

Zoning Bylaws - Recommendations Submissions to the the Municipalities



**Prepared by:
BC Micro License Association
June, 2018**

Executive Summary

- The federal enactment of the *Cannabis Act* and its regulations is likely to occur shortly, the process being 5/6 completed with just one more Senate vote scheduled for June 7, 2018.
- After extensive public consultation, the government's Task Force on Cannabis Legalization and Regulation recommended the inclusion of small scale cannabis cultivators and processors - the recommendation aligned with the government's goals of allowing individuals and small businesses into the cannabis economy, restricting the potential for monopolization within the industry by the large producers and bringing "illicit" cannabis producers into the system, thereby choking off the supply of illegally produced cannabis.
- The federal government accepted the Task Force's recommendations respecting small scale "micro" cultivators and processors and will establish licenses for cultivators growing cannabis within an area limited to 200 square metres (2,150 square feet), and for processors to process up to 600 kilograms (1,323 lbs.) of cannabis per year.
- Small scale micro production and processing licenses are intended for individuals or small businesses. Not having access to large amounts of start-up capital, reasonable access to land on which to conduct their cannabis businesses will be the key to their success. Municipal zoning bylaws will determine whether the small propagators, cultivators and / or producers will be able to enter the legalized system.
- Current zoning bylaws in most municipalities limit "medical" cannabis cultivation to ALR land, or prohibit cannabis cultivation altogether. The decision to enact these bylaws may have been made on the basis of factors which do not currently exist, largely due to the refinement of the federal government's extensive and stringent safety and production requirements for cannabis license holders and their facilities.
- ALR lands are out of reach for small scale producers and processors, the prices currently starting around \$2 million in Maple Ridge, for example, with very few properties on the market. Also, existing pressures on the food production system make ALR land a highly questionable choice for cannabis cultivation and processing. The municipalities should expand the lands upon which small scale nurseries, micro producers and micro processors may conduct their operations and include any rural lands zoned for residential or general agricultural uses, and commercial and industrial lands.
- Municipalities will benefit from having micro producers and processors operating their businesses in the city for two reasons. First, there will be economic benefits to having new, small businesses operating; the proven demand for superior-quality, locally grown cannabis will produce both sales tax revenue and income tax revenue. Furthermore, local jobs will be created. Second, the proliferation of "illicit" producers will be reduced as they enter the legal system - thereby reducing the need for police and law enforcement services.
- Cannabis producers in BC have the knowledge and expertise to grow superior-quality, world renown cannabis. "BC Bud" has been a part of the cultural fabric of this province for a generation or more. These producers, along with others, will seek to enter the legal system.
- Cannabis is no longer just for "stoners". Cannabis is used by many segments of the Canadian population, both medically and recreationally, and there is *significant* public support for cannabis legalization in Canada (with 4 in 5 of British Columbians reportedly in favour of it). Last year 5 million Canadians used marijuana recreationally, and spent over \$5 billion for their "illegal" cannabis. This is a vast and valuable industry, with significant support in BC. Municipalities should take timely steps to ensure that it will be able to benefit from the cannabis economy - one which is estimated to currently employ about 13,700 British Columbians.

1. Introduction

The probable implementation of the *Cannabis Act* in the summer of this year presents a historical moment for Canada and for Canadians. The current government recognized that the legalization of “recreational” cannabis was the right thing to do at this time, for a number of reasons that were clearly stated in both the Final Report of the Task Force on Cannabis Legalization and Regulation* (FRTF) and the Legislative Background to the *Act***.

With respect to the *Cannabis Act****, one of the government’s many goals is to include small producers, to ensure a diverse and competitive market. The government recognized that having an industry dominated or monopolized by large corporate players was not beneficial to the cannabis industry or to Canadian consumers. Rather, the government wanted to spread the economic benefits of cannabis legalization widely across the industry and the communities in which they operate, and to reduce the availability of cannabis grown by “illicit” producers.

As persons who have a long standing involvement with cannabis and who will be seeking small scale nursery, micro cultivation and micro processing licenses from the federal government, we seek to:

- i) to bring to the attention of municipalities zoning or land use issues that need to be addressed, and hopefully resolved, prior to legalization, and
- ii) to provide relevant cannabis related information to the municipalities, some of which they may not otherwise have access to, so that the municipalities are in the best possible position to make decisions which are beneficial to all of the residents.

We hope that the information we can provide will assist in the development of policies and bylaws that will give effect to the federal government’s goal of having small propagators, producers and processors be active players in what is sure to be a robust cannabis economy.

We apologize in advance for the length of our submissions, but we believe there are issues herein that have never been addressed by the municipalities and which require in-depth examination. A historical and brand-new law is about to be enacted and the conversation, ideally, should be a thorough as it needs to be so that the best decisions can be made.

* <https://www.canada.ca/en/services/health/marijuana-cannabis/task-force-cannabis-legalization-regulation.html>

** <http://www.justice.gc.ca/eng/cj-jp/marijuana/c45/c45.pdf>

***<http://www.parl.ca/DocumentViewer/en/42-1/bill/C-45/third-reading>

2. Who We Are

The BC Micro License Association's constituents, numbering over 200, consist of individuals who will be seeking federal nursery, micro cultivation and / or micro processing licenses upon the enactment of the *Cannabis Act*, or persons whose businesses will be related to small scale cannabis production. Many of these individuals have been a part of the medical cannabis scene for a significant amount of time. Our constituents see an opportunity to utilize their skills within the legalized cannabis system to become propagators, cultivators and processors and to contribute, economically and otherwise, to the communities in which they operate their businesses.

Many of our constituents are cannabis experts, possessed of enormous talent, who are able to grow very high quality cannabis. They have a wealth of knowledge related to cannabis propagation and cultivation - and, they are also dedicated to spreading the gospel, so to speak, about the superior quality of the small-batch, locally grown craft cannabis that has made British Columbia the historically dominant force in the Canadian cannabis industry.

3. Focus of Our Queries and Concerns

There are many aspects of the *Cannabis Act* and its regulations that will be of concern to municipalities across Canada. We wish only to focus on one issue; namely, ensuring that persons applying for and eventually holding federal nursery, micro cultivation and / or micro processing licenses will have access to lands, zoned appropriately, on which to conduct their small scale cannabis businesses.

Municipal zoning and land use bylaws will be the foundational aspect of federally licensed "micro" cannabis businesses. We believe the most reasonable starting point for municipalities would be to amend or expand zoning bylaws to include micro licensed propagation, cultivation and processing on any rural lands zoned for residential or general agricultural use, and commercial and industrial lands.

We do not seek to provide information about, or raise issues related to, large scale "medical" cannabis cultivation for which the federal government is currently issuing licenses. Our position is that the zoning and land use issues related to large scale cultivation are not necessarily the same as the ones related to small scale propagation, micro cultivation and micro processing.

We also do not seek to provide information about, or raise issues related to, individuals growing their own "medical" cannabis pursuant to an Access to Cannabis For Medical Purposes Regulations (ACMPR), or its previous iterations like the MMPR or MMAR, or who seek to grow cannabis in their homes, pursuant to the federal government's proposed four-plant rule.

4. Micro-Cultivation and Micro-Processing Licenses

Building upon the findings and recommendations in the November, 2016 Final Report of the Task Force (FRTF), the Government of Canada released its Proposed Approach to the Regulation of Cannabis* ("the Regulation Report") in November, 2017.

On page 8, the Regulation Report stated the following:

Health Canada is proposing a system of licenses, permits and authorizations that is intended to:

- *allow a range of different activities with cannabis (for example, cultivation, processing, research);*
 - ***enable a diverse, competitive legal industry comprised of both large and small players in regions across the country;***
 - *reduce the risk that organized crime will infiltrate the legal industry; and*
 - *ensure that legal cannabis products meet high quality standards.*
- [emphasis added]

Further, on the next page (page 9):

The licensing and permitting framework established under the proposed Act and related regulations will strongly influence the type of legal cannabis industry that establishes itself in Canada. The regulatory proposals set out in this section are intended to achieve the following:

1. Enable a robust and responsible legal cannabis industry that is capable of outcompeting the entrenched illegal industry. *To achieve this, the licensing and permitting framework is intended to:*

- a. enable a diverse, competitive industry that is comprised of a range of market participants, including both small and large players in regions across the country.*

.....

[emphasis in the original]

In the subsequent pages of this section of the Regulation Report, the micro cultivation and micro processing licenses were proposed as a means to achieve the goals the Task Force had identified and on which they made recommendations to the federal government. In other words, the micro licenses fit within the larger framework of a well regulated cannabis industry and were not a mere afterthought or incidental piece of the larger picture. It is worth noting that the FRTF was the result of 17 month process in which the nine-member Task Force met with all level of government across Canada and reviewed 30,000 submissions from individuals and organizations.

* <https://www.canada.ca/en/health-canada/programs/consultation-proposed-approach-regulation-cannabis/proposed-approach-regulation-cannabis.html>

In addition, the Task Force consulted with governments and experts in the American jurisdictions where recreational cannabis has been legalized; namely, Colorado and Washington, and it also studied the recreational cannabis experience in Uruguay.

The FRTF is a well considered and comprehensive document that defined the goals for the Canadian legislative and regulatory framework and made evidence-based recommendations for the federal government to achieve those goals. For the government to accept the recommendations contained in the FRTF and the subsequent Regulation Report as they relate to the creation of micro cultivation and processing licenses is not a small thing - it is a significant result for individuals and small businesses that wish to engage in the cannabis industry.

In its March, 2018, follow-up to the Regulation Report*, the federal government proposed to distinguish between standard cultivation operations and micro cultivation operations on the basis of the canopy. The former has a potentially unlimited growth area, whereas the latter will be limited to a growth area of 200 square metres (equivalent to 2,150 square feet).

The federal government has likewise proposed that the standard processors and micro processors will be distinguished by the weight of the cannabis, and possibly hemp, material that will be processed. The larger operations will be able to process potentially unlimited amounts of plant material, whereas the small operators will be limited to 50 kilograms (approximately 110 lbs.) per month, or 600 kilograms (approximately 1,323 lbs.) per year, which is roughly equivalent to the output of one micro cultivation operation.

Herein, we have referred to nursery licenses. These licenses are intended to provide a source of starting plant material for cultivators and for propagators to be able to develop new strains of cannabis plants through research and development activities. The government has not specifically stated there will be two distinct "micro" and "standard" nursery licenses available, so we will have to await the soon-to-be-released *Cannabis Act* regulations for more information.

Further aspects of the licenses we do to know about until the regulations are released, is whether:

- an individual or small business will be allowed to hold more than one type of license, and / or
- whether, if more than type of license is allowed, the activities can be co-located.

* <https://www.canada.ca/en/health-canada/services/publications/drugs-health-products/summary-comments-public-consultation-regulation-cannabis.html>

5. Current Zoning Bylaws and the ALR

Despite most municipalities' broad definition of "agricultural use", which would seem to include commercial cannabis cultivation, many municipalities have either prohibited cannabis cultivation on any lands other than ALR Lands, or have referred only to the cultivation of "medical marijuana".

We wondered why many municipalities considered these restrictive zoning bylaws necessary. We looked at the City of Maple Ridge, specifically, and found that in 2013, the city had a report prepared that outlined some of the City's concerns (we only have a pdf copy of the report and we will forward to anyone, upon request):

- uncertainties respecting industry requirements,
- association with a "criminal history" of marijuana,
- lack of regulations for production facilities,
- issues surrounding organic waste, odours and nuisance effects, and
- a questionable "fit" with the agricultural industry.

On the basis of those concerns, the City of Maple Ridge considered their options:

1. *Do nothing in respect of the Zoning Bylaw,*
2. *Establish this use within Agricultural Zones and the Agricultural Land Reserve in the Zoning Bylaw, or*
3. *Restrict this use to the Agricultural Land Reserve only in the Zoning Bylaw.*

The City made the following decision:

At the July 8 Council Workshop, Council selected Option 3, to permit this use in the Agricultural Land Reserve only, in recognition of the advantages to this approach. The District would then have the benefit of shared staff resources (particularly bylaw enforcement and professional expertise) and the precedent setting decisions of the Commission.

We think it is reasonable to assume that other municipalities had similar or identical reasons for imposing bylaws restricting cannabis cultivation, "medical" or otherwise, to ALR lands.

Given the nature and extent of the City of Maple Ridge's concerns, we appreciate why the City wanted to have access to the "shared staff resources" of the ALC.

However, much has changed since 2013. There are currently 104 Licensed Producers (LPs) across Canada, with 45 of them licensed to sell their cannabis products. Twenty-two of the LPs are located in British Columbia, with 10 of them permitted to sell their cannabis. BC now has about 21% of the LPs and about 22% of the LPs with sales licenses. Clearly, regulated large scale medical cannabis cultivation has taken root in this province, so to speak.

All of the concerns that the City of Maple Ridge had in 2013 respecting the “uncertainty” of the large scale cultivation of cannabis for medical purposes which resulted in the decision to limit cultivation to ALR lands have been resolved. LPs undergo an intensive, years’ long application process and part of the application involves the following:

- security screening for key personnel;
- physical security requirements for the cultivation and processing facilities, including barriers, restricted access work areas, alarms and video monitoring;
- “good production practices” and detailed standard operating procedures;
- full-time, on-site quality assurance person(s); and
- record keeping related to cannabis produced.

The above noted requirements for LPs, in addition to other requirements, will carry over to the new system governed by the *Cannabis Act*. The Regulation Report, at pages 30 and 31, contains a list of the requirements for safety, security and production for both the larger scale standard cultivators and processors as well as the smaller micro cultivators and processors*.

The proposed introduction of “recreational” small scale micro licenses presents another significant change in the landscape since the zoning bylaw in question was passed in 2013. Prior to the introduction of the micro licenses, the ability to obtain a cultivation and production license under the ACMPR system was limited to large, well capitalized corporate interests (for example, according to the Globe & Mail, the owners of the largest LP, Canopy Growth Corp., have a market cap of \$5.97 billion, and the second largest LP, Aurora Cannabis Inc., has a \$4.47 billion market cap, both values as of May 2, 2018). In theory, micro license applicants can be individuals or small businesses who do not need substantial amounts of capital to start their cannabis businesses.

* <https://www.canada.ca/en/health-canada/services/drugs-health-products/medical-use-marijuana/licensed-producers/application-process-becoming-licensed-producer.html>

Given the changes since 2013, we respectfully submit that it is appropriate for municipalities to re-examine the zoning bylaws pertaining to where small scale, micro cannabis businesses may operate.

Our position is that the stated reasons for creation of the City of Maple Ridge's bylaw, or any other municipality with similar concerns, in 2013 no longer exist. Federal requirements and oversight of the licensed cannabis producers is extensive and stringent and will continue under the *Cannabis Act* and its regulations. There are a number of municipalities in BC that have established LPs, licensed to sell their cannabis, and information related to those municipalities' bylaw "issues", if any, and the federal government's oversight of the facilities is available* (there are twelve other LPs in BC not yet licensed to sell their cannabis**).

Furthermore, current cannabis zoning bylaws will make it nearly impossible for future holders of small scale nursery, micro cultivation and / or processing licenses to establish their operations, primarily due to the inaccessibility to ALR lands:

- i) the cost of ALR lands is prohibitive to most individuals or small business owners, and considering the small scale of micro cannabis operations, the profits would very likely never justify the investment. For example, in Maple Ridge, ALR properties started around \$2 million:
 - \$1,995,000.00 https://www.bctownandcountryrealestate.com/property_details-R2235048.html
 - \$2,380,000.00 <https://www.realtor.ca/Residential/Single-Family/18768200/11899-256-STREET-Maple-Ridge-British-Columbia-V4R1B3>
- ii) there are not many ALR properties for sale or lease.

In addition to the price and availability concerns, there are very serious issues related to whether it is advisable for ALR lands to be utilized for non-food production purposes. We appreciate that management of the ALR is a provincial concern, but we urge the municipalities to consider the "big picture" - the fact that limiting commercial cultivation of cannabis to ALR lands has ripple effects and contributes to on-going tensions in the agricultural industry***.

* Okanagan Valley (3), Hope (1), Delta (1), Whistler (1), Ladysmith (1), Duncan (1), Nanaimo (1) and Victoria (1)

** Located in the following municipalities: Okanagan Valley (2), Creston (1), Mission (1), Maple Ridge (2), Langley (2), Delta (3), North Saanich (1)

*** <http://www.cbc.ca/news/canada/british-columbia/white-paper-urges-protection-of-farmland-1.4566345>

With respect to small scale nurseries, micro cultivation and micro processing cannabis businesses, we urge the municipalities to expand the existing zoning bylaws to:

- include non-medical cannabis propagation, cultivation and processing, and
- expand the lands upon which the three small scale licensed activities can take place to include any rural lands zoned for residential or general agricultural use, and commercial and industrial lands.

In encouraging municipalities to consider allowing small scale nurseries, micro cultivators and micro processors on lands zoned for light industrial or industrial use, it is probably helpful to point out that cannabis can be cultivated in a manner not usually associated with traditional agricultural pursuits - in concrete buildings, with no windows and very little soil.

Prime agricultural land is not necessary for the indoor small scale propagation and cultivation of cannabis. In British Columbia, these activities will most likely be undertaken indoors, for a variety of reasons - such as security and safety, control of light, temperature, humidity and other climatic conditions, seasonality, control of pests, and so on. In other words, perhaps prime agricultural land should be utilized for more "agricultural" purposes, not for the indoor propagation, cultivation and processing of recreational cannabis.

Rather than provide a detailed description of a small scale cannabis cultivation operation, the utility requirements and the technological advances that are used by most propagators and cultivators, it might be more beneficial for municipal officials to have a separate "round-table" discussion with local small scale cannabis cultivators. We would be able to arrange the participation of some of the locals, if the municipalities were interested in learning more.

We would also welcome the opportunity to discuss the issue of cannabis processing facilities and how the municipalities might be inclined to include them in the zoning bylaws. It is highly likely that persons or businesses applying to the federal government for nursery and micro cultivation licenses will also apply for micro processing licenses. It is also likely that license applicants will want to have these activities co-located for reasons of safety and security. However, we appreciate this issue cannot be resolved until the upcoming federal regulations are released. The federal government might allow for co-location of the different types of activities, or it might not. In any event, there is no reason for the municipalities not to gather information about the processing facilities at this time in anticipation of the federal government's release of the regulations.

6. Cannabis: Economics, Demographics and Tolerance

The media often reports on the value of the cannabis industry in Canada. There is some variation in the numbers, presumably due to access to accurate information. One of the best and most recent studies we found comes from Statistics Canada. In their April 30, 2018 report on the 2017 cannabis figures, they found that almost 5 million Canadians used cannabis recreationally last year and spent over \$5 billion doing it* (the figures are for both medical and “non-medical”, ie. not legal, use).

Interestingly, the study found that BC residents had the *second* highest rate of cannabis consumption in Canada (second only to, unbelievably, the Nova Scotians). British Columbia, though, had the highest cannabis production output, producing 36.6% of the country’s cannabis, and contributing 39% (or \$1.1 billion) of the total value to the cannabis economy, the highest contribution by a province.

The cannabis industry in BC employs people - one study has estimated that about 13,700 people work in the existing cannabis industry, with an estimated value of wages to be about \$618 million**.

The figure that may be of more interest to the provinces and municipalities are estimates of the sales tax revenue generated once cannabis sales become legal. A CIBC World Market report*** estimated that there might be as much as a \$5 billion per year in tax revenue to be shared by the provinces, although the precise estimation of such a figure may not be possible due to unknown or variable factors. However, it is possible to determine a reasonable estimate for British Columbia based on the Statistics Canada figures - if the cannabis economy is worth \$1.1 billion per year, the provincial sales tax on that figure would be \$70 million, *plus* the portion of federal taxes collected by the Government of Canada and distributed in accordance with a federal-provincial agreement revenue sharing agreement.

Another figure worth noting is the shifting demographics for cannabis users. The age ranges of 24-44 and 45-64 are the fastest growing groups using cannabis****. Between 2000 and 2015, cannabis usage for those between 24-44 increased by 86%, while the usage for those between 45-64 increased by 169%. By comparison, the cannabis usage of those between 18-24 decreased by 9.6%, while the use for those between 15 and 17 decreased by 24.5%.

* <https://www.statcan.gc.ca/daily-quotidien/180430/dq180430b-eng.pdf>

** <https://cannagrowers.ca/wp-content/uploads/2018/04/CGC-Report-on-Cannabis-Labour-Impact-in-BC3.pdf>

*** <http://www.cbc.ca/news/business/taxes/tax-time-2016-legalized-pot-1.3436516>

**** <http://www.statcan.gc.ca/pub/11-626-x/11-626-x2017077-eng.htm>

We interpret these figures to mean that cannabis use has moved away from the traditional stereotype of the young "stoner", into a significantly more diverse demographic, and that those between 25 and 64 are increasingly using cannabis.

Based on our knowledge of the recreational cannabis industry, and based on our observations, our opinion is that cannabis use - for medical or non-medical reasons - has lost the stigma once attached to it, and that more people are open to exploring the health benefits that cannabis and its cannabinoids (for example, CBD) may provide. The Statistics Canada report would seem to confirm what we believe to be true.

Certainly, the federal government shares the view that cannabis use by adults is something that has been tolerated and even accepted in our society to such a degree that legalization has found very broad public support. One study done last year found that 68% of Canadians surveyed were in favour of legalization of cannabis, with highest levels of support being found in British Columbia at 79%, 11% higher than the national average*. Another study, also done last year, found the 70% per British Columbians were in favour of cannabis legalization**.

Whether the true figure is 79% or 70%, or somewhere in between, it is clear that a *significant* portion of BC residents are in favour of legalizing cannabis for recreational use.

* <https://cdn.dal.ca/content/dam/dalhousie/pdf/management/News/Preliminary%20results%20cannabis-infused%20foods%20EN.pdf>

** <http://vancouver.sun.com/news/local-news/majority-of-b-c-residents-support-legalizing-marijuana-but-not-other-drugs-poll>

7. Importance of Timeliness in Acting

Our position is that there are two broad reasons why it is *critically* important for municipalities to expeditiously implement expanded zoning bylaws that specifically address small scale nursery, micro cultivation and processing. The first reason is related to law enforcement and eliminating the “illicit” producers. The second reason is related to local and provincial economics.

With respect to the first reason, in the FRTF, Chapter 3, the Task Force referred to the inclusion of small producers who may have been participants in the “*illicit cannabis economy*” (page 31). The subsequent Regulation Report stated that the legislative framework was intended to “*enable a robust and responsible legal cannabis industry that is capable of outcompeting the entrenched illegal industry*” and that this result could be achieved by including “*small players*” (page 9). The Regulation Report also stated that Health Canada would consider individuals with a history of low-risk, non-trafficking, non-violent, criminal convictions for security clearances (page 35). Taken together, these statements indicate the federal government has recognized that the best way to eliminate some of the illegal cannabis businesses is to bring them into the fold, so to speak.

We cannot overstate the significance of the federal government’s approach on this issue - it bears repeating:

- the government recognized the reality that there are many illicit cannabis growers in Canada, and
- some of these illicit growers might have a place within the legalized framework, and that the security clearance requirements will not necessarily bar individuals with past criminal convictions for low-risk, non-trafficking, non-violent offences, and
- in order to decrease the illicit growing activities, small players are an essential part of the legalized framework.

There is a great deal of wisdom in this approach and it illustrates a high degree of common sense on the part of the federal government:

- if legally produced cannabis is more readily available, the incentive for consumers to purchase illegal cannabis is diminished, then
- if both the illicit growing and demand for illegal cannabis decreases, the level of law enforcement involvement would decrease correspondingly, and finally,
- the level of federal regulatory oversight over cannabis operations would increase.

In other words, more federal bureaucrats and less local law enforcement.

There are a number of persons who grow their own cannabis pursuant to ACMPR licenses, illicit producers and those new to the cannabis industry who will be applying for micro-licenses. The very first consideration for these persons in deciding whether to apply for a federal license is determining whether they have reasonable access to land on which to conduct their business. The more land that is zoned for small scale and micro license activities, the greater the likelihood that these persons will be able to start contributing to local economies and, in some cases, cease their federally-regulated ACMPR home-grows (which can never be subject to municipal or provincial regulation) or their illicit activities and join the legal system.

Municipalities will ultimately benefit from having fewer illicit growers; the costs of policing and law enforcement will be decreased and consumers will be able to purchase cannabis from licensed and regulated cultivators. Furthermore, if there is more legal cannabis sold, there will be more provincial and federal sales taxes collected. There will be more legitimate jobs created in the industry, with more of these workers paying federal and provincial income taxes.

With respect to the second reason, there is legal cannabis cultivation currently taking place in Canada under the ACMPR. The top three Licensed Producers (LPs) are Canopy Growth Corporation (based in Ontario), Aurora Cannabis Inc. (based in Alberta) and Aphria Inc. (based in Ontario). All three of these companies are publicly-held, with their stocks trading on various exchanges in Canada. They are enormous companies, each with multiple-billions of dollars in market capitalization. The other 42 license holders who can sell cannabis may not be worth billions of dollars each, but their collective value is not insubstantial.

On Legalization Day, when the *Cannabis Act* comes into force, only these companies will be able to sell "recreational" cannabis to Canadians (assuming the provinces have their sales structures in place). We do not like this situation - we believe these behemoth corporate entities will have an unfair advantage from the start and will attempt to entrench their monopoly in the marketplace. British Columbia consumers will have no choice but to buy their average quality cannabis from large corporations, the largest and most dominant of which are Ontario-based.

Nurseries, micro cultivators and micro processors will have to apply for their licenses after Legalization Day. We strongly believe that one of the license application requirements will be that an applicant must have a facility in which to operate their business and have "local permissions" granted. We believe this to be true because it is the process under the current ACMPR license application process. If a municipality does not take steps to pass zoning bylaws that allow small scale business owners to reasonably access land on which to propagate, cultivate and process their cannabis, they will not be able to proceed with their license applications in a timely manner. Not having local cannabis businesses up and

running *as soon as possible* will negatively impact the communities in which they seek to operate, in terms of both the economy and law enforcement.

The economic issue is an important one. Of course, the constituents of our Association, and others, are anxious to enter the market place so they benefit from the demand for cannabis. However, the issue is not strictly about the money; cannabis cultivation is a historical part of the cultural fabric of British Columbia and the cannabis that is grown in this province has long had a reputation for being some of the best in the world. There are a significant number of local residents with decades of experience who are true masters in the art of growing really, really good weed. And, based on our knowledge of the recreational cannabis industry, it is our opinion that many, if not most, consumers in British Columbia prefer the superior quality, small batch, craft-grown offerings available locally.

All of the knowledge, skill and artistry that is required for British Columbia to become the nationally dominant source of cannabis already exists; however, the first step in achieving BC's dominance of the market lies not with the federal government, but with the municipalities and their zoning bylaws.

8. Conclusion

We respectfully urge the municipalities to consider our submissions herein carefully and to place a priority on resolving the zoning issues.

The impending legislation presents a historic opportunity to diversify the economy and strengthen the communities we love and in which we want to operate our businesses. However, practically speaking, the stakes are considerable at this time. Our friends at the Cannabis Commerce Association of Canada provided an accurate assessment of the situation in their 2017 submission to the federal government*:

When it comes to crafting effective policy relating to cannabis legalization, governments at all levels need to approach their regulatory duty with care and consideration. Cannabis is not a "greenfield" economic opportunity, but rather is a mature, vibrant economy that should be carefully integrated into our tax system rather than carelessly destroyed- the consequences for which would be economic devastation across much of BC, and other rural areas throughout Canada.

Persons intending on entering the legal system want very much to work with the municipalities and are willing to provide all of the information about small scale cannabis propagation, cultivation and processing that the municipalities will require to make the decisions that are most beneficial for all of their residents. We sincerely hope that the municipalities will take advantage of our invitation and make use of the information we are uniquely able to provide.

* <http://www.ourcommons.ca/Content/Committee/421/HESA/Brief/BR9074196/br-external/CannabisCommerceAssociationOfCanada-e.pdf>