

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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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***

TABLE OF CONTENTS

INTRODUCTION AND BACKGROUND	1
PUBLIC ENGAGEMENT	2
Producer Concerns.....	2
CONCLUSION	5
ENDNOTES	5

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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.

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 from ReLeafNT.

These submissions and presentations are included in Appendix A.

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=QOfehQsxaql&list=PLZiv8ITEMg4fTNmF1zA96bckdduh2UTlc&index=4&t=4173s>