

**MINISTRY OF ATTORNEY GENERAL AND
MINISTRY OF PUBLIC SAFETY AND SOLICITOR GENERAL
DECISION NOTE**

PURPOSE: For DECISION of David Eby, QC, Attorney General, and
Mike Farnworth, Minister of Public Safety and Solicitor General

ISSUE: Permitting purchase/sale/transfer of non-medical cannabis (cannabis) between
licences in exceptional circumstances (e.g. business closure)

s.13

SUMMARY: Consideration of this provision is required to inform development of the cannabis
regulation.

BACKGROUND:

Liquor:

- A licensee is prohibited from purchasing liquor under one licence and selling it under another, unless authorized by the GM.
- This provision ensures liquor inspectors are able to track inventory to ensure illicit liquor is not being sold.
- Licensees have the ability to return liquor stock to the Liquor Distribution Branch.
- Licensees are not permitted to sell their liquor stock below wholesale price.

Cannabis

- Retail store licensees will only be able to purchase cannabis for retail sale from the Liquor Distribution Branch (LDB). LDB will not be accepting returns of cannabis from licensees.

Other jurisdictions:

s.16

DISCUSSION:

- Circumstances could arise where a licensee will need to close their business and want to sell/transfer their cannabis to another licence to recoup expenses.
- It is not possible to anticipate all exceptional circumstances which may necessitate this authorization; therefore, authorization should be limited to closure of a retail store or another exceptional circumstance both of which must be approved by the GM.

- Allowing for the sale of cannabis, with an option to sell below wholesale pricing, in an approved exceptional circumstance would reduce the chance of cannabis being diverted into the black market.
- Further policy work would be required to determine what percentage below wholesale pricing would be allowed to facilitate this sale and allow a licensee to recoup some of their costs.
- If permitted, the GM would require that the licensee provide a detailed report of all cannabis sold/transferred and the licence number of the licensee that purchased/received the cannabis to the Liquor and Cannabis Regulation Branch (LCRB).
- If licensees were not permitted to sell/transfer cannabis to another licence in exceptional circumstances, a licensee could have a sale wherein they recoup their costs by selling at wholesale; and/or destroy remaining stock, resulting in significant financial loss.

OPTIONS:

s.13

s.13



Richard J. M. Fyfe, QC
Deputy Attorney General

DATE:

August 9, 2018



Mark Sieben
Deputy Solicitor General

DATE:

August 9, 2018

OPTION ____ APPROVED

DATE:

David Eby, QC
Attorney General

OPTION 1 APPROVED

DATE:

August 10, 2018



Mike Farnworth
Minister of Public Safety and Solicitor General

Approved August 9, 2018 (via e-App) by:
s.15;s.19

Associate Deputy Minister
Ministry of Attorney General
s.15;s.19

Approved August 2, 2018 by:

Clayton J.D. Pecknold
Assistant Deputy Minister
Policing and Security Branch
Ministry of Public Safety and Solicitor General
250-387-1100

Prepared by:

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Policy Analyst
Liquor and Cannabis Regulation Branch
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Approved July 31, 2018 by:

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Assistant Deputy Minister and General
Manager
Liquor and Cannabis Regulation Branch
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Richard J. M. Fyfe, QC
Deputy Attorney General

DATE:

August 9, 2018



Mark Sieben
Deputy Solicitor General

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August 9, 2018

OPTION 1 **APPROVED**



David Eby, QC
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Mike Farnworth
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**MINISTRY OF ATTORNEY GENERAL
MINISTRY OF PUBLIC SAFETY AND SOLICITOR GENERAL
(LIQUOR DISTRIBUTION BRANCH)
BRIEFING NOTE**

PURPOSE: For INFORMATION for the Honourable David Eby, QC, Attorney General and the Honourable Mike Farnworth, Minister of Public Safety and Solicitor General

ISSUE: Product Shortages from Licensed Producers (LP)

SUMMARY:

- All provinces and territories are experiencing a shortage of legal non-medical cannabis (cannabis) as LPs have been unable to fully deliver on their supply commitments.
- The supply shortage will be magnified in BC as additional public and private retail stores enter the market and as enforcement efforts to close down illicit retailers are mobilized.
- Some LPs have advised that they are facing 3-6 month waiting periods to receive the federal processing licences (22.4 and 22.5 sales licence under ACMPR) that enable them to sell product to the provincial jurisdictions. They already have federal cultivation licences.
- It is recommended that the province request assistance from Health Canada to reduce the length of this process, or prioritize those LPs that have product available for immediate sale, as it would enable LPs to inject much needed product quantities into the legal market.

BACKGROUND:

- The Liquor Distribution Branch (LDB)^{s.17;s.19}
s.17;s.19
- s.15;s.17;s.19
- The impact of the product shortages in BC has been mitigated by the fact that BC has only one public retail store and one online store. s.15;s.16
s.15;s.16
- Retail store operations in other provinces have been impacted by these shortages.
s.16
-

¹ The LDB recommends caution in sharing supply/inventory data externally as there is a risk to our supply if LPs are challenged by other jurisdictions that have less product.

- s.16
-
- One quarter of the LDB's online assortment is currently out of stock and the public retail store in Kamloops sells approximately s.17 of its stock weekly.
- At the end of September, s.15;s.16;s.17
s.15;s.16;s.17

s.15;s.16;s.17 Despite these inventory levels most provinces have indicated that they have not received full commitment levels from the LPs.

- There are 102 private retail licence applications that have been referred to BC local governments or Indigenous Nations, meaning they will potentially receive their licence in the coming weeks or months.
- LDB projections indicate that if s.17 public or private retailers enter the market within the next month, the s.13;s.17 If these retailers are located in municipalities with larger populations, the current inventory level at the LDB will likely be s.13;s.17 This could result in retail store closures similar to what is happening in other provinces.

- s.16

- s.16;s.17

- The LDB will continue to actively work with LPs to acquire more product and proactively engage with suppliers that may be licensed in the coming weeks and months.

OTHER MINISTRIES IMPACTED/CONSULTED:

- N/A

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Approved by:

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Director, Policy
BC Liquor Distribution Branch

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Approved by:

Blain Lawson
General Manager and CEO
BC Liquor Distribution Branch

s.17

**MINISTRY OF ATTORNEY GENERAL AND
MINISTRY OF PUBLIC SAFETY AND SOLICITOR GENERAL
DECISION NOTE**

PURPOSE: For DECISION of the Honourable David Eby, QC, Attorney General and the Honourable Mike Farnworth, Minister of Public Safety and Solicitor General

ISSUE: Consultation with Indigenous Nations on non-medical Cannabis Retail Store Licence issuance.

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s.14;s.16

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Page 08 of 37

Withheld pursuant to/removed as

s.14; s.16

DISCUSSION:

- A licence provides an applicant with the legal authority to sell legally obtained non-medical cannabis from a retail store. An applicant must provide proof of title or a commercial lease for the property in which they intend to operate. The real-estate transactions which allow for an applicant to become a licensee typically involve purchasing a small parcel of private urban land with existing improvements, or securing a commercial lease in a building on such a parcel (in a location like a strip mall).
- The transaction does not involve the issuance of a Crown grant nor the disposition of Crown land in fee simple or the issuance of Crown tenure. The real property which is the subject of the commercial business transaction is, in all but potentially exceptional cases, existing private land.

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s.13;s.14;s.16

s.13;s.14;s.16

OTHER MINISTRIES IMPACTED/CONSULTED:

- Ministry of Attorney General (Legal Services Branch & Liquor and Cannabis Regulation Branch)
- Ministry of Public Safety and Solicitor General

- Ministry of Indigenous Relations and Reconciliation



Richard J. M. Fyfe, QC
Deputy Attorney General

DATE:

May 24, 2019

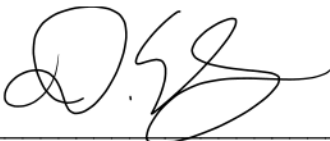


Mark Sieben
Deputy Solicitor General

DATE:

May 27, 2019

OPTION¹___ APPROVED



Honourable David Eby, QC
Attorney General

DATE:

June 11, 2019

OPTION 1 APPROVED



Honourable Mike Farnworth
Minister of Public Safety and Solicitor General

DATE:

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Ministry of Public Safety and Solicitor General
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**MINISTRY OF ATTORNEY GENERAL AND
MINISTRY OF PUBLIC SAFETY AND SOLICITOR GENERAL
DECISION NOTE**

PURPOSE: For DECISION of the Honourable David Eby, QC, Attorney General and the Honourable Mike Farnworth, Minister of Public Safety and Solicitor General

ISSUE: Consultation with Indigenous Nations on non-medical Cannabis Retail Store Licence issuance.

s.13;s.16

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BACKGROUND:

- Under s. 33 of the CCLA, before issuing a licence the Liquor and Cannabis Regulation Branch (LCRB) takes receipt of an application and then contacts the

Page 15 of 37

Withheld pursuant to/removed as

s.14; s.16

DISCUSSION:

- A licence provides an applicant with the legal authority to sell legally obtained non-medical cannabis from a retail store. An applicant must provide proof of title or a commercial lease for the property in which they intend to operate. The real-estate transactions which allow for an applicant to become a licensee typically involve purchasing a small parcel of private urban land with existing improvements, or securing a commercial lease in a building on such a parcel (in a location like a strip mall).
- The transaction does not involve the issuance of a Crown grant nor the disposition of Crown land in fee simple or the issuance of Crown tenure. The real property which is the subject of the commercial business transaction is, in all but potentially exceptional cases, existing private land.

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OTHER MINISTRIES IMPACTED/CONSULTED:

- Ministry of Attorney General (Legal Services Branch & Liquor and Cannabis Regulation Branch)
- Ministry of Public Safety and Solicitor General

- Ministry of Indigenous Relations and Reconciliation



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Deputy Attorney General

DATE:

May 24, 2019



Mark Sieben
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DATE:

May 27, 2019

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Executive Director, Cannabis Secretariat
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Ministry of Public Safety and Solicitor General

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**MINISTRY OF ATTORNEY GENERAL AND
MINISTRY OF PUBLIC SAFETY AND SOLICITOR GENERAL
LIQUOR & CANNABIS REGULATION BRANCH
BRIEFING NOTE**

PURPOSE: For DECISION of David Eby, QC Attorney General, and Mike Farnworth, Minister of Public Safety and Solicitor General

ISSUE: Security screening requirements for cannabis marketing licence applicants and their staff.

RECOMMENDED DECISION:

Marketing licence applicants and associates to undergo basic criminal record search (CPIC) and investigate further if there is a relevant conviction. Do not security screen sales staff and their supervisors.

SUMMARY:

- The Liquor and Cannabis Regulation Branch (LCRB) intends to open the application process for cannabis marketing licences later this spring and direction is required regarding the level of security screening for applicants and their staff.

BACKGROUND:

- The *Cannabis Control and Licensing Act* (the CCLA) prohibits the marketing and promotion of cannabis without a licence unless it is directed to government only.
- The marketing licence does not permit the licensee to buy or sell cannabis. The Liquor Distribution Branch (LDB) purchases cannabis from federally licensed producers and then sells directly to non-medical cannabis retail licensees. All LDB financial transactions will continue to be with producers and retailers and not with marketing licensees.
- It is expected that most marketing licence applicants will be federally licensed producers selling in the BC market. However, it is likely some 3rd party marketing companies contracted to represent licensed producers will also apply.
- This licence class is analogous to the agent licence in the *Liquor Control and Licensing Act*. Agents represent liquor manufactured outside the province but imported into BC through the LDB. Agents cannot sell product to liquor licensees or the public but may advertise and promote their products to them. The agent licensing process is very straightforward with typically no security screening beyond the applicant consenting to a criminal record search and submitting a completed personal history form. A unique feature of licensing agents is that the person must have products registered (or about to be registered) with the LDB. Agent sales staff and supervisors are not security screened.
- The federal *Cannabis Act* permits licensed producers to promote and market their products in the following ways:
 - Directly to persons of age if the producer knows their name;
 - In places where minors are prohibited; or

- By telecommunications, e.g. the Internet, if the producer takes reasonable steps to ensure minors do not access the information.
- The CCLA prohibits a cannabis retailer from accepting or requesting inducements and prohibits a person from offering such inducements to promote a class or brand of cannabis. The *Cannabis Act* also contains prohibitions on licensed producers offering inducements.
- BC's licensing of retailers and marketers ensures both can be held accountable through administrative penalties for inducement contraventions.

DISCUSSION:

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Withheld pursuant to/removed as

s.13; s.16

OTHER MINISTRIES IMPACTED/CONSULTED:

Ministry of Public Safety and Solicitor General



Richard J. M. Fyfe, QC
Deputy Attorney General

DATE:

March 19, 2019

DATE:

Mark Sieben
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RECOMMENDED OPTIONS APPROVED
/NOT APPROVED



David Eby, QC
Attorney General

DATE:

March 28, 2019

RECOMMENDED OPTIONS APPROVED
/NOT APPROVED

DATE:

Mike Farnworth
Minister of Public Safety
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OTHER MINISTRIES IMPACTED/CONSULTED:

Ministry of Public Safety and Solicitor General



Richard J. M. Fyfe, QC
Deputy Attorney General

DATE:

March 19, 2019



Mark Sieben
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DATE:

March 27, 2019

RECOMMENDED OPTIONS APPROVED
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DATE:

David Eby, QC
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RECOMMENDED OPTIONS APPROVED
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Mike Farnworth
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March 29, 2019

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Deputy General Manager
Liquor and Cannabis Regulation Branch
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**MINISTRY OF ATTORNEY GENERAL AND
MINISTRY OF PUBLIC SAFETY AND SOLICITOR GENERAL
DECISION NOTE**

PURPOSE: For DECISION of David Eby, QC, Attorney General, and Mike Farnworth,
Minister of Public Safety and Solicitor General

ISSUE: Should marketing licensees be allowed to promote cannabis to the adult public or only to
non-medical cannabis retailers?

DECISION REQUIRED/ RECOMMENDATION:

Allow marketing licensees to promote cannabis to the adult public and non-medical cannabis
retailers by leaving cannabis promotion regulation to the federal government under the *Cannabis
Act*

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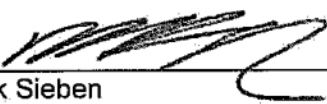
s.13

OTHER MINISTRIES CONSULTED:

Ministry of Public Safety and Solicitor General
Ministry of Health



Richard J. M. Fyfe, QC
Deputy Attorney General



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Deputy Solicitor General

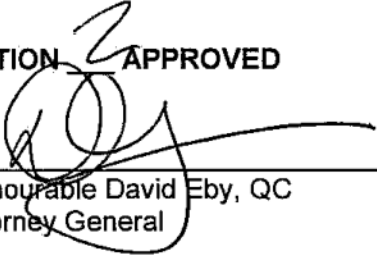
DATE:

May 27, 2019

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May 27, 2019

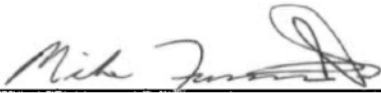
OPTION 2 APPROVED


Honourable David Eby, QC
Attorney General

DATE:

May 28 2019

OPTION 2 APPROVED


Honourable Mike Farnworth
Minister of Public Safety and Solicitor General

DATE:

MAY 29, 2019

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Senior Policy Analyst
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Assistant Deputy Minister
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Approved by:

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A/Director, Policy and Legislation
Liquor and Cannabis Regulation Branch

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Attachment:

Appendix A – BN 549239

APPENDIX A: BN 549239

**MINISTRY OF ATTORNEY GENERAL AND
MINISTRY OF PUBLIC SAFETY AND SOLICITOR GENERAL
DECISION NOTE**

PURPOSE: For DECISION of David Eby, QC, Attorney General, and
Mike Farnworth, Minister of Public Safety and Solicitor General

ISSUE: Cannabis advertising, promotion, and sponsorship

RECOMMENDATION: Defer to Health Canada to enforce Bill C-45 specific advertising,
promotion, and sponsorship prohibitions.

SUMMARY:

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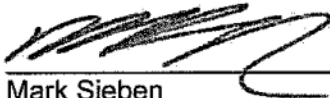
OTHER MINISTRIES IMPACTED/CONSULTED:
Public Safety and Solicitor General



Richard J. M. Fyfe, QC
Deputy Attorney General

DATE:

August 7, 2018



Mark Sieben
Deputy Solicitor General

DATE:

August 7, 2018

DECISION APPROVED / NOT APPROVED

DATE:

David Eby, QC
Attorney General

DECISION APPROVED OPTION 1

DATE:



Mike Farnworth
Minister of Public Safety and Solicitor General

August 16, 2018

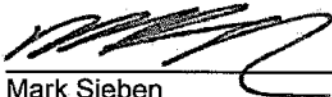
OTHER MINISTRIES IMPACTED/CONSULTED:
Public Safety and Solicitor General



Richard J. M. Fyfe, QC
Deputy Attorney General

DATE:

August 7, 2018



Mark Sieben
Deputy Solicitor General

DATE:

August 7, 2018

DECISION ☒ APPROVED ☐ NOT APPROVED DATE:



David Eby, QC
Attorney General

August 9, 2018

DECISION ☒ APPROVED ☐ NOT APPROVED

DATE:



Mike Farnworth
Minister of Public Safety and Solicitor General

May 29, 2019

Prepared by:

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Approved (via e-Approvals) August 3, 2018 by:

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Associate Deputy Minister
Ministry of Attorney General
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Approved (via e-Approvals) July 31, 2018 by:

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Ministry of Public Safety and Solicitor General
250-387-1100

Approved July 31, 2018 by:

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Assistant Deputy Minister
Liquor and Cannabis Regulation Branch
Ministry of Attorney General
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**MINISTRY OF ATTORNEY GENERAL AND
MINISTRY OF PUBLIC SAFETY AND SOLICITOR GENERAL
DECISION NOTE**

PURPOSE: For DECISION of the Honourable David Eby, Q.C., Attorney General and the Honourable Mike Farnworth, Minister of Public Safety and Solicitor General

ISSUE: Cap on the number of retail licences that a company, person or group of persons can have an interest in.

RECOMMENDATION:

- Set the maximum number of licences any one company, person or group of persons can have an interest in ^{s.13}
s.13
- Apply the suggested 'tied house' criteria used to regulate relationships between producers and retailers to the regulation of relationships between licensee retailers.

SUMMARY:

- The province will regulate the number of retail licences any one company, person, or group of persons can have an interest in.
- There is no universal reference point for what constitutes a dominant market presence but an allocation cap on licenses can be calculated pending agreement on the criteria.
- The Province is regulating relationships between producers and retailers ('tied house'), and the same criteria used in regulating those relationships could be applied for the purpose of regulating relationships between retail licences to ensure consistency.

BACKGROUND:

Number of Stores

- The Province is not limiting the total number of non-medical cannabis retail licences that will be issued.
- The Province is limiting the number of stores that a company, a person or group of persons can have an interest in to mitigate concentration of ownership in the retail sector.
- The retail licence cap will not apply to public stores.
- The total number of retail licences that will be issued is unknown. ^{s.12;s.17}
s.12;s.17

DISCUSSION:Level of acceptable concentration

- Concentration refers to the percentage of the total stores available that a licensee can own. To determine the level of concentration, the number of stores owned by a given licensee is divided by the total number of stores in the market. For example, a licensee who owns one store in a market of ten stores has a ten per cent market share (or concentration).
- There is no universal reference point for what constitutes a 'harmful' concentration in which a retailer has a level of undesirable influence in the marketplace.
- Alberta will be applying s.16 based on the current level of concentration in their retail liquor sector, which they believe to be a healthy, competitive marketplace
- As the number of licence applications expected when cannabis licensing intake begins is unknown, it will be difficult for licensing staff to continuously assess the percentage of concentration as licences are approved over the course of the first few years.

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- Communicating the cap as a hard number would provide certainty for licensees, transparency to the public, streamline licence review and enable government to re-assess once the market matures.

Total number of licenced stores

- Over-estimating the total number of stores in the first year could result in a company, person or group of persons being granted licences that exceed the allowable concentration level.
- Under-estimating the total number of stores in the first year could result in a company, person or group of persons not being able to acquire the number of licences they applied for because the cap would be set lower than actual.

s.12;s.17

- Once the sector has stabilized, the total number of stores can be expected to remain more constant.

Criteria to deem two or more retail licences connected

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OPTIONS:


1) Level of acceptable concentration (the cap)

s.13

Cliff: 547500

Date Prepared: May 3, 2018

Date Decision Required: May 8, 2018



Richard J. M. Fyfe, QC
Deputy Attorney General

DATE:

May 7, 2018



Mark Sieben
Deputy Solicitor General

DATE:

May 7, 2018

Option Approved



Honourable David Eby, Q.C.
Attorney General

DATE:

May 15, 2018

Option Approved

Honourable Mike Farnworth
Minister of Public Safety and Solicitor General

DATE:

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Approved May 7, 2018 by:

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Associate Deputy Minister
Ministry of Attorney General

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Deputy Solicitor General

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May 7, 2018

Option Approved _____

DATE:

Honourable David Eby, Q.C.
Attorney General

Option Approved 2

DATE:



Honourable Mike Farnworth
Minister of Public Safety and Solicitor General

2018-05-15

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Ministry of Attorney General

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Recommended by:

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Executive Director
Liquor Control and Licensing Branch
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Approved May XX, 2018 by:

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Attachments:

Appendix A-s.13

Appendix B-s.12;s.17

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s.12; s.13; s.17

Page 08 of 31

Withheld pursuant to/removed as

s.13

**MINISTRY OF ATTORNEY GENERAL
LIQUOR CONTROL AND LICENSING BRANCH
BRIEFING NOTE**

PURPOSE: For DECISION of the Honorable David Eby, QC Attorney General and the Honorable Mike Farnworth, Minister of Public Safety and Solicitor General

ISSUE: Establishing policy guidelines in respect of prohibited connections and financial interests between federally licensed non-medical cannabis producers and provincially licensed non-medical cannabis retailers

RECOMMENDATION:

Confirm the policy criteria to be used to determine if a producer and a retailer are connected in a manner which warrants restrictions.

- 1) Establish a threshold of s.13^{s.13} of direct or indirect financial interest that warrants restriction
- 2) Consider only voting shares
- 3) Include son-in-law and daughter-in-law in the familial relationships considered

SUMMARY:

- In non-medical cannabis retail, financial and non-financial connections between a producer and a retailer will be restricted.
- Establishing clarity in respect of government's policy intent is intended to enable people considering applying for a non-medical cannabis retail licence to make business decisions, and is required for IT system development.

BACKGROUND:

- The term "tied house" is a colloquial term used in the liquor regulatory context. In that context, it arises when a liquor producer has a relationship with a liquor retailer, financial or otherwise, such that the retailer is likely to promote the products of the manufacturer to the exclusion of the products of other manufacturers.
- Under the draft *Cannabis Control and Licensing Act* (CCLA), a retail licence must not be issued to a person who is so associated with, connected with or financially interested in a federal producer or federal producer's agent that the person is, in the opinion of the general manager, likely to promote the sale of cannabis of the federal producer.

- Other Canadian jurisdictions that will have private sector involvement in the retailing of non-medical cannabis are not regulating tied houses.

Tied House: Liquor

- Two categories of relationships that are of interest when assessing connections and financial interests in the liquor context are: financial and personal.
- When making licensing decisions, the general manager of the Liquor Control and Licensing Branch (LCLB) considers two entities to be in a tied house relationship when:
 - The liquor license applicant (sole proprietor, partner, shareholder) has any degree of financial interest in a manufacturer/agent licence; or
 - The applicant's proposed third party operator has any degree of financial interest in a manufacturer/agent licence; or
 - In the case of an applicant who is an individual, the applicant has an immediate family member (spouse, parent, sibling or child) with any degree of financial interest in a manufacturer/agent licence.
- LCLB does not assess the financial holdings of a son-in-law or daughter-in-law and there is no distinction made between owning voting and non-voting shares or between common and preferred shares.
- When a tied house is identified, a term and condition is placed on the retail licensee's licence prohibiting that licensee from selling any of the products produced by the manufacturer it is "tied" with.
- There is an exemption for small to medium-sized BC-based manufacturers to have up to three tied house relationships without being subject to the product restriction.
- Tied house provisions of other Canadian jurisdictions are included in Appendix A

DISCUSSION:

- Setting the threshold of financial interest at any interest does not meet the standard of 'likely to promote' set out in the CCLA. A producer that has a very small financial interest in a retailer would not likely have influence on the day-to-day business decision of what products the retailer will offer to its customers. Likewise, a person or group of persons that have a very small financial interest in both a producer and a retailer would have no significant influence.

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- LCLB could only consider the ownership of voting shares because this is the only type of share that affords the ability to vote on the appointment of the board of directors.
- Son-in-laws' or daughter-in-laws' financial interests could be taken into account the same way as a son or daughter as it could be seen as reasonable that a spouse could be likely to promote.

DECISIONS:

1) Financial Interest Threshold

Option 1: Establish in policy a presumption that:^{s.13}

- 1) direct or indirect ownership by a non-medical cannabis retail licensee of a specific percentage^{s.13} of the voting shares of a producer, or vice versa, constitutes a likelihood to promote.
- 2) direct or indirect common ownership of a specific percentage^{s.13} of both a non-medical retail licensee and a producer by a company, a person or group of persons constitutes a likelihood to promote.

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2) Voting and non-voting shares

Option 1: Consider voting shares when assessing likelihood to promote

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3) Include son-in-law and daughter-in-law in definition of immediate family member

Option 1: Assess the financial interests of a son/daughter-in-law s.13

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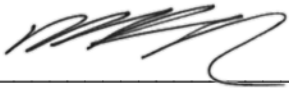
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Richard J. M. Fyfe, QC
Deputy Attorney General

DATE:

May 1, 2018



Mark Sieben
Deputy Solicitor General

DATE:

May 1, 2018

Decision 1- Option__ Approved
Decision 2- Option__ Approved
Decision 3- Option__ Approved

DATE:

David Eby, QC
Attorney General

Decision 1- Option ☒ 1 Approved
Decision 2- Option ☐ 1 Approved
Decision 3- Option ☐ 1 Approved

DATE:



Mike Farnworth,
Minister of Public Safety
and Solicitor General

2018-05-15

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Richard J. M. Fyfe, QC
Deputy Attorney General

DATE:

May 1, 2018

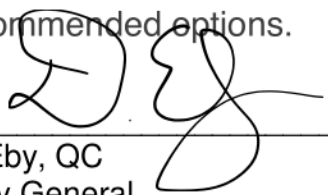


Mark Sieben
Deputy Solicitor General

DATE:

May 1, 2018

Decision 1- Option__ Approved
Decision 2- Option__ Approved
Decision 3- Option__ Approved
All recommended options.



David Eby, QC
Attorney General

DATE:

May 01, 2018

Decision 1- Option__ Approved
Decision 2- Option__ Approved
Decision 3- Option__ Approved

Mike Farnworth,
Minister of Public Safety
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DATE:

Prepared by:

s.15;s.19

Senior Policy Analyst

Liquor Control and Licensing Branch

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Recommended April 19, 2018 by:

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Executive Director

Liquor Control and Licensing Branch

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Approved by:

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Associate Deputy Minister

Ministry of Attorney General

250-952-5791

Approved April 21, 2018 by:

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Assistant Deputy Minister and General
Manager

Liquor Control and Licensing Branch

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Appendix A

Other jurisdictions (liquor)

Ontario:

- Ontario has a legislative provision to regulate where *“a person who by reason of an agreement, arrangement or understanding with any person is likely to promote the sale of liquor of any manufacturer.”*
- Where there is a common financial interest between a manufacturer and a licenced establishment, the Alcohol and Gaming Commission reviews the common ownership on a case-by-case basis and determines if it is in the public interest to place a restriction on the establishments licence.
- If deemed in the public interest the following condition is placed on the licence;

“The licensee shall ensure that a variety of wine, beer and spirits produced by a variety of manufacturers be offered and served in a consistent manner, i.e., draught, bottle, glass in the licensed establishment.

Alberta:

- Alberta prohibits a manufacturer or an agent from having a financial interest in a retail licensee or a licenced establishment, or vice-versa.
- If the Alberta Gaming and Liquor Commission (AGLC) permits the financial interest, the retail licensee or licenced establishment will not be permitted to sell any products of the manufacturer they are financially tied with.
- A tied house is deemed to exist if any financial interest exists, and includes a spouse, a relative if the relative lives in the same household, any corporation controlled by the individual, any corporation affiliated with that corporation.
- The AGLC also deems a tie if a manufacturer has a financial interest in the real property where a retail licensee or licenced establishment conducts its business.

Other:

Manitoba, PEI, Newfoundland and Yukon do not regulate tied houses for liquor.

**MINISTRY OF ATTORNEY GENERAL AND
MINISTRY OF PUBLIC SAFETY AND SOLICITOR GENERAL
DECISION NOTE**

PURPOSE: For DECISION of the Honourable David Eby, Q.C., Attorney General and the Honourable Mike Farnworth, Minister of Public Safety and Solicitor General

ISSUE: Non-medical cannabis retail licence fees

SUMMARY:

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BACKGROUND:

- Current liquor licence application and renewal fees are charged based on a cost-recovery model. For example, the application/first year fee for a liquor primary licence, which is the most complex licence, is \$4,400. Thereafter, annual licence renewal fees vary based on the licensee's annual liquor sales. A liquor primary renewal fee currently ranges from \$250 to \$2,200.
- Liquor licence fees reflect the cost to the Liquor Control and Licensing Branch (LCLB) to review the application, issue the licence, and administer liquor control legislation (e.g. compliance and enforcement).
- The majority of liquor licence fees have remained unchanged since 2002; in 2010 some fees were raised, increasing annual recoveries by approximately \$875,000 or 6%. This increase does not address current cost pressures for LCLB due to inflation and changes in program delivery.
- Service level standards for liquor licensing have diminished over the years. LCLB has not collected adequate recoveries from licence fees to ensure sufficient resources to sustain or improve these standards. Liquor licensing timelines will be further impacted with the regulation of cannabis unless fees/budget are sufficient for both service delivery areas.

DISCUSSION:

- Licensing private non-medical cannabis retail stores will meet the following objectives:
 - Protect public safety by reducing the illicit market.
 - Ensure better public health outcomes through legal sales.
 - s.13
 - Encourage economic development in the province.
- A key objective of regulation is reducing grey and black market share. High licensing costs will impede this objective.

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- LCLB liquor licensing operating cost-recoveries are divided amongst the over 10,000 liquor licensees. This model results in current liquor licence fees ranging from several hundred to \$4400.

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- Non-medical cannabis retailers will require municipal permitting fees ranging from s.16 impacting their financial viability.
- Government objectives for liquor differ from those for non-medical cannabis. For liquor, the objectives are public safety and public interest as there is no significant illegal market; whereas, the objectives for cannabis include developing the legal market and reducing crime.

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An overview of

licencing fees by jurisdiction is included as Appendix A.

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OPTIONS:

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however, application fees will be sufficiently high (suggested \$5,000 to \$10,000) to cover the extra cost of rigorous security assessments. s.13

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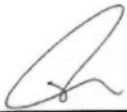
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s.13

OTHER MINISTRIES IMPACTED/CONSULTED:

None



Richard J. M. Fyfe, QC
Deputy Attorney General

DATE:

May 2, 2018

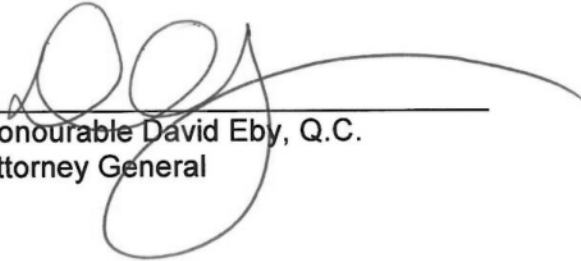


Mark Sieben
Deputy Solicitor General

DATE:

May 3, 2018

OPTION 1 APPROVED



Honourable David Eby, Q.C.
Attorney General

DATE:

May 15, 2018

OPTION___ APPROVED

DATE:

Honourable Mike Farnworth
Minister of Public Safety and Solicitor General

s.13

OTHER MINISTRIES IMPACTED/CONSULTED:

None



Richard J. M. Fyfe, QC
Deputy Attorney General

DATE:

May 2, 2018



Mark Sieben
Deputy Solicitor General

DATE:

May 3, 2018

OPTION___ APPROVED

DATE:

Honourable David Eby, Q.C.
Attorney General

OPTION_1 APPROVED

DATE:



Honourable Mike Farnworth
Minister of Public Safety and Solicitor General

2018-05-15

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Executive Director, Cannabis Implementation
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Associate Deputy Minister
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Clayton J.D. Pecknold
Assistant Deputy Minister
Policing and Security Branch
Ministry of Public Safety and Solicitor General
250-387-1100

Approved April 30, 2018 by:

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Assistant Deputy Minister
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Appendix A

| Province | Application/Licensing Fees |
|--------------|--|
| Alberta | <ul style="list-style-type: none"> - \$400 non-refundable application fee for each store location - \$700 annual licence fee - \$3,000 initial deposit for background checks; additional costs may be added; the AGLC will refund the unused amount |
| Saskatchewan | <ul style="list-style-type: none"> - \$1,000 non-refundable submission fee for the RFP process. - Proponents will also be required to submit the permit application fee of \$2,000 and the first annual permit fee (\$3,000 for all cities; \$1,500 elsewhere) with their proposal. - If they are not selected to apply for a permit, the application and permit fees will be refunded, but the \$1,000 submission fee will be kept by SLGA. - For successful proponents, the application and permit fees will be applied to their permit applications. - The \$2,000 application fee will become non-refundable once the permit application process starts, but the annual permit fee will be kept only if a permit is issued. - An equivalent permit fee will be due by the anniversary of the permit being issued each year thereafter. |
| Manitoba | <ul style="list-style-type: none"> - Application fees will parallel liquor - \$500 - Licensing fees not yet determined |
| California | <ul style="list-style-type: none"> - Application fee - \$1000 - Annual licensing fees based on estimated sales: <ul style="list-style-type: none"> - Up to \$0.5M - \$4000 - \$0.5M – \$1.5M - \$12000 - \$1.5 - \$4.5M - \$36,000 - Greater than \$4.5M - \$72,000 - The applicant must hold a \$5,000 surety bond payable to the State of California. The surety bond is to cover the destruction of cannabis and cannabis goods if necessitated by a violation of the licensing |

| | |
|------------------|---|
| | requirements. |
| Colorado | <ul style="list-style-type: none"> - Application fee - \$4,500 per fee table/\$5,000 per Regulation - Renewal fee - \$1,800 per fee table (incl. app fee)/\$1,500 per Regulation - Renewal application fee: \$300 per Reg |
| Washington State | <ul style="list-style-type: none"> - Application fee \$250 - Annual fee \$1480 |
| Oregon | <ul style="list-style-type: none"> - Non-refundable application fee \$250 - Criminal record check fee \$50/individual listed on application - Non-refundable renewal application \$250 - Annual licensing fee \$4,750 (pro-rated if 6 months or less) |
| Nevada | <ul style="list-style-type: none"> - Non-refundable application fee of \$5,000 - \$20,000 initial issuance licence fee (must be submitted at time of application) - \$6,600 annual licence fee |

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Withheld pursuant to/removed as

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Executive Director
Liquor Control and Licensing Branch
Ministry of Attorney General

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