



FEDERATION
OF CANADIAN
MUNICIPALITIES

FÉDÉRATION
CANADIENNE DES
MUNICIPALITÉS

**President
Présidente**

Jenny Gerbasi
Deputy Mayor
City of Winnipeg, MB

**First Vice-President
Première vice-présidente**

Sylvie Goneau
Conseillère
Ville de Gatineau, QC

**Second Vice-President
Deuxième vice-président**

Bill Karsten
Councillor
Halifax Regional
Municipality, NS

**Third Vice-President
Troisième vice-président**

Garth Frizzell
Councillor
City of Prince George, BC

**Past President
Président sortant**

Clark Somerville
Councillor
Regional Municipality
of Halton, ON

**Chief Executive Officer
Chef de la direction**

Brock Carlton
Ottawa, ON

November 2, 2017

The Honourable Bill Morneau, P.C., M.P.
Minister of Finance
Government of Canada
90 Elgin Street
Ottawa, Ontario
K1A 0G5

Dear Minister:

**ENSURING CANNABIS LEGALIZATION IS SAFE,
EFFECTIVE AND SUSTAINABLE**

With a summer 2018 deadline fast approaching, municipalities remain vital partners in your government's efforts to legalize and regulate recreational cannabis across Canada. So I welcome this opportunity to offer a municipal view on national investments required to achieve this goal—effectively, safely and sustainably.

The Federation of Canadian Municipalities is the national voice of local government. Our 2,000 members represent more than 90 per cent of Canadians living in cities and communities from coast to coast to coast. Municipal governments work in partnership with your government to deliver local solutions to national challenges, from growth and productivity to climate and public safety.

Our cities and communities are where recreational cannabis will be sold and consumed—and the proposed legislation places municipalities on the front lines of keeping Canadians safe. Bills C-45 and C-46 signal that local governments will be responsible for amending, administering and enforcing zoning and density bylaws, along with rules around smoking restrictions, public nuisance, and safety concerns related to building codes. Additional areas of shared responsibility may include minimum age of purchase, possession limits, public consumption, public education, retail location rules, home cultivation and public health.

Growing into their expanded responsibilities will impose significant costs on municipalities, both immediate and ongoing. The full shape of those responsibilities will be driven by regulatory frameworks developed at the provincial and territorial levels. Nonetheless, municipalities across Canada are already investing significant resources to prepare for this federal initiative.

With changes expected in up to 17 municipal departments—from building services to human resources to local transit authorities—FCM members are amending by-laws pre-emptively. Many are undertaking costing exercises based on what they know about emerging regulatory frameworks, and FCM is working to share the outcomes among members and with our federal and provincial/territorial partners.

24, rue Clarence Street,
Ottawa, Ontario, K1N 5P3

T. 613-241-5221
F. 613-241-7440

www.fcm.ca

.../2



Municipalities are also working with their police services to anticipate new requirements. As you know, municipalities cover almost 60 per cent of Canada's policing costs, and municipal forces are already managing increasingly complex new responsibilities, from cybercrime to border security. Preparing the bulk of Canada's police forces to enforce new cannabis rules—with appropriate training, systems and resources—is a massive and costly undertaking.

In August, FCM published a cannabis primer to help municipalities work ahead where they can, and to develop work plans for full implementation. To develop a more comprehensive in-depth guide, we have assembled a technical advisory group of planning, legal, policy and enforcement experts from across the country. And as we continue working with municipalities and their provincial-territorial associations, I am struck by their determination to carry out this important work in the face of limited revenue tools.

Your government recognizes that local fiscal limits should not derail federal commitments. We see this recognition built into the *Investing in Canada* infrastructure plan, with investments that empower municipalities to boost national growth and productivity. This same recognition can and must drive the federal approach to coast-to-coast cannabis legalization.

As your government continues to coordinate with provinces and territories, municipalities should be at the table. Municipalities have frontline expertise to bring to that process. They also need insight on regulatory frameworks as they are developed, so they can work ahead on local implementation. To this end, FCM continues to engage with federal departments—including Public Safety, Health and Justice—to better coordinate efforts across orders of government.

Specifically in our discussions with your department, FCM is now recommending a two-phased approach to help equip municipalities to implement this major federal commitment.

First, and immediately, the federal government should provide support for the municipal start-up costs of legalizing cannabis safely and effectively.

This recommendation echoes the final report of the Task Force on Cannabis Legalization and Regulation, which called for federal leadership to ensure that new capacity is developed among all orders of government *before* the regulatory regime launches.

We recognize that your government has announced \$161 million over five years to help train frontline workers. However, it remains unclear how much of this modest commitment may flow to municipalities for local training needs. Furthermore, training is only one component of the start-up challenge local governments now face.

FCM is ready to work with your department on a funding plan to support the rapid growth of local capacity required to *implement, administer and enforce* a new recreational cannabis regime within the timeframe established by the federal government.

Second, the federal government should guarantee public safety by ensuring that the new cannabis regime is sustainable for the long-term.

Legalization is not a one-time project. Canadians need to know that the administrative and enforcement infrastructure that their governments launch next year will continue to keep them safe and secure for years to come. Recognizing this challenge, your government has proposed a cannabis-revenue-sharing formula with the provinces to support ongoing costs. Given municipalities' central role in administration and enforcement, municipalities should be meaningful participants in these revenue-sharing conversations.

.../3



Regardless of the formula adopted, ensuring public safety will depend on predictable, long-term support for local administration and enforcement. There is ample precedent here: all eight U.S. states that have legalized recreational cannabis have adopted predictable funding allocations for their local governments. In Canada, this may require a variety of funding sources should the proposed excise taxation regime not be sufficient to support these responsibilities.

In sum, given the right tools, you can count on local governments to implement this federal commitment in communities from coast to coast—in a way that keeps Canadians safe and well-served, at launch and for the long term.

I look forward to discussing these recommendations in more detail, and FCM staff will reach out to coordinate a meeting. In the meantime, if your staff have any questions, please contact Hardave Birk, Government Relations Advisor, at hbirk@fcm.ca or 613-907-6331.

Sincerely,



Jenny Gerbasi
Deputy Mayor, City of Winnipeg
FCM President

- c: The Honourable Ralph Goodale, Minister of Public Safety
- c: The Honourable Jody Wilson-Raybould, Minister of Justice and Attorney General
- c: The Honourable Ginette Petitpas-Taylor, Minister of Health
- c: Mr. Bill Blair, Parliamentary Secretary to the Minister of Justice and Attorney General of Canada and to the Minister of Health

...

