

September 14, 2016

Dear Premier Wynne,

In light of recent commitments from the Federal Government, the OCC is calling on the Province to immediately begin a robust consultative process aimed at developing a regulatory framework for the distribution of recreational marijuana. Our membership has expressed interest in this issue and the impact it will have on businesses and communities across the province. Appreciating that issues of jurisdiction remain uncertain, we nonetheless think it important that Ontario be proactive in its policy planning in this area.

As input into the Government's deliberation on marijuana policy, the OCC would like to stress that social responsibility must be the first and overwhelming priority of any distribution system. Members of the business community will not accept a regulatory framework that puts additional pressures on community health and safety. Nor will the business community accept a system designed to maximize government revenue.

As you have rightly signaled, a true commitment to social responsibility demands an openness to studying and perhaps piloting various distribution models. We believe that a private-sector, licensing-based, and locally-oriented approach is one worth seriously considering. Whether it be the construction and maintenance of universities and hospitals or the delivery of transactional services, the Ontario Government has a long and proud history of working with the private sector to implement programming. A distribution system as complex and sensitive as the one required for recreational marijuana may demand a similar level of partnership.

We would encourage government to adhere to the following principles in the process of policy design:

- 1) **Eliminate the underground economy:** Research on the social benefits of moving marijuana production and distribution out of the underground economy and into a regulated market is well established. This is the major benefit of legalization. However, not all market-models are equally effective in eliminating the underground economy and, thus, special attention should be given to the unintended consequences of an overly regulated regime. While not endorsing an entirely free-market model, we caution Government against creating a system that is so onerous that it effectively duplicates the existing ineffective regime thus sustaining illegal channels for production and distribution.
- 2) **Limit points of access:** We believe that critical to achieving the objective of social responsibility is a commitment to limited points of access for recreational marijuana. We do not believe, however, that limiting access is synonymous with a government operated distribution system. A licensing system, whereby a fixed number of access points are auctioned out to both the public and private sectors—including unions—may be a more efficient model of regulated delivery. Creating service delivery competition, structured by best-practice social responsibility standards, may create a virtuous ‘race-to-the-top’ whereby potential delivery agents are incentivized to be innovative in their application of social responsibility principles. This type of innovation will be particularly important in the first phase of marijuana policy implementation and thus Government may want to consider piloting multiple procurement models.
- 3) **Communities must be empowered:** In addition to social responsibility, transparent and representative decision-making should be a key priority for government. With respect to both sites of production and sites of distribution, municipalities should have a voice in the approval process. In the case of a licensing model, for example, licenses should not be issued for communities which have voted against production or distribution facilities. As the province develops its marijuana policy, local government

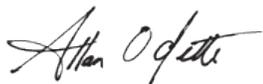
should be engaged so as to design an approvals process that is democratic.

- 4) **Invest in addiction prevention and treatment:** Insofar as the Province generates net revenues from the legalization of marijuana, the entirety of these revenues should be invested in addiction prevention and treatment, with a portion given to the municipal level of government so as to ensure programming is tailored to local need. A process should be established whereby the Government reports annually to Ontario's Patient Ombudsman on use of marijuana revenue and the impact of investment on addiction prevention and treatment.

- 5) **Ensure products are subject to best-practice health regulation.** The province must work with the federal government to study the health implications of recreational marijuana and develop evidence-based health and safety regulations. Consumer safety, as part of a broader concern for social responsibility, is paramount, especially in the case of Canadian youth.

Though not an exhaustive list, we believe the above principles should form the backbone of any provincial recreational marijuana strategy. We look forward to working with the Government on this issue and encourage the Province to engage a broad group of stakeholders when designing the regulatory framework.

Thank you,



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