

Cannabis Retail Regulation and Licence Applications

PART 1 – NOVEMBER 27, 2018



Speakers from the AGCO

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Today's Agenda



- Get to Know the AGCO
- Cannabis Regulatory Framework
- Types of Retail Applications
- Preparing Your Application
- Municipal Role & Public Interest
- Questions & Answers

Get to Know the AGCO

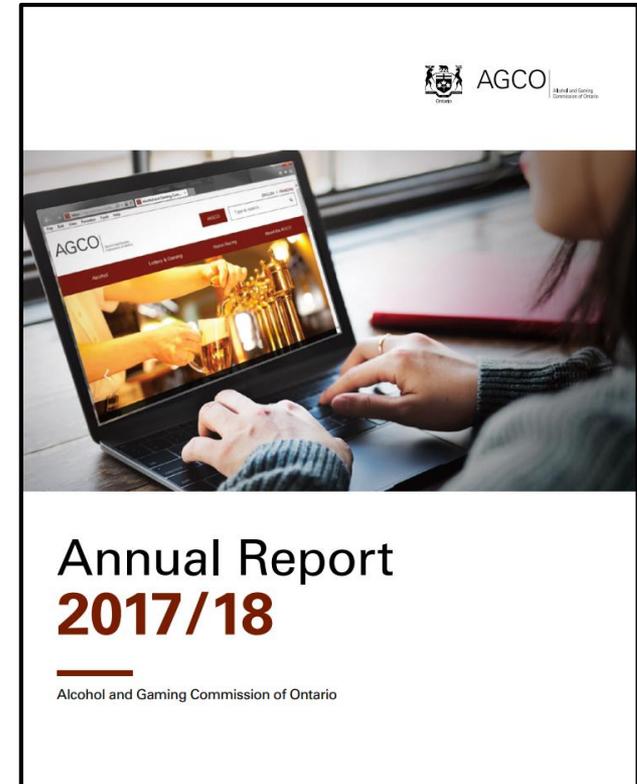


The Alcohol and Gaming Commission of Ontario

Established in 1998, the AGCO is an **Ontario provincial regulatory agency** reporting to the **Ministry of the Attorney General (MAG)**.

The agency is composed of approximately 630 staff, including approximately 150 staff from the **Ontario Provincial Police (OPP)**.

The agency is comprised of six divisions, including the Investigations and Enforcement Bureau overseen by an OPP Chief Superintendent.



AGCO Mandate

To regulate the **alcohol**, **cannabis**, **gaming** and **horse racing** sectors in accordance with the principles of honesty and integrity, and in the public interest.

AGCO Vision

A leader in the alcohol, **cannabis**, gaming and horse racing sectors through effective regulation and services that are **fair, responsive** and in the broader **public interest**.

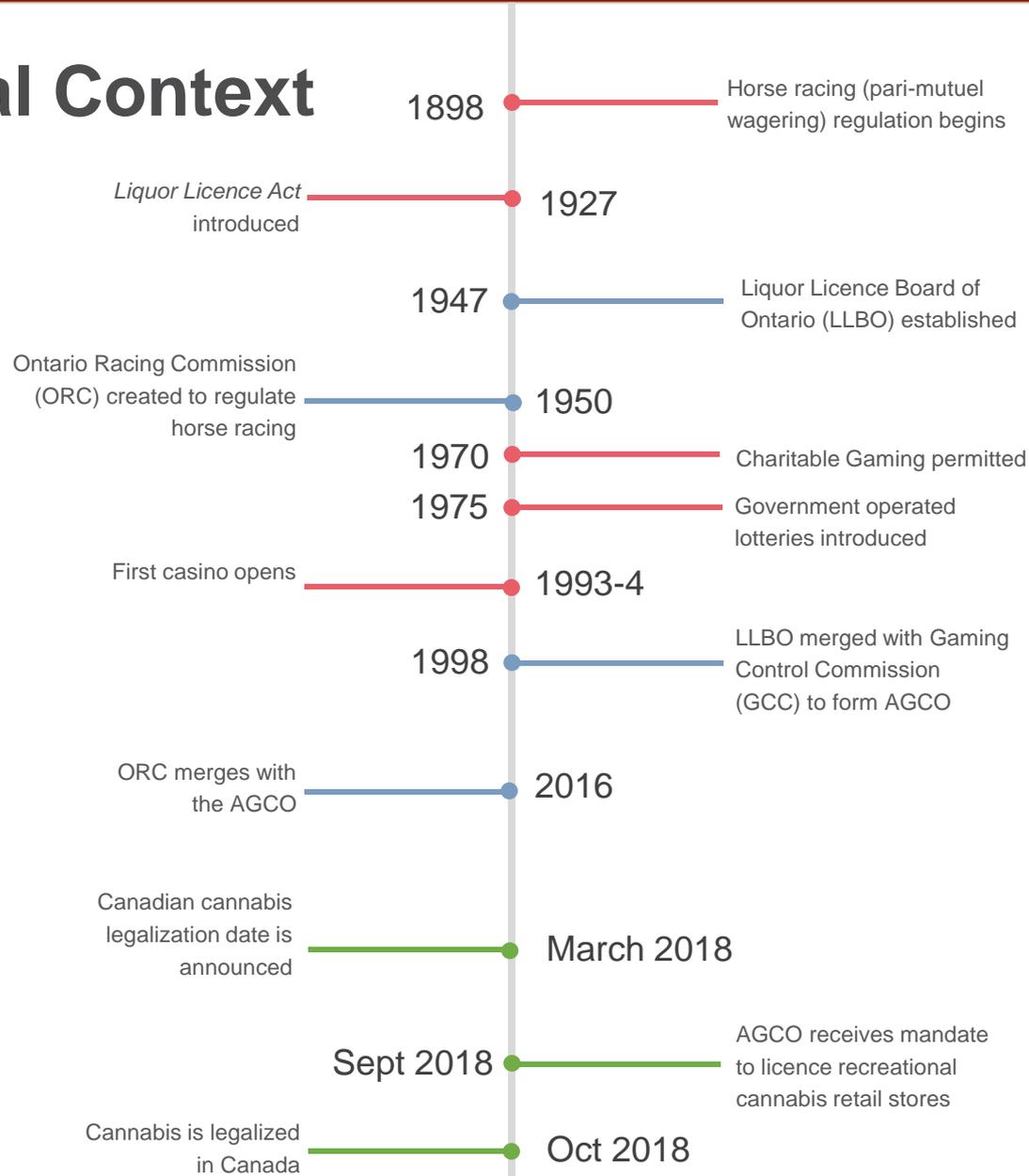
Regulatory Responsibilities

The AGCO is responsible for administering and enforcing the rules set by the Ontario government in order to regulate the following activities:

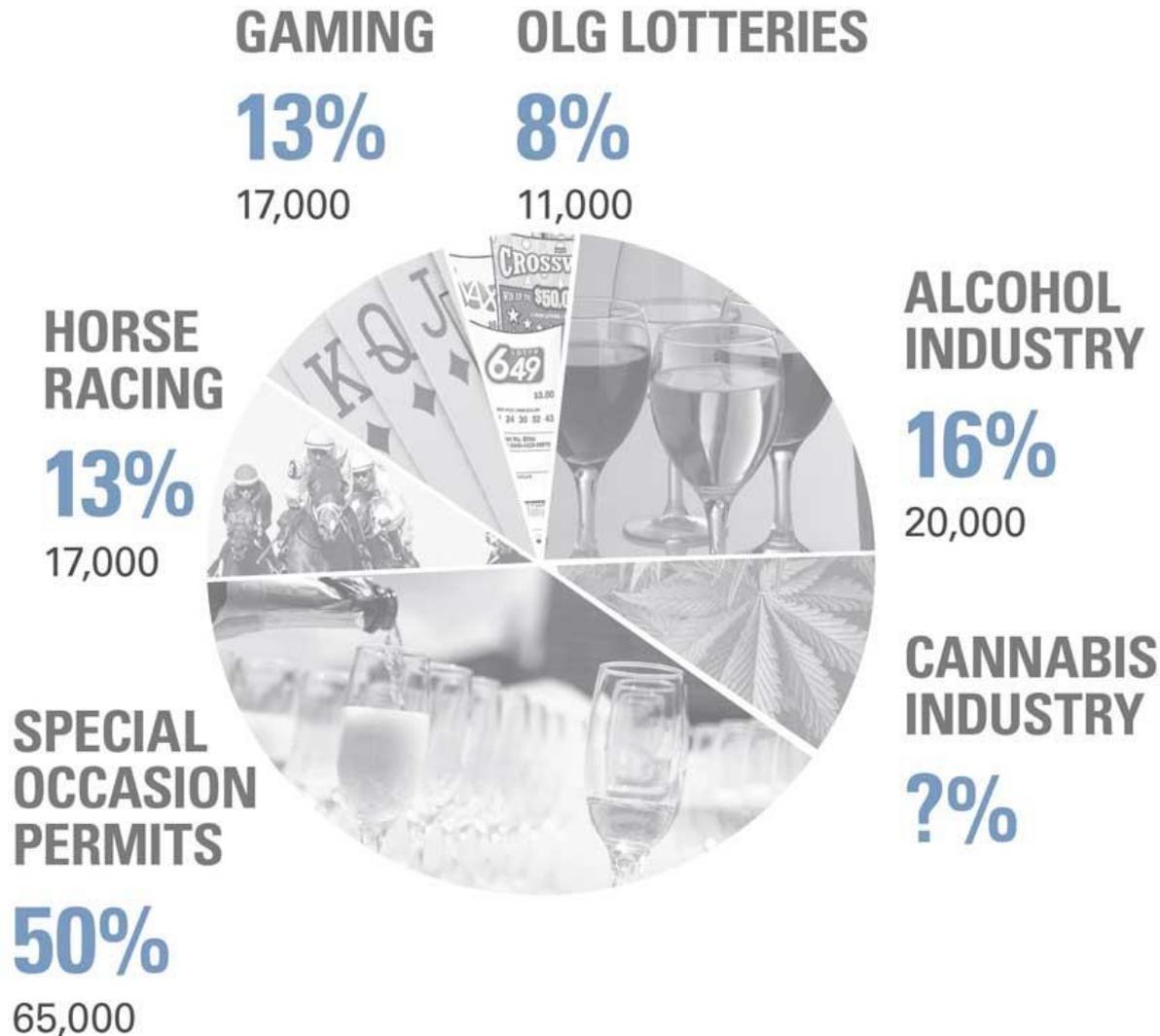
- Sale and service of beverage alcohol;
- OLG lotteries, casinos, slot machine facilities and internet gaming (iGaming);
- Licensed charitable gaming centres and lotteries (e.g. bingo, raffles, break open tickets);
- Horse racing;
- **Privately run recreational cannabis retail stores.**



Historical Context



Number of Licences/Registrations/Permits Issued Annually by the AGCO



Our Modern Regulatory Approach

Risk-Based

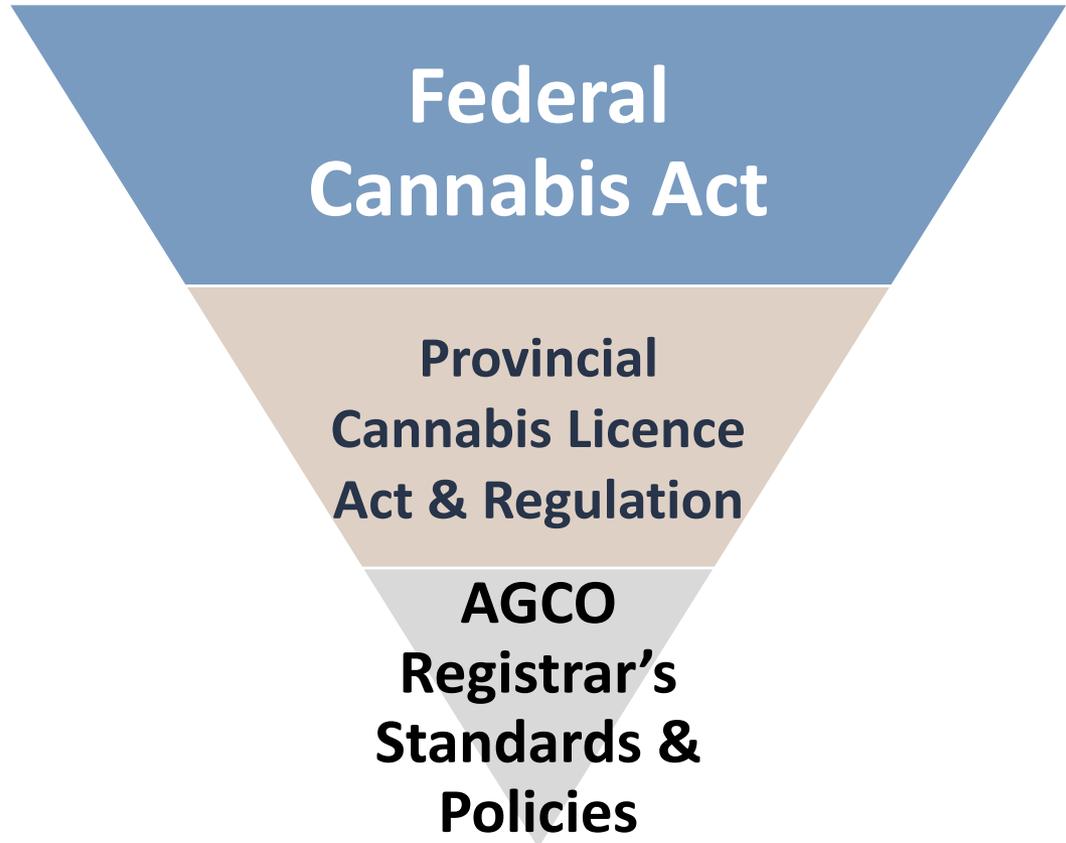
Focus on what matters **most**.

Outcomes-Based

Focus on the **what** rather than the **how** of compliance.

Compliance-Focused

Proactively **work with** licensees and registrants to ensure regulatory compliance.



Broader Context

- New business opportunity & local economic development
- New regulatory framework
- Strong public interest & public safety focus



Cannabis and the Regulatory Framework



Cannabis: What is the AGCO responsible for?

- **Licensing** eligible retail store operators and managers
- **Authorizing** stores
- **Regulating** the sale of cannabis at private retail stores

The AGCO's focus is on the **safe, responsible** and **lawful** sale of recreational cannabis

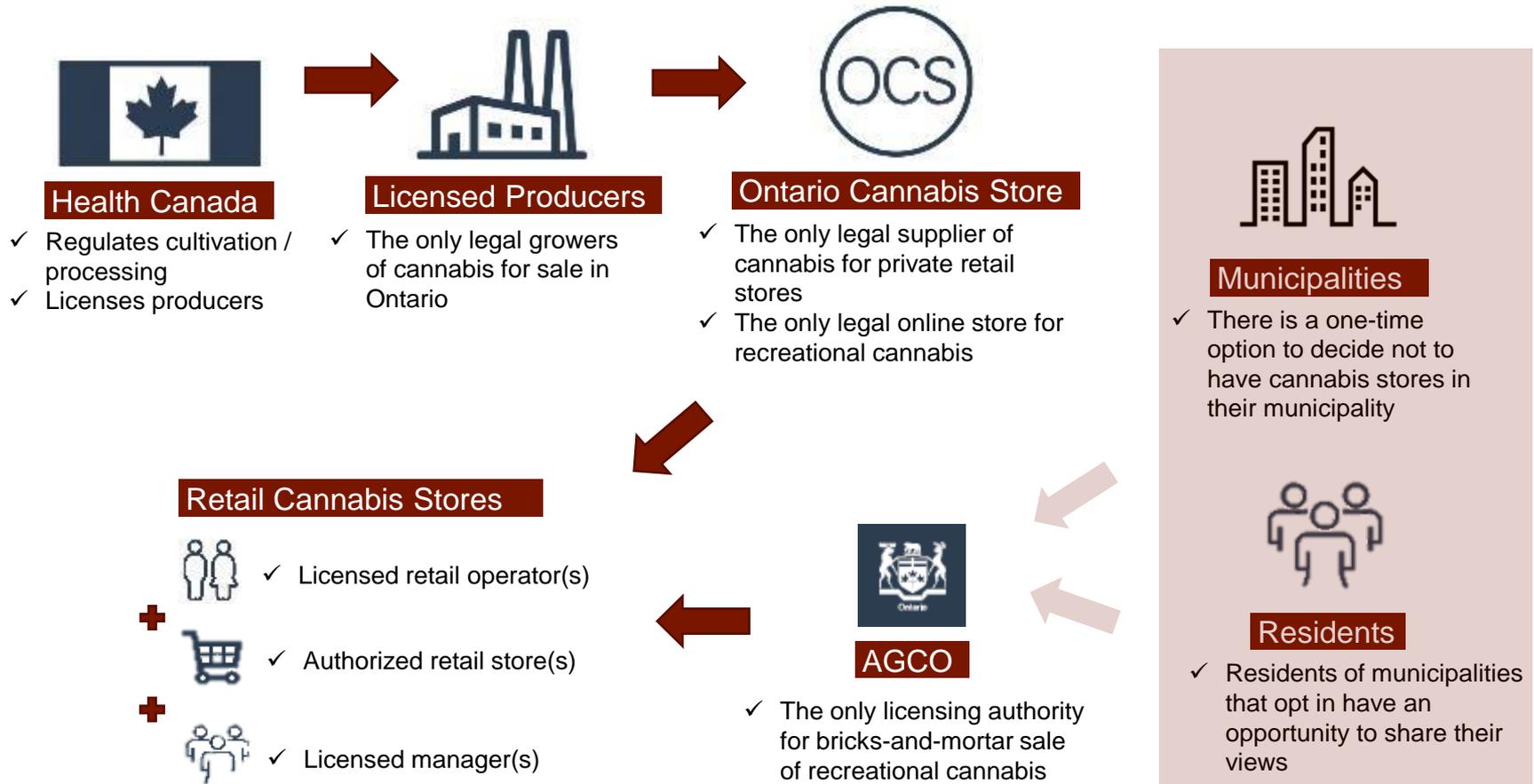
HOW? The AGCO will...

- ✓ Ensure that only those that meet the eligibility requirements in the legislation and regulations are licensed to operate cannabis stores
- ✓ Minimize the public risk of cannabis store operations
- ✓ Allow for ongoing monitoring of the operation of these stores

Other Industry Players

Areas of Activity:	Who is responsible?
Medical cannabis use and distribution	→ Health Canada
Recreational cannabis production licence	→ Health Canada
Recreational cannabis cultivation & processing	→ Health Canada & Licenced Producers
Recreational cannabis wholesale	→ Ontario Cannabis Store
Recreational cannabis online retail sales	→ Ontario Cannabis Store
Recreational cannabis consumption	→ Municipal by-law powers under the Smoke Free Ontario Act
Investigations of criminal activity related to cannabis and illegal dispensaries	→ Police

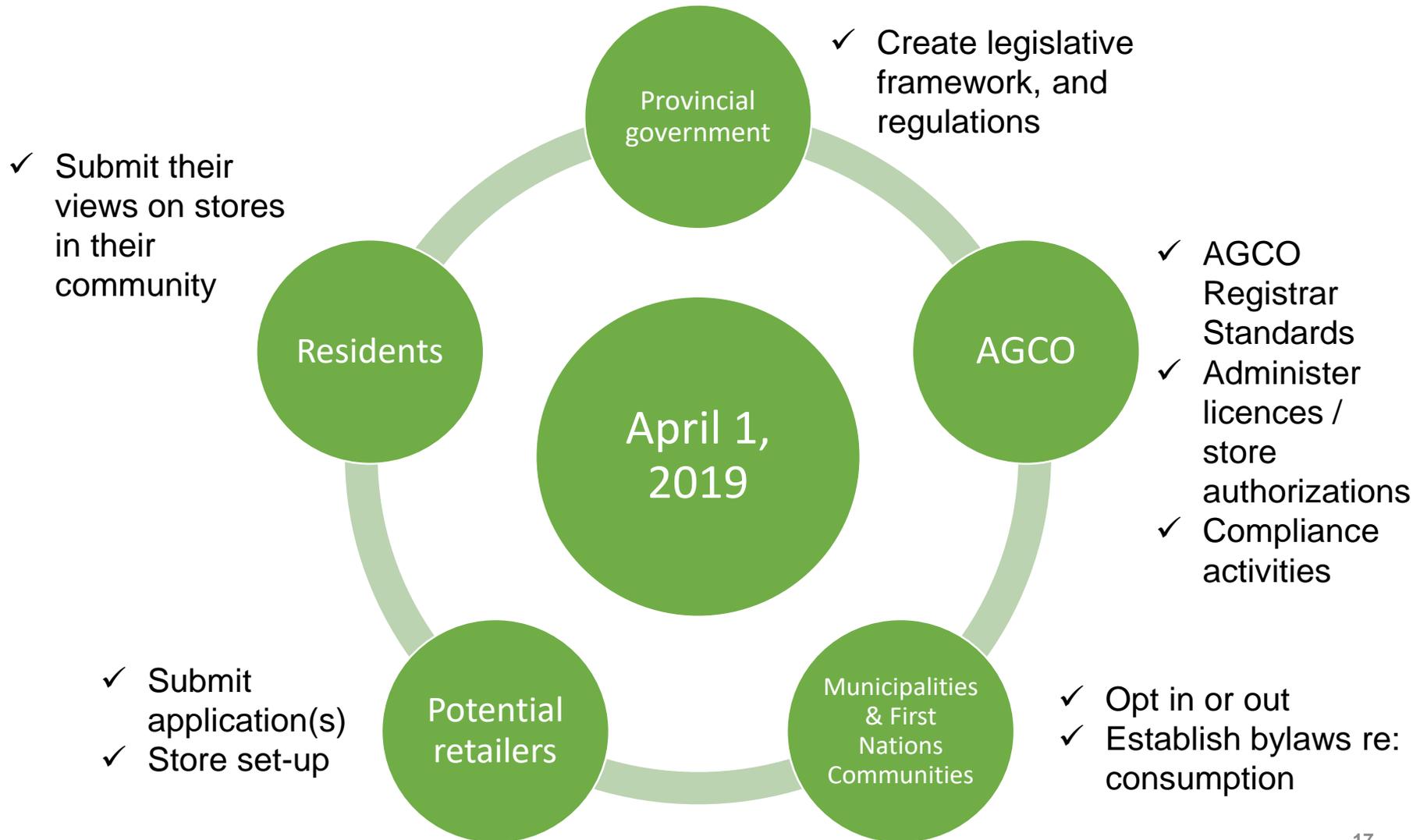
Legal Recreational Cannabis Supply Chain



AGCO Cannabis Retail Regulatory Objectives



Retail Cannabis Licensing: Getting to April 1, 2019



Types of Retail Applications



Types of Licenses & Authorizations



Retail Operator Licence

For people/organizations who will be operating cannabis retail stores



Retail Store Authorization

The authorization to operate a physical storefront. Each retail store must have its own authorization.

Cannabis Retail Manager Licence

For the people who have management responsibilities to ensure the responsible sale of cannabis



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Retail Operator Licence

To operate a retail store and sell recreational cannabis, you must have a Retail Operator Licence.

A Retail Operator Licence allows you to operate a cannabis retail store in Ontario.

- Each Retail Store requires its own authorization.
- Eligibility criteria is set out in the *Cannabis Licence Act, 2018* and its regulations.

The Cannabis Retail Operator Licence is NOT a licence to produce cannabis.

Retail Store Authorization

A Retail Store Authorization allows the Retail Operator to open a retail store.

Each physical store location must have a separate authorization.

Before applying for a Retail Store Authorization, **you must hold or have submitted an application for a Retail Operator Licence** issued by the AGCO.

Cannabis Retail Manager Licence

A Cannabis Retail Manager licence is required if you perform one or more of the following functions in a cannabis retail store:

- Supervising or managing employees;
- Overseeing or coordinating the sale of cannabis;
- Managing compliance issues in relation to the sale of cannabis;
- Having signing authority to purchase cannabis, enter into contracts or make offers of employment.

In order to ensure the responsible sale of cannabis, there must be at least one licensed manager for each authorized store location.

*Note: If you are a sole proprietor or in a partnership between two or more individuals, and will be both the licensed operator and performing the duties of the retail store manager for a particular store, you do not need to get a Cannabis Retail Manager Licence for your store.



Retail Employee Educational Requirements

Any person who works in a cannabis retail store must successfully complete an AGCO Board approved cannabis retail employee training program. This includes:

- Holders of a Retail Store Authorization;
- Holders of a Cannabis Retail Manager (CRML) licence;
- Any other individuals who work in a cannabis retail store.

The program must be completed **before the first day of work** at any cannabis retail store location. Training will include topics such as:

- Basic cannabis knowledge;
- Socially responsible sale of cannabis;
- Rules related to the sale of cannabis;
- Legal and compliance responsibilities for cannabis retailers.



Fees

There are fees required when you first apply for your Retail Operator Licence, Retail Manager Licence, or Retail Store Authorization and fees to renew these licences or authorization.

	Fee	Renewal Fee	
	<u>2-year term</u>	<u>2-year term</u>	<u>4-year term</u>
Retail Operator Licence	\$6,000	\$2,000	\$4,000
Retail Store Authorization	\$4,000	\$3,500	\$7,000
Cannabis Retail Manager Licence*	\$750	\$500	\$1,000

*NOTE: If you are a sole proprietor, and will be both the licensed operator and performing the duties of the retail store manager for a particular store, you will not need to get a Cannabis Retail Manager Licence for that store.



Preparing Your Application



Application Process

Cannabis-related applications will be accepted online via www.agco.ca/iagco.

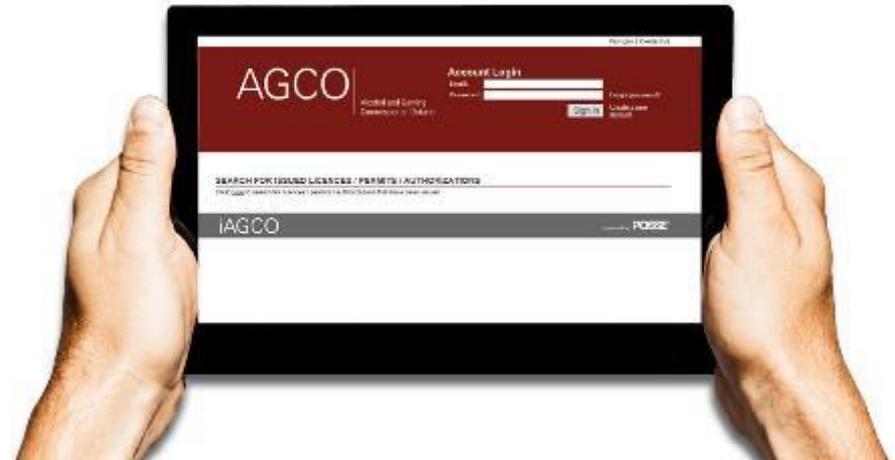
iAGCO is the AGCO's online service delivery portal that offers its customers an easy, convenient and digital way of doing business with the AGCO.

To access services from the iAGCO portal, you must first create an account and login.

You can access iAGCO from the homepage of the AGCO website at www.agco.ca or from the link above.

Once an account has been made and you are logged in, the portal can be used to apply for, manage and view the status of your cannabis-related licences and authorizations, including applications, renewals and modifications.

We anticipate to accept online applications beginning in December.



Documents to Prepare: Retail Operator Licence

These documents may be required before a Retail Store Operator Licence can be issued. However, they do not have to be submitted with your application at the outset. Processing times may be impacted if complete information is outstanding.

- 1. Constituting Document(s)**
- 2. Schematic Diagram**
- 3. Details of Shareholders**
- 4. Financial Statements**
- 5. Tax Return and Tax Assessment**
- 6. Personal History**



You will want to ensure that these documents are available for review.

Documents to Prepare: Retail Store Authorization

If you are applying for a Retail Store Authorization, please note you **must** have submitted an application for a Retail Operator Licence with the AGCO or hold a valid Retail Operator Licence issued by the AGCO.

The following documents do not have to be submitted with your application at the outset, but will be required to be uploaded to iAGCO prior to a Retail Store Authorization being issued:

- 1. Business Name Registration**
- 2. Proof of Ownership/Tenancy (if applicable)**



Application Preparation: **Retail Store Authorization**

Prior to starting this application, we recommend that you:

- Confirm with the municipality that the proposed retail store will be in a location zoned for commercial/retail use;
- Obtain or validate the Resolution of the Council of the Band, if the proposed retail store is located on a reserve;
- Ensure you have applied for or hold a **Retail Operator Licence** and have the application file number or licence number ready;
- Review the Registrar's Standards for the Private Retail Sale of Cannabis to ensure the proposed store location meets all requirements; and
- Ensure that the operating name of the proposed retail store complies with all applicable Federal/Provincial legislation related to advertising and promotion.

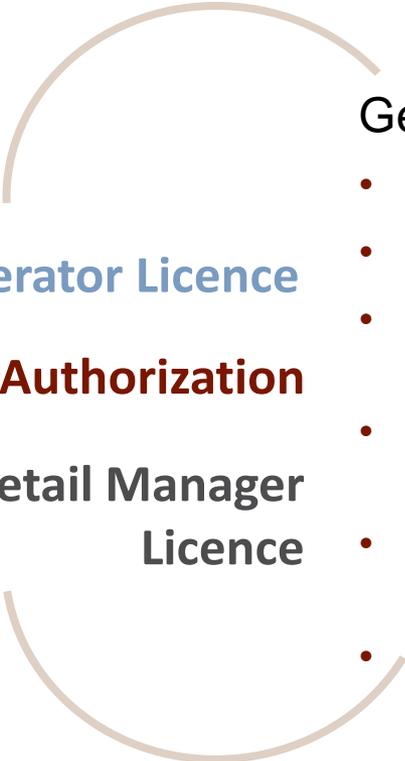
Documents to Prepare: Cannabis Retail Manager Licence

The following document(s) will be required before a Cannabis Retail Store Manager Licence can be issued:

- Personal History (using the form provided on iAGCO) for all employment and/or unemployment.
- Tax Return or Tax Assessment

Eligibility

Eligibility criteria is outlined in the *Cannabis Licence Act, 2018* and regulations



Retail Operator Licence
Retail Store Authorization
Cannabis Retail Manager Licence

Generally, to be eligible:

- Be at least 19 years of age;
- Be financially responsible;
- Conduct their duties in accordance with the law, and with honesty, integrity and in the public interest;
- Have no convictions or charges under the *Cannabis Licence Act, 2018*;
- Not have or previously had roles or connections with a criminal organization;
- Not made a false statement in their application.

Example of Ineligibility

Retail Operator Licence



An applicant is not eligible for a Retail Operator Licence if:

- The AGCO is not satisfied that you will have sufficient control over the cannabis retail business;
- You are in default of filing a tax return under a tax statute administered and enforced by the government of Ontario, or have any outstanding amounts owing and past due of tax, penalty or interest under those laws and have not made payment arrangements;
- You have a business number with the Canada Revenue Agency and have not filed a tax return under certain Federal or provincial legislation.

Example of Ineligibility

Retail Store Authorization



An applicant is not eligible for a Retail Store Authorization if:

- The premises, equipment and facilities of the proposed store are not in compliance with the *Cannabis Licence Act, 2018*, its regulations and the Registrar's Standards;
- The issuance of the authorization is not in the public interest;
- You hold a licence under the *Cannabis Act* (Canada) to produce cannabis for commercial purposes and already hold a Retail Store Authorization for a retail store located on or within the production site;
- The location of your proposed store is located in a municipality or reserve that does not permit cannabis retail stores.

Tax Compliance Verification Requirement

- Set out in the regulations as a requirement.
 - Individuals or entities applying for a Retail Operator Licence must demonstrate their tax compliance.
- AGCO will require that you include your Tax Compliance Verification number on your Retail Operator Licence application.
- Retail Operator Licence applicants will have to obtain this number from the Ministry of Finance.
 - The Ontario Ministry of Finance tax compliance online portal will be used to demonstrate tax compliance in real time.
- More information on how to request a TCV number will be available December 1, 2018, from the Ministry of Finance.
- In the meantime, should you have questions about this you may contact:
www.ontario.ca/page/check-your-tax-compliance-status.
NOTE this link will be posted on the AGCO website



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Municipalities, First Nations & Public Interest



Municipal Requirements

Municipalities will have a **one-time window** to opt out of hosting cannabis retailers within their jurisdiction.



Municipalities must make this decision by **January 22, 2019**.



Following that date, if AGCO has not been notified of a municipality's decision to opt-out, they will be considered an "opt-in" municipality.

Prior to applying for a Retail Store Authorization, **please check with your local municipality** to ensure the premises meets municipal requirements.

The legislation prohibits municipalities from:

1. Creating a system of licences respecting the sale of cannabis.
2. Passing a by-law that distinguishes land or building use for cannabis from any other kinds of use.



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First Nations Requirements

First Nations band councils may pass a resolution to not allow cannabis stores



A cannabis store can only be located on a Reserve if it has received approval by the Band Council



Band Councils are to notify the AGCO (Registrar) of a resolution and AGCO will post this information on its website

Prior to applying for a Retail Store Authorization, **please check with your local band council** to ensure the premises meets local requirements.



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Retail Store Location Requirements

The *Cannabis Licence Act, 2018* and its regulations require that each **retail store** meet certain requirements.

- Must be located in a municipality or reserve that permits cannabis retail stores.
- A cannabis retail store cannot be located near a school or private school, as defined in the *Education Act*, if the proposed retail store is less than 150 metres away from the property line of the school. This will be determined as follows:
 - ✓ When the school or private school is the primary or only occupant of a building, 150 meters shall be measured from the property line of the property on which the school or private school is located.
 - ✓ When the school or private school is not the primary or only occupant of a building, 150 meters shall be measured from the boundary of any space occupied by the school or private school within the building.
- May only operate between the hours of 9:00 am – 11:00 pm (Monday to Sunday) unless otherwise governed by provincial retail and / or local retail by-laws.
- Must be the only business that will operate at the proposed retail store and must only sell permitted **items**, that is, cannabis and federally-defined cannabis accessories and shopping bags.

Public Notice Process

The municipality, along with its residents, have an opportunity to provide written submissions to the AGCO on matters of public interest (as set out in the regulations) before a proposed cannabis retail store location is authorized.

Notification of applications for Retail Store Authorizations will be made available to the public.

The applicant will be required to post a notice for 15 calendar days at the proposed retail store location.

Applications for a Retail Store Authorization are searchable online via the iAGCO portal.



Alcohol and Gaming Commission of Ontario
90 Sheppard Avenue East, Suite 200
Toronto ON M2N 0A4
Tel.: 416-326-8700 or 1-800-522-2876 toll free in Ontario
Website: www.agco.ca

Application for a Cannabis Retail Store Authorization

Store Name
ADDRESS
CITY, PROVINCE, POSTAL CODE
File Number: 123456
Deadline for submissions: January 31, 2019

A Cannabis Retail Store Authorization may be issued to this applicant unless the Registrar finds it is not in the public interest, as defined by the *Cannabis Licence Act, 2018*.

For the purposes of the *Cannabis Licence Act, 2018*, the following are matters of public interest:

1. Protecting public health and safety
2. Protecting youth and restricting their access to cannabis
3. Preventing illicit activities in relation to cannabis

Written submissions regarding this application may be made online at www.agco.ca/iAGCO by the following:

- A resident of the municipality in which the proposed store is located
- The municipality representing the area in which the proposed store is located. If the municipality is a lower-tier municipality, then the upper-tier municipality of which it forms a part may also make a submission.

Written submissions will be considered by the Registrar and the Registrar's decision to issue or refuse this retail store authorization is final.

Submissions must be received by the AGCO on or before the date set out in this Public Notice. In your submission, please include the file number noted above. The AGCO may provide copies of any submissions to the applicant. Anonymous submissions will not be considered.

Questions about this application should be directed to the AGCO, quoting the file number noted above:

- Online: www.agco.ca/iAGCO
- Telephone: 416-326-8700 or toll free in Ontario 1-800-522-2876

Information about the application contained in this notice is released pursuant to the *Freedom of Information and Protection of Privacy Act*.

This Public Notice must be posted in a place where members of the public can easily read the contents without having to enter the proposed premises.

Written Submissions

Written submissions will be accepted on **iAGCO**, the AGCO's online licensing portal:

- An account registration is not required.
- Anonymous submissions will not be accepted.

All submissions must be:

- In writing;
- From residents of the municipality in which the proposed store is located;
- From either a lower tier municipality or from the upper tier municipality it is a part of.



Protecting Public Health & Safety



Protecting Youth & Restricting Their Access to Cannabis



Preventing Illicit Activities in Relation to Cannabis

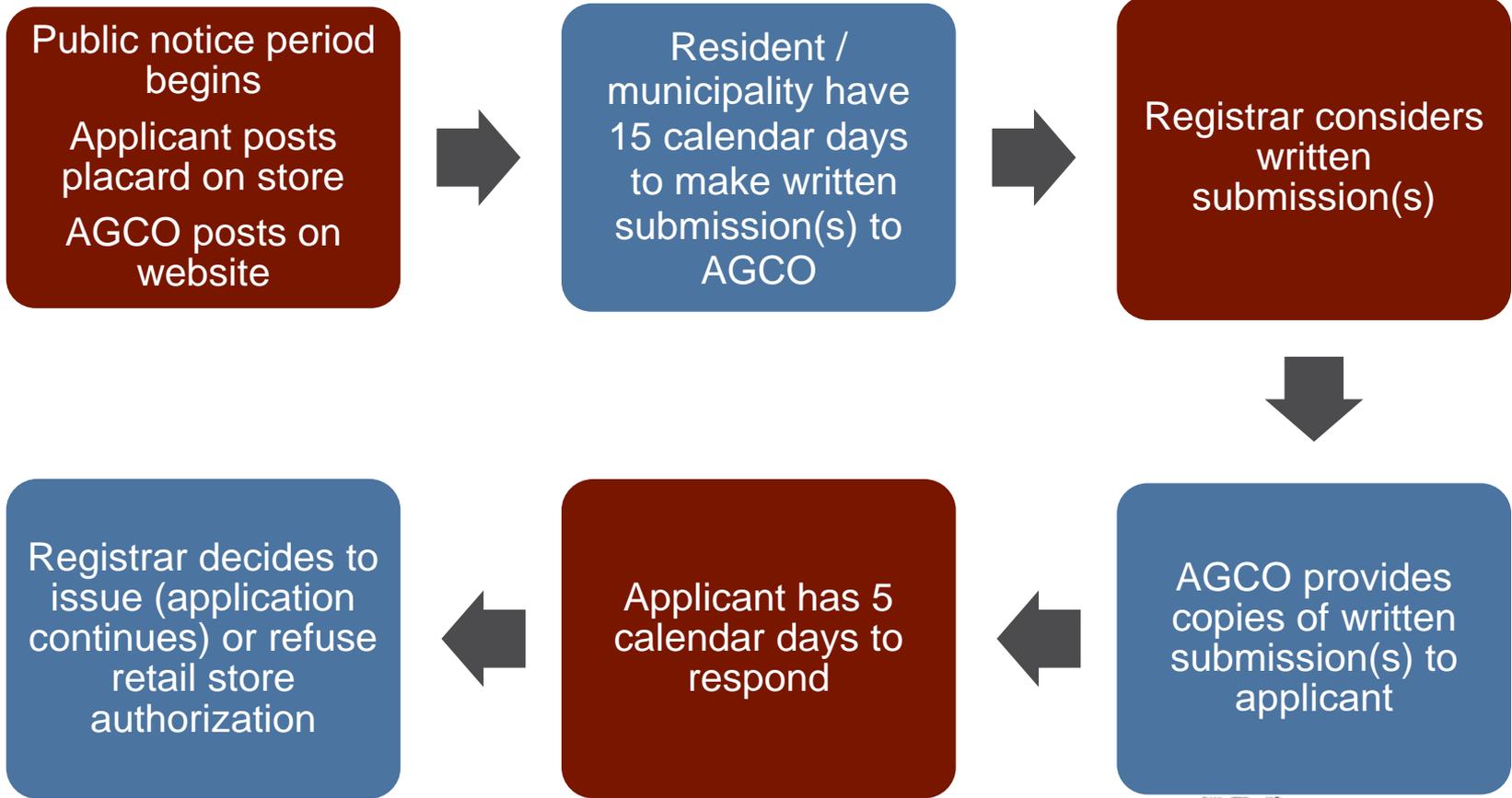
Submissions are limited to the following matters of public interest



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Public Notice



Next Steps

Additional resources have been posted to the AGCO website. As materials are posted, subscribers to the mailing list will be notified.

Currently Available:

- Summary of Cannabis Legislation & Regulations;
- Objectives of Regulation.



Questions

