



BC CRAFT FARMERS CO-OP  
BC ECONOMIC DEVELOPMENT  
AND JOB CREATION PROPOSAL

# Creating Opportunity for BC's Craft Cannabis Sector and Supporting the Economic Recovery

EXECUTIVE SUMMARY — MAY 2020

# Executive Summary

On April 20, 2020, with the announcement of its incorporation, the BC Craft Farmers Co-Op (BCCFC) confirmed plans to develop an economic development and job creation plan for governments to consider in response to the economic crisis created by COVID 19 and to achieve the *Cannabis Act's* original goals.

## GOALS

BCCFC assembled a team of sector leaders to develop and submit a proposal that will:

- Rapidly transition thousands of BC's internationally recognized medicinal craft farmers and processors to the legal recreation cannabis market.
- Create thousands of sustainable jobs in all regions of BC.
- Divert profit from the illicit market.
- Promote public health and effective product safety testing.
- Leverage BC's craft cannabis sector as a platform to achieve other shared public goals.
- Deliver high quality craft cannabis to medical and recreational consumers in BC, Canada and around the world.
- Effectively engage community leaders, federal, provincial, Indigenous and municipal governments to support community economic and social development.
- Foster public health research collaborations with BC universities.
- Secure access to investment capital and government support available to other sectors.
- Advance international co-op principles and business model.

## ENVIRONMENT

Thousands of micro BC cannabis farmers and processors have been excluded from the legal market due to a poorly designed regulatory framework. With a globally recognized brand and the most craft farmers in the country, BC has the most to lose if these innovators are not provided with an opportunity to apply their skills in the post-prohibition market.

Of the 1,200,000+ square metres of legal indoor and outdoor cannabis cultivation space approved by Health Canada across the country as of February 1, craft cannabis farmers account for a microscopic 0.17%.

Since COVID 19 arrived, the global economy has been in its worst free-fall since the Great Depression. Canada's unemployment rate has ballooned to double-digits and BC's Business Council predicts a 7 to 12% decline in BC GDP. Some reports suggest 500,000 BC jobs may be at risk — many in rural communities.

During the pandemic, British Columbia included cannabis retail sales among a limited number of essential services.



**OPPORTUNITY**

Recognizing the minimal number of small producers and processors applying for licenses, Canada invited the sector to provide constructive solutions to increase uptake just prior to the pandemic. BCCFC is responding to this request and recently announced government programs for small business and regional economic development.

An economic analysis prepared for the BC Craft Farmers Co-Op last June confirmed a properly legalized craft cannabis sector can create over 20,000 direct and indirect jobs over the next two years – and \$400-800 million of new revenue for all levels of government.

**PROJECT DESCRIPTION**

To support BC’s post-COVID 19 economic recovery, BCCFC has developed a two-part pilot project to achieve the *Cannabis Act*’s original intent and build on cannabis’ recent elevation to essential status:

- **Part One: Regulatory Innovation**
- **Part Two: Business Development Partnership**

Craft cannabis farmers will seamlessly comply with physical distancing and PPE requirements associated with current public health orders. Some say the decades’ long cannabis prohibition has forced them to physically distance for generations.

By definition, the jobs associated with this project can be described as “shovel-ready”. All governments need to do is let these people grow.



### REGULATORY INNOVATION

BC's craft cannabis farmers and processors are not responding to Health Canada's micro-application process for many well-established reasons. A policy and regulatory reset is required. Part One of the project proposes two tracks of regulatory innovation:

- **Track One**

Rapidly transition thousands (30%) of Health Canada-approved micro-medical cultivators across BC to the legal market on a temporary basis (12 months) and in time for the summer growing season.

- **Track Two**

Simultaneously reset micro-cultivation and processing regulations by the end of 2020 with a two-year licensing target.

Canada is being asked to take these actions for the public interest and approach these suggestions with an innovative spirit. These suggestions include:

- Applying the Minister's direct authority under s. 140 of the *Cannabis Act*
- Doubling micro-cultivation and micro-processing caps
- Setting An acceptable target for micro-licence approvals over the next 1-2 years
- Respecting the skill of BC craft cannabis farmers and processors by including them in a Task Force to achieve targets and remove regulatory barriers

### ECONOMIC DEVELOPMENT PARTNERSHIP

To build on the regulatory innovation proposed in Part One, BCCFC has developed an economic opportunity and job creation program to sustain BC's globally-recognized craft cannabis sector through their transition — and beyond. These form the basis for Part Two of the project and focus on five elements:

- **Governance**

- **Innovation**

- **Investment and Capacity Building**

- **Community Engagement**

- **Research**

### GOVERNANCE

Funded by senior governments through a one-year contribution agreement with the BC Craft Farmers Co-Op, the project will be led by an inclusive and accountable Project Advisory Group. The model can be replicated in other provinces to facilitate the creation of more green jobs across Canada at a critical time.

The project agreement and funding structure will be based on similar federal-provincial economic partnership agreements that have been effectively developed for other sectors in BC and Western Canada. Some programs can be administered through existing federal/provincial initiatives but tailored to the craft cannabis sector and economic circumstances post-COVID 19.



### INNOVATION

The Project Advisory Group will establish an Innovation Council of government, education and technology leaders to develop more efficient and sustainable ways of providing adult consumers around the world with a wide-range of high quality products. The Innovation Council will develop strategic programming focused on:

- Technology and Agritech
- Agriculture
- Environmental Protection
- Alternative Products
- Tourism and Trade

The project will also propose a feasibility analysis of an opportunity to establish a provincial processing and product testing network as a social enterprise with craft farmers and established BC processors.

### INVESTMENT AND CAPACITY BUILDING

The Project Advisory Group will collaborate with financial institutions, training colleges and local business associations to strengthen the capacity of craft farmers, processors, independent retailers, their staff, vendors and contractors. Inclusive working groups will be established to develop effective programming focused on:

- Indigenous Collaboration
- Women Entrepreneurs
- Access to Capital for Small and Medium Size Enterprises (SMEs)
- Training and Professional Development

The project proposes an effective and accessible micro-credit program for craft farmers and processors to facilitate the successful transition of ~2,000 craft farmers over the next two years. Based on established models, the micro-credit program will help these SMEs respond to municipal requests, achieve product quality standards and include flexible repayment terms.



### COMMUNITY ENGAGEMENT

The Project Advisory Committee will include a representative from the Union of BC Municipalities and dedicate resources to rapidly engage local governments this summer. Among others things, this outreach will focus on:

- Rural municipalities and Indigenous governments that wish to welcome craft cannabis production and processing in their jurisdictions
- regional/local economic development agencies, universities and colleges
- business, agriculture and community organizations
- credit unions and financial institutions
- provincial and federal economic development agencies
- small producers licensed by Health Canada to produce cannabis for medical purposes who are interested in transitioning to the legal marketplace
- elected officials
- medical patients

The project proposes the establishment of a municipal infrastructure and job creation grant for local BC governments interested in creating innovative and environmentally-friendly land-use solutions for craft farmers and processors.

### RESEARCH

The history of BC's craft cannabis sector is rooted in compassion and medical access. Pursuing research collaborations with our globally recognized research universities provides an opportunity to expand medical access where appropriate and answer public questions about the health impacts of cannabis use — positive and negative.

BCCFC will include medical patients in the project's governance and recruit a Research Director to develop a strategy focused on:

- Genomic analysis of cannabis, various strains and their unique effects
- Population health impact of cannabis use on different groups
- General community impacts — positive and negative
- Impact of different delivery vectors
- Impact of terroir on terpene and cannabinoid development
- Harm reduction strategies
- Inebriation detection



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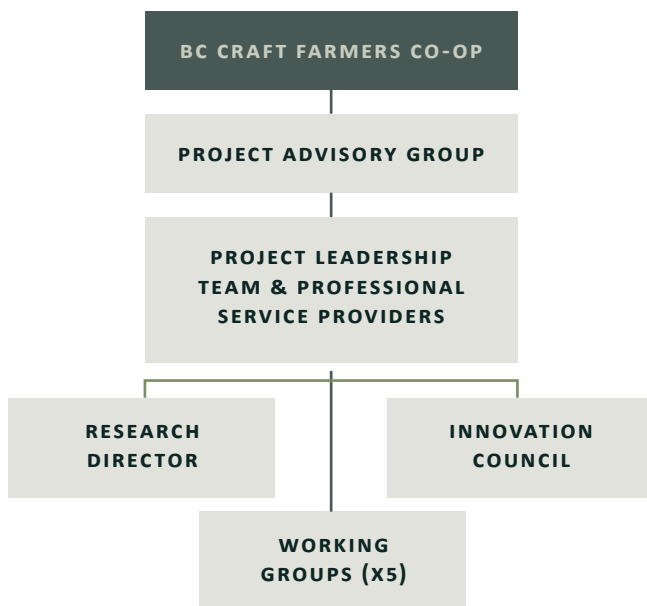
**FUNDING**

Sources of project funding are divided into four categories, with an expectation Canada and BC would share costs equally.

The project funding request is proportionate to government investments in other key job creating sectors and proposes a two-year return on investment for taxpayers of \$4 to \$8 for every \$1 invested.

BCCFC	Project Agreement	Canada/BC Craft Cannabis Economic Partnership	Canada/BC Micro-Credit Partnership
<ul style="list-style-type: none"> <li>In-Kind</li> </ul>	<ul style="list-style-type: none"> <li>Contribution Agreement with BCCFC</li> </ul>	<ul style="list-style-type: none"> <li>Based on similar sector agreements</li> <li>Include current regional development, environment, agriculture and research programs</li> </ul>	<ul style="list-style-type: none"> <li>Partnership based on existing Community Futures model</li> <li>Include credit criteria to forgive 50%</li> </ul>
<b>Total:</b>	<b>\$845,000; one year</b>	<b>\$12.5 million; two years</b>	<b>\$95 million; two years</b>

**Project Organization Chart**



**Project Advisory Group Members**

- Government of Canada Representative TBC
- Government of Canada Representative TBC
- Province of BC Representative TBC
- Province of BC Representative TBC
- BC Craft Farmers Co-Op (Micro-Cultivator)
- BC Craft Farmers Co-Op (Micro-Processor)
- BC Craft Farmers Co-Op (Independent Retailer)
- BC Craft Farmers Co-Op (Advisor)
- BC Medical Cannabis Patient TBC
- Union of BC Municipalities

**FOR MORE INFORMATION:**

e. [info@bccraftfarmerscoop.com](mailto:info@bccraftfarmerscoop.com) | w. [bccraftfarmerscoop.com](http://bccraftfarmerscoop.com)





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