



# Guiding Cannabis Regulations in Canada

Prepared by Sarah Campbell and Teresa Taylor  
**Craft Cannabis Association of British Columbia**

For the Canadian Cannabis Legalization and Regulation Secretariat

**January 2018**

Contact Email: [hello@craftcannabis.ca](mailto:hello@craftcannabis.ca)  
Organization Website: [www.craftcannabis.ca](http://www.craftcannabis.ca)



## EXECUTIVE SUMMARY

The Craft Cannabis Association of British Columbia (CCABC) is a non-profit society founded by a diverse group of cannabis advocates with decades of experience in the industry. We are consumers, cultivators, processors, and entrepreneurs who want to ensure that high quality, locally produced cannabis is recognized and incorporated in the new regulatory framework for legal cannabis in Canada. Our mission is to support and promote the craft cannabis industry in British Columbia.

Craft cannabis is produced by small, independent farmers with a passion for cultivating the cannabis plant and making value added products. They value quality over quantity and in many cases they have unique skills that have developed over decades, even generations, with teachings related to breeding, permaculture and traditional medicines. They are experts at growing indoors and under the sun and their products and skills will only get better once prohibition is lifted. Most importantly, they have established relationships with consumers and retailers in their local areas.

We surveyed farmers and processors across the province of BC asking for their feedback on the proposed regulations. We engaged in many discussions regarding current and recommended sizes of operations, growing practices and what an ideal scheme would look like. Although there are portions of the population that may never join the legalization program, many support regulations at all levels of government that reasonably address concerns around public health and safety while promoting small business initiatives, environmental sustainability, economic stability, public education, research and consumer autonomy.

Canada has taken a hyper-regulatory approach with cannabis at the outset, one based on years of prohibition. We would welcome a shift towards cannabis as an agricultural, food or natural health product rather than a product regulated by the pharmaceutical industry. We look forward to a set of rules and regulations that reflect the minimal risk of the operation.

After years of prohibition, many in the craft cannabis community are saddled with criminal records and may have difficulty obtaining security clearances. Moving forward with legalization, we want to see equal opportunity for those who may have been historically involved in the industry and are otherwise law abiding citizens.

It is most important to recognize the relationships that exist between farmers, processors, cannabis retailers and consumers. The success of the micro license categories depends on the overall cost and extent of the requirements, and also our ability to sell direct to the consumer who supports small, craft, sustainable cannabis.



## **PROPOSED LICENSES**

Licensing for different activities is favoured by the craft producers and processors we surveyed. We welcome the opportunity to focus on the aspects of the industry at which we excel, but there will be those who want to both cultivate and process. We are hopeful for a specific micro-business category that that allows for cultivation and processing, saving time and money by having one application.

Many farmers are encouraged by the introduction of outdoor licensing. Indoor gardens allow the farmer multiple harvests per year in a controlled environment that is conducive to research and breeding, but the energy costs are high. Outdoor gardens are sustainable, cost effective and regenerative, but the crop is exposed to the elements and therefore at higher risk of crop failure. We would like to see incentives to encourage outdoor growing and understand that it will take some time to transition.

Craft producers and processors appreciate that the proposed licenses provide a way forward for those wanting to participate in the legal market, however, some would argue that one micro category does not sufficiently cover the small and medium sized businesses that currently exist. Other jurisdictions have taken a more detailed approach (see California's licensing system Appendix A) and acknowledge the multitude of sizes of operations.

### **Threshold of Micro-cultivation Licenses**

None of the proposed ways of measuring the size of a cannabis farm are sufficient since each has its own limitations. Square footage of the flowering canopy is the easiest to measure and is a common measurement used in other jurisdictions.

We recommend an indoor threshold of 10,000 square feet.

We recommend a sungrown threshold of 1 Acre.

### **Threshold of Micro-Processing Licenses**

We recommend that a micro-processor has the capacity to serve at minimum one micro-cultivator and it would be beneficial to serve several, depending on the region. The micro model can and should support local community economic development.



## PROPOSED RULES AND REQUIREMENTS

Overall, we would like to see affordable micro-cultivation and micro-processing licenses with rules and requirements that are achievable and inclusive. Currently modeled after the pharmaceutical industry, the expectations put forth by the Federal government exceed that of other industries. Overly restrictive requirements, like those we have witnessed thus far with the current Access to Cannabis for Medical Purposes Regulations (ACMPR), limit entry into what could be considered an agricultural or natural health products industry.

*Notice to local authorities:* We think it is reasonable to require all license classes to notify authorities if cannabis will be stored on site. We look forward to a transition from the treatment of cannabis as a restricted pharmaceutical product that requires this notification, to an agricultural product/natural health product that does not.

*Validity Period:* A validity period of five years is reasonable.

*Location:* We agree that licensed activities should not be conducted in a dwelling-house. We are supportive of the inclusion of outdoor cannabis cultivation for all classes of cultivation licenses. Outdoor gardens provide an opportunity to produce sustainable, clean cannabis at a fraction of the cost of indoor. Indoor gardens are valued for their controlled environments, reliability and capacity for multiple harvests, and we believe future technological innovations will help to reduce energy and production costs.

***Physical security:*** We are pleased that Health Canada is recognizing the difference in security needs between the large licensed producers and micro-cultivators and processors. Large-scale cannabis operations have vast quantities of cannabis on site and a large number of employees that could pose a risk in regards to theft and/or diversion. Micro-cultivators and processors will have just a handful of employees (approximately 2-25) compared with the hundreds at a very large facility. They will also have much less cannabis on site and will be tracking the product from seed to sale, so it seems very unlikely that product will be diverted.

The differences in physical security requirements between 'standard' and 'micro' categories are intrusion detection systems and video monitoring. Though we appreciate the reduced requirement for micro licensing when it comes to monitoring the cannabis storage areas, most micro-businesses agree that they will include intrusion detection systems and perhaps even some video monitoring (processing in particular). Many small farmers have already taken measures to assure that their crops are safe because it makes good business sense.

We welcome the move of cannabis cultivation to the outdoors and we want to ensure that the physical security requirements be reasonable and encourage small outdoor agricultural initiatives. Fencing around the perimeter of the property, with video monitoring, should be adequate.



**Personnel Security:** This is a measure designed to prevent diversion and avoid the risk of individuals associated with organized crime infiltrating licensed organizations to benefit criminal organizations. We agree that it is important to identify all individuals connected to the license (directors, shareholders, property owners). We agree with the requirement to implement a security plan and the identification of key positions responsible for oversight. However, in the case of the micro-licenses, this means that possibly every employee would have to be security cleared.

Most people involved with cannabis are not organized crime<sup>1</sup> and these measures therefore seem overly burdensome, towards what is in fact a very minimal risk, for the micro-cultivator and micro-processor. Policies regarding personnel security should not provide unnecessary burdens to micro-business, for example requiring all of your employees to be security cleared in order to meet this requirement.

**Security Clearances:** We believe the extensive security clearances required to move into legal cannabis cultivation and processing is first and foremost based on fallacy. Attempting to remove the criminal element in the industry implies that those currently involved in the illicit cannabis industry have connections with organized crime. This is not the case and we know that those in the current industry are in fact otherwise law abiding citizens.<sup>2</sup>

Our understanding is that minor cannabis infractions, such as possession or cultivation of small amounts of plants, will be overlooked, but infractions such as trafficking may potentially provide sufficient reason for denial. There are many cases where growers provided cannabis to their communities and were arrested and served their time. These people should not continue to be penalized, and their law-breaking under prohibition does not suggest that they will break laws under a legalized system. Being convicted of a prior cannabis infraction *does not* qualify them as incapable or untrustworthy of operating in a legal system.

**Good Production Practices (GPP):** The government has proposed that the regulations under the new Cannabis Act be based on the current ACMPR Good Manufacturing Practices. We believe the current ACMPR is overly strict in its treatment of cannabis as a pharmaceutical product.

---

<sup>1</sup> Solecki, A., Burnett, K., & Li, K. (2011). Drug production cases in selected Canadian jurisdictions: A study of case file characteristics 1997–2005. Ottawa: Department of Justice. Released under the Access to Information Act.

<sup>2</sup> Ibid.

We hope that small farmers will tend toward outdoor growing to reduce costs and achieve sustainability, and we are concerned that micro-cultivators engaged in sustainable farming practices (e.g. outdoor, organic) may not pass the current microbial allowances. The Cannabis Safety Institute in the United States has done a significant study on the microbiological safety of cannabis and they compared the testing approaches of Washington and Colorado and made recommendations. They conclude that compared to most agricultural products, cannabis is exceptionally safe<sup>3</sup>. Many current ACMPR licensed producers also have trouble meeting current microbiology standards and radiate their end product to ensure it is free of molds and bacteria.

In regards to micro-processors, the Cannabis Safety Institute recommends that cannabis edibles be regulated by local health departments as they carry the same microbiological risks as any other food product.

*Record Keeping and Reporting:* We understand the need for record keeping to ensure compliance and in case of product recalls, however, we have heard from ACMPR license holders that the current requirements are incredibly onerous. We hope that the requirements in regards to the micro-licenses will be similar to those required for fruit or vegetable or tobacco production. Micro-processing record keeping and reporting should be similar to the records required for a health certified kitchen, for example.

## **PROHIBITED PRODUCTS**

Consumers deserve choice. It is unfortunate that certain products are not being brought into the Act until 2019 as many are considered safe, and anecdotal evidence suggests that the majority of processors of these categories of products are women.

Topicals are a very safe natural health product that could be brought into the Act immediately as they are non-psychoactive. Tinctures, alcohol based herbal extracts, have been used for thousands of years and remain to this day one of the most widely used forms of herbal medicine. They are gentle and absorbed very well in the body. Hash is a natural concentrate made without solvents and has been used for centuries; it is safe and could be incorporated quickly. Edibles are expected to make up approximately 50% of the adult use market, as seen in other jurisdictions. For new consumers that want to try cannabis but do not want to smoke or vape, edibles provide a safe alternative.

---

<sup>3</sup> Microbiological Safety Testing of Cannabis, Cannabis Safety Institute, May 2015, <http://cannabissafetyinstitute.org/wp-content/uploads/2015/06/Microbiological-Safety-Testing-of-Cannabis.pdf>

Regarding limiting the amount of THC per product, we point out that alcohol is available in minute strength in food products in the grocery store. It is also available in 190 proof form (Everclear) from various liquor stores. We believe a range of THC levels (and other cannabinoids) should be available to the consumer, especially since cannabis is so much safer than many other products on the market.

## **PACKAGE AND LABELLING**

Branding is necessary for products to be differentiated in the marketplace. We recommend policy that does not restrict the marketing capacity of cannabis businesses beyond what measures are placed upon the alcohol industry. Colours should be unlimited, and imagery that reflects responsible adult usage, cultivation and processing should be fair use.

We also recommend the allowance for industry certification symbols on packages.

## **INNOVATION**

Between 2011 and 2013, small businesses accounted for 27 percent of total research and development expenditures, spending \$13.0 billion over the period.<sup>4</sup> In this regard, small business is also then responsible for over a quarter of all innovative discovery. Craft farmers and processors excel at developing innovative techniques, equipment, processes and products.

Farmers are concerned about their genetics. They have spent years developing these regional strains and it is important for them to maintain ownership of these genetics. There must be a mechanism for cultivators to bring their genetics into the legal market. This will encourage innovation and keep Canada at the forefront of this industry.

## **ENFORCEMENT**

We believe police budgets should be reduced rather increased with legalization. If the government is concerned about public health and safety, funds should be put towards the health authorities, incentives, training regarding how to be compliant, and grants given to industry groups and certification bodies so they can continue to do their work.

---

<sup>4</sup> Key Small Business Statistics, June 2016. Innovation, Science and Economic Development Canada Small Business Branch. [www.ic.gc.ca/sbstatistics](http://www.ic.gc.ca/sbstatistics). Retrieved January 2018 from: [https://www.ic.gc.ca/eic/site/061.nsf/vwapj/ksbs-psrpe\\_june-juin\\_2016\\_eng.pdf/\\$file/ksbs-psrpe\\_june-juin\\_2016\\_eng.pdf](https://www.ic.gc.ca/eic/site/061.nsf/vwapj/ksbs-psrpe_june-juin_2016_eng.pdf/$file/ksbs-psrpe_june-juin_2016_eng.pdf)

## **OVERALL REGULATORY PROPOSAL**

Consumers, across multiple industries including alcohol and food production, favour choice and range of products created by small business people in their communities. The inclusion of micro-licenses is a step in the right direction, but it is important to recognize the relationships that exist between cultivators, processors, consumers and retailers.

We understand that the provinces will be determining who is authorized to sell legal cannabis, and we want to ensure the Federal government understands that the success of the micro-license program will depend on the micro-cultivators and micro-processors having an avenue to get their products to market. The success of the micro license categories depends on the overall cost and extent of the requirements, and also our ability to sell direct to the consumer who supports small, craft, sustainable cannabis.





## Appendix A: California Licenses

### Cultivation licenses:

Type 1 = Cultivation; Specialty outdoor - up to 5,000 sq ft, or up to 50 mature plants

Type 1A = Cultivation; Specialty indoor - between 501 and 5,000 sq ft

Type 1B = Cultivation; Specialty mixed-light - between 2,501 and 5,000 sq ft

Type 1C = Cultivation; Specialty cottage - 2,500 sq ft or less for mixed-light cultivation, up to 25 plants outdoor, or 500 sq ft or less indoor cultivation

Type 2 = Cultivation; Outdoor; Small - 5,001 to 10,000 sq ft

Type 2A = Cultivation; Indoor; Small - 5,001 to 10,000 sq ft

Type 2B = Cultivation; Mixed-light; Small - 5,001 to 10,000 sq ft

Type 3 = Cultivation; Outdoor; Medium - 10,001 sq ft to 1 Acre

Type 3A = Cultivation; Indoor; Medium - 10,001 to 22,000 sq ft

Type 3B = Cultivation; Mixed-light; Medium - 10,001 to 22,000 sq ft

Type 4 = Cultivation; Nursery

Type 5 = Cultivation; Unlimited - 22,001 sq ft and great. Not available until 2023. No vertical integration permitted.

### Other licenses:

Type 6 = Manufacturer 1

Type 7 = Manufacturer 2

Type 10A = Dispensary; No more than three retail sites

Type 8 = Testing

Type 11 = Distribution

Type 10 = Dispensary; General

Type 12 = Transporter (Note: Prop 64 does not include this license)

Type 13 = Micro-business - under 10,000 square feet includes cultivation, distributor, non-volatile manufacturer and retailer

