

Cannabis Legalisation and Control Bill
**A guide to the exposure draft Bill for
referendum**

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This guide to the exposure draft Cannabis Legalisation and Control Bill (the Bill) explains the core aspects of the regulatory approach and how they work together if the Bill were introduced in its current form.

The structure of this guide is the same as the Bill and is designed to be read alongside the Bill using the cross references included throughout the guide.

After the election and the referendum, the incoming Government may introduce a Bill to Parliament that would legalise and control cannabis. This process would include the opportunity for the public to share their thoughts and ideas on how the law might work.

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1. Purpose of the Cannabis Legalisation and Control Bill

What does the Bill set out to achieve?

If enacted, the Bill will make it legal for people aged 20 years or older to produce, possess and consume cannabis in New Zealand.

The Bill establishes a regulatory framework for reducing the harms from cannabis use to individuals, families, whānau and communities. The purpose statement (section 4) sets out the broad objectives of the legislation.

The Bill provides for:

- people to grow cannabis for their own use, within prescribed parameters
- the development of a marketplace for the licensed supply of cannabis.

The provisions in the Bill are intended to regulate access to legal and quality-controlled sources of cannabis for people who choose to consume it.

Other provisions in the Bill seek to:

- raise public awareness of the health risks associated with consuming cannabis
- limit exposure to cannabis
- provide access to health and social services designed to support individuals and families experiencing issues associated with cannabis use.

How is cannabis defined?

Section 6 (Interpretation) contains the definition of cannabis for the purposes of the Bill.

The definition of cannabis covers any plant of the genus *Cannabis*, whether growing or not. The definition includes:

- substances that contain any part of the cannabis plant
- ‘cannabis products’ — products that are manufactured from or contain cannabis.

The definition excludes:

- **medicinal cannabis**, which is regulated under the *Misuse of Drugs (Medicinal Cannabis) Regulations 2019*
- **hemp**, which is governed by the *Misuse of Drugs (Industrial Hemp) Regulations 2006*.

How is Te Tiriti o Waitangi recognised?

Section 5 identifies the parts of the Bill that recognise and respect the Crown’s responsibility to give effect to Te Tiriti o Waitangi. These parts include requirements to ensure iwi and Māori representation in key elements of the regulatory regime (for example, membership of the Cannabis

Advisory Committee (section 17), and of the independent body that reviews how the legislation is working after 5 years of operation).

Māori interests are recognised and provided for in other ways, including in:

- decisions on the allocation of the national annual cultivation cap (section 85)
- setting potency limits that aim to reduce problematic use, particularly for Māori (section 202)
- imposing the levy and excise duties in an equitable and non-regressive manner, especially for those who are already disproportionately harmed (sections 260 and 263).

When would the Bill come into effect?

If more than 50% voters vote 'Yes' in the cannabis referendum, the incoming government can introduce a Bill into Parliament to make the use of cannabis legal. If the legislation passes, the Act would come into force the day after it receives the Royal assent (section 2). However, not all parts of the regulatory regime would be fully operational at that time. Initially, only fresh and dried cannabis, and cannabis plants and seeds would be approved for production and sale (Schedule 7). It would also be possible to home-grow, possess, consume and share cannabis within the provisions of Part 3 of the Bill.

Over time, the regulator – the Cannabis Regulatory Authority – could recommend amending the regulations so that additional classes of cannabis are approved for production and sale. Schedule 7 of the Bill lists all the classes of cannabis that may be sold under licence at some point after the regime is introduced.

The responsible minister, on the recommendation of the Cannabis Regulatory Authority, would decide when other classes of cannabis could be introduced.

2. The role of the Cannabis Regulatory Authority

Section 10 establishes a new body: the Cannabis Regulatory Authority [holding name]. The Authority would be required to give effect to the legislation and associated regulations in a manner that:

- promotes the wellbeing of New Zealanders
- reduces the multiple harms associated with cannabis use
- lowers the overall use of cannabis over time (section 11).

Functions of the Authority

The Authority would have multiple functions, as listed in section 12. The Authority would:

- a) establish and monitor a cannabis cultivation cap
- b) license and authorise controlled activities in the cannabis supply chain
- c) set the criteria and conditions for licences and authorisations for controlled activities
- d) set limits on the allowable levels of THC (tetrahydrocannabinol – the main psychoactive compound in cannabis) and other substances in cannabis and cannabis products
- e) monitor and enforce compliance with licence and authorisation conditions and criteria, including requirements for cannabis products to meet production, testing and labelling standards; quality controls; and restrictions on the operations of retailers and consumption premises
- f) implement appeal decisions
- g) administer and collect excise taxes, levies and fees charged as part of the cannabis regulatory regime
- h) monitor and enforce compliance with legislation and regulations permitting the private home-growing of cannabis, and provisions relating to possessing and using cannabis
- i) develop good practice guidelines for people who choose to grow cannabis at home (in accordance with legislative and regulatory provisions)
- j) conduct (directly or indirectly) public education campaigns to:
 - i. raise public awareness of harms associated with cannabis use, including harms to children and young people from second-hand cannabis emissions, and promote responsible use and help-seeking behaviours
 - ii. raise public awareness of the law governing cannabis use in New Zealand, including which activities the law permits, restricts, and prohibits, and the effects of not complying with the law
- k) collect and analyse data and reporting on the dynamics of cannabis supply, demand, and use in New Zealand to ensure the regulatory regime is meeting its objectives
- l) promote and support research that focuses on understanding and reporting on cannabis use in New Zealand, and informing evidence-based approaches to harm prevention and reduction activities

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- m) regulate cannabis production and marketing
- n) regulate cannabis accessories and certain substances added to cannabis
- o) facilitate a whole-of-government approach to addressing non-compliance – a health-based approach that focuses on harm reduction, particularly among young people.

The list of functions is not exhaustive, and the Authority would perform some of these functions directly and assign other functions to state sector bodies with the appropriate capability and expertise.

Developing and publishing a national plan

The Authority would be required to prepare and publish a national plan, detailing how it will give effect to its main objective and the purpose of the Act (section 13).

The national plan would need to include:

- a public health, drug education and treatment services strategy, designed to reduce the harm caused by cannabis consumption (section 21), and
- a strategy for determining the national annual cultivation cap (section 22).

The Authority would prepare the first national plan within 6 months of the legislation coming into force. They would prepare a second plan following the statutory review of the legislation's operation (5 years after the licensed regime has been in operation). The Authority would prepare and publish subsequent national plans at 5-yearly intervals (section 13).

When developing the national plan, the Authority would be required to consult with the Cannabis Advisory Committee (refer to page 5 of this guide).

The Authority would report annually to the responsible minister on how it has implemented the national plan and the outcomes achieved. This report would be published and made available to the public (section 14).

Producing a harm-reduction strategy

As noted above, the national plan must include a public health, drug education and treatment services strategy, referred to as the 'harm-reduction strategy'. The strategy would need to include:

- public health promotion initiatives, focused on preventing and minimising the harm from cannabis use
- the development and delivery of drug education programmes, focused on addressing harmful cannabis use
- engagement with commissioning agencies familiar with treatment services for those experiencing harm from cannabis and their families and whānau
- the evaluation approach and timeframes for reporting on the outcomes of drug education and treatment services and programmes, and
- independent scientific research on matters associated with cannabis use, including the impacts on different cultural groups (section 21).

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The strategy would need to reflect and address regional variances in service delivery (needs and approaches), and the Authority would be required to consult appropriately to reflect regional and cultural interests.

A levy paid by licensed cannabis producers would support the responsible agencies to deliver the strategy (see the 'Duties, levies and fees' section of this guide).

Establishing a Cannabis Advisory Committee

A Cannabis Advisory Committee would be established. The role of the Advisory Committee would be to provide advice to the Authority on:

- developing the national plan, including the harm-reduction strategy
- reporting annually on the national plan
- reviewing and setting the THC potency limits for classes of cannabis (Schedule 8)
- setting and allocating the annual cultivation cap on licensed cannabis production
- developing the harm-reduction criteria used across the licensing regime
- any other matters that the Authority seeks advice on (section 18).

The responsible minister could also seek advice from the Advisory Committee on issues relating to the regime and within the bounds of the expertise of the Advisory Committee.

Membership of the Advisory Committee must include:

- iwi and Māori representatives with appropriate expertise
- the interests of specific population groups, including children and young people
- expertise from the health, justice and social sectors.

Individuals with a direct interest in the cannabis industry (covered by the Bill), may not be appointed as members of the Advisory Committee (section 19).

Establishing a Cannabis Appeals Authority

An independent Cannabis Appeals Authority would be established to hear appeals against the Cannabis Regulatory Authority's decisions (section 121). Hearings of the Appeals Authority may confirm, modify or reverse a decision under appeal.

Parties to appeal proceedings who are dissatisfied with a determination on a point of law may appeal to the High Court.

3. Personal use of cannabis

Part 3 of the Bill sets out:

- general provisions and restrictions on growing cannabis for personal use
- restrictions on buying, possessing, sharing and using cannabis in certain places.

Buying, possessing and using cannabis would remain illegal for people aged 19 years or younger. To avoid doubt, the Bill states that it would be illegal for a parent, guardian or caregiver of a person aged 19 years or younger to gift, share with, or otherwise supply or offer to supply the person with any form of cannabis (section 34).

Key aspects of the general provisions for personal use

- Minimum age to possess cannabis – 20 years or older (section 32)
- Possession limit in a public place – 14 grams of dried cannabis (or its equivalent) (section 29)
- Daily purchase limit – 14 grams of dried cannabis (or its equivalent) per day (section 31)
- Social sharing – 14 grams of dried cannabis (or its equivalent) (section 34)
- Restrictions on places of consumption – prohibitions on consumption in a public place or in a vehicle that is in a public place (section 37)
- Unauthorised sale of cannabis or cannabis products without a licence (section 39)
- Prohibition on the supply of cannabis by mail order or courier (section 40)
- Offence to expose a person aged 19 years or younger to cannabis emissions (section 43)
- Prohibition on import and export of cannabis (section 41).

These provisions apply to all use of cannabis, regardless of the source (home-grown, licensed cannabis and cannabis products, and cannabis sourced illegally), with the exception of the daily purchase limit, which is specific to the licensed market.

Limits for buying, possessing and social sharing have been set at 14 grams of dried cannabis or its equivalent. Schedule 6 sets out the equivalences that would be applied. For example, 14 grams of dried cannabis would be equal to 70 grams of fresh cannabis, or 3.5 grams of cannabis concentrate.

Growing cannabis for personal use

The Bill makes it legal to grow cannabis for personal use without a licence under the following conditions:

- a person aged 20 years or older could grow up to two cannabis plants on a property (section 24)
- a household of two or more adults aged 20 or older could grow a maximum of four plants on a property (section 25).

To grow a cannabis plant for personal use, a person must have a 'qualifying legal interest' in the property (defined in section 24(4)).

Restrictions on the location of cannabis plants

Individuals and households growing cannabis plants would need to comply with restrictions on the location of plants within a property.

Plants must be grown:

- out of public sight, OR
- in an area that is not accessible from any public area (section 26).

‘Public area’ is defined as an area to which the public has unrestricted access.

A person would only be in breach of these restrictions if they were growing a cannabis plant that was visible to the public AND accessible from a public area.

Provision is made for individuals to move plants from one growing area to another through an exception to the public possession limit (section 30).

It would be an offence to grow cannabis in a public place (section 28).

Restrictions on the home production of cannabis concentrates

The Bill prohibits the dangerous production of cannabis concentrates without a licence (section 42).

Dangerous production methods are defined as the use of any form of organic solvent to extract resin or to produce a cannabis concentrate. Examples of organic solvents are butane or propane. This provision would not prevent a person from making a cannabis-infused product, so long as they do not use a dangerous method (as described above).

4. Enforcement of general (non-licensed) provisions

The Bill creates a series of offences and corresponding penalties that would be applied to breaches of provisions for home-growing and the use of cannabis more generally (for example, public possession and social sharing limits).

Penalties include the use of infringement fees, court-imposed fines and, in the most serious cases, terms of imprisonment. A full list of offences and penalties applied to breaches of general provisions (including the illicit sale or supply of cannabis) is included at 'Appendix A: Enforcement of general provisions'.

Use of compliance conditions

The Bill contains two infringement offences that include an option of a compliance condition that may be carried out as an alternative to paying the fee:

- *'possession of cannabis by a person aged 19 years or younger'* – the penalty is an infringement fee of \$100 and a fine of up to \$200, with the option of a compliance condition requiring engagement with an appropriate support service (for example, social, health or mental health and addiction services).
- *'exposing a person aged 19 years or younger to cannabis emissions'* – the penalty is a fee of \$500 or a fine of up to \$1,000, with the option of a compliance condition requiring engagement with an appropriate support service (for example, parenting or family and whānau support services and health-based services).

Enforcement officers would be responsible for monitoring and enforcing the regime. Part 11 sets out the powers and duties of enforcement officers. These powers also include the enforcement of licence and authorisation conditions within the licensed supply chain.

5. The licensing approach

Part 5 of the Bill creates a regulated regime to control the (commercial) licensed supply of cannabis in New Zealand.

The purpose statement (section 57) sets out the broad objectives for the regulatory licensing regime: controlling the supply of cannabis and promoting, as far as possible, equitable access to a stable supply of licensed cannabis and cannabis products available for purchase in New Zealand.

Controlled activities and licence classes

The Bill specifies the activities that would be subject to licensing and other controls contained in the Bill, referred to as **controlled activities** (section 58). These cover all parts of the commercial cannabis supply chain, from seeds and growing stock through to the retail sale of cannabis. A person must hold a licence to undertake a controlled activity (section 59).

There are three classes of licence and eleven controlled activities that may be attached to a licence.

Controlled activities under a production licence

A production licence may authorise the licence holder to carry out one or more of the following activities.

| | |
|--|---|
| Nursery activity | Importing seed, growing, selling, or supplying growing stock to licence holders |
| Micro-cultivation activity | Small-scale cannabis cultivation |
| Cultivation activity | Large-scale cannabis cultivation (general cultivation) |
| Processing activity | Processing, packaging and labelling cannabis |
| Wholesaling and distribution activity | Sale and distribution of cannabis to other licence holders (excluding the public) |
| Nursery retail activity | Selling cannabis seeds and growing stock to the public |
| Research activity | Cannabis research and development |
| Destruction activity | Safe and secure destruction of cannabis |

Controlled activities under a distribution licence

A distribution licence may authorise the licence holder to carry out one or both of the following activities:

- retail activity – selling cannabis, cannabis products, and accessories to the public
- consumption premises activity.

Controlled activities under a testing licence

A testing licence authorises the licence holder to undertake *cannabis product testing activities*.

Further details on the nature of these activities is provided in sections 62 to 72.

Separation of activities

The Bill requires the mandatory separation of the retail licensed section of the market (distribution licences) from the wholesale cultivation and processing section of the market (production licences). The effect is that no individual or commercial entity can hold a production licence together with a distribution licence (section 61).

An individual or commercial entity may hold a production licence with a cultivation activity authorisation or a micro-cultivation authorisation but cannot hold both. Schedule 2 sets out restricted activity combinations under a production licence.

A testing licence must be held by an authorised analytical testing laboratory, which must be an independent third party to any other licensed entity within the licensed system.

Restrictions on who may hold a licence

Licences would be attached to an individual or an entity and subject to a renewal process. Licence holders must be aged 20 years or older.

Sections 73 and 74 set out the eligibility requirements for individuals, and for body corporates and partnerships, respectively.

Responsible persons, key persons and duty managers

All entities and individuals holding a licence must have an approved 'responsible person' at all times. The responsible person must control the activities for which the licence is held and communicate with the Authority on behalf of the entity (sections 75 to 77).

A **cannabis production licence holder** or a **cannabis testing licence holder** must have, at all times, one individual approved as a 'key person' for each authorised activity at each location operated under the licence (sections 143 and 144).

A **cannabis distribution licence holder** must have, at all times, at least one individual approved as a 'duty manager' for each premises operated under the licence. A duty manager must be present at all times when the premise is open to the public (sections 144 and 145).

Fit and proper person test

All licence applicants would be required to meet a core set of requirements, including a fit and proper person test (sections 81 to 83). The fit and proper person test also applies to responsible persons, key persons, duty managers and acting duty managers.

The fit and proper person test has three core elements:

- a *capability assessment* – capability to comply with licence conditions and financial requirements to obtain the fit and proper person status
- *areas where the regulator cannot apply discretion* – disqualifying conditions (for example, previous licence revocations and undischarged bankrupts); disqualifying convictions (specified, serious and relevant offences); and convictions that would not, on their own, disqualify the person

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- *areas where the regulator can apply discretion* – all other factors or convictions that can be considered to determine suitability.

The Authority would be able to consider information from other sources, including using police vetting, as part of the fit and proper person test (section 84).

Treatment of criminal convictions

An individual with a criminal conviction is not automatically prohibited from holding a licence or being responsible for authorised activities.

Convictions that would not, on their own, disqualify a person

- a) Convictions for cannabis possession or use under section 7 of the Misuse of Drugs Act 1975
- b) Convictions for possession of cannabis utensils under section 13(1)(a) of the Misuse of Drugs Act 1975
- c) Convictions for cultivation of a prohibited cannabis plant under section 9 of the Misuse of Drugs Act 1975
- d) Convictions for sale and supply or possession to supply cannabis to persons over the age of 18 years under section 6(1)(c) to (f) of the Misuse of Drugs Act 1975, and
- e) Convictions committed outside of New Zealand, which would fall under (a) to (d) above (section 83).

Convictions that would automatically disqualify a person

Some serious convictions would automatically disqualify a person from being deemed a fit and proper person if the conviction occurred in the ten years preceding the individual's application – these convictions are listed in Schedule 3.

People on Corrections-managed orders or sentences at the time of their application would also be automatically disqualified from participating.

Duration of licences

The maximum validity of licences would be:

- 5 years for a cannabis production licence
- 1 year for a cannabis testing licence and for a cannabis distribution licence (section 94).

A licence holder may voluntarily surrender an authorisation for a controlled activity, in which case the authorisation expires (section 102).

In certain circumstances, the Cannabis Regulatory Authority could suspend or revoke a licence, or an authorisation for a controlled activity (sections 103 to 114).

Licence fees

The Crown would collect licence fees to off-set the costs of issuing, administering and monitoring the licensing regime (refer to the 'Duties, levies and fees' section of this guide for more information).

The Authority would charge a fee for licence renewal applications.

Review of licensing decisions

Licence applicants who have their application declined may apply to the Authority for a review of the decision (section 116).

If a review decision is not in the applicant's favour, the applicant can lodge an appeal with the Appeals Authority (section 121 and Schedule 4). After hearing the appeal, the Appeals Authority may confirm, modify or reverse the review decision (or any part of it).

Subsequent rights of appeal against a determination or direction of the Appeals Authority on a question of law may be made to the High Court.

6. Licensed cannabis cultivation

The Bill establishes a cannabis cultivation cap, which sets an upper limit on the quantity of dried cannabis (or its equivalent) that can be supplied annually within the licensed cannabis market. The cap would be set by the Cannabis Regulatory Authority, following consultation with the Cannabis Advisory Committee.

The Authority's strategy for determining the cultivation cap must be included in the national plan (section 13) and must have regard to the purposes of the legislation and the objectives and functions of the Authority (section 22). Adjustments to the cap may be made by notice in the *Gazette*.

Allocating the cannabis cultivation cap

The allocation of the cultivation cap would be split between production licence holders with either a cultivation activity authorisation or a micro-cultivation activity authorisation.

Cultivation activity authorisations are designed for large-scale growers (general cultivators).

Micro-cultivation activity authorisations are designed for small-scale growers.

The Authority would determine the percentage split of the cultivation cap between the two cultivator categories.

The Authority must then determine the annual cap that will be applied to each micro-cultivator. The annual cap is the maximum amount of dried cannabis that any single micro-cultivator would be permitted to sell or supply to holders of processing activity authorisations (section 22).

The Bill prohibits the Authority from allowing any single production licence holder with an authorisation for general cultivation activity to supply or sell more than 20 percent of the annual cultivation cap allocated to that category (section 92).

Once the Authority has determined these parameters:

- **micro-cultivators** would need to apply for an authorisation to supply dried cannabis to a maximum of x kg per annum
- **general cultivators** would be permitted to apply for an authorisation to supply dried cannabis in excess of x kgs, and up to maximum of 20 percent of the cap for this category.

Example of how the process for allocating the cultivation cap could work

The following example illustrates how the process could work.

- The cultivation cap is set at 100 tonnes of dried cannabis product per annum.
- The ratio of micro-licences to general licences is established at 1:9 (10% of the production cap will be 'ring-fenced' for micro-cultivators).
- The maximum production level applied to micro-licence holders is set at 100 kg.

These variables would mean that, subject to demand, micro-cultivators could be authorised to produce up to 10,000 kgs of dried cannabis to the market.

This level of production would allow for 100 micro-cultivation authorisations to be issued if each authorisation was for the maximum 100 kg. More micro-cultivation licences could be issued if applicants were seeking to produce smaller amounts of dried cannabis.

This would leave 90,000 kg of the cultivation cap available for allocation to other cultivators (those seeking to produce over 100 kg per annum).

As no single cultivator can supply more than 20% of the cap, the maximum amount that a general cultivator could be authorised to produce would be 18,000 kg per annum (90,000 X 0.2).

Process applied to general cultivation applications

Applications for general cultivation licences would be assessed against all the relevant criteria, including an ability to meet the required good production processes and security requirements.

In addition, the Authority would consider the degree to which the application will:

- represent or partner with communities disproportionately harmed by cannabis, including Māori and people from economically deprived areas
- generate social benefit and build community partnerships with individuals, whānau, and communities through the design and delivery of their authorised activities
- promote employment opportunities and career pathways in the cannabis industry for Māori and people from economically deprived areas (section 85).

The Authority may also consider any other factors that support the Authority to perform its functions in accordance with its objectives and the purpose of the Bill.

If there is competition for the portion of the cultivation cap prescribed for general cultivation, the Authority may compare applications to help them decide whether to issue a licence to a particular applicant or the scale of the annual production cap granted to a particular applicant (section 86).

Application process for micro-cultivation licences

The Authority would consider applications for micro-cultivation licences on a first-come-first-served basis. For each application, the Authority would:

- assess against the relevant criteria
- consider the geographic spread of existing and prospective micro-cultivators within New Zealand (section 85).

Micro-cultivation licences would be limited to one per individual or entity. An individual or entity could not hold both a micro-cultivation licence and a general cultivation licence (Schedule 2).

Holders of a micro-cultivation licence would be permitted to apply for authorisations to undertake other controlled activities (for example, processing), but could not hold an authorisation for retail sales. Applicants would be required to demonstrate their ability to meet the same controls as larger cultivators.

Declaration process for illicit seeds

The Bill contains a declaration process for illicit seeds. The process would allow licence holders of nursery, cultivation, micro-cultivation and research authorisations to use seeds that are already in their possession, after declaring them (Schedule 1).

An illicit seed declaration would happen after a licence is obtained, and a licence holder would only be permitted to make one declaration. The Authority would have to approve the number of seeds declared by each licence holder.

The declaration process would only exist for a finite period, allowing the licensed supply chain to be established.

7. Security, testing and record keeping

The Bill establishes security, testing and record-keeping requirements that would apply to all controlled activities. These requirements would be tailored to fit to the nature of the activity and the level of risk presented. For example, all licence holders would need to keep cannabis and cannabis products secure. However, cannabis cultivators have specific security requirements, such as fencing, that would not apply to a retail outlet. Further, a large-scale cannabis cultivator may have more stringent security requirements than a micro-cultivator, depending on a risk assessment.

Security and containment regulations for licence holders

Each licence holder would need to ensure their cannabis and cannabis products were kept secure, including carrying out surveillance at any site where controlled activities are undertaken.

Security measures must include:

- steps to prevent unauthorised access
- systems for detecting and managing unauthorised intrusions, and ensuring the safety of employees, customers and the community (section 200).

Containment regulations may also be prescribed and need to be met by licence holders, including requirements to prevent animals from entering areas where cannabis and cannabis products are present (section 201).

Testing regulations for cannabis and cannabis products

Cannabis and cannabis products would not be permitted to be sold, or otherwise marketed for recreational use, unless tested by an authorised analytical testing laboratory (section 219).

The independent testing laboratory would have to comply with quality standards and requirements specified in regulations, including (without limitation) accreditation through a specified accrediting programme (whether national or international).

Cannabis and cannabis products would need to be tested for:

- their cannabinoid profile levels and consistency
- contaminants, including pesticide and fumigant residues, heavy metals, toxic elements and microbial limits
- the quantity of certain cannabinoids, including THC, THCA, CBD and CBDA.

All cannabis and cannabis products approved for sale or use would be subject to tracing and may be recalled by the Authority (sections 223 to 225).

Record-keeping requirements for licence holders

All licence holders would be required to keep records detailing all cannabis purchased, sold, supplied or destroyed at every point of the supply chain (sections 133 to 142). This record-keeping requirement would provide an auditable account of the cannabis market. Further requirements for record keeping, including tracking and tracing, would be made in regulations (section 265).

Records would also be used by the Authority to ensure regulatory compliance, including requirements on products and quality control. The Authority may request independent verification of the records. The Authority may also publish summaries or extracts from data or information collected (section 155).

The Bill specifies the record-keeping requirements that would apply to each controlled activity (sections 133 to 142, 219 and 265). Licence holders would have to make these records available to the Authority on request.

Production standards for cannabis products

Quality standards are intended to ensure that cannabis products are consistently produced, and the Authority may develop regulations specifying minimum standards for any controlled activity (sections 202 and 218).

All finished manufactured cannabis products, together with fresh and dried cannabis, would be subject to testing requirements prior to sale (section 219).

8. Classes of cannabis products

The Cannabis Regulatory Authority would have ultimate control over all cannabis products sold under licence including their content, form, shape, appearance, labelling, classification, risk level, manufacturing process, packaging and form of consumption (section 202).

The Bill lists different classes of cannabis that may be produced and sold by licence holders (Schedule 7):

- dried cannabis
- fresh cannabis
- cannabis plant
- cannabis seed
- cannabis extract
- cannabis edibles
- cannabis topical – solid, and
- cannabis topical – liquid.

Each of these classes is defined in section 6.

If legislation is introduced, fresh and dried cannabis, and cannabis plants and seeds would be approved by the Authority for production and sale immediately following the introduction of the regime. Over time, the Authority could recommend the regulations be amended to provide for additional classes of cannabis, for example edibles and extracts, to be approved (or not approved) for production and sale.

Prohibited licensed cannabis products

The following is explicitly prohibited by the Bill (sections 208 to 215):

- the production and sale of cannabis products containing substances (e.g. alcohol or tobacco) known to be harmful or that have unknown interactions with cannabis
- the production and sale of cannabis products that use higher risk modes of consumption (e.g. injectables, suppositories and sterile products for the eyes, ears or nose)
- the production and sale of cannabis-infused beverages
- cannabis products that contain anything that enhances the psychoactive or addictive effects of cannabis
- the production and sale of dried cannabis and fresh cannabis products containing roots and stems of the plant (as this can distort the THC content of the package)
- the production and sale of cannabis products intended for consumption by animals
- the production and sale of cannabis products that are deemed ‘novel’ and worsen cannabis harms in the community, and
- any cannabis product of a cannabis class that is not approved for sale.

Under the Bill, further cannabis and cannabis product restrictions can be made in regulations.

Prohibition on products that would be appealing to children

The proposed regulatory regime would place a specific prohibition on the sale of cannabis products that are deemed by the Authority to be appealing to children, with the Authority making determinations on a case-by-case basis (section 175).

Specific restrictions on cannabis edibles

The Bill defines a 'cannabis edible' as:

- Cannabis that is intended to be consumed in the same manner as a food, but does not include dried cannabis, fresh cannabis, cannabis plants or cannabis seeds. It must be solid at room temperature (section 6).

Licence holders are not authorised to produce or sell cannabis edibles until regulations are amended (Schedule 7). Approval of the production and sale of cannabis edibles as a class of products is at the discretion of the responsible minister, on the recommendation of the Authority.

Cannabis edibles have an 'elevated risk' status, which means the Authority must approve these products on a case-by-case basis before they can be distributed (section 204).

Cannabis-infused beverages would be excluded as they would likely contribute to significant product diversification (they would fail the 'novelty test' referred to below in the approvals process).

Restrictions on range of cannabis edibles available

All licensed cannabis edibles would be subject to existing safety and suitability requirements for food that are applied by regulations to cannabis edibles (section 207). This will help ensure that cannabis edibles are safe and suitable for human consumption.

Other proposed restrictions on cannabis edibles include:

- restricting permitted cannabis edibles to baked, ready-to-eat products
- prohibiting products requiring refrigeration or heating
- prohibiting the addition of nutritive substances or novel foods (section 208).

Restrictions on where cannabis edibles could be manufactured

Cannabis edibles could not be manufactured on the same premises as conventional food. No licence holder may process conventional food in any part of a building or other place that is used for processing cannabis or cannabis product (section 217).

Protection of animals

It would be an offence to intentionally feed or administer cannabis or a cannabis product to an animal (section 176).

Approval process for cannabis products

The Bill (and subsequent regulations) would establish an approval process for all new products, before they enter the marketplace.

The approval process for cannabis products would be as follows (sections 203 to 206):

- a) the Authority would deem all classes of cannabis as presenting either:
 - i. an **'elevated risk'** – classes of cannabis that present additional risks of harm or present additional regulatory challenges to the Authority; or
 - ii. a **'standard risk'** – classes of cannabis that present no additional risks of cannabis-related harm.

Cannabis edibles are classified as having an elevated risk status. The Authority would determine the criteria applied to classify the risk status of other classes of cannabis. The responsible minister would make the final decision on the Authority's recommendation.
- b) all products would be required to meet the standards as specified in regulations
- c) products in a 'standard risk' class of cannabis would be subject to a product notification scheme before sale and verified for compliance with the regime
- d) products in an 'elevated risk' class of cannabis (for example, cannabis edibles) would be subject to pre-market approval from the Authority before being distributed for sale
- e) all proposed products would be subject to a 'novel cannabis product test' to prohibit the sale of products that have never been used in New Zealand before, unless assessed as helping to reduce overall cannabis-related harm (section 211)
- f) the Authority would have broad powers to stop the sale of, or recall, products found to be harmful and to request additional information about products from the cannabis licence holder (sections 224 and 225).

See 'Appendix B: Approval of new cannabis products' for a diagram of the approval process.

Prohibitions on false, misleading or therapeutic claims

The Bill prohibits false, misleading or therapeutic claims about cannabis being made in any form by any processor, importer, distributor or retailer of cannabis or cannabis products (section 173).

Regulations for the sale of cannabis accessories

The Bill would restrict the sale of cannabis accessories to licensed cannabis retailers only, the exception being pharmacies selling accessories used for medicinal cannabis.

Existing stores that currently sell 'like' accessories could continue to do so, as long as the items are not represented in any way as being capable of being used for cannabis.

9. Restrictions on the potency of licensed cannabis

The Bill requires maximum potency limits to be set in regulations for classes of cannabis, through controls on the amount of THC (section 202).

The forms of controls on potency would be determined according to cannabis classes:

- fresh and dried cannabis – THC strength by percentage
- all other cannabis classes (for example, cannabis edibles and extracts) – THC content by weight (Schedule 8).

Potency limits must be developed by the Cannabis Regulatory Authority, in consultation with the Advisory Committee, and approved by the responsible minister.

Indicative potency limits

The Bill includes indicative potency limits for classes of cannabis, as follows:

- *fresh and dried cannabis* – maximum potency limit of 15% THC
- *cannabis edibles* – maximum potency limit of 5mg of THC per package
- *cannabis extract* – maximum potency limit of 10mg of THC per unit and 1000mg per package
- *topical cannabis* – maximum potency limit of 1000mg per package (Schedule 8).

If the Bill is introduced to Parliament and passed, the Authority would review these potency limits against the criteria set out below, and consult with the Cannabis Advisory Committee before making a recommendation to the responsible minister.

Potency criteria

When recommending maximum potency limits, the Authority must consider the need to:

- reduce problematic use of cannabis or cannabis products, especially for Māori
- prevent over-consumption of cannabis or cannabis products
- provide choice to those who consume cannabis or cannabis products
- create potency limits with reference to potency levels found in cannabis unlawfully produced or imported (section 202).

The Bill prohibits producing or selling cannabis that exceeds the permitted potency level or maximum level of any other permitted substance (section 210).

10. Packaging and labelling requirements

The Bill includes a set of packaging and labelling standards for all cannabis products, set out in Part 10.

Packaging requirements

All cannabis products, other than cannabis plants and seeds, must meet the requirements for a child-resistant package under domestic legislation. No package may contain more than 14 grams of dried cannabis or its equivalent (section 226).

Under the Bill, regulations can be created for packaging. These regulations may include requirements that a package must:

- be opaque or translucent
- prevent contamination of the cannabis
- in the case of dried cannabis, or a cannabis accessory that contains dried cannabis, keep the cannabis dry
- have a security feature that provides reasonable assurance to consumers that it hasn't been opened before they've received it (section 226).

Labelling requirements

Further, all cannabis products must be labelled with the following information (section 230):

- name of a prescribed licence holder
- the class of cannabis to which the cannabis that is in the immediate container belongs
- additional prescribed information about the product (for example, brand name, packaging date and expiry date)
- a statement, in the prescribed manner or form, of what proportion of the daily purchase limit each product represents
- a statement, in the prescribed manner or form, of how much THC and CBD the product contains
- any other information that is prescribed by regulations made under the legislation
- warnings, including health warnings, prescribed by regulations made under the legislation
- the prescribed standardised cannabis symbol.

A licence holder may not sell a cannabis product that does not comply with the packaging and labelling requirements (section 216).

11. Controls on retail and consumption premises

All cannabis retailers must hold a distribution licence with the appropriate authorisation and operate within regulatory restrictions.

Cannabis consumption premises may be established with the primary objective of providing a lawful place for people aged 20 years or over to consume cannabis.

Types of premises and permitted activities

The Bill provides for the development of three types of premises.

- **Dedicated premises for cannabis retailers:** Retailers would be permitted to sell licensed cannabis, cannabis products and cannabis accessories. No other products could be sold, or services offered. Cannabis could not be consumed on these premises.
- **Licensed premises for BYO cannabis:** People could bring their own cannabis to consume on the premises. The premises would be required to offer conventional food and drink.
- **Combined retail and consumption premises:** These premises would be permitted to sell licensed cannabis, cannabis products and cannabis accessories, while also offering conventional food and drink (and the ability to BYO cannabis).

Consumption premises would need to have conventional food and water available for patrons (section 180). However, restrictions would be placed on the type of conventional food and drink that may be sold. Selling and consuming alcohol would not be permitted on these premises (sections 193 and 197).

Limits on the operation of retail and consumption premises

Age limits

People younger than 20 years of age would not be permitted to enter cannabis retail or consumption premises (section 187).

Authorised retailers would not be permitted to sell or supply cannabis in any form to people aged under 20 years.

A minimum age requirement of 20 years or older also applies to anyone employed in retail (including on-licence) and consumption premises (section 187).

Regulatory controls

Retail and consumption premises would be subject to a range of regulatory controls, including:

- requirements for operators of licensed consumption premises to provide customers with information on consuming cannabis safely, and ensure that customers follow safe practices
- minimum and maximum trading hours
- local authorities being able to recommend trading hours within legislated maximum and minimum limits
- restrictions on the appearance of premises, focused on minimising opportunities to attract customers

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- the Cannabis Regulatory Authority being able to make decisions about applications according to criteria set out in regulations
- in the case of a consumption authorisation: requirements for host responsibilities, including managing impaired people (sections 185 and 191).

These requirements would be underpinned by compulsory host responsibility training (section 188) and enforced through a mix of education provisions, fines and the potential for licences to be suspended or revoked.

Compliance with Smoke-free Environments Act 1990

All licenced cannabis premises would be required to comply with the provisions of the Smoke-free Environments Act 1990 (including section 5 of the Smoke-free Environments Act, which prohibits smoking in workplaces).

Provisions within the Cannabis Legalisation and Control Bill prohibit smoking or vaping cannabis within a cannabis retail premise (section 186).

Criteria for issuing licences for premises

The Authority would make decisions about where licenced retail and/or consumption premises could be located on a case-by-case basis.

When making decisions about the location of a licensed premise, the Authority would be required to consider a range of matters, including (section 88):

- prioritising, where practicable, not-for-profit applicants that can demonstrate a commitment to delivering social benefit to the community or communities in which the applicant intends to operate
- the application of the national plan
- the contents of any **local licensed premises policy** (refer to 'Location of retail and consumption premises')
- the principles of any local or territorial policy for licensed premises
- other considerations, including:
 - (i) the days and hours during which the applicant proposes to sell cannabis
 - (ii) the design and layout of any proposed premises
 - (iii) whether the applicant has appropriate systems, staff, and training to comply with the law
 - (iv) any information received from a regulatory agency or other organisation
 - (v) any submissions received.

Location of retail and consumption premises

When evaluating an application to open a retail and/or consumption outlet, the Authority must apply the **local licensed premises policy** (section 16).

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Section 16 requires the Authority to prepare a local licensed premises policy for licensed premises that applies to the territory of each district and city council; and consult with local people or groups who will or may be affected by the policy, or have an interest in it.

The policy must provide guidance on the location and operating hours of a licensed cannabis retailer or consumption premise. The development of the policy must take into account a range of factors, including:

- the characteristics of the territory and parts of the territory
- the location of kindergartens, early childhood centres, schools, tertiary institutions, places of worship, parks, sports facilities, swimming pools, playgrounds and other community facilities
- the presence (or absence) of other licensed premises in the same territory or territories
- whether the amenity and good order of the territory would be reduced (by more than a minor extent) by the effects of premises operating under a cannabis distribution licence.

The public may make submissions on applications. The Authority must have regard to submissions from people who have a greater interest in the application than the public generally (section 90).

12. Controls on advertising and promotional activities

Prohibition on advertising

The Bill prohibits all advertising of cannabis products (section 157), including:

- promoting and sponsoring cannabis products and cannabis companies
- using direct and indirect incentives that encourage people to buy cannabis products (section 167).

The restriction on advertising is not a complete ban on branding – a company is not prohibited from putting their name on a product.

Outside a premises: What is and isn't allowed

A licence holder who has an authorisation for a retail or consumption premises may display the business's name and trading hours outside their premise.

However, section 159 prohibits the use of:

- any word or expression signifying that any cannabis product is available for purchase
- any trademark of a cannabis product
- the company name of any cannabis product manufacturer.

Inside a premises: What is and isn't allowed

Inside the premises, licence holders may communicate the fact they sell cannabis and cannabis products, display their product and price list, and samples of their products as long as they comply with the regulations around display (section 160). This information must not be visible from the exterior of the business (section 159).

A cannabis wholesale, retail and/or consumption premise may not allow any part of a cannabis product or package to be visible from the outside of their place of business (section 160).

Exceptions: These advertising restrictions do not apply to:

- providing advice and recommendations about cannabis products to customers within a retail premise
- displaying public health and harm-reduction messaging within a premise (section 158) or to
- displaying other advertisements promoting services to assist in managing health-related harms (section 169).

Prohibition on sponsorship and promotional activities

The Bill would ban all sponsorship activities involving the use of a cannabis product's trademark or any part of a company name associated with a cannabis product's trademark (sections 161 to 163).

Section 167 prohibits the retail sale of cannabis at a reduced price or in a promotional fashion (for example, discounting, sales, special offers, bulk purchase offers, the free distribution of cannabis products and the use of a rewards system, such as gifts or prizes).

Section 171 prohibits the sale of cannabis that is packaged, distributed or supplied with other non-cannabis products and sold as a single package.

13. Enforcement of licensed activities

Responding to breaches of the licensed cannabis regime

‘Appendix C: Offences and penalties under the licensed cannabis regime’ lists the proposed legislative penalties that would be applied in response to non-compliant conduct in the licensed cannabis regime.

Two custodial offences are proposed – selling cannabis in excess of quota and selling cannabis to an unlicensed entity.

Part 11 sets out the powers and duties of enforcement officers. These powers include the enforcement of licence and authorisation conditions within the licensed supply chain.

The proposed regulatory regime includes a function confirming the Cannabis Regulatory Authority’s mandate to facilitate a whole-of-government approach to addressing non-compliance — an approach that is health-based and focused on harm reduction (section 12).

Within the broader scope of responses, the Bill provides for a range of tools to address non-compliance, including the use of education and warnings, financial penalties and licence suspensions, together with criminal prosecutions.

14. Duties, levies and fees

The Bill imposes three direct charges on those participating in the licensed production of cannabis:

- an excise tax
- a levy
- licence fees.

The excise and levy would be applied and collected at the point of processing, when cannabis is packaged and labelled, ready to be sold to consumers.

The final authority for setting excise, levy and licence fee rates will sit with the responsible minister with agreement from the minister of finance.

Excise tax

The purpose of the excise tax is to help control the minimum price of cannabis and cannabis products and, in doing so, influence the demand for cannabis.

The excise tax would be based on the weight of cannabis and the weight of potency on a progressive basis, and tailored for different classes of cannabis to mitigate public health risks. The formulas to be applied are set out in Table A of section 269.

The responsible minister would be required to assess how well the cannabis market is meeting the objectives of the Bill and adjust the excise tax rates accordingly, following consultation with the minister of finance (section 263).

Section 263 also specifies principles that must be applied when determining the level of excise, including ensuring that excise duties:

- are not unduly regressive
- are supported by evidence, including the social costs associated with cannabis
- have a verifiable effect on reducing cannabis-related harms
- support the viability of a lawful cannabis market
- reflect the risk of harm arising from over-consumption or consumption of cannabis of increasing potency
- are made in manner that is easily understood.

The proceeds of the excise tax will form part of the general revenue for the Crown.

Harm-reduction levy

The Crown would also impose a levy on licensed cannabis producers, to be applied at the same point as the excise tax.

Income generated by the harm reduction levy would be used to fund harm-reduction activities, as identified in the harm-reduction strategy prepared by the Cannabis Regulatory Authority (section 21).

The responsible minister would determine the levy's rate and establish it through an Order in Council. The rate would be established at a level that provides a sustainable source of funding to support the responsible agencies to deliver the strategy (section 260).

Licence fees and other levies

Licence fees and/or levies would be collected by the Crown and set at a rate designed to recover the cost of administering and monitoring the licensing regime in line with best practice cost recovery principles. Cost recovery would include the regulatory and administrative costs associated with issuing licences and the ongoing monitoring of licensees (sections 256 and 257).

Fees and levies would be prescribed in regulations.

15. Review of the Act

The responsible minister would be required to review and report on the operation of the legislation after the licensed regime has been operating for 5 years.

The review would be undertaken by an independent body brought together specifically for this task. The review body would comprise academics, scientists, researchers, and iwi and Māori representation with appropriate expertise (section 267).

The review would draw on data and other evidence to assess the extent to which the regulatory regime has been effective in delivering the objectives and purpose of the regime. Recommendations may be made on potential reform of the regulatory approach, as appropriate.

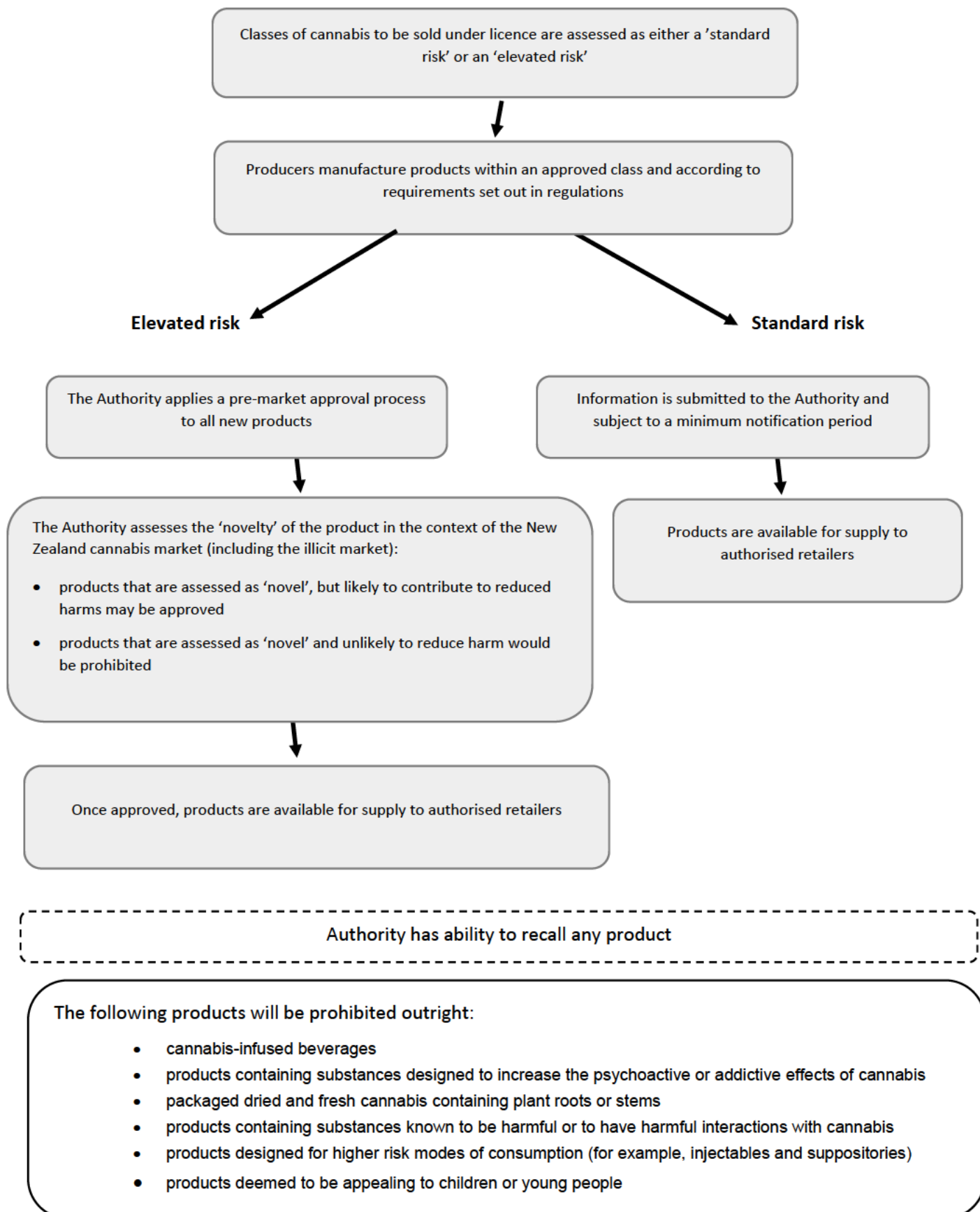
Appendix A: Enforcement of general provisions

| Infringement offences | |
|---|--|
| Offence | Penalty |
| Exceeding the per person limit on growing cannabis (more than two plants) | A fee of \$500 or a fine of up to \$1,000 |
| Exceeding the per household limit on growing cannabis (more than four plants) | A fee of \$500 or a fine of up to \$1,000 |
| Growing more than four plants on a property (when only four plants are permitted) | A fee of \$500 or a fine of up to \$1,000 |
| Growing cannabis in a public place | A fee of \$500 or a fine of up to \$1,000 |
| Supply of cannabis by mail-order or courier | A fee of \$500 or a fine of up to \$1,000 |
| Import or export of cannabis | A fee of \$200 or a fine of up to \$500 |
| Growing cannabis in a place that is both publicly visible and publicly accessible | A compliance notice, followed by a fee of \$200 or a fine of up to \$500 |
| Purchasing more than 14 grams of cannabis in a day | A fee of \$200 or a fine of up to \$500 |
| Possession of more than 14 grams of cannabis in public | A fee of \$200 or a fine of up to \$500 |
| Possession of cannabis by a person aged 19 years or younger | A fee of \$100 or a fine of up to \$200 Option for a compliance condition |
| Use of cannabis in public | A fee of \$200 or a fine of up to \$500 |
| Exposing a person aged 19 years or younger to cannabis emissions | A fee of \$500 or a fine of up to \$1,000 Option for a compliance condition |

Appendix A continued

| Offences for breaches | |
|--|---|
| Offence | Penalty |
| Sale or offer to sell cannabis to a person aged 19 years or younger | In the case of an individual: imprisonment for up to 4 years In any other case: a fine of up to \$150,000 |
| Unauthorised sale or offer to sell cannabis | In the case of an individual: imprisonment for up to 2 years In any other case: a fine of up to \$100,000 |
| Supply or offer to supply cannabis to a person aged 19 years or younger | Fine of up to \$5,000 |
| Unauthorised supply of more than 14 grams of cannabis to a person aged 20 years or older | Fine of up to \$3,000 |
| Knowingly importing or exporting cannabis | In the case of an individual: imprisonment for up to 2 years or a fine of up to \$10,000 In any other case: a fine of up to \$50,000 |
| The dangerous production of concentrates without a licence, with an exception for cannabis-infused products (so long as they are not produced using dangerous methods) | In the case of an individual: imprisonment for up to 2 years or a fine of up to \$10,000 In any other case: \$50,000 |
| Knowingly growing 10 or more cannabis plants | In the case of an individual: imprisonment for up to 3 months or a fine of up to \$2,000 |

Appendix B: Approval of new cannabis products



Appendix C: Offences and penalties under the licensed cannabis regime

| Offence | Penalty |
|--|--|
| A licence holder failing to notify the authority of a change to the company shareholding or name | A fine not exceeding \$10,000 |
| A licence holder failing to notify the authority of a change in beneficial ownership | A fine not exceeding \$10,000 |
| Including false information in a licence application | A fine not exceeding \$50,000 |
| Knowingly applying for a licence when prohibited | A fine not exceeding \$5,000 |
| Breaching the conditions of a licence (not otherwise provided for) | A fine not exceeding \$5,000 |
| Selling cannabis accessories without a licence | A fine not exceeding \$1,000 |
| A licence holder importing, manufacturing, distributing, selling, or displaying for sale a prohibited or unauthorised cannabis product | A fine of not more than \$50,000 |
| Employing an unauthorised person | A fine not exceeding \$4,000 |
| Failure to meet record-keeping obligations | A fine not exceeding \$500,000 or suspension of the licence holder's licence for not more than 7 days, or both |
| Failing to terminate the employment or appointment of a key person, acting duty manager, or duty manager who was not approved by the authority | A fine not exceeding \$5,000 |
| Failing to appoint a temporary duty manager when required | A fine not exceeding \$5,000 |
| Selling or supplying cannabis above the annual cultivation cap | A fine not exceeding \$500,000 or a term of imprisonment not exceeding 6 months, or both |
| A licence holder selling or supplying cannabis to an unlicensed entity | A fine not exceeding \$500,000 or a term of imprisonment not exceeding 2 months, or both |
| Failure to meet record-keeping obligations | A fine not exceeding \$500,000 or suspension of the licence holder's licence for not more than 7 days, or both |

Appendix C continued

| Offence | Penalty |
|--|---|
| Sale or supply of cannabis or cannabis products to impaired people | <p>In the case of a licence holder, a fine not exceeding \$10,000 or the suspension of the licence for a period of not more than 7 days, or both</p> <p>In the case of a manager, a fine not exceeding \$10,000</p> <p>In the case of another employee, a fine not exceeding \$2,000</p> |
| Advertising cannabis products | <p>In the case of a manufacturer, importer, or distributor, a fine not exceeding \$720,000</p> <p>In the case of a licence holder (other than the holder of a micro-cultivation licence), a fine not exceeding \$240,000</p> <p>In the case of a holder of a micro-cultivation licence, a fine not exceeding \$60,000</p> <p>In any other case, a fine not exceeding \$60,000</p> |
| Displaying cannabis or cannabis products from outside a sales outlet | A fine not exceeding \$10,000 |
| Use of trademarks etc, on goods other than cannabis products, or in relation to sponsored events | In the case of a manufacturer, importer, or distributor, a fine not exceeding \$720,000 |
| Use of non-cannabis trademarks on cannabis products or accessories | In the case of a licence holder (other than the holder of a micro-cultivation licence), a fine not exceeding \$240,000 |
| Sponsoring any activity involving the use of trademarks, etc, of cannabis products | In the case of a holder of a micro-cultivation licence, a fine not exceeding \$60,000 |
| Using a vending machine to sell cannabis | In any other case, a fine not exceeding \$60,000 |
| Sponsoring activity involving an exclusive supply arrangement (an arrangement for the person to be the only person supplying cannabis products) at or for the purposes of, some or all of an event | |
| Distribution or supply of cannabis product for free or at a reduced rate | |
| Not displaying required point-of-sale health information or warnings signs | A fine not exceeding \$2,000 |

Appendix C continued

| Offence | Penalty |
|--|---|
| Sale of cannabis products with other products | <p>In the case of an offence involving the supply of a cannabis product with alcohol or tobacco, a fine not exceeding \$10,000 and suspension of the licence holder's licence for a period not exceeding 7 days</p> <p>In the case of any other product, a fine not exceeding \$4,000</p> |
| Not displaying messages and information required for cannabis products | A fine not exceeding \$2,000 |
| Making false, misleading or therapeutic claims about cannabis | A fine not exceeding \$5,000 and suspension of the licence holder's licence for a period not exceeding 7 days |
| Selling cannabis remotely | <p>In the case of a licence holder, a fine not exceeding \$10,000</p> <p>In any other case, a fine not exceeding \$5,000</p> |
| Presenting cannabis product for sale that may be attractive to children | <p>In the case of an individual, a fine not exceeding \$5,000</p> <p>In any other case, a fine not exceeding \$10,000</p> |
| Feeding cannabis or cannabis products to animals | A fine not exceeding \$5,000 |
| Use of unlicensed premises as a place for general consumption of cannabis or cannabis products | A fine of not more than \$20,000 |
| Employing persons aged 19 years or younger to sell or supply cannabis or cannabis product | A fine not exceeding \$5,000 |
| Operating outside approved trading hours | A fine not exceeding \$10,000 |
| Failing to display licences at premises | A fine not exceeding \$1,000 |
| Sale or supply of cannabis to impaired people | <p>In the case of a licence holder, a fine not exceeding \$10,000 or the suspension of the licence for a period of not more than 7 days, or both</p> <p>In the case of a manager, a fine not exceeding \$10,000</p> <p>In the case of an employee, a fine of up to \$2,000</p> |
| Allowing consumption of cannabis on retail premises | <p>In the case of a licence holder, a fine not exceeding \$20,000 or the suspension of the licence for not more than 7 days, or both</p> <p>In the case of a manager, a fine not exceeding \$20,000</p> |

Appendix C continued

| Offence | Penalty |
|--|--|
| Allowing individuals aged 19 years or younger to enter or consume cannabis on a retail or consumption premises | <p>In the case of a licence holder, a fine not exceeding \$10,000 or the suspension of the licence for a period of not more than 7 days, or both</p> <p>In the case of a manager, a fine not exceeding \$10,000</p> <p>In the case of an employee, a fine of up to \$2,000</p> |
| Breaching authority rules about host responsibility | A fine not exceeding \$2,000 |
| Manager affected by substances while on duty | A fine not exceeding \$5,000 |
| Employee affected by substances while on duty | A fine of not more than \$5,000 |
| Allowing an impaired person on retail premises | A fine of not more than \$5,000 |
| Allowing disorderly conduct on licensed premises | A fine of not more than \$5,000 |
| Allowing alcohol or tobacco to be consumed in cannabis consumption premises | A fine not exceeding \$5,000 |
| Allowing a person to consume cannabis at retail only premises | <p>In the case of a licence holder, a fine not exceeding \$20,000 or suspension of licence for not more than 7 days, or both</p> <p>In the case of a manager, a fine not exceeding \$20,000</p> |
| A licensed cannabis retailer selling or supplying cannabis to anyone aged 19 years or younger | A fine not exceeding \$50,000 and suspension of the licence holder's licence for a period not exceeding 7 days |
| Selling a non-approved cannabis product | A fine not exceeding \$20,000 |
| Selling cannabis with alcohol or tobacco | A fine not exceeding \$10,000 or suspension of the licence holder's licence for not more than 7 days, or both |
| Selling cannabis to an individual in excess of the daily purchase limit | A fine not exceeding \$10,000 or suspension of the licence holder's licence for not more than 7 days, or both |
| Selling cannabis with other products (excluding alcohol or tobacco) | A fine not exceeding \$4,000 |
| Employing persons aged 19 years or younger | A fine not exceeding \$4,000 |
| Producing or selling cannabis edibles that do not comply with the Act and its regulations | A fine not exceeding \$5,000 |
| Not following restrictions on cannabis edibles | A fine not exceeding \$5,000 |
| Failing to comply with recall or cessation of sale notices | A fine not exceeding \$5,000 |

Appendix C continued

| Offence | Penalty |
|--|---|
| Producing or selling cannabis that exceeds its permitted potency level or other constituent limits | A fine not exceeding \$10,000 |
| Sale of novel or harmful cannabis products | A fine not exceeding \$5,000 |
| Sale or supply of prohibited additions to cannabis or cannabis products | A fine not exceeding \$5,000 |
| Producing or selling unclassified cannabis products | In the case of a licence holder, a fine not exceeding \$20,000 or suspension of licence for not more than 7 days, or both |
| Producing or selling cannabis products with substances that enhance effects of cannabis | A fine not exceeding \$5,000 |
| Breaching cannabis method production controls | A fine not exceeding \$5,000 |
| Selling cannabis products without proper labelling and packaging | <p>In the case of a licence holder with a processing activity authorisation, a fine not exceeding \$10,000</p> <p>In the case of a licence holder with a retail activity authorisation, a fine not exceeding \$4,000</p> <p>In the case of a licence holder who packaged the cannabis product, a fine not exceeding \$2,000</p> |
| Manufacturing food in a cannabis production facility | A fine not exceeding \$5,000 or suspension of the licence holder's licence for a period not exceeding 7 days, or both |
| Offences in respect of enforcement officers | Imprisonment for a term not exceeding 3 months or a fine not exceeding \$2,000 |
| Conducting a controlled activity without a licence | A fine not exceeding \$100,000 |