



October 25, 2021

Hon. Mike Farnworth, Solicitor General
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Hon. Lana Popham, Minister of Agriculture
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Hon. Ravi Kahlon, Minister of Economic Development
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Dear Ministers,

We hope you are well and staying safe. Thank you again for your ongoing leadership during the pandemic. We greatly appreciate your public service and pandemic response.

We are writing today further to ongoing conversations with officials at a variety of agencies regarding BC's approach to supporting our internationally recognized craft cannabis sector. While recognize all of their hard work of officials and their openness to engage but we remain very concerned that three years into Canada's legalization project, thousands of our province's craft farmers and processors are still being shut out of the process.

The few that have survived the licence application process (Approx. 60 approved by Health Canada in three years) continue to struggle, in large part due to unintended consequences flowing from policies of the various provincial agencies responsible for the file.

In addition to these small BC businesses, mostly in rural communities, consumers and retailers are paying a price for a cannabis marketplace controlled by an increasingly small number of US-based corporations.

BC cannabis consumers want to purchase freshly grown cannabis from local craft farmers in legal settings. They want to enjoy the best cannabis in the world and support their local economies at the same time. We don't understand why BC seems unwilling to take this action now, when our economy needs it the most.

In this light, on behalf of our members, the BC Craft Farmers Co-Op is again proposing a series of actions and a made-in-BC economic partnership to realize the sector's full potential, create thousands of legal BC jobs and make a real impact on the illicit market.

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Federal Regulations – Cannabis Act Review

With the federal election complete and this month's three year anniversary of the Cannabis Act, now is the time to reset Health Canada's micro-class and labeling regulations. To be successful, a Team BC approach is required. We have been told BC is advocating for changes, but we are unaware of what improvements are being suggested.

A sustained and focused effort from BC to reset these regulations in favour of craft farmers instead of publically traded companies is a key component of the economic development partnership. We would like to arrange a meeting this month to discuss a coordinated approach to this federal advocacy.

Farm Gate, On-Site Consumption and Direct Sales

This summer, BC officials invited BCCFC to provide feedback on the farm gate, on-site consumption and direct sales policies that were announced over a year ago. We appreciate the opportunity to provide perspective on the development of your approach to these policies.

In August, we surveyed our members and supporters on the farm gate and on-site consumption policies and circulated the results to BC officials in August. We found broad support for the policies but a universal concern about waiting another year for them to roll-out.

With regard to direct sales, we are pleased with a number of the measures proposed, particularly those that allow farmers, processors and retailers to make their own agreements regarding product access, pricing and display. We are also encouraged to see that craft products will have full access to BC's on-line sales platform.

At the same time, we are disappointed the direct sales plan proposed leaves little room for flexibility in other areas, particularly the 2022 timeline and plans to maintain a 15% BC levy despite the fact the product, thankfully, will not go through BC's distribution centre.

Inter-Agency Coordination

We are concerned various branches of the BC government responsible for managing the cannabis file lack a clear mandate to help BC's craft cannabis sector thrive, create thousands of jobs and maintain our international advantage. In fact, some policies appear to be working against craft farmers and processors.

In addition to the questionable rationale for maintaining the 15% levy, the purchasing branch's preoccupation with low-cost, high THC products disadvantages small farmers in favour of the illicit market and the US-led companies that control most of BC's market. In some cases, our members receive more reasonable interest and support from other provinces, leaving out consumers that want to buy local.



What is missing in BC is an energetic, coordinating agency with a clear mandate to work across various government departments, develop a comprehensive craft cannabis policy with our sector and guide strategic investments. Failure to lead and coordinate policies will increase the risk that BC will not fully capture the economic potential of BC's craft cannabis sector.

The Association of Canadian Cannabis Retailers (ACCRES), BCCFC and other sector leaders have proposed a direct sales pilot-project be funded and established this year with our existing group of federally licensed farmers, processors and nurseries. Several of our retail members have volunteered to be part of a pilot to help work out any issues and adopt to consumer response.

Thankfully, BC's decision to delay implementation for another year does not appear to be related to any logistical challenges. Instead, it just does not appear to be an immediate priority for the agency designated to lead the initiative. We suggest the file be prioritized to avoid another year of missed opportunities and giving the gift of more time for the illicit market.

Made-In-BC Economic Development Partnership

A focused, made-in-BC craft cannabis economic partnership, based on similar models in other sectors (forestry, agriculture, technology, film, tourism, natural resources) should be established as part of BC's economic recovery plan.

With this partnership model, supported by a new federal economic development agency for BC, we can develop an inclusive governance structure and fund a two-year work plan focused on building sector capacity, policy development, stakeholder communication, effective program delivery and transitioning thousands of BC craft farmers to the legal market.

In addition to informing Canada's upcoming review of the *Cannabis Act*, the top priority for this sector collaboration should be a successful roll-out of BC's farm gate, direct sales, on-site consumption and Indigenous shelf space programs. We believe that done properly, the roll-out of these policies can be synergized sooner than later. For example:

1. Partnership agreements negotiated between craft farmers, processors and retailers under the direct sales program can be reciprocal when it comes to establishing a farm gate store. In this scenario, independent retailers and their experience with the BC licencing process can help farmers establish and organize their location.
2. Approaches developed under the Indigenous Shelf Space Program can be applied to a similar program for BC craft cannabis that promotes local farmers. With this, we propose the project include the adoption of BCCFC's proposed BC Certification brand. This label will make it easy for consumers to identify craft cannabis products that have been grown, processed and bred in BC by a BC owned businesses.

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3. To be successful, BC policies require cooperation from other levels of government (federal, municipal, Indigenous). This will require consistent communication, energy and coordination that a trusted, BC-backed project team can execute effectively. In addition to federal micro-class licensing regulations, Health Canada's sales licensing process is another example of a potential bottleneck. Also, for successful farm gate stores, professional local and Indigenous government engagement will be required.
4. BCCFC is a strong supporter of the BC's campaign to encourage consumers to "Buy Local". We wonder why it does not apply to fresh, locally grown BC craft cannabis. As part of the economic development partnership we are proposing, we recommend the provincial government collaborate with BCCFC and ACCRES to develop a Buy Local campaign for BC craft cannabis.
5. With the potential for improvements to the federal micro-class licencing process over the coming year, the pilot project being proposed can start planning the transition of thousands of BC craft farmers to meet demand in BC, across Canada and around the world. Direct sales and dedicated shelf space approaches can eventually be applied to these markets for BC craft and Indigenous products. Similarly, farm gate sales present a significant domestic and international tourism opportunity when travel restarts, similar to BC wineries, craft breweries and distilleries.

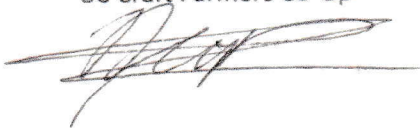
Conclusion

In this light, we are again asking the government to work with us to establish a BC Craft Cannabis Economic Development partnership and fund a pilot-project with BCCFC and ACCRES to start implementing these plans in 2021 and realizing the economic benefits associated with these opportunities for rural communities.

We would welcome an opportunity to meet again to answer any questions you may have. We will be in touch with your office to make arrangements that suit your schedule.

Yours truly,

Nicole Post, President
BC Craft Farmers Co-Op



Andrew Gordon, Vice President
BC Craft Farmers Co-Op

