

Standing Committee on
Government Operations



Report on the Statutory Review of the *Cannabis Legalization and Regulation Implementation Act*

20th Northwest Territories Legislative Assembly

Chair: Mr. Julian Morse

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NORTHWEST TERRITORIES
LEGISLATIVE ASSEMBLY
TERRITOIRES DU NORD-OUEST
ASSEMBLÉE LÉGISLATIVE

SPEAKER OF THE LEGISLATIVE ASSEMBLY

Mr. Speaker:

Your Standing Committee on Government Operations is pleased to provide its *Report on the Statutory Review of the Cannabis Legalization and Regulation Implementation Act* and commends it to the House.

Mr. Julian Morse
Chair, Standing Committee on Government Operations

**STANDING COMMITTEE ON
GOVERNMENT OPERATIONS**

**REPORT ON THE STATUTORY REVIEW OF THE
*CANNABIS LEGALIZATION AND REGULATION IMPLEMENTATION
ACT***

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STANDING COMMITTEE ON GOVERNMENT OPERATIONS

REPORT ON THE STATUTORY REVIEW OF THE *CANNABIS LEGALIZATION AND REGULATION IMPLEMENTATION ACT*

INTRODUCTION AND BACKGROUND

During the 19th Assembly, the mandatory statutory review was assigned to the Standing Committee on Government Operations (Committee) in October 2020; however, due to extenuating circumstances, the review was not completed at dissolution of the Assembly. Committee recognizes the review was delayed for several years and is pleased to provide the report early in the 20th Assembly.

In April 2017, the Government of Canada introduced Bill C-45: the *Cannabis Act* with the objective of keeping cannabis out of the hands of children and youth and profits out of the hands of criminals and organized crime. Following extensive study and debate the *Cannabis Act* received Royal Assent in June 2018.

Shortly after, the Government of the Northwest Territories (GNWT) introduced Bill 6: *The Cannabis Legalization and Regulation Implementation Act* (Bill 6) to adopt its own framework for the purchase, sale, classification, and distribution of cannabis in the Northwest Territories (NWT). Bill 6 received assent in the NWT Legislative Assembly in June 2018. With both the federal and territorial legislation in place, cannabis has been legal for sale by the order of the Governor in Council since October 17, 2018.

On February 26, 2024, Committee commenced the statutory review of territorial cannabis legislation. The *Cannabis Legalization and Regulation Implementation Act*¹ enacted two new statutes related to the legalization and regulation of cannabis: the *Cannabis Products Act* and the *Cannabis Smoking Control Act*. The legislation also amended the *Motor Vehicles Act* to provide for prohibitions and enforcement measures related to impaired driving.

Through an initial review and research on the implementation and legalization of Cannabis, Committee ultimately choose to conduct their review using an economic lens focusing their statutory review on the *Cannabis Products Act*.

PUBLIC ENGAGEMENT

Between July 2024 to August 2024, Committee engaged the public. On August 29, 2024, Committee hosted one public meeting in Yellowknife - Sòmbak'è, of which Boreal Cultivation and the Department of Finance presented². A total of 7 people attended Committee's public meeting. Committee was also invited to tour Boreal Cultivation's facility on August 27th. The presentations are included in Appendix A.

Committee sought written submissions on the statutory review of the Act and sent out six (6) targeted letters to cannabis retailers across the NWT. Committee received one written submission that was deemed outside of the scope of Committee's review.

Committee appreciates everyone who offered their feedback at public meetings and in written submissions, and categorized public comments received into one theme.

Information related to the theme is included below:

Producer Concerns

Boreal Cultivation Inc., the first licensed cannabis producer in the NWT, highlighted to Committee during their briefing that they feel that the discount currently available to them needs to be fairer, and more aligned with what Business Incentives Policy companies receive for contracts.

As stated by Boreal Cultivation in their presentation to Committee, they receive a reduction in the cannabis markup from the current level of 34% to 24% for all NWT-based producers for cannabis products cultivated in the NWT. They receive a decrease from 34% to 29% for products cultivated in other jurisdictions but purchased and processed at their facility.

The Department of Finance noted to Committee that the Financial Management Board is currently reviewing both the liquor and cannabis reductions applied and will consider options in the Fall of 2024. Moreover, the Department of Industry, Tourism and Investment has confirmed with Committee that the NWT Manufactured Products Policy (NMPP) is currently being reviewed. The Department of Finance made clear in their presentation that the Northern Cannabis Mark-Up Reductions is only available to NWT-approved manufacturers.

On this same note, Boreal Cultivation also brought forward to Committee that under the Department of Industry, Tourism and Investment's current definition of manufacturing, they do not qualify as a northern manufacturer. They raised to Committee that while they have been waiting for clarification on this definition, this has left them feeling unrecognized for their work in this field. They continue to raise that due to this lack of recognition, this may equate to them not being able to access additional support through programs such as "Made in the NWT", the NWT Manufacturing Association, and the CanEXport program.

Committee recognizes this feedback and feels it is important to support the industry – including recognizing Boreal Cultivation as a manufacturer. Committee therefore presents the following two recommendations:

Recommendation 1: The Standing Committee on Government Operations recommends that the Government of the Northwest Territories implement the feedback from Boreal Cultivation regarding current discounts for cannabis products and provide changes to the Northwest Territories Manufactured Products Policy and other associated policies that reflects this feedback.

Recommendation 2: The Standing Committee on Government Operations recommends that the Government of the Northwest Territories review the Northwest Territories Manufacturer Products Policy in the effort to identify Boreal Cultivation as a local manufacturer.

Boreal Cultivation also notes to Committee in their presentation that they cannot sell their products from their facility, while other jurisdictions do allow for this – which is known as "farmgating". Furthermore, they raised to Committee that they have been approached by tourism companies to organize tours of their building, claiming that this could be an economic driver for the territory. Also noted by the company is that some jurisdictions are researching into allowing farmgating, while others have already allowed farmgating through changes in their regulations (i.e. Yukon).

In their presentation to Committee, the Department highlighted that farmgating is allowed in BC, Ontario, and Saskatchewan.

Committee understands that farmgating is underway or being implemented in other jurisdictions across Canada, and therefore believes that it is timely for the GNWT to action this recommendation:

Recommendation 3: The Standing Committee on Government Operations recommends that the Government of the Northwest Territories review and apply changes to the *Cannabis Legalization and Regulation Implementation Act* and its regulations to allow for farmgating in the Northwest Territories.

Committee was informed by Boreal Cultivation that the legislation does not allow for producers to provide samples to retailers in the NWT. They reiterate to Committee that by allowing for samples to local retailers, this may help with local delivery time and the freshness of products. They mention that samples to retailers are allowed in the jurisdictions of Ontario, Saskatchewan, Nunavut, Yukon and British Columbia and it gives them the opportunity to advocate for their story and product.

Committee agrees with the benefits of allowing producers to provide samples to retailers in the NWT, and therefore presents the following recommendation:

Recommendation 4: The Standing Committee on Government Operations recommends that the Government of the Northwest Territories review and research implications for cannabis retailers to be provided with samples, and consequently make amendments to the *Cannabis Legalization and Regulation Implementation Act* and its regulations to allow for cannabis producers to provide samples to retailers located in the Northwest Territories.

An additional point raised by Boreal Cultivation focuses on allowing for Special Occasion Permits (SOP) for the sale of cannabis products. As outlined by the company, the regulations related to the Act do not allow for the sale of cannabis, yet they do for alcohol. They stated that they approached the Department of Finance in November 2022 to fill out a SOP, but there was no process in place in the Act's regulations to allow for an SOP to be filled out for cannabis resale. Boreal Cultivation's request to Committee was to update the regulations to allow for SOP for cannabis resale.

The Department of Finance stated in their presentation that no jurisdictions currently allow for SOP for the sale of cannabis, but there has been movement in Ontario, British Columbia and Manitoba where they are considering allowing special occasion permits.

Boreal Cultivation also highlighted to Committee that the Act does not currently allow for "cannabis lounges", which are similar to bars where patrons can partake in using cannabis indoors. Committee takes in the above feedback, and presents the following two recommendations:

Recommendation 5: The Standing Committee on Government Operations recommends that the Government of the Northwest Territories conducts research on the best processes and practices to allow for special occasion permits for the sale of cannabis.

Recommendation 6: The Standing Committee on Government Operations recommends that the Government of the Northwest Territories amend the regulations of the *Cannabis Legislation and Regulation Implementation Act* to allow for the special occasion permits for the sale of cannabis.

CONCLUSION

This concludes the Standing Committee on Government Operations *Report on the Statutory Review of the Cannabis Legalization and Regulation Implementation Act*. Committee looks forward to the Government's response to these recommendations.

Recommendation 7: The Standing Committee on Government Operations recommends that the Government of the Northwest Territories provide a response to this report within 120 days.

ENDNOTES

¹ *Cannabis Legalization and Regulation Implementation Act*. Available at:
<https://www.canlii.org/en/nt/laws/astat/snwt-2018-c-6/latest/snwt-2018-c-6.pdf>

² Public briefing on the *Cannabis Products Act* review. Available at:
<https://www.youtube.com/watch?v=QOfehQsxagI&list=PLZiv8ITEMg4fTNmF1zA96bckdduh2UTlc&index=4&t=4173s>

APPENDIX A



**Boreal Cultivation
Presentation to:
Standing
Committee on
Government
Operations**

Presentation by Damien Healy
and Jordan Harker

August 29th, 2024

Who We Are and How We Got Here

Boreal is made up of family, friends and long time Northerners, whose ownership and growers have a long history in the legacy market.

- The road to becoming the NWT's first and only Licensed Producer and Processor of Cannabis.





What We Do...

- 7 employees
- We are involved in all cultivation, processing and manufacturing/packaging. This includes:

Cultivation

- Veg room, flower room

Processing

- Harvesting, labour required
- Hang dry, cold cure, hand trim, milling for Pre-Rolls

Manufacturing/Packaging

- Design and print labels, excise stamp
- Weighing and filling pouches/pre roll tubes
- Shipping
- We currently offer and sell our products in the Northwest Territories, Yukon, Nunavut, Manitoba, Saskatchewan & Ontario

Cannabis Products Act – Where Change is Needed

- History of Boreal requesting change
- Specific Changes Requested:
 - Farmgate
 - SOPs
 - Samples to Retailers
 - Local Delivery
 - Cannabis Lounges





How SCOGO can help

Table our petition

Ask Minister to update Legislation and Regulations



Thank You



NWT Cannabis Legislation and Regulations

Public Briefing to the Standing Committee on Government Operations

August 29, 2024



Timeline

April 2017: The Government of Canada introduces proposed Cannabis Act in Parliament.

Summer 2017: GNWT engages with NWT residents to inform development of territorial legislation and regulations

June 2018: *Cannabis Legalization and Regulation Implementation Act* is enacted.

October 2018: *Cannabis Products Act* and regulations are enacted; most forms of cannabis are legalized in the Northwest Territories and across Canada.

October 2019: *Cannabis Products Act* and regulations are amended to legalize edible cannabis products.



Cannabis Products Act

The *Cannabis Products Act* sets out the legal framework for the regulation of cannabis:

- 1. Minimum age**
- 2. Possession limits**
- 3. Personal cultivation**
- 4. Retail and distribution**
- 5. Consumption restrictions**
- 6. Impaired driving**
- 7. Workplace safety**



Cannabis Products Regulations

The Cannabis Products Regulations detail various aspects of cannabis regulation, including:

- 1. Vendor Designation**
- 2. Cannabis Stores**
- 3. Transportation**
- 4. Temporary Prohibition Orders**
- 5. Possession of Cannabis in Prohibited or Restricted Areas**
- 6. Inspections and Enforcement**



Cannabis Products Regulations

Currently, Cannabis Products Regulations do not address:

- 1. Farmgate retail options**
- 2. Product samples**
- 3. Special occasion permits**



Comparison to other jurisdictions

Farmgate sales

British Columbia
Ontario
Saskatchewan

Product samples

Alberta
British Columbia
Ontario
Saskatchewan
Yukon Nunavut

Special occasion permits

Ontario
Saskatchewan
Manitoba



Access to legal cannabis in the NWT

NTLCC liquor stores

Fort Simpson
Beverages
Fort Smith Liquor
Store

Private retailers

It's 4:20 Somewhere
(Hay River)

Sahtú sPot
(Norman Wells)

Releaf NT
(Yellowknife)

Trailblazer Cannabis
(Yellowknife)

Other options

Online Store (Releaf)
Mail order

Economic impact

NTLCC Historical Sales

| | Cannabis | Liquor |
|---------|-----------------|------------------|
| 2023-24 | \$ 8,437,000.00 | \$ 50,697,000.00 |
| 2022-23 | \$ 7,566,092.00 | \$ 54,374,344.00 |
| 2021-22 | \$ 7,447,321.00 | \$ 55,741,602.00 |
| 2020-21 | \$ 5,141,254.00 | \$ 60,469,213.00 |
| 2019-20 | \$ 3,246,200.00 | \$ 51,982,000.00 |
| 2018-19 | \$ 1,363,994.00 | \$ 52,822,000.00 |

Support for producers and vendors

The Northwest Territories Liquor and Cannabis Commission provides the following supports for cannabis producers and vendors :

- **Assistance with the vendor application process**
- **Regulatory guidance**
- **Northern Cannabis Mark-up Reduction– only available to NWT approved manufacturers**
- **Product assortment from Licensed Producers to sell to NWT stores**
- **Regular meetings to share information that may be relevant to their operations**

Legislation and regulations governing production and cultivation of cannabis are the jurisdiction of Health Canada.



Legislative and Regulatory change across Canada

Federal updates

- **Health Canada Regulations (2022)**
- **Legislative Review (2022-2024)**

Provincial and Territorial Updates

- **Quebec**
- **Ontario**
- **British Columbia**



Future Legislative and Regulatory Change in the NWT

Key considerations:

- **The Legislative Review of the federal *Cannabis Act***
- **Time required to develop a new legislative proposal**
- **Current work to develop new liquor regulations**
- **Legislative Priorities of the 20th Legislative Assembly**



Questions?

