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**CANNABIS      RETAIL**

**ACROSS**

**CANADA**

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**Under the Federal government's recreational cannabis legislation, the provinces and territories across the Country have been given the authority to determine how the retail sale of recreational cannabis will be conducted. Below you will find a review of what each of the provinces and territories has announced to date for their retail plans.**

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## **British Columbia**

As discussed in February's edition of *CannalInvestor*, British Columbia will implement both public and privately-run retail. Distribution of recreational cannabis will be run by the Liquor Distribution Branch (the "LDB"), while the Liquor Control and Licensing Branch (the "LCLB") will be responsible for licensing and monitoring the stores. Licenses will be awarded for either self-contained cannabis stores or stores in rural communities. The Province will launch its application portal in the Spring for private licensing.

## **Alberta**

Alberta will have privately run retail stores and government-operated online sales. Physical retail locations will be subject to government regulations and the terms of licenses will be granted by the Alcohol Gaming and Liquor Commission ("AGLC"). The AGLC will also be responsible for regulating distribution to all private retailers.

The ALGC began accepting retail cannabis store license applications on March 6, 2018 and will continue to do so on a rolling basis. All applicants will be subject to extensive mandatory background checks which we expect will take a significant amount of time.

## **Saskatchewan**

In Saskatchewan, retail will be private as well. The Saskatchewan Liquor and Gaming Authority ("SLGA") stated that it will grant 60 permits for 40 municipalities and First Nations. Initial allocation of permits will be for populations of at least 2,500. Larger communities will be allocated additional permits. Eligible First Nations and municipalities will have an option to opt-out of having a retail cannabis store in their community, so final numbers will depend on that. Wholesaling will also be conducted by the private sector.

The selection process will be done in three phases. The first phase will be initial screening for financial capacity and the ability for proponents to track



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and report inventory. Phase two will be a random selection (lottery) of the qualified applicants done by an independent third party retained by the SLGA. Phase three will involve successful proponents undergoing a 'good character' assessment as the final part of the permitting process.

## Manitoba

In Manitoba, the Liquor and Gaming Authority ("**LGA**"), which will soon be called the Liquor, Gaming and Cannabis Authority of Manitoba, is responsible for licensing private cannabis stores.

The LGA conducted a request for proposals which concluded in late December, 2017. In February, Manitoba conditionally accepted four proposals contingent on reaching all of the necessary agreements and providing all required documents. The organizations that were selected for the proposals are the consortium of Delta 9 Cannabis Inc. and Canopy Growth Corporation; National Access Cannabis; Hiku Brands, through its wholly owned subsidiary Tokyo Smoke, in partnership with BOBHQ; and 10552763 Canada Corporation which featured Avana Canada Inc., Fisher River Cree Nation of Manitoba, Chippewas of the Thames of Ontario, MediPharm Labs, and Native Roots Dispensary.

## Ontario

In Ontario, cannabis sales will be publicly run by a subsidiary of the Liquor Control Board, the Ontario Cannabis Retail Corporation (the "**OCRC**"). Susan Pigott is chair of the OCRC. The stores themselves will be known as the "Ontario Cannabis Store". The government has committed to operating 150 Ontario Cannabis Stores across the province by 2020. 40-50 stores are expected to be open by July 1, 2018, 80 by July 1, 2019, and 150 by July 1, 2020. All sales will be via behind-the-counter service, where retail staff will be trained in properly identifying consumers and ensuring they are above the minimum age.

The Ontario Cannabis Store will use Shopify as its e-commerce platform for all in-store and online cannabis sales in the Province. Online sales will include the same product information, use guidelines, and social responsibility information as the brick-and-mortar stores. Shopify will also provide point-of-sale systems for in store sales and will rely on the Shopify platform to manage inventory, accounting, and human resources operations.



## New Brunswick

New Brunswick will have public retail outlets which will be operated as subsidiaries of New Brunswick Liquor (the "NBL"). The stores will be coupled with online sales that will either use a deliver to customer's homes or delivered to stores for customer pick-up. The stores will operate based on the conditions established by the NBL. New Brunswick has signed agreements with Organigram, Canopy Growth Corp, Zenabis, and Nuuvera Inc. for the supply of recreational cannabis in the province.

## Quebec

In Quebec, retail sales will be publicly run and conducted by a subsidiary of the Societe des Alcools du Quebec (the "SAQ") known as the Societe Quebecoise du Cannabis. All distribution will be done through the SAQ. Six of Canada's federally licensed producers – Hydropothecary, Canopy Growth, Aphria, MedReleaf, Aurora and Tilray – have signed letters of intent to supply the SAQ with cannabis for the recreational market.



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## **Nova Scotia**

Nova Scotia announced that retail sales of cannabis will be sold publically, through the Nova Scotia Liquor Corporation ("NSLC"). Retail will be conducted both online and at existing NSLC storefronts. The area where cannabis will be sold will be in a separate part of the store. Only individuals over the age of 19 will be permitted to enter that part of the store.

The province has already announced the nine NSLC locations where cannabis will be sold. There will be locations in Amherst, Dartmouth, Halifax, Lower Sackville, New Glasgow, Sydney River, Truro, and Yarmouth.

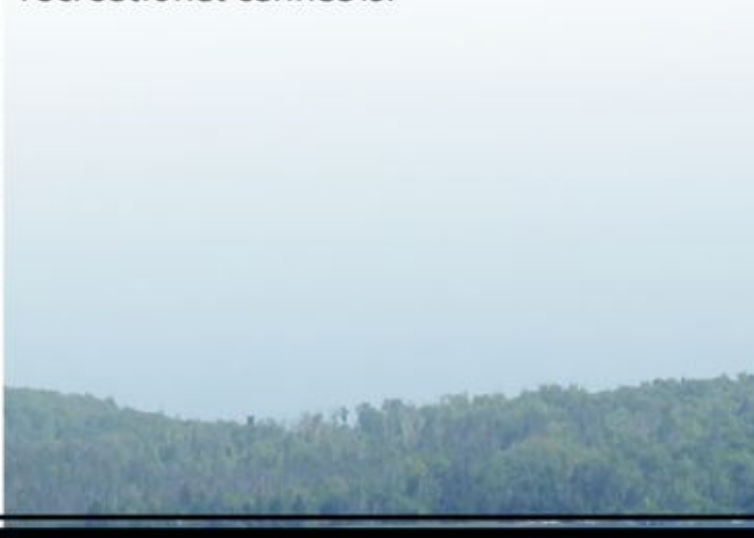
## **Newfoundland and Labrador**

Newfoundland and Labrador will have private retail sales and announced its Request for Proposals in order to select the private retailers. The process will be overseen by the Newfoundland and Labrador Liquor Corporations new Cannabis NL division. The RFP will allow for applications to be based on four different retail "tiers": standalone stores; stores within stores (i.e. cannabis sales located in a segregated part of an existing retail operation); dedicated counters within existing retail operations; and behind the counter sales similar to the model for tobacco sales.

Initially, 41 licenses will be awarded, not including four retail locations to be run by Canopy Growth's wholly-owned subsidiary, Tweed. This opportunity stems from a supply agreement signed between Canopy and Newfoundland and Labrador. The RFP indicates a specific number of licenses to be given per geographic region. The application will divide the regions by postal code and applications will be submitted on that basis.

## **Prince Edward Island**

Prince Edward Island will have publicly-run retail. The province intends to have four standalone locations and online sales with next day delivery to customer's homes. The sites for stores have already been announced and will be located in Charlottetown, Summerside, Montague, and West Prince. Prince Edward Island has signed agreements with Canopy Growth Corporation, Organigram, and Canada's Island Garden for the supply of recreational cannabis.



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## Northwest Territories

The Northwest Territories has recently tabled its recreational cannabis plan. With respect to retail, recreational cannabis will initially be sold through liquor stores using the Liquor Commission. The province has stated that it believes these existing operations are best suited to the sale of cannabis as they are well versed in the retailing of controlled substances and mail order sales which include delivery safeguards. Rural areas or communities without liquor stores will have mail order cannabis available under the recreational market.

## Nunavut

Although Nunavut has not yet released its cannabis legislation, it has indicated that sales would likely be through the Nunavut Liquor Commission. Nunavut

has stated that physical locations will not be operational in 2018. To do so, the government believes, would be impractical. As a result, Nunavut residents can expect cannabis sales to be purchased online and shipped.

## Yukon Territories

The Yukon Territories released a summary of its draft Cannabis Control and Regulation Act. Initially, the government will sell through the Yukon Liquor Corporation (the "YLC") online and in-store. The YLC will also control importing, warehousing, and distribution of product. The government-run store location has not been selected as of yet. The draft legislation does lay out a licensing process for private retail whereby a five member Cannabis Legislation Board will review applications and grant licenses for retail sales.

