

CAMCD Response to the B.C. Cannabis Private Retail Licensing Guide

February 6, 2018

CAMCD would like to thank the BC Government for their progressive approach to regulating cannabis retail in BC, in particular the creation of a transition opportunity for existing storefront dispensaries, and opportunities for private business to participate in this industry. This approach is indicative of careful stewardship of an existing industry in BC, and consistent with the transition strategies found in mature cannabis jurisdictions in the USA.

We will take this opportunity to drill deeper into the policy options presented in this quickly evolving regulatory landscape.

Distribution

We are informed that in the distribution of alcohol, the LDB allows direct shipping from certain producers direct to private liquor retailers. We are convinced that a successful cannabis distribution regime will follow this protocol as much as possible, and avoid central warehousing of product at every opportunity. The goals of affordability, product freshness/quality, and market access for small producers will be best served by an efficient and lean distribution system that relies on monitoring of the seed to sale tracking systems already in use by LP's, rather than central warehousing.

Government Run Retail

With BC Provincial debt the third lowest in Canada, and with BC households carrying the highest household debt in the country, it's clear that British Columbians need the financial opportunities afforded by regulated cannabis retail more than the provincial government does.

Small businesses comprise 98% of all businesses in BC, and create more jobs than large business or the public sector at 44%, 38%, and 18% respectively. BC leads the country in small businesses per capita, small business growth, and is second only to Alberta in small business contributions to GDP. Revenue from small businesses also stay in the communities the businesses are located in, supporting local economies.

Regulating cannabis retail to benefit small business is the best way that the BC Government can leverage this newly legalized industry to vitalize BC's economy.

If government stores are to be included in the legal framework, valid reasons should be presented as to why this is necessary. While distribution control/monitoring (i.e. not central warehousing) through the LDB is an appropriate use of existing infrastructure, creating new retail infrastructure with tax dollars to perform a service that private industry is ready to do seems contrary to good progressive policy.

Licenses

Medical Cannabis Retail

We understand that the plethora of issues the BC Government is dealing with limits their ability to take on additional files, however the lack of availability of medical cannabis retail licenses is an ongoing and serious concern. Despite the recommendations of Justice Phelan in *Allard v. Canada* that “dispensaries are the heart of cannabis access”, federal regulators have failed patients by not including medical dispensaries in Bill C-45.

We implore the BC Government to push back on the federal government’s proposed 5-year delay to review the medical cannabis system. As established in BC and Canadian Supreme Courts, the federal system for medical cannabis is deficient and does not adequately serve the needs of patients. The federal medical cannabis system is failing patients in 3 key areas:

1. Prescribing authority limited to MD’s and Nurse Practitioners,
2. Access to extracts and concentrated cannabis oil currently found in BC’s existing medical cannabis dispensaries is delayed for at least 1 year,
3. Storefront medical dispensaries are still not allowed.

Much like Colorado’s system, CAMCD would like to see a continuation of access for medical consumers through legal private retailers with a kiosk or counter dedicated to medical cannabis products and patients. As it stands, with a 5-year delay on changes to the medical system, the Federal Government is legislating a disruption in the quality of life to cannabis patients who have found their beneficial solutions in the existing unregulated market.

As representatives of the largest cannabis producing province in Canada, the BC Government is in a unique and important position to advocate for fair and readily accessible medical cannabis, for not just British Columbians but for all Canadians.

Consumption lounges

Adopting a “one step at a time” policy is understandable for a government tasked with regulating a previously prohibited substance, however creating a safe environment for consumers to share cannabis socially is an important next step. In BC there are approximately 10,000 sites for the consumption of alcohol. It is a natural extension of legalization to provide similar access for cannabis consumers, whether it be restaurants and cafes serving infused foods and beverages,

or vapor/smoking lounges. With the ratio of cannabis consumers to alcohol consumers at roughly 1:4, there is a clear case for at least 2,500 sites in BC for the consumption of cannabis.

We look forward to consulting with the province on this topic.

Operations

Co-location

We support the BC Government for banning co-location with alcohol; an appropriate and clearly justified public health policy. We agree that co-location with other business types in rural communities may be necessary for adequate access and viability in a small market.

Online sales

In today's marketplace, online sales are a standard, and some would say necessary component of successful small business operation. CAMCD recommends that the province grant the right to online sales to private cannabis retail license holders; there is no clear reason to support awarding online sales exclusively to public retailers. CAMCD acknowledges that consideration may be given to allowing private online sales in the future, and looks forward to continued dialogue on this topic.

Supply

Purchasing

As a specialty agricultural product in limited supply, it is natural for retailers to form supply agreements with preferred producers, and for producers to form agreements with preferred retailers. The LDB's mandate should not undermine these relationships, rather they should simply oversee the transactions and allow business relationships to form and take place.

Purchasing direct from Licensed Producers is an efficient way to facilitate supply transactions. The LDB's role would ideally entail the monitoring of these transactions.

Curating

Experience has shown considerable variability in the quality of cannabis flowers from grower to grower, and batch to batch. Successful retailers carefully curate their products through sampling and assessment.

CAMCD recommends that storefront operators be given the ability to make arrangements to sample licensed cultivator/processor products prior to committing to purchase. This can be accomplished through:

1. An online portal where licensed producer/processor products can be shipped direct to storefront operators so they can make an informed decision regarding which cannabis products to purchase for resale.
2. An ability for licensed producer/processors to send representatives to visit licensed retailers to provide sample product and explain its attributes, cultivation history, genetics.
3. Industry events where retail buyers can go to examine and sample products and talk to producers.

Closing

Cannabis cultivation, retail, and advocacy in Canada are centred in British Columbia, and we are thankful that the BC Government is cognizant of this and has chosen to allow a transition opportunity for its existing private retailers.

We are also appreciative of the efforts of the BC Government to advocate at the federal level for its existing small producers.

We recognize that many of the limitations of the Licensing Guide are driven by Federal Bill C-45: CAMCD looks forward to working with the BC Government towards progressive change at the federal level regarding product diversity, small producer inclusion and improved access for medical cannabis patients.