

# **Guide to Saskatchewan's Cannabis Retail Framework**

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## **Applications and Operations**

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In Saskatchewan, private businesses will distribute and sell non-medical cannabis. The Saskatchewan Liquor and Gaming Authority (SLGA) will be responsible for regulating the industry in the province, including permitting and monitoring the operation of local wholesalers and retailers as well as working with the federal government and other provinces and territories to track cannabis as it moves through the supply chain.

Note: While this document sets out Government's intentions for Saskatchewan's retail framework, it is subject to legislation yet to be passed at both the federal and provincial levels.

### **Who is this guide for?**

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This guide provides information for those who are interested in submitting a proposal to be considered for a cannabis retail store opportunity in any Saskatchewan market. It contains preliminary information to help proponents make business decisions and describes the selection process along with the subsequent permit application process. It also provides some information about how wholesale and retail businesses will be able to buy and sell product. This information will also assist local governments in preparing for potential retail store applications within their communities.

This guide is offered for information only, and is not intended to be legally binding on SLGA or any prospective cannabis businesses. For specific requirements related to the retailer selection process and subsequent operations, please consult the relevant Request for Proposal (RFP) document(s). SLGA reserves the right to amend its legislation, regulations, and policies at its own discretion from time to time.

# Retailer Selection and Application

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## **Who can apply for a cannabis retail store permit?**

SLGA will conduct selection processes for all cannabis retail store opportunities, and a proponent must be awarded one of the opportunities before submitting a permit application. A proponent can be an individual, corporation, or Indian band, or a partnership of any combination of the above, but no one can have an ownership interest on more than one entry for a given community. No proponent will be awarded more than one opportunity in any community.

## **What does the selection process look like?**

For each municipality where one or more retail store opportunities are available, SLGA will conduct an RFP process to select an operator for each opportunity. The RFP will consist of two phases, starting with screening for financial capacity and the ability to track and report inventory and sales according to SLGA's specifications.

All proponents that pass phase one screening will be entered into a random draw in phase two, and the selected proponent for each opportunity will be invited to apply for a permit. Selection does not guarantee that a permit will be issued as the proponent will need to meet additional screening criteria during the permit application process.

To enter the selection process, proponents will need to download the RFP documents from [SaskTenders.ca](https://www.sasktenders.ca) and meet all criteria specified in those documents.

## **What is the process to apply for a cannabis retail store permit?**

SLGA will make permit application forms available to successful proponents drawn in the lottery process. The application must be made by the same individual, corporation, Indian band, or partnership that was awarded the opportunity during the selection process.

The permit application process must be started within 45 days of the opportunity being awarded. During the permitting process, retail store applicants will be assessed to confirm the financial and inventory tracking/reporting capacity described in the selection process proposal, and to confirm that the proposed facilities and individuals/businesses involved are suitable for the operation of a cannabis retail store.

## **Will there be selection or application fees?**

There will be a \$1,000 non-refundable submission fee for the RFP process. Proponents will also be required to submit the permit application fee of \$2,000 and the first annual permit fee (\$3,000 for all cities; \$1,500 elsewhere) with their proposal. If they are not selected to apply for a permit, the application and permit fees will be refunded, but the \$1,000 submission fee will be kept by SLGA.

For successful proponents, the application and permit fees will be applied to their permit applications. The \$2,000 application fee will become non-refundable once the permit application process starts, but the annual permit fee will be kept only if a permit is issued. An equivalent permit fee will be due by the anniversary of the permit being issued each year thereafter.

## **How long will the selection and application processes take?**

The selection process is expected to take approximately 10 weeks from the release of the RFP documents to the public announcement of the results. A successful proponent can start the application process as soon as they are notified, but must start within 45 days of notification by submitting required information on good character and financial disclosure.

The application process will typically take around 90 days from submission of the application. This time frame will be affected by the proponent's readiness to proceed with a location as well as other factors outside of SLGA control, such as the passage of federal and provincial legislation. The successful proponent must be permitted and ready to operate the business within 12 months of legalization.

## Eligibility

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### **Can I get a cannabis permit if I have a criminal record?**

Having a record of criminal activity will not necessarily exclude you from obtaining a permit. As part of the required background check, police/criminal records will be evaluated in relation to their relevance to the application and the recentness of the activity or offence(s) committed. For example, a person may not be excluded from becoming a permittee because of minor criminal activity that occurred many years ago but would be because of associations with organized crime or recent convictions resulting in jail time.

### **I already have a liquor retail store permit. Am I automatically allowed to sell cannabis at my liquor store?**

No, in order to sell cannabis, you must enter the retailer selection process and, if selected, must obtain a cannabis retail store permit. In addition, in order to be granted a permit, you will have to operate the cannabis retail business in a standalone store that is separate from any other business. Cannabis cannot be sold in the same business as alcohol.

### **What qualifies as a standalone store?**

A standalone cannabis retail store sells only cannabis and related items. It can be located in the same building as other businesses, but must be separated by floor-to-ceiling walls that don't allow access between the businesses. Customers must access the business through an exterior door and/or a door that opens onto a common entry space (for example, a foyer or hallway). It must also have its own point-of-sale system. See the RFP document(s) for detailed requirements.

### **If I have an interest in a federally licensed producer or processor, can I be considered for a retail permit?**

Yes, a person or company may have an interest in both a producer and a retailer.

### **Can I buy a permit from someone who was selected in the RFP process?**

The initial permit will be issued only to the successful proponent. If, for any reason, they do not obtain a permit and proceed with opening a retail store, the opportunity will either be given to the next selected proponent, or a new selection process will take place.

Once the permit is issued and the business is operating, the owner can sell the business with or without accompanying assets. The permit itself is non-transferable, so the purchaser will have to apply and qualify for a permit before taking over the business. In communities where there is more than one store, no one will be able to have an ownership interest in more than half the stores in that community.

## Permit Application: Required Information

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### **Will I have to undergo a background check?**

Yes, SLGA will conduct background checks on owners, shareholders, directors, officers, and investors before a permit can be issued. SLGA may also require background checks on family members and associates, including store managers, as it feels necessary. This will typically involve an examination of the individual's criminal history, involvement in civil lawsuits, financial history, and other relevant information.

### **What kind of information do I need to supply about my company?**

You will need to supply information about the ownership, management structure, and financing, including but not necessarily limited to the names of any owners, directors, officers, and investors, along with incorporation documents and disclosures about your company's background. SLGA will also confirm any financial representations made as part of the selection process.

### **What information do I have to provide about my proposed location?**

Before the permit is issued, you will have to provide the legal address, proof of possession (for example, title, lease, or agreement for sale), a floor plan, and engineering documents verifying that the premises have been constructed in compliance with the security requirements detailed in the RFP document(s). If additional information is necessary it will be requested during the application process.

**Does my store have to be a certain distance from schools or other retailers?**

Local governments have the authority to impose distance requirements and other conditions, so you should inquire with your local government about local distance requirements before committing to a location. SLGA will not be setting these requirements.

**Will there be any restrictions on where I can locate my cannabis retail store?**

SLGA will require that the store complies with any municipal zoning requirements. Beyond that, SLGA will not regulate the location of stores, but local governments may choose to do so. For example, local governments may restrict how close a store can be to another cannabis store, schools, daycares, liquor stores or other places.

**Are there any rules about what I can name my store?**

The name of your store cannot be misleading as to what type of business you operate. As a non-medical cannabis retailer, you cannot choose a name that would lead people to believe you are a provider of medical cannabis. For example, the words “pharmacy”, “apothecary”, and “dispensary” all have meanings linked to the selling of medicines, so these words cannot be used in association with a non-medical cannabis store.

You must also comply with federal legislation and regulations respecting advertising and promotion.

# Permits

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## **Will there be a cap on the number of cannabis retail store permits issued?**

SLGA will issue up to 60 permits in 40 communities in the first round. The actual number of initial permits will depend on whether some communities opt out. Depending on impact and demand, a second round of permit opportunities may be allocated, likely within 12-18 months.

## **I only want to sell medical cannabis; can I apply for a medical cannabis retail permit?**

No, medical cannabis will continue to be sold online by federally licensed producers only. However, like other Canadians, medical users will be able to buy cannabis from retailers of non-medical cannabis.

The federal government has committed to conducting a review of the medical cannabis system in five years.

## **Will SLGA be permitting consumption lounges? What about edibles?**

No, not at this time. SLGA is focused on introducing a safe and responsible retail cannabis sector; consideration may be given to other types of permits at a later date. The federal government has stated it will be considering providing for regulation of edibles one year after legalization.

## **Will cannabis sales be permitted at outdoor festivals and other events?**

No.

## **How long will my permit be valid for?**

Permits will be issued for up to three years, with annual fees payable up front or in installments due each year by the anniversary of the date the permit was issued. Permits will typically be renewed as long as the business complies with all applicable federal, provincial, and municipal laws and requirements.

# Operations

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Provincial and federal governments are committed to ensuring that cannabis is sold in a lawful, responsible manner. To this end, a range of requirements will be put in place, including whom a retailer can buy product from, who may enter a store, and what types of products may be sold.

## **Can minors enter my store?**

No, minors must not enter your cannabis retail store. Retailers will be required to demand ID on every transaction, regardless of apparent age.

## **Are there any rules about the physical layout of my store?**

To help limit youth exposure to cannabis products, SLGA and the federal government require that cannabis products not be visible from outside your store. There will be many different ways for you to achieve this requirement (e.g. window designs), but remember that you must comply with provincial and federal requirements respecting advertising and promotion.

Inventory may be displayed securely (for example, in locked containers, or behind a counter accessible only to staff), or may be kept out of sight. All sales must take place in an indoor space that minors are not able to access. Drive-through service will not be allowed.

## **Are there any security requirements for my store?**

SLGA will impose specific requirements around physical security and monitoring to ensure that inventory is kept secure. Please see the relevant RFP document(s) for detailed security requirements.

## **Where do I have to store my inventory?**

Cannabis inventory can be kept at your store and/or at an off-site warehouse location approved by SLGA. There will be specific security requirements for all cannabis storage. Please see the relevant RFP document(s) for more information about retail store security.

## **What hours can I be open?**

Cannabis retail stores can operate (including delivery) between 8 am and 3 am unless further restrictions are put in place by your local government. You are required to operate your physical storefront for at least six hours per day, five days per week to ensure that the store provides service to the community where your permit is issued.

## **Are there any rules around pricing?**

SLGA will not set a minimum price on cannabis initially, but may choose to do so in the future. You cannot give cannabis away for free.

## **Can I sell cannabis online?**

Yes, you can sell cannabis online as part of your cannabis retail store permit. There will be specific requirements related to preventing minor exposure and access to cannabis through your website.

You are required to operate your physical storefront for at least six hours per day, five days per week.

## **Can I sell cannabis to people outside Saskatchewan?**

You can only sell outside Saskatchewan if it is allowed by the jurisdiction that you are selling into. At this time, it does not appear that interprovincial retail sales will be allowed by any Canadian jurisdiction. Saskatchewan will not allow retailers located outside of the province to sell or deliver into Saskatchewan.

## **Can I deliver my products?**

Yes, retailers will be able to deliver up to 30 grams of dried cannabis (or the equivalent in other authorized forms) to customers at their homes. Deliveries can be made by an employee or by a delivery company that requires proof of age as a condition of delivery. ID must be checked on all transactions, regardless of apparent age.



### **Is there a limit on how much cannabis I can sell to a person?**

An individual can legally have no more than 30 grams of dried cannabis (or combined equivalent in other forms) when they are in public. As a result, retail and online sales transactions will be limited to 30 grams.

The following table, taken from Schedule 3 of the proposed federal *Cannabis Act*, lists the amounts of other authorized cannabis forms that are equivalent to 30 grams of dried cannabis. A similar table will be available in Saskatchewan's legislation.

<b>Class of Cannabis</b>	<b>Quantity that is equivalent to 1 g of dried cannabis</b>
Dried cannabis	1 g
Fresh cannabis	5 g
Solids containing cannabis	15 g
Non-solids containing cannabis	70 g
Cannabis solid concentrates	0.25 g
Cannabis non-solid concentrates	0.25 g
Cannabis plant seeds	1 seed

### **Can people consume cannabis in my store?**

No. Consumption of any kind will not be allowed in the store, and providing samples will not be allowed.

### **Can I let customers see, touch, or smell product in my store?**

Smell jars will be allowed, but must be secured so that customers cannot handle the product or remove it from the premises. Cannabis must be sold in its original packaging with the excise stamp intact.

You can display cannabis in your store as long as it is kept secure (for example, in locked containers or behind a counter accessible only to staff). Cannabis cannot be visible from outside your store.

### **Do my employees and/or I need any special training?**

SLGA is developing mandatory training requirements and a training program that all retail owners and managers will be required to take before a permit will be issued. Employees will also be required to take the training before starting their employment.

### **Will I be required to have a certain product tracking/inventory control system?**

You can use any electronic inventory management and sales tracking system that complies with requirements outlined in the RFP document(s). SLGA will confirm that you are in compliance before a permit will be issued, and on an ongoing basis. You will be required to provide monthly reports to SLGA and to make your records available for inspection.

### **Can I advertise my product?**

The federal government is regulating the advertisement of cannabis under the proposed *Cannabis Act* (Bill C-45). Generally speaking, you will not be able to use price, testimonials and lifestyle elements to promote cannabis, cannabis accessories or related services in any way that will appeal to a minor or in a place where it can be seen by a minor.

See the "Further Resources" section at the end of this document for a link to Bill C-45.

### **Can my store sponsor events or teams?**

The federal government is regulating sponsorship under the proposed *Cannabis Act* (Bill C-45). Generally speaking, you will not be able to use your brand or the names of people involved in your business to sponsor people, events, activities or facilities.

See the "Further Resources" section at the end of this document for a link to Bill C-45.

### **Can I sell my cannabis retail store?**

You must be permitted and running the business before you can sell it. The permit itself is non-transferable, so the purchaser will have to apply and qualify for a permit before taking over the business. In communities where there is more than one store, no one will be able to have an ownership interest in more than half the stores in that community.

# Supply

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## **Who can I buy cannabis from to supply my store?**

As a retailer, you can buy from a Saskatchewan permitted wholesaler or retailer. You can also buy from a federally licensed producer or a wholesaler located in another province, as long as that processor or wholesaler is registered with SLGA to sell to Saskatchewan retailers and the product bears a Saskatchewan excise stamp. SLGA will make a list of authorized processors and wholesalers available to retailers.

You cannot buy product from any other source, including designated growers under the medical marijuana regime. Selling unauthorized product will result in severe sanctions and potential cancellation of your permit.

## **Can I make financial arrangements with wholesalers or federally licensed producers?**

Yes, you can enter into business arrangements with wholesalers and licensed producers, subject to federal competition restrictions.

## **What types of cannabis can I sell?**

You can sell fresh and dried cannabis, cannabis oils, non-flowering plants, and seeds that are produced by a federally licensed producer and have been purchased from an authorized source.

## **Can I sell edibles?**

No, the proposed federal *Cannabis Act* does not permit the commercial production of edibles at this time. Therefore, you cannot legally sell them. The federal government has stated that edibles will be regulated within 12 months of legalization.

## **What else can I sell besides cannabis?**

You may sell cannabis accessories as defined in the proposed federal *Cannabis Act*:

*“Cannabis accessory” means a thing, including rolling papers or wraps, holders, pipes, water pipes, bongs and vaporizers that is represented to be used in the consumption of cannabis or a thing that is represented to be used in the production of cannabis.*

You can also sell cannabis-related ancillary items as defined by SLGA. This will include such things as cannabis industry magazines, branded t-shirts and ashtrays, cannabis artwork, etc. You cannot sell snacks, tobacco, liquor, or other non-cannabis related items.

There is no limit on the number of accessories and ancillary items you can carry.

## **What format will cannabis products be available in?**

Under federal requirements, cannabis must be packaged by the federally licensed producer, complete with an excise stamp for the province where it will be sold. Retailers will not be allowed to open packages before selling, sell partial packages or re-package the product.

# Inspections and Compliance

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To ensure that cannabis is being sold in a lawful and responsible manner, SLGA will establish a compliance program that will include education, inspection and enforcement activities. The focus will be on encouraging voluntary compliance.

## **How often will I be inspected?**

Your store will be inspected before the permit is issued and regularly thereafter based on location and other characteristics such as business volume and compliance history. SLGA will investigate any complaints received.

## **What happens if I am found to be out of compliance?**

If an inspector observes a contravention of provincial legislation at your establishment, you will be issued a Notice for Improvement and/or the inspector may recommend penalties. Penalties could include a warning, a monetary sanction and/or permit suspension, or cancellation of the permit. There will be an appeal process for businesses that wish to challenge a penalty.

There may also be criminal sanctions against an individual or business that is found to be in violation of the *Cannabis Act*. Decisions about criminal sanctions will be made by the police and prosecutors responsible for that type of enforcement.

## **Can the police enter and inspect my store?**

Yes, police can enter and inspect your store to ensure you are operating in compliance with the legal requirements.

## **Further Resources**

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Bill C-45, the draft federal Act, can be found at:

<http://www.parl.ca/LegisInfo/BillDetails.aspx?billId=8886269>

Health and educational information can be found on Saskatchewan Government's website at:

[saskatchewan.ca/cannabis](http://saskatchewan.ca/cannabis)

SLGA website:

[SLGA.com](http://SLGA.com)