think of this as the creation of a new industry; this is the migration of an existent illegal industry to a legal framework. The more outlets that are legally regulated by our provincial partners and controlled, the more effective we will be as a sector in displacing this illegal market and creating a legal one that we can tax and control, bringing benefit to our communities while making it harder for kids to access recreational cannabis.

While our support is significant, we do believe there are two elements of Bill 36 that could be tweaked and amended to improve the objectives of the bill, specifically keeping cannabis away from kids and profits away from organized crime. We collectively as an industry believe that Ontario is making an error in prohibiting licensed producers or their affiliates from operating more than one store location in the province. While we understand that reasonable restrictions on densification and store ownership are required, if we are truly to create a competitive marketplace, it seems counterintuitive that we would lock out those industry players with the most experience, the most capitalization and—I want to stress this—a track record of zero diversion of medicinal cannabis. We've

seen cases under the MMAR of cannabis being diverted to the illicit market; my membership, the ACMPR-approved producers, have not had one gram diverted. We have not had one case of criminal infiltration. In fact, our track record is so good that Health Canada, a few months ago, lowered the security standards for our facilities because they were so robust.

Considering that we've got 65 out of 120 licensed producers in this province for cultivation, many with multiple facilities—that's 54% of the global Canadian cannabis economy—we believe that these companies should be allowed the same opportunity as any other business, within reasonable regulatory restraints, to operate retail outlets. That's why we suggest, at its very core, simply removing section 4 of the act. It is superfluous. Many of the protections indicated in section 4 can be re-created in regulation, and we believe it goes against the core tenets of creating a truly competitive legal marketplace.

That being said, I do recognize that this committee's time is short and you have a very tough mandate to make changes to this legislation. So should you reject the removal of section 4 of the legislation, we would further suggest that section 4, subsection 1, be amended to read the following, and this is specifically in reference to the licensed producers' farm-gate or point-of-production facility:

“The proposed cannabis retail store must be located on or in close proximity to the site set out in the licence.”

The reason we make this suggestion is in defence of and in the hope that the Ontario government will recognize the variance in scale amongst cannabis producers in this province. Despite us having the majority of cannabis cultivation facilities in Ontario, some are quite small. When we want to create a truly competitive, even environment, we have to recognize a world leader such as Canopy or Aurora that has the facilities and space to build that store and include safe parking. They could be competing against a 5,000-square-foot facility with two parking spots.

If the intent is to allow for each of these players to participate, we believe this amendment, that can be defined in regulations, would allow for one of those smaller local producers to operate a store directly adjacent to their current production facility. This would not be about building a store that's gigantic. It would be about making it safe and ensuring they can have parking there and appropriate age-gating, and really can be competitive in showing their brands and products to adult consumers who choose to consume cannabis.

In closing, I'd like to thank this committee for the opportunity to be here and also for your hard work. I think this has been the longest committee sitting I've seen at Queen's Park, and I hope you all have a robust dinner planned.

Again, while we really support this government's direction, we believe that this will create a more competitive environment. The two amendments we have made today, the second of which is irrelevant if we move ahead

with our primary recommendation—we believe we have the opportunity to truly help you make Bill 36 stronger. We believe we can assist you in fighting the illicit market more readily and effectively, and really move toward our shared goals of keeping cannabis away from kids and profits away from organized crime.

I'd be exceptionally pleased to answer any questions any of the members of this committee may have, where appropriate and within our field of expertise.

Before I conclude my remarks, I'd just like to introduce John Fowler, who is our vice-chair for adult consumer use, and the proud president of the Supreme Cannabis Company and the owner of 7Acres, a licensed producer of medicinal cannabis under the ACMPR, based in beautiful Kincardine, Ontario.

**The Chair (Mrs. Nina Tangri):** You have about three minutes, sir.

**Mr. John Fowler:** Thank you for having us today, and I apologize for being late. I forgot you need an ID to get inside.

**Mr. Allan Rewak:** That concludes our remarks. I'm happy to take any questions, through you, Chair, that you may have.

**The Chair (Mrs. Nina Tangri):** Perfect. Thank you. Aris Babikian, if you would like to begin.

**Mr. Aris Babikian:** You mentioned that there are 65 cultivating producers of the product.

**Mr. Allan Rewak:** Yes, sir.

**Mr. Aris Babikian:** Do you think, down the road, that those 65 will shrink down to a few handfuls of them, and the entire production will be focused under a few companies, a handful of companies?

**Mr. Allan Rewak:** I don't want to speculate too much—and I'll let John add to this—on the future of the marketplace. I think we are in a marketplace that's somewhat speculative. Projecting which companies will acquire whom and how they'll grow, I think, is a little dangerous. If I knew that, I'd be far wealthier.

I think we will see some further consolidation in the industry as this entire market grows. But just like spirits or, more importantly, wine, which is the best alcohol-oriented comparator to cannabis, you're going to see a diversity of suppliers. Some 9% of the cannabis users in Ontario are going to be making 70% of the purchases in year one. These are very sophisticated, savvy people who appreciate cannabis the way most of us appreciate wine. They're looking for a flavour profile, an experience. These are one in six Canadians. These are your neighbours, your friends, my mother—who probably is embarrassed that I mentioned her name at a legislative committee as being in this world. These are folks who are looking for a very specific effect. There will be a diversity of producers growing thousands of strains to create those different effects, and there will be many niches in the market. There will be the box of wine that you'll take out for a picnic or a family gathering, and then there will be a much nicer bottle of wine that you'll want to savour with a close friend or save for a special occasion. There will be cannabis connoisseurs just as there are wine lovers.

**Mr. Aris Babikian:** One more quick question: Did you do any study to find out how legalization and the retail proposal that this bill is proposing—how hard it will affect the illegal market?

**Mr. Allan Rewak:** Part of this is anecdotal and based on “a truth is a truth is a truth.” I see over 140 illicit dispensaries operating in Toronto, producing more profit than some of my members who are publicly traded. Considering that, the plan the Premier put forward will create a more competitive marketplace.

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We believe that we can help make it even more competitive by participating at a slightly higher degree, but you’ve asked me a question that perhaps I am too close to the issue. It’s also impossible for me to answer, because I just want to scream, “Of course more outlets means more effective competition.” For us in the industry, it’s simply common sense. We’ve seen Colorado, we’ve seen Washington state, we’re seeing California and we’re seeing what’s happening out west. The more appropriate regulated outlets, the more effective we are in getting out those actors who are abusing cannabis supply chains; the organized crime folks, those are who we want out.

**Mr. Aris Babikian:** Thank you.

**The Chair (Mrs. Nina Tangri):** Anyone else have a question? Lindsey Park.

**Ms. Lindsey Park:** One of the concerns we heard from a witness earlier today was that private retailers wouldn’t be as well positioned as public retailers to keep cannabis out of the hands of children. What has been your experience with that? What perspective would you add to that?

**Mr. Allan Rewak:** I want to make it very clear that cannabis is not lateral with tobacco or alcohol. I enjoy both of those substances, but I know those are going to kill me. Cannabis is not a class 1 carcinogen, according to IARC and the World Health Organization. We do know there are heightened risks for youth, and that’s why youth shouldn’t access it.

Even though tobacco is a higher risk of product—I’ll give credit to private retail in Ontario that have made cigarettes hard for youth to access. We’re finding that illicit access is coming from illegal operators who follow no element of the law.

So I think the private system can be very effective. And all due respect to OPSEU—I’m a big fan of their work—but you can’t tell me that two or four stores, which is what we were going to have, is a better way to keep kids from accessing the illegal drug dealer two lockers down, when under this model we can have 500 stores regulated, controlled and see the sale tracking. We know where every gram is going to go. Those owners will be fiscally and professionally liable for any diversion. I think that’s a step in the right direction.

**The Chair (Mrs. Nina Tangri):** Thank you very much. There’s only about 20 seconds, so I’m going to go straight to the opposition. Who’s going to speak first?

**Ms. Sara Singh:** Doly is going to start.

**The Chair (Mrs. Nina Tangri):** Doly Begum.

**Ms. Doly Begum:** Thank you for your presentation. I just wanted you to, if you could, elaborate a little bit more on the recommendation that you made, the amendment, and then you had a supplementary as well.

**Mr. Allan Rewak:** Ideally, our recommendation is that we think section 4 is superfluous in terms of the legislative content. If we want to put concentration limits, we can figure that out in good faith for regulation. I think that the blanket prohibition in that legislative component is a little problematic, for some of the reasons that were touched upon. When we talk about consolidation, what happens if a great locally owned Ontario business has three production facilities in the province of Ontario? I have members like that. They have to choose between communities of where they’re going to put their farm-gate store, right? Again, that’s why that should be dealt with in regulations.

We also have, depending upon the definition of “affiliate,” potential exclusions of some of the best retail chains in the country who have taken investments from cannabis companies because, to be blunt, you can’t get a whole lot of money in this industry from the States if you’re not on the LP side. The LPs have almost become a bag for some of the best private retailers looking at this marketplace.

We think that’s the cleanest, best solution. We can take the time in regulations in November to get the concentration limits worked out and figure out the store placement issues. But if we can’t make that amendment, if you reject that amendment, I do believe that for the smaller producers we have to make an accommodation to allow them to put their local farm-gate store next door to their production facility, because otherwise this will be a logistical nightmare. It’s the small things that trip you up in these things. It’s something as small as, “I have three parking spaces. How can I run a store? If I’ve got a 7,000-square-foot facility, I’m a proud local business and I want to showcase that to adults, how can I do that if I have two spaces?” Unfortunately, the placement on the licence could create that situation.

**Ms. Doly Begum:** Thank you. I think that’s a concern for a lot of consumers. I’m a huge fan of small businesses and entrepreneurs. What would be, from your experience, advice for us to deal with this so that big corporations or big markets, the big guys, don’t take over the market?

**Mr. Allan Rewak:** There’s no one better suited to answer that question than John Fowler, so I’d be really pleased if he responded.

**Mr. John Fowler:** I think that legalization will be successful when we convince consumers to move from an illicit supply chain to a legal one. We’ve seen for nearly 100 years that the force method doesn’t work. To be effective, we’ve advocated consistently for an open and free market for as many players because, quite frankly, even though it’s my job to know, I don’t know yet what retail stores will work—what design, what millwork, what price points etc. So while we see it as a big win for our members to have the option of a farm-gate store, we are concerned about being limited.

Our site, for example: We have 300 contractors every day. It's not a safe place. We have a lot of management for our employees to be safe, but it wouldn't be a safe place to bring retail consumers. So we do look to see some flexibility. But to your well-made point, I believe provinces such as Alberta that have put concentration limits find that right balance, because we are still small businesses.

My business is two years old. My business has grown quickly. It has 300 people that we employ locally in Kincardine, Ontario. But we're still new. It's challenging for us that with a decision to be entrepreneurs as cultivators, we can't be entrepreneurs as retailers and we can't have our opportunity to compete with large national retailers outside of the cannabis space for our piece of that pie. That's why we submit that the appropriate way to put the concentration limits is to prevent certain densities of ownership in the marketplace, including between affiliate groups, but allow the LP more than one and certainly allow us to move it at least a little bit off our site. It's better for everybody.

**The Chair (Mrs. Nina Tangri):** There's one minute left.

**Ms. Sara Singh:** Thank you. We heard from earlier witnesses around the optimal process for municipalities and some of the challenges that that poses for their members. Maybe you can elaborate on some of those concerns, if they've been brought up by your members?

**Mr. Allan Rewak:** This is a tough municipal election, obviously. We're going to the polls on the 22nd, I believe. We've got a bit of a break in between and we do need councils to look at this.

In our discussions with our municipal partners and in every community that one of our licensed ACMPR

producers has entered, at least from our membership, a positive relationship has formed. I believe that fewer communities will opt out than is anticipated. That's not because of the logistics of this; that's because we have an existing problem, and that's thousands of illicit dispensaries that are operating in every community, including yours, today. It would be foolish for municipalities to choose that.

Now, I respect their ability and their right to do so. I think they have a very strong tool to do so. They can say no up until January 22, I believe. That gives them enough time to fairly expeditiously resolve this issue. Moreover, there has already been quite a raft of consultation with some, but not all, municipalities through the OCS system in the previous government. So I think these timelines are realistic and I think the opt-out is appropriate. I don't want to be in a community that doesn't want our industry.

That being said, I have no cannabis stocks. I do not invest in this industry, just because of my role at the association. I make far less money now than when I worked for not-for-profits's clients, but I love this industry because I see the economic story that we're engineering in towns and cities across Ontario.

**The Chair (Mrs. Nina Tangri):** I have to stop you there. We are way past our time.

**Mr. Allan Rewak:** Well, we ended on a high note.

**The Chair (Mrs. Nina Tangri):** Thank you very much for presenting to us today. We appreciate you coming out.

Just a reminder: The deadline to send a written submission to the Clerk of the Committee is 12 p.m. on Friday, October 12. We will resume our public hearings tomorrow morning at 9 a.m. Thank you, everyone.

*The committee adjourned at 1748.*

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