



July 20, 2022

DIRECT SALES: QUESTIONS FOR BC GOVERNMENT

BC officials asked for questions in advance of a sector consultation this week regarding their proposed Direct Delivery Program. BCCFC has reviewed the proposal with our partners – the Retail Cannabis Council of BC (RCCBC) and the Kootenay Cannabis Development Council – and have come up with questions. In addition, Members were asked to submit their questions to us. Below is a compilation of the questions that were sent to the provincial government on Tuesday, July 19.

1. Is the government open to making changes to the proposed plan to reflect feedback from BC craft farmers, processors, and retailers?
2. How does the government propose to work with the sector to monitor the implementation of the program and make adjustments as needed?
3. In your opinion, which elements of this plan will require authorization and collaboration with Health Canada to be successful? Are you prepared to work with the sector to make sure this is a smooth process in Ottawa?
4. In developing this plan, is the BC government defining cannabis as a farm activity and product? How will this program be coordinated with the rights of farmers to sell their products under ALC rules?
5. Has the provincial government considered following the lead of other provincial jurisdictions that have established provincial licensing for private cannabis wholesale distributors with warehouse storage? Would you be open to working with sector leaders on a pilot-project to test this concept in BC?
6. Why are farmers and processors being prevented from negotiating exclusive pricing and promotion agreements with retailers that may benefit consumers?
7. BC is still proposing to maintain the 15% product handling charge, despite the fact they are not handling any product under this plan.

Over 400 farmers, retailers, processors and other sector leaders attended the BC Cannabis Summit in Kelowna April 20-22. Delegates attending the Summit – hosted by the BC Craft Farmers Co-op (BCCFC) and BC Cannabis Retail Council (BCCRC) – voted unanimously for a policy resolution calling for the elimination of BC's 15% fee for direct cannabis sales.

BC has encouraged our sector to speak with a united voice. Yet, when we do, the unity is ignored. This raises a few questions:

- a. Does the province understand that imposing this 15% fee will undermine the sustainability and development of a robust, diverse and legal cannabis economy in BC?
- b. Does the province understand the imposition of the 15% handling charge on consumers for direct cannabis sales will keep cannabis prices artificially high and benefit the illicit market?



- c. Does the province have examples of other sectors where they have applied a similar approach (15% handling fee for not handling products)?
 - d. Does BC understand that ignoring the sector's consensus on this issue may undermine meaningful consultation and future collaboration?
8. At first glance, the application process seems to place a very heavy administrative burden on farmers for a process that should be relatively simple. This is concerning given the significant compliance costs already associated with Health Canada's licensing process. We hope BC is not making the same mistake. This raises a few questions:
 - a. Has the government conducted any analysis of the various compliance costs on farmers associated with this approach? What is the incentive to participate?
 - b. Is the government prepared to offer any support for these rural small businesses to mitigate these costs, create jobs and ensure the program is effective for all participants?
 - c. How do these compliance requirements compare to the way more harmful products (alcohol, tobacco) are regulated?
9. Why is the provincial government taxing cannabis at a much higher rate than alcohol when alcohol is proven to be much more harmful to society? Wouldn't it be easier to apply the same rules to both?
10. Why is the province proposing to prohibit credit card payment options for program participants? Shouldn't this be an option? Other regulated sectors are able to do financial transactions by credit card? Why are cannabis businesses being singled out?
11. If BC is allowing direct delivery to stores and farmers are registering in your proposed system, why do farmers still need a marketing licence?
12. The eligibility criteria include production retail stores (PRS). We assume this is the proposed farm gate model that BC intends to launch fully in the fall. Can the province clarify whether the direct sales process will be simplified for farmers selling cannabis at their designated PRS location?
13. Under this proposal, will BC producers and processors be able to sell to stores in different provinces?
14. Delegates at April's BC Cannabis Summit also voted to prioritize a policy resolution inviting the BC government to collaborate with BCCFC, BCCRC and Kootenay Cannabis Development Council to build the sector's capacity to fully implement a direct sales policy over the coming year. Is the government open to supporting the establishment of a more formal collaboration to support the implementation of this policy – and the upcoming farm gate and consumption rollout?