



**Government of the Northwest Territories Response to Committee Report
19-20(1) Report of the Statutory Review of the Cannabis Legalization and Regulation
Implementation Act**

Background

This report is drafted in response to Standing Committee on Government Operations (Committee) Report 19-20(1): *Report of the Statutory Review of the Cannabis Legalization and Regulation Implementation Act* addressing recommendations related to the implementation and administration of cannabis legalization in the Northwest Territories (NWT).

Recommendation 1

Committee recommends that the Government of the Northwest Territories (GNWT) 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.

GNWT Response

The Department of Industry, Tourism and Investment (ITI) is currently reviewing the Northwest Territories Manufactured Products Policy. As part of this process, ITI will consider feedback from all stakeholders, including Boreal Cultivation, regarding cannabis products.

The Department of Finance reviewed the current discounts to the Northwest Territories Liquor and Cannabis Commission's (NTLCC) mark-up on Boreal Cultivation's products. Currently the discounts are 10% for northern grown cannabis and 5% for products Boreal purchases from southern vendors and processes at their facility. Due to the limited profit margins on cannabis products, no increases to the current discount rates are feasible.

Recommendation 2

Committee recommends that the GNWT review the Northwest Territories Manufacturer Products Policy in the effort to identify Boreal Cultivation as a local manufacturer.

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GNWT Response

ITI is committed to supporting the manufacturing sector. With the continued implementation of the NWT Manufacturing Strategy, the GNWT is actively exploring ways to strengthen and grow the sector. This includes reviewing the Northwest Territories Manufactured Products Policy and its definition of manufacturing to identify opportunities.

Recommendation 3

Committee recommends that the GNWT review and apply changes to the *Cannabis Legalization and Regulation Implementation Act* and its regulations to allow for farmgating in the NWT.

GNWT Response

The regulation of Cannabis in Canada is fairly new both federally and for jurisdictions such as the NWT. The NWT cannabis legislative and regulatory framework will need to be reviewed and re-assessed in consideration of factors present in the NWT and of changes to similar legislation in other Canadian jurisdictions.

While a definite timeline for changes to the Act has not been contemplated, it is anticipated that changes to the *Cannabis Products Act* will follow, once this work has been identified as a legislative priority and the Department has been able to review the federal governments 2022-2024 Legislative Review of the Cannabis Act Final Report of the Expert Panel. In the interim, the Department is considering committee recommendations and other emerging cannabis-related issues, while conducting broad research as capacity allows, to inform the future legislative and regulatory work that is needed to ensure the NWT cannabis legislative and regulatory framework is comprehensive and modernized.

The Government of Canada's Legislative Review was conducted by an independent expert panel which recommended various improvements including simplifying packaging and labeling rules, allowing more transparent packaging, and promoting the use of QR codes for detailed product information. The panel also recommended changes to licensing and security measures to reduce the administrative burden on the cannabis industry. The Legislative Review also noted that provincial and territorial governments should consider permitting direct-to-consumer sales from smaller cultivators and processors (farmgate, or mail order within a jurisdiction), in a way that allows smaller players to generate and keep more revenue than they would by selling cannabis through distributors.

Recommendation 4

Committee recommends that the GNWT 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 NWT.

GNWT Response

Samples are not currently considered in the *Cannabis Products Act* or Cannabis Products Regulations and would require a legislative change to allow for samples be distributed to stores. The Department will examine the issue and implications of cannabis samples, as part of the broader scope of legislative and regulatory work required to modernize the regime.

Recommendation 5

Committee recommends that the GNWT conducts research on the best processes and practices to allow for special occasion permits for the sale of cannabis.

GNWT Response

The Department will consider the issue and impact of special occasion permits regarding cannabis in the NWT, as part of the broader scope of work required to modernize the cannabis legislative and regulatory regime.

Recommendation 6

Committee recommends that the GNWT amend the regulations of the Cannabis Legislation and Regulation Implementation Act to allow for the special occasion permits for the sale of cannabis.

GNWT Response

Regulations to support the allowance of a SOP, including the necessary cannabis enforcement implementation that would be required, will be explored further when amendments to the Cannabis Products Act and regulations are being contemplated.