

# The Good, the Bad, and the Ugly to Come Out of Ontario's New Cannabis Laws: What it Means for Producers Like Canopy Growth Corp (TSX:WEED)

## Description

On Wednesday, after markets had closed, Doug Ford's recently elected Ontario provincial government unveiled its plans for regulating cannabis sales and consumption in the province.

The new framework can't be viewed as being other than a radical departure from the previous plans laid out by the former Liberal government and stand to vastly liberate market control around the drug.

### The good...

Ontario's old government had planned to enact strict controls not only around how cannabis would be sold but also had placed strict regulations around how Ontarians would be permitted to consume the substance.

Under the former Wynne government, cannabis consumption was going to be limited to private residences, and in instances of multi-family dwellings where smoking was prohibited, tenants living in those units would be prohibited from smoking inside their dwellings as well.

However the new Ford government on Wednesday announced plans to introduce a bill that would see cannabis consumption treated the same way that tobacco consumption is currently treated under the "Smoke-Free Ontario Act."

The bill will still prohibit consumption of cannabis in motor vehicles and on boats but will allow users to smoke or vape their product in the open at parks, on the street, and other designated smoking areas.

This makes perfect sense, as some have suggested, given that marijuana is about to become legal just the same as tobacco is today.

That should be viewed as a welcome development as far as public consumption is concerned, allowing the drugs users more freedom to go about their toking ways.

### The bad...

However, as part of Wednesday's press conference, there was a second announcement that was not welcomed so favourably by the community of licensed producers.

That's because while the Ontario government will be privatizing cannabis sales out from under the control of a government-run distribution scheme, similar to how alcohol sales are currently governed, it plans to limit licensed producers to one retail outlet adjacent to where they house their production facilities — much in the same way the province's micro-brewers are permitted to sell to the public direct from their brewery locations.

While that's technically one more retail outlet than [what would have been allowed under the former Liberal government](#)

, it also stands to turn the province's licensed producers, like **Canopy Growth** ([TSX:WEED](#)) (NYSE:CGC) and **Aphria** (TSX:APH), from retailers capable of marketing and promoting their own brands into glorified wholesalers.

That will more than likely [add a "middle-man"](#) to the equation, but in doing so it threatens to dampen the outlook towards profitability for licensed growers.

### The ugly...

While it remains to be seen how the market will react to the latest announcement, the truly unfortunate part for investors is the half-baked nature of how these regulations, which will ultimately be responsible for governing the sale and consumption of cannabis across the nation's provinces, continue to be altered and adjusted on an ad-hoc basis.

That poses a real problem for serious investors — particularly institutional investors like pension plans and endowments — which also happen to be exactly the type of investors the country's cannabis market needs to attract to propel growth for itself on a global scale.

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