

Ontario Cannabis Policy Council Submission

Re: Potential for Cannabis Consumption Establishments and/or Cannabis Special Occasion Permits

1. **Taking into consideration the places of use rules for cannabis under the SFOA, 2017 (as outlined on page 1), should the government consider facilitating the sale of cannabis for consumption in establishments like lounges and cafés in Ontario? Why or why not?**

Released in April 2019, the [OCC's report](#) entitled *Supporting Ontario's Budding Cannabis Industry* noted that, as cannabis becomes more widely used and available post-legalization, consumers will want to consume it in public places and social settings – just like beverage alcohol is consumed. Accordingly, the report encouraged the province to consider where Ontarians would be allowed to consume cannabis once THC-infused edibles and beverages entered the legal market. OCC members believe that the introduction of edibles provides an opportunity that the province should continue to explore.

With this said, the Ontario Government should ensure the rules that currently exist for cannabis retailers (e.g., around safety, storage, display, and security, among others) should also apply to cannabis consumption lounges and cafés. These measures would ensure a level playing field between cannabis retailers and consumption lounges and cafés. Moreover, it would also ensure that Ontario does not have a two-tier system in which cannabis lounges operate under different or less stringent requirements than retailers.

Evidence suggests consumer preferences are trending increasingly towards derivate products such as edibles. A [May 2019 survey by EY and Lift & Co.](#) found that as many as three million new consumers (who are not interested in purchasing dried cannabis products) may enter the cannabis market after legalization and the availability of new product formats. From this demographic, 1.5 million would be new consumers of edibles according to EY's report. [Deloitte's 2019 report](#) found that Canadian cannabis consumers are most interested in three formats: edibles (59 percent); topicals or ointments (53 percent); and cannabis-infused beverages (37 percent). Not surprisingly then, Deloitte estimated that most of this burgeoning market would be cannabis extract-based products, including edibles, which was estimated at \$1.6 billion alone. For new consumers or those who do not want to smoke cannabis, edibles are viewed as an option that has less stigma than combustible forms of consumption, as well as more discreet and potentially less harmful option.

To ensure that public safety is top of mind, it is critical to also consider the current state of familiarity and awareness of consumers about cannabis 2.0 products. An October 2019 survey by Responsible Cannabis Use (RCU) found that 39 percent of consumers are not aware of dosage recommendations, nearly one third do not know how long the effects take, and 94 percent did not know about the public possession limits.

Considering the general appetite among Canadians, the importance of ensuring public safety, and the regulatory complexities retailers must navigate to sell recreational cannabis responsibly, the province should consider giving existing cannabis retailers in Ontario the chance to operate a lounge or café. This would result in a pool of prospective operators that have an existing track record, requisite knowledge, and capacity to successfully open lounges or cafés.

The emergence of lounges and cafés could provide adults with a safe, secure, and sanitary space to consume cannabis products publicly and in a social setting. EY's 2019 report found that knowledge of cannabinoids in Canada is low among non-cannabis consumers and there is a lack of credible information about cannabis online. This also makes these licensed locations a unique channel for consumer education as consumers want to and should be encouraged to learn more about cannabis products, the effects, the laws, the limits, and regional policies. Effective education can help ensure public safety, promote responsible use, and address overall stigma in communities where the stores operate. Meanwhile, in the interest of public safety, law enforcement efforts to address illegal lounges and stores should continue in earnest.

With these points in mind, consumption lounges and cafés could act as a front-line resource for new and inexperienced cannabis consumers, helping to promote safe and responsible consumption of relatively new products. OCC members believe that the province should implement mandatory training for operators and employees at consumption lounges and cafés, similar to how cannabis retail employees, holders of retail store authorizations, and holders of cannabis retail manager licenses are required to complete the online CannSell training program before their first day of work. This course should focus on additionally training operators on cannabis 2.0 products, their effects, regional laws, and concepts such as dose, set and setting which empower employees with actionable information required to operate safely and responsibly. In addition to further employer training, the operators must also make educational information available for consumers, providing the option for those interested to learn about cannabis safety tips, regional laws, possession limits, as well as other information that allows consumers to consume safely and responsibly. According to a December 2019 survey by RCU, 67 percent of Ontarians believe retailers should educate consumers on the local cannabis laws at the point of sale.

We believe that education must be at the heart of these operations. As the OCC's report explained, edibles pose a unique set of challenges for inexperienced consumers, namely the fact that the effects

of an edible product are not felt immediately. Chemicals from an edible product must enter an individual's digestive system first, followed by the bloodstream, central nervous system, and then the brain. Depending on several factors, including the individual's metabolism and if cannabis was ingested with food or an empty stomach, the effects can be felt after 30 minutes or after three to four hours. Moreover, the effects from an edible can last up to eight hours or longer.

Individuals unfamiliar with this latency period may accidentally consume more than intended, resulting in severe anxiety, nausea, vomiting, a psychotic episode, hypotension, and/or loss of consciousness. Thus, education of consumers and employees at lounges will also raise public awareness of cannabis and edibles, as well as complement the province's efforts to educate consumers on responsible consumption.

It is also worth mentioning that industry is making significant research and development efforts for 2.0 products, such as beverages, to have more predictable onset and comedown times – similar to the effects of alcohol. This would hopefully alleviate some of the challenges of managing the effects of existing edibles.

2. If cannabis consumption establishments were considered in Ontario, what other products should be permitted for sale in those establishments (e.g. cannabis accessories, food/beverage products that do not contain cannabis)?

The cannabis lounges should be able to offer sales of other products such as cannabis accessories, and food/beverage products that do not contain cannabis. Food and drinks can help increase public safety, as they have been known to help reduce or calm down the effects of cannabis products over time. Of course, all food and beverage products must pass Health Canada's requirements.

The Province should ensure that cannabis lounges or cafés do not permit “off- sales.” In other words, consumers should not be able to purchase large quantities of edible products to consume at home as this would blur the lines between cannabis retail establishments and cannabis lounges or cafés. The precedent already exists with restaurants, bars, and similar establishments as consumers cannot purchase bottles of beverage alcohol to consume at home.

While it may be beyond the scope of this specific question, it is worth examining how service-oriented industries could participate and add further value to these proposed establishments. For instance, offering customers the opportunity to partake in a yoga class or buy topicals and receive a massage.

3. In Ontario, the Alcohol and Gaming Commission of Ontario (AGCO) oversees the administration of an alcohol SOP program, which allows for the sale and service of

alcohol at special occasions, including large scale events that are open to the public, such as festivals.

- **Should the government consider establishing a similar SOP program for cannabis to be sold and consumed at festivals and events? Why or why not?**
- **If yes, what conditions should be included (e.g. should alcohol consumption at the same event be restricted, should the event be age-restricted to 19+, what methods of cannabis consumption should be permitted)?**

The recommendations contained in this submission builds on the OCC's [April 2019 report, *Supporting Ontario's Budding Cannabis Industry*](#). Based on input from OCC members, including representatives from chambers and boards of trade, industry, and public health, the report encouraged the province to consider the licensing of private consumption lounges as edibles were to enter the legal market later that year. The OCC is pleased that the province ended the lottery system, moved towards an open allocation model, and is currently consulting the public and industry on consumption venues.

Although special occasion permits (SOPs) are part of the province's current consultation and the OCC is in support of them, it is viewed as separate and distinct from cannabis consumption lounges and cafés.

Currently, regulations prohibit cannabis companies from displaying cannabis products and providing adults with the opportunity to consume and purchase cannabis on-site. This presents a significant issue for festival and conference organizers. For instance, [Lift & Co. and their Cannabis Expo](#) – a four-day conference that is held in Toronto and brings together over 250 exhibitors from around the world and over 100 speakers. However, the province will need to determine and clarify the following:

- Can event organizers obtain both an alcohol SOP and cannabis SOP? Alternatively, do conference organizers have to choose between one of those SOPs?
- Where will event organizers be required to procure cannabis products from (e.g., the Ontario Cannabis Store, Retailers and/or LPs)?
- What products are conference organizers permitted to make available for consumers (e.g., striking the right balance between providing Health Canada approved products and showcasing new products not available in the Canadian market)?
- Would event organizers be allowed to grant retailers the permit to sell cannabis on site?

4. Are there any additional risks/opportunities created by cannabis consumption establishments or SOPs when compared to authorized cannabis retail stores?

In numerous public opinion polls, the issue of driving and cannabis use post-legalization has consistently emerged as a prominent concern for Canadians. For example, a national survey conducted by Leger in August 2018 (on behalf of the Insurance Bureau of Canada) found that 78 percent of Canadians were concerned about cannabis-impaired drivers. These fears are not unfounded. In fact, Statistics Canada [data](#) shows that 13 percent of cannabis users with a valid driver's licence reported driving within two hours of using cannabis in 2019. IBC's survey also found that 43 percent of respondents did not know how long they should wait before getting behind the wheel.

The above concerns may be heightened given the previously mentioned complexities associated with edibles. These concerns further highlight the need for education at point of sale, and underscore the need for the province to invest in public awareness campaigns that provide adult consumers with basic cannabis literacy and work with relevant stakeholders, like consumption lounge and café operators, to develop effective campaigns.

While the current business opportunities for cannabis lounges under the existing regulatory regime may be limited, there is a significant business opportunity should federal rules be amended to allow for a cannabis-infused culinary or artisanal beverage experiences to be a part of cannabis lounges.

To this end, the province should clarify what its long-term vision for cannabis lounges or cafés and whether the intent is to develop a tourism and hospitality industry surrounding cannabis lounges, with cannabis-infused products available at such establishments.

For regions like Niagara that are close to the US border, consumption lounges and cafés in Ontario could help attract tourists and cannabis tourism. Moreover, these establishments would provide tourists with clarity in terms of where they can legally consume cannabis and deter consumption in parks or other public venues. As cannabis tourism grows, this will increase traffic at the border and the potential for impaired driving. Thus, the province may need to install more officers at the border to deal with and deter impaired drivers.

5. What should be a municipality's involvement, if any, in a potential framework for cannabis consumption establishments or SOPs?

OCC members believe that individual municipalities should not regulate where consumption lounges and cafés are located. The rules that dictate where restaurants and bars (that serve beverage alcohol) can be located as well as existing rules for where retailer locations can be established should

inform regulations for consumption lounges. The province should consult with relevant associations that represent municipalities, like Ontario Urban Municipalities Association and Association of Municipalities of Ontario, to develop a common set of criteria (and harmonization) that prospective cannabis lounge and café operators must meet. Allowing each municipality in Ontario to create their own criteria would make it more difficult for prospective operators to navigate distinct criteria across Ontario's 444 municipalities.

6. Other comments or suggestions you wish to make about cannabis consumption establishments and/or SOPs.

The OCC's April 2019 report noted that many post-secondary institutions in Ontario have developed programs and invested in the development of facilities, such as the Guelph Centre for Cannabis Research, related to cannabis. Since legalization impacts a range of sectors, including public health, human resources, transportation, and law enforcement, it is likely that new cannabis courses and research centres will continue to emerge. As new product classes enter the legal market and the province permits new cannabis-related business opportunities, the demand for labour will likely evolve.

Ultimately, Ontario is home to a robust talent pool and professionals with knowledge of cannabis production, cultivation, regulations, and law, to name a few areas of expertise. With access to qualified personnel, cannabis tourism is an additional market that the province could consider developing to support legal businesses and drive economic growth and job creation. The OCC's 2019 report, therefore, recommended that the Ministry of Tourism, Culture and Sport work with relevant stakeholders to incorporate cannabis-related tourism in its forthcoming Ontario Tourism Strategy.

As it develops additional policies and education campaigns related to cannabis, and as the stigma around cannabis consumption continues to dissipate, the province should regularly review policies and regulations surrounding the sale and distribution of cannabis to mitigate risks and foster a competitive regulatory environment.