

Intelligence MEMOS



From: Anindya Sen
To: Bill Blair, Parliamentary Secretary to the Minister of Justice
Date: July 11, 2016
Re: THE INCREASING COSTS OF APATHY TOWARDS MARIJUANA LEGALIZATION

On April 20th the federal government announced that it would legalize marijuana consumption in the spring of 2017. However, the government's announcement has resulted in deep confusion on how current laws should be implemented. As a result, illegal pot shops have mushroomed in Toronto, set up by individuals who see entrepreneurial opportunities, and are currently not subject to any specific zoning regulation. Police in Toronto have conducted several raids to shut down such shops, which have undeniable health risks given that they are selling products that are not subject to any specific content and safety guidelines. While these raids are a response to public complaints, they are yet another example of scarce police resources that might be better allocated to reducing other more severe crimes.

Besides decriminalizing the possession of limited amounts of marijuana, the federal government should also reach out to provinces and municipalities and signal what responsibilities will likely fall under their jurisdiction. They should use existing provincial tobacco and alcohol regulatory frameworks as models. For example, each province has legislation setting minimum legal ages for consumption. Recent amendments to the *Ontario Smoke Free Act* mandate that cigarettes cannot be sold in post-secondary campuses, secondary schools, or in proximity to children's playgrounds. However, there are instances where simply mimicking existing tobacco or alcohol control legislation may not be appropriate or relevant. For example, municipalities should consider specific zoning legislation to ensure that marijuana cannot be sold near schools and begin to investigate how private marijuana consumption may impact others in apartment and condominium buildings. Municipalities will also be impacted if individuals are allowed to grow limited amounts of marijuana for medical consumption.

Ontario Premier Kathleen Wynne [has suggested](#) that marijuana might be sold through Liquor Control Board of Ontario (LCBO) outlets. The province will then have direct control over distribution, be able to extract revenue through wholesale mark ups, as it does with wine and liquor, and use LCBO staff already trained in implementing age restrictions. However, this would also result in significant infrastructure costs and [more high-cost](#) workers.

A better route would be to allow a regulated private sector to take care of distribution, as is the case with Colorado. In Ontario, provincial legislation ensures that tobacco retailers face severe sanctions for sale to underage youth. And government revenue can still be efficiently extracted through sales taxes. While governments should not encourage the growth of illegal pot shops, their sudden appearance is strong evidence of private sector appetite for retail distribution. If structured properly, they would be a cost-effective mechanism for retail delivery. Of course, private sector delivery also implies the need for monitoring and inspection programs similar to the ones run by regional and municipal authorities in Ontario.