

**From:** [Hrycuik, Lorie AGRI:EX](#)  
**To:** [Cushing, Jackie AGRI:EX](#); [Anslow, Martha AGRI:EX](#)  
**Subject:** FW: Cannabis  
**Date:** March 19, 2018 12:31:38 PM  
**Attachments:** Cannabis cab sub\_DRAFT v9.pptx

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FYI

Lorie Hrycuik  
Ministry of Agriculture  
250-356-8299

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**From:** Mack, James AGRI:EX  
**Sent:** Monday, March 19, 2018 12:29 PM  
**To:** Shoemaker, Wes AGRI:EX  
**Cc:** Hrycuik, Lorie AGRI:EX; Hansen, Erin AGRI:EX  
**Subject:** Cannabis

Wes,

Attached is a draft cannabis deck seeking direction on 2 issues:

- Production on ALR; and,
- Eligibility for program funding (ie CAP)

Depending on when we get in for direction, the second question may end up being overtaken by events.

Let me know your thoughts, or if you want time with Lorie and I to go through it. In the meantime, we're still making edits

*James Mack*

*Assistant Deputy Minister – Agriculture Science and Policy*

*Ministry of Agriculture*

*Phone: 250-356-1821*

*Fax: 250-356-7279*

*e-mail: [James.mack@gov.bc.ca](mailto:James.mack@gov.bc.ca)*

# **Cannabis and Agriculture**

Ministry of Agriculture  
Cabinet Submission

# Outline

- Agriculture's Current Role in Medical Cannabis
- Current Status of Medical Cannabis Production in BC
- Cannabis Status After Legalization
- Market Projections for the Industry
- Jurisdictional Scan on other province's approach
- Seeking Direction on:
  1. Regulation of cannabis production on the Agricultural Land Reserve (ALR)
  2. AGRI support for cannabis production

# **Agriculture's Current Role in Medical Cannabis**

- Regulate production on the ALR.
- Support local governments on local planning issues and address community complaints about operations.
- Assist with minor pesticide registration and general diagnostic for plant pests.
- No funding provided for AGRI designated funding programs as cannabis is currently listed as a narcotic.
- Eligible for AgriStability and AgriInvest under the Business Risk Management (BRM) programs as medical cannabis is considered farm income.



# Current Status of Medical Cannabis Production in BC

- Production is permitted on the ALR.
- Health Canada reports that in B.C. there are 19 licenced commercial producers and 156 active applications.
- Local governments:
  - can restrict production but are unable to prohibit production outright.
  - cite a number of nuisance complaints (e.g. noise, odour).
  - Some still choose to prohibit production in their jurisdictions.
- A commercial production facility is a controlled industrial “bunker”
- Non-commercial producers who grow for medical patients (number unknown) generally produce in greenhouses.

# Status of Cannabis After Legalization

- Agriculture and Agrifood Canada (AAFC) has indicated cannabis will be recognized as an agricultural crop.
- AAFC will enable eligibility for agricultural federal /provincial cost shared funding programs.
- Cannabis will be removed from the narcotics list and will likely be considered farm income by Canada Revenue Agency.
- Methods of cannabis production will expand to include open field and greenhouse production.
- Production licences will expand to include micro-production allowing for a craft industry.
- Producers will be able (and most likely will) hold both medical and non-medical licences.
- Limited product differentiation between medical and non-medical cannabis.
- Export will be allowed for medical, scientific and research purposes only.

# Market Projections for the Industry

- Significant interest in cannabis as a cash crop could result in over supply.
- Over production by larger-scale producers could put downward pressure on pricing to drive small producers out of the market.
- Product shortage could occur related to production issues (i.e. crop failure) or difficulty moving product through the value chain.
- Product shortage could result from increased focus on export vs BC market; or legalization of edibles.
- Market will likely stabilize in the long-term as supply and demand become balanced.

# Jurisdictional Scan

Province/Territory	Designated (Funding) Programs	BRM (Insurance) Programs	Land Use
National (AAFC)	Eligible	Undecided	N/A
NFLD	Not eligible	-	-
NB	Not eligible	Not eligible-defer to BRM WG	-
NS	Undecided	Undecided, likely not eligible	Not identified as an issue
SASK	Undecided	Not eligible-defer to BRM WG	-
AB	-	Undecided	-
Ontario	Eligible	Undecided-defer to BRM WG	Undecided- likely permitted on Ag land
Quebec	Undecided	Undecided	Focus on Greenhouse production
Manitoba	-	-	-

# **Seeking Direction: How Should Cannabis Production Be Regulated on the ALR?**

s.13

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# **Seeking Direction: How Should AGRI Support the Cannabis Industry?**

s.13



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s.13

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s.13

**From:** [Hrycuik, Lorie AGRI:EX](#)  
**To:** [Cushing, Jackie AGRI:EX](#)  
**Subject:** FW: cannabis production estimate  
**Date:** March 5, 2018 11:38:35 AM

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Lorie Hrycuik  
Ministry of Agriculture  
250-356-8299

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**From:** Jonson, Byron AGRI:EX  
**Sent:** Monday, March 5, 2018 11:31 AM  
**To:** Steward, Lonny AGRI:EX  
**Cc:** Hrycuik, Lorie AGRI:EX  
**Subject:** RE: cannabis production estimate  
s.13

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**From:** Steward, Lonny AGRI:EX  
**Sent:** Monday, March 5, 2018 11:04 AM  
**To:** Jonson, Byron AGRI:EX  
**Cc:** Hrycuik, Lorie AGRI:EX  
**Subject:** FW: cannabis production estimate

BC now has planned or in place the production space to meet at least 70% of the estimated national demand for cannabis. This equates to about 700% of the demand inside BC.

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**From:** Woodske, David AGRI:EX  
**Sent:** Monday, March 5, 2018 10:51 AM  
**To:** Steward, Lonny AGRI:EX  
**Subject:** RE: cannabis production estimate

Yes, it is in addition to the 100 acres. I am aware of 126 acres of greenhouse production area in BC. I read a report this morning of a new operation in Ontario that is building a 32-acre greenhouse for cannabis. There are new reports weekly. I don't know whether all of these facilities will come into production. I also question where all the product will go.

Dave

Dave Woodske, P.Ag. | Industry Specialist, Ornamentals and Greenhouse Vegetables  
p: 604-556-3044

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**From:** Steward, Lonny AGRI:EX  
**Sent:** Monday, March 5, 2018 10:05 AM  
**To:** Woodske, David AGRI:EX  
**Subject:** RE: cannabis production estimate

Thanks Dave. Can you please confirm the bulleted list in in addition to the 100 acre capability? That would bring BC to 125 acres not including all the smaller "micro production licenses".

The level of over production could be extreme. The impending carnage in the market will impact BRM programs substantially if I can't convince others we need to do something to avoid it.

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**From:** Woodske, David AGRI:EX  
**Sent:** Monday, March 5, 2018 9:49 AM  
**To:** Steward, Lonny AGRI:EX  
**Subject:** RE: cannabis production estimate

Hi Lonny,

I am aware of 40 hectares (100 acres) of greenhouse space that is being converted to cannabis

production in BC. Not all of the space will be converted immediately. This doesn't include the new greenhouse operations that have been built or that are under construction for cannabis:

- Aphria (formerly Broken Coast on Vancouver Island) is expanding their operation by 60,000 sq ft; the initial production facility was an indoor operation but I don't know whether that is the case for the expansion.
- Evergreen Medicinal Supply has reported their plans to build a 180,000 sq ft greenhouse in Saanich.
- Sunniva is to begin construction this spring on a 700,000 sq ft greenhouse in Oliver.
- Whistler Medical Marijuana Corp is working on a 65,000 sq ft expansion at their facility in Pemberton; unsure whether a bunker or greenhouse.
- Tantalus labs in Maple Ridge has a 120,000 sq ft greenhouse.

Thus, there is at least 126 acres of greenhouse being converted (100 acres) or built (26 acres) for cannabis in BC. Many more operations are being built/converted in other provinces...especially Ontario. Yes, it may not take long for the local recreational market to be saturated with product. Although, what is the potential of the export market and edibles?

Dave

Dave Woodske, P.Ag. | Industry Specialist, Ornamentals and Greenhouse Vegetables  
p: 604-556-3044

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**From:** Steward, Lonny AGRI:EX

**Sent:** Tuesday, February 27, 2018 2:01 PM

**To:** Woodske, David AGRI:EX

**Subject:** cannabis production estimate

There is a federal presentation that went to Deputy Ministers on cannabis. s.16

s.16

**From:** [Renaud, Michael AGRI:EX](#)  
**To:** [Cushing, Jackie AGRI:EX](#); [Steward, Lonny AGRI:EX](#)  
**Subject:** RE: Request for input  
**Date:** February 2, 2018 3:33:45 PM

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Hi Jackie

I can answer for CAP Designated Programs, which includes biosecurity & surveillance program funding. Lonny is your guy for BRM and insurable crop questions...

s.16

Hope that helps...

Mike

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**From:** Cushing, Jackie AGRI:EX  
**Sent:** Friday, February 2, 2018 3:16 PM  
**To:** Steward, Lonny AGRI:EX; Renaud, Michael AGRI:EX  
**Subject:** Request for input

Hi Mike and Lonny,

Do either of you know if decisions have been made with regards to the following:

s.13

I am drafting key messages for Wes and I would like to provide an update as to whether or not decisions have been made on these points. Consider both medical and non-medical cannabis.

Thanks, Jackie

**Jacqueline Cushing BScN MPH** | Senior Policy Analyst  
Ministry of Agriculture | Corporate Governance, Policy and Legislation Branch  
PO Box 9120 Stn Prov Gov, Victoria BC V3G 2M3  
[jackie.cushing@gov.bc.ca](mailto:jackie.cushing@gov.bc.ca) | Ph: (250) 356-7219

**From:** [Hrycuik, Lorie AGRI:EX](#)  
**To:** [Shoemaker, Wes AGRI:EX](#)  
**Cc:** [Anslow, Martha AGRI:EX](#); [Mack, James AGRI:EX](#); [Scott, Melissa AGRI:EX](#); [Cushing, Jackie AGRI:EX](#); [Lalani, Arif AGRI:EX](#); [Cameron, Sandra AGRI:EX](#)  
**Subject:** speaking points for DM Cannabis WG  
**Date:** January 9, 2018 10:07:11 AM

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Wes

We are seeking guidance from the DM's Cannabis WG on how to proceed on the three agriculture related policy issues that ADM's agreed in December to move on now rather than in July.

The three policy issues are as follows:

1. The extent the province will restrict or prohibit production of cannabis on the ALR **s.13**  
**s.13**
2. Extent for agriculture funding/resource support for the cannabis sector which includes availability of crop insurance, innovation funding, etc. **s.13**  
**s.13**
3. What is the province's economic development approach for the cannabis sector? **s.13**  
**s.13**

The first two policy issues are tasked to Ministry of Agriculture with collaboration by the other ministries e.g. MAH. The third policy issue would be tasked to the Secretariat Economic Development Sub Working Group.

The question we are seeking is what is the recommended approach to seeking decision on the first two agri policy issues?

- by cabinet submission and ask for cabinet dates?
- by the two ministers responsible for cannabis (AG and PSSG), or
- other?

Let me know if you would like anything clarified.

Lorie

Lorie Hrycuik,

Executive Director, Corporate Governance and Policy Branch

Ministry of Agriculture

Ph:250-356-8299

Email: [lorie.hrycuik@gov.bc.ca](mailto:lorie.hrycuik@gov.bc.ca)

**From:** [Shaw, Mary A PSSG:EX](#)  
**To:** [Hrycuik, Lorie AGRI:EX](#)  
**Cc:** [Cushing, Jackie AGRI:EX](#); [Anslow, Martha AGRI:EX](#)  
**Subject:** RE: AGRI decision notes  
**Date:** May 28, 2018 3:33:35 PM  
**Attachments:** [Key Decisions one-pager AGRI items.docx](#)  
[Draft DN AG SG re AGRI.docx](#)

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Amended notes are attached; please let me know if you have any concerns.

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**From:** Hrycuik, Lorie AGRI:EX  
**Sent:** Monday, May 28, 2018 3:22 PM  
**To:** Shaw, Mary A PSSG:EX  
**Cc:** Cushing, Jackie AGRI:EX; Anslow, Martha AGRI:EX  
**Subject:** RE: AGRI decision notes

Mary, I also know that Jackie asked for some minor revisions to the one page overview of the decisions. Can you please send me the finals so we have a record of the final note?

Thanks

Lorie

Lorie Hrycuik

Ministry of Agriculture

250-356-8299

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**From:** Shaw, Mary A PSSG:EX  
**Sent:** Monday, May 28, 2018 3:16 PM  
**To:** Hrycuik, Lorie AGRI:EX  
**Cc:** Cushing, Jackie AGRI:EX; Anslow, Martha AGRI:EX  
**Subject:** RE: AGRI decision notes

One more thing... there is a Deputy Ministers Working Group meeting this Wednesday, and Mark flagged that he may ask Wes to give a brief update on these issues – no ppt or anything, just a high level update on the Ministers' direction. Can you ensure Wes is aware?

Thanks,

Mary

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**From:** Shaw, Mary A PSSG:EX  
**Sent:** Monday, May 28, 2018 3:07 PM  
**To:** Hrycuik, Lorie AGRI:EX  
**Cc:** Cushing, Jackie AGRI:EX; Anslow, Martha AGRI:EX  
**Subject:** RE: AGRI decision notes

Hi Lorie – I don't think Minister Donaldson needs to attend another meeting on this. If he signs the DNs, we'll get SG/AG sign-off via the shorter notes I sent over a couple of weeks ago, and then you should be good to proceed with drafting the reg changes.

Mary

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**From:** Hrycuik, Lorie AGRI:EX  
**Sent:** Monday, May 28, 2018 12:11 PM  
**To:** Shaw, Mary A PSSG:EX  
**Cc:** Cushing, Jackie AGRI:EX; Anslow, Martha AGRI:EX  
**Subject:** FW: AGRI decision notes

Mary, apologies for the delay in responding. My understanding is that the dn's have been sent over to Minister Donaldson for signature. Is the next step to organize the three minister meeting to finalize? Will this date be set shortly?

Lorie

Lorie Hrycuik

Ministry of Agriculture

**From:** Cushing, Jackie AGRI:EX  
**Sent:** Wednesday, May 23, 2018 4:27 PM  
**To:** Hrycuik, Lorie AGRI:EX  
**Cc:** Anslow, Martha AGRI:EX  
**Subject:** FW: AGRI decision notes

Hi Lorie,

Can you respond to Mary's question please? I will tell her I have forwarded her inquiry to you.

Thanks, Jackie

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**From:** Shaw, Mary A PSSG:EX  
**Sent:** Wednesday, May 23, 2018 4:17 PM  
**To:** Cushing, Jackie AGRI:EX  
**Subject:** AGRI decision notes

Hi Jackie – Can you tell me whether Minister Donaldson has signed off on the decision notes re eligibility of cannabis for AGRI programs and cannabis production on the ALR?

Thank you,

Mary

**Mary Shaw** | Executive Director, Governance, Quality Assurance and Strategic Policy |  
Ministry of Advanced Education | Cell: 250-217-8199 | [mary.shaw@gov.bc.ca](mailto:mary.shaw@gov.bc.ca)



## **Key Decisions Needed**

s.12; s.13

May 11, 2018

**MINISTRY OF PUBLIC SAFETY AND SOLICITOR GENERAL  
MINISTRY OF JUSTICE AND ATTORNEY GENERAL**

**DECISION NOTE**

**PURPOSE:**

For UPDATE and DECISION of the Honourable Mike Farnworth, Minister of Public Safety and Solicitor General, and the Honourable David Eby, Attorney General.

**BACKGROUND:**

The purpose of this note is to create a record of decisions related to cannabis legalization made at a \*date\* briefing of the Solicitor General and Attorney General.

The decisions concern the treatment of cannabis production in the agricultural context, and are approved by the Minister of Forests, Lands, Natural Resource Operations and Rural Development (standing in for the Minister of Agriculture on the cannabis file). See attached decision notes.

**ISSUES DECIDED:**

s.12; s.13

s.12; s.13

**DECISIONS APPROVED / NOT APPROVED****DATE:**

\_\_\_\_\_  
 Honourable Mike Farnworth  
 Minister of Public Safety and Solicitor General

**DECISIONS APPROVED / NOT APPROVED****DATE**

\_\_\_\_\_  
 Honourable David Eby  
 Minister of Attorney General

**Prepared by:**

Mary Shaw  
 Executive Director, Cannabis Legalization  
 and Regulation Secretariat  
 Policing and Security Branch  
 Ministry of Public Safety and Solicitor  
 General

**Approved \*date\* by:**

s.15; s.19

**Recommended \*date\* by:**

s.15; s.19

Mary Shaw

s.15; s.19

**Approved \*date\* by:**

s.15; s.19

**From:** [Anslow, Martha AGRI:EX](#)  
**To:** [Hrycuik, Lorie AGRI:EX](#); [Cushing, Jackie AGRI:EX](#)  
**Cc:** [Renaud, Michael AGRI:EX](#); [Travia, David V AGRI:EX](#)  
**Subject:** RE: Cannabis Programming DN  
**Date:** August 8, 2018 8:31:33 AM

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Thanks for confirming, Lorie. The ADM meeting/results were a missing piece for us. Jackie will review the DN from Policy's perspective. Willow didn't note timing so assume this is late Aug when she's back.  
Thanks – have a great break,  
Martha

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**From:** Hrycuik, Lorie AGRI:EX  
**Sent:** Wednesday, August 8, 2018 8:17 AM  
**To:** Cushing, Jackie AGRI:EX  
**Cc:** Renaud, Michael AGRI:EX; Travia, David V AGRI:EX; Anslow, Martha AGRI:EX  
**Subject:** Re: Cannabis Programming DN

Jackie, in a joint ADM meeting it was determined that given JOAN has the bulk of the programs, her team will be the lead. The info note will need to go through both ADM's so there will be an opportunity for input at this point. James called the meeting between two divisions to transfer responsibility to the program area from policy given there has been resistance to date. There is now a shift in the work to BDD. Lorie

Sent from my iPhone

On Aug 7, 2018, at 12:11 PM, Cushing, Jackie AGRI:EX <[Jackie.Cushing@gov.bc.ca](mailto:Jackie.Cushing@gov.bc.ca)> wrote:

Hi Lorie,  
I'm writing to confirm next steps in determining <sup>s.13</sup>  
s.13

For reference I've attached the signed DN.

The outcome/next steps of the ED meeting as understood by Mike and communicated to me was for Mike and I to work together on an information note that would outline the following:

s.13

s.13 . I would like to continue working with Mike on this as was determined at the ED meeting. Please confirm for me if we are able to continue this work.  
Thanks, Jackie

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**From:** Anslow, Martha AGRI:EX  
**Sent:** Tuesday, August 7, 2018 11:41 AM  
**To:** Cushing, Jackie AGRI:EX  
**Cc:** Travia, David V AGRI:EX  
**Subject:** Re: Cannabis Programming DN

If she didn't, we'll just need to follow up with Joan and confirm we are leading. I'm happy to do this, or David can, let's discuss once we know what Lorie may have said to Joan separately.

Sent from my iPhone

On Aug 7, 2018, at 11:37 AM, Anslow, Martha AGRI:EX <[Martha.Anslow@gov.bc.ca](mailto:Martha.Anslow@gov.bc.ca)> wrote:

I'm back around 12:30 PM. Thanks for your patience on this, Jackie. Did you email Lorie? Please call her as she is available today and tomorrow for these kinds of things. She may have agreed to something with Joan without understanding how this is different from cannabis transitioning to operations staff, she had a lot going on last week.

Sent from my iPhone

On Aug 7, 2018, at 11:24 AM, Cushing, Jackie AGRI:EX <[Jackie.Cushing@gov.bc.ca](mailto:Jackie.Cushing@gov.bc.ca)> wrote:

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**From:** Renaud, Michael AGRI:EX  
**Sent:** Tuesday, August 7, 2018 11:16 AM  
**To:** Cushing, Jackie AGRI:EX  
**Subject:** Re: Cannabis Programming DN  
Yes, confirmed that my understanding was that our branch would be leading the next steps on this...  
Mike

On Aug 7, 2018, at 9:33 AM, Cushing, Jackie AGRI:EX <[Jackie.Cushing@gov.bc.ca](mailto:Jackie.Cushing@gov.bc.ca)> wrote:

Hi Mike,  
Please read below. My understanding from the meeting takeaway was that we were to work on the next steps. Can you confirm?  
Thanks, Jackie

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**From:** Minaker, Willow AGRI:EX  
**Sent:** Friday, August 3, 2018 3:53 PM  
**To:** Cushing, Jackie AGRI:EX  
**Cc:** Anslow, Martha AGRI:EX; Bailey, Reed ALC:EX; Fox, Alison AGRI:EX  
**Subject:** Cannabis Programming DN  
Hi Jackie,

I popped up to talk to you but it looks like I've

missed you but I wanted to flag with you following the ADM/ED meeting on cannabis. Joan asked me to develop a DN for the cannabis program eligibility list (apparently they discussed and agreed on the final list). I let her know that you have been leading this, along with some support from Mike, but apparently Lorie agreed that Joan would develop the note (perhaps because much of the programming is with us??). In any case, I want to ensure there isn't a duplication of effort or miscommunication so thought I should touch base with you. I have asked Reed to work with Joan on this as needed, so please contact him if you want to discuss or if there are further clarifications/changes on this task. Also copying Alison as she is acting for me next week.

Thanks,  
Willow

**Willow Minaker**

Director, Strengthening Farming  
Innovation & Adaptation Services Branch  
BC Ministry of Agriculture  
[Willow.Minaker@gov.bc.ca](mailto:Willow.Minaker@gov.bc.ca)  
**\*NEW\*** Office: 778-974-3846  
Cell: 778-678-1498

<188301-DN Signed.pdf>

**From:** [Hrycuik, Lorie AGRI:EX](#)  
**To:** [Skogstad, Holly AGRI:EX](#); [Scott, Melissa AGRI:EX](#)  
**Cc:** [Mack, James AGRI:EX](#); [Cushing, Jackie AGRI:EX](#); [Anderson, Arlene AGRI:EX](#); [Anslow, Martha AGRI:EX](#); [Antinuk, Layli AGRI:EX](#)  
**Subject:** RE: updated dn"s for cannabis  
**Date:** May 8, 2018 3:59:06 PM  
**Attachments:** [188301 DN AGRI Funding Programs May 7 2018 final.docx](#)  
[188300 DN Cannabis on the ALR May 7 2018 final.docx](#)  
[Cannabis and AGRI powerpoint May 7 18.pptx](#)

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Please use these versions.

Lorie

Lorie Hrycuik

Ministry of Agriculture

250-356-8299

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**From:** Skogstad, Holly AGRI:EX  
**Sent:** Tuesday, May 8, 2018 3:53 PM  
**To:** Scott, Melissa AGRI:EX  
**Cc:** Hrycuik, Lorie AGRI:EX; Mack, James AGRI:EX; Cushing, Jackie AGRI:EX; Anderson, Arlene AGRI:EX; Anslow, Martha AGRI:EX; Antinuk, Layli AGRI:EX  
**Subject:** FW: updated dn's for cannabis  
Formatted with Headers and footers.

Thank you

**Holly Skogstad**

Office Manager

Corporate Governance, Policy and Legislation Branch

Ministry of Agriculture

PO Box 9120 Stn Prov Gov, Victoria, BC V8W 9B4

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**From:** Hrycuik, Lorie AGRI:EX  
**Sent:** Tuesday, May 8, 2018 12:59 PM  
**To:** Mack, James AGRI:EX  
**Cc:** Scott, Melissa AGRI:EX; Skogstad, Holly AGRI:EX; Cushing, Jackie AGRI:EX; Anderson, Arlene AGRI:EX; Anslow, Martha AGRI:EX; Antinuk, Layli AGRI:EX  
**Subject:** updated dn's for cannabis  
James, attached are the latest dn's for the two cannabis AGRI policies, as well as the ppt for the 2 pm meeting.

Lorie

Lorie Hrycuik,

Executive Director, Corporate Governance and Policy Branch

Ministry of Agriculture

Ph:250-356-8299

Email: [lorie.hrycuik@gov.bc.ca](mailto:lorie.hrycuik@gov.bc.ca)

**MINISTRY OF AGRICULTURE  
BRIEFING NOTE**

**PURPOSE:** For DECISION- What level of Provincial investment will be allocated to the cannabis industry by way of enabling access to Ministry of Agriculture (AGRI) funding programs?

**ISSUE:** The Federal government is legalizing non-medical cannabis and a decision is required as to the level of eligibility to which the cannabis industry will be eligible for AGRI funded programs.

s.12; s.13

**SUMMARY:**

- The Ministry of Agriculture (AGRI) delivers programs, services and resources to the agriculture sector to support growth and economic development.
- A significant portion of AGRI's funding for the sector is from a five year Federal Provincial 60:40 cost shared agreement.
- The next agreement, the Canadian Agricultural Partnership Agreement, will occur from April 1, 2018 – March 31, 2023, that provides a \$400.5 million dollar investment to the agriculture industry.
- Historically, cannabis, other than industrial hemp, has not been eligible for the majority of AGRI's federal provincial cost shared funding programs due to its classification as a narcotic.
- The proposed *Cannabis Act* will remove cannabis from the narcotics list.
- Agriculture and Agri-food Canada (AAFC) has indicated that cannabis will be recognized as an agricultural crop and that:
  - cannabis will not be explicitly excluded from accessing Strategic Investments Program funding (Program) allowing Provinces or Territories to decide (e.g. business development, innovation); and,
  - unless explicitly excluded after legalization, cannabis will become eligible for Business Risk Management (BRM) programs in all provinces and territories.
- The agriculture sector has raised concerns that given the interest in this product as a potential 'cash crop', and the associated expected market volatility, new cannabis producers may displace other agriculture businesses accessing limited Program funding.
- AGRI wants to be in alignment of supporting the economic development of the industry while respecting the public health and safety goals.
- In advance of the provincial direction on economic development of the cannabis sector, a decision on how to advance economic development of the cannabis sector through AGRI Programs is required.



**BACKGROUND:**

AGRI's mandate letter sets out specific objectives related to economic development of agricultural industries by way of marketing, innovation and expanding export. This mandate is largely achieved through the multitude of services and funding programs offered by AGRI, many of which are funded through a 60:40 federal provincial cost sharing agreement. A significant portion of AGRI's funding for the sector is from a five year Federal Provincial 60:40 cost shared agreement.

The next agreement, the Canadian Agricultural Partnership Agreement, will occur from April 1, 2018 – March 31, 2023, that provides a \$400.5 million dollar investment to the agriculture industry. AGRI provides support to the industry under CAP through Strategic Investment Programs (Designated Programs) (e.g. research and innovation, market development, business development, food safety), and through BRM Programs, a suite of programs that mainly support the agriculture industry in times of disasters (e.g. floods, crop failure, etc.).

In the previous five year agreement, the federal government advised provinces and territories that cannabis would not be eligible for Designated Programs due to its classification as a narcotic. The Province extended this decision to all funded programs provided by AGRI including the Buy Local Program. As a result, medical cannabis producers are not currently eligible for the majority of AGRI's funding programs. AGRI plays a minor role in assisting the medical cannabis sector by addressing community complaints about medical cannabis operations, assisting with minor use pesticide registrations, and providing general diagnostic services for plant pests although this is extremely limited.

Under the proposed *Cannabis Act*, cannabis will be removed from the narcotics list. AAFC has indicated that cannabis will be recognized as an agricultural crop. The provinces and territories, in discussion with AAFC have been having a national discussion the potential eligibility of cannabis both under the Designated Programs and the BRM programs. AAFC has announced their intention to enable eligibility for Designated Programs under the bilateral cost sharing agreement supporting individual provinces and territories to make these decisions.

A preliminary jurisdictional scan indicated that other than Ontario, most provinces will likely restrict access to funding programs for the cannabis industry. Ontario has indicated that they will open up access to all Designated Programs<sup>s.13</sup>

s.13

As an agricultural crop unless explicitly excluded, cannabis would qualify for BRM programs. To date, AAFC has not announced its intention to exclude or include cannabis in BRM programming.<sup>s.13</sup>

s.13

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Withheld pursuant to/removed as

s.12; s.13

s.12; s.13

**OTHER MINISTRIES IMPACTED/CONSULTED:**

**RECOMMENDED OPTIONS APPROVED:**

**DATE:**

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**Prepared by:**

**Approved by:**

Jackie Cushing, Sr. Policy Analyst,  
Ministry of Agriculture, 250 356-7219.

## MINISTRY OF AGRICULTURE BRIEFING NOTE

**PURPOSE:** For DECISION-To what extent should the Province regulate cannabis production on the Agricultural Land Reserve (ALR)?

**ISSUE:** The Federal government is legalizing non-medical cannabis and a decision is required on how the Province should regulate production of cannabis on the ALR.

s.12; s.13

### SUMMARY:

- In 2015, the Agricultural Land Reserve Use, Subdivision and Procedure Regulation (ALRUSPR) was amended to provide that medical cannabis production was a 'designated farm use' that local governments cannot prohibit.
- In B.C., there are 21 commercial production licences for medical cannabis and 159 production license applications under review by Health Canada.
- The *Cannabis Act* will legalize non-medical cannabis in Canada, likely in the Summer of 2018.
- Under the *Cannabis Act*, production methods permitted for cannabis (both medical and non-medical) will include cement based structures, greenhouses and open field.
- Producers will be able to (and most likely will) be licensed for both medical and non-medical production.
- Many local governments are frustrated that they cannot prohibit medical cannabis production and have minimal powers to address related noise and odour complaints.
- Some large greenhouses producing vegetable crops are transitioning to cannabis production, raising concern that the ALR is not being used for food production.
- There is an interest that high quality soil in the ALR be preserved, and the potential proliferation of cement bottomed greenhouses will contradict this.
- Some local governments are seeking an outright prohibition of cannabis production on the ALR, while others see cannabis production as an economic opportunity.

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### BACKGROUND:

Medical cannabis was legalized in Canada in 2002. In B.C. there are currently 21 licenced commercial medical cannabis producers, approximately 2,200 licensed non-commercial medical cannabis producers, and 159 applications that have been submitted to Health Canada for cannabis production licences.

Both the Province and local governments can regulate agricultural land. The Ministry of Agriculture (AGRI) is responsible for the *Agricultural Land Commission Act* (ALCA) and the ALRUSPR. Under this legislative scheme, the Province can designate farm uses and permitted non-farm uses on ALR land, and specify whether local governments can prohibit these uses.

In 2013, the Province identified that medical cannabis met the definition of farm use under the ALCA and its production facilities were permitted on ALR land. In 2015, the ALRUSPR was amended to make medical cannabis a 'designated farm use' that local governments could not prohibit. Local governments could still regulate siting and sizing of these production facilities.

Since 2015, the federal government has relaxed production facility requirements for medical cannabis. This allowed for the use of greenhouse production in addition to industrial bunker production. The proposed *Cannabis Act* will also allow for open field production.

Some local governments are frustrated that they cannot prohibit medical cannabis production facilities in their jurisdictions, which is particularly frustrating for some since the *Farm Practices Act (Right to Farm) Act* protects farmers (including cannabis producers) from nuisance (e.g. noise, odour) bylaws. As well, some local governments do not want the impact cannabis production has on local government resources (compliance/enforcement, water, hydro.)

There are stakeholders who believe that the ALR should only be used for food production and that continued construction of multiple large-scale cement bottomed facilities on the ALR (i.e. bunkers, greenhouses) will irreversibly impact agricultural soil quality and subsequently reduce food security. Cannabis production facilities continue to be constructed on agricultural land, and some large vegetable producing greenhouses in the ALR are transitioning to cannabis production in anticipation of the legalization of non-medical cannabis. Some stakeholders, including some local governments, believe that cannabis production should only be permitted in industrial zones in order to preserve agricultural soil on the ALR.

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Withheld pursuant to/removed as

s.12; s.13

s.12; s.13

**RECOMMENDED OPTIONS APPROVED:**

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**DATE:**

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**Prepared by:**

Jackie Cushing, Sr. Policy Analyst,  
Ministry of Agriculture, 250 356-7219.

**Approved by:**

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s.13; s.14



# **Cannabis and Agriculture**

Ministry of Agriculture  
Cabinet Submission

## Purpose

- Provide background on the current approach to medical cannabis as it relates to agriculture
- Identify two key decision points for agriculture following legalization
- Present options for:
  - Eligibility of cannabis for agriculture programs
  - Regulation of cannabis production as it relates to the Agricultural Land Reserve

# BC Agriculture and Medical Cannabis

- Medical cannabis is an “agricultural product”
  - Production allowed on Agricultural Land Reserve (ALR)
  - Corresponding protections under *Right to Farm Act*
- As a “federally regulated narcotic”
  - Not eligible for federal/provincial agricultural support programs
  - Not eligible for property assessment/tax benefits (Ministry of Municipal Affairs and Housing/ Ministry of Finance)

# AGRI Issues After Legalization

- With legalization, cannabis no longer a “federally regulated narcotic”
- BC needs to determine treatment of medical and recreational cannabis in terms of:

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- BC’s treatment of property assessment/ tax incentives to be determined by Ministry of Municipal Affairs and Housing and Ministry of Finance

# AGRI Programs: Context

- Most AGRI programs are federal/provincial cost-share
  - Overarching national approach with provincial flexibility
  - “Strategic Investments” fund development programs (innovation, market development, etc.)
  - “Business Risk Management” provides insurance programs to protect against catastrophic losses
- Governments balancing policy interests:
  - Cannabis as economic development opportunity
  - Concerns of diverting program resources and agricultural land away from existing agri-food sectors
  - Potential inconsistency between promoting cannabis industry versus public health goals
- Some programs may not be appropriate:
  - market development may not align with public health objectives
  - Business Risk Management may not be appropriate given known risks of potential boom and bust market in exchange for potentially significant returns

# **AGRI Programs: Market Projections**

- Significant interest in cannabis as a 'cash crop' could result in over supply
- Over production by larger-scale producers could create downward pressure on pricing to drive small craft producers out of the market
- Product shortage could occur related to production issues (i.e., crop failure) particularly in the early days
- Product shortage could result from increased focus on export vs the local BC market
- Market will likely stabilize in the long-term as supply and demand become balanced

# AGRI Program

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# AGRI Program

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# AGRI Program<sup>s.13</sup>

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## 2) ALR: Context

- Policy approach on medical cannabis and ALR considers:
  - Respect for a federally licensed activity
  - Relationship of medical cannabis to Charter of Rights and Freedoms
- Likely more legal flexibility in treatment of recreational
- However, cannabis business models likely to integrate medical and recreational production
- Federal licenses expected to allow for various production modes (“bunkers”, greenhouses, open-field)
  - Stakeholder concerns largely with bunkers/greenhouses

## ALR Context: Legal Framework

- *Agricultural Land Commission Act* protects farmland by requiring non-farm uses to go to Commission for permission
  - Regulation provides for “designated farm use” to clarify activities as part of a farm use (i.e. greenhouses, medical cannabis facilities)
  - A designated farm-use, can be restricted by local governments (e.g. set back requirements) but not prohibited
- *Right to Farm Act* provides protection for farming from local government nuisance (i.e. odour, dust, noise) by-laws
- Province does not currently have a legal mechanism to directly ban or limit specific types of farming.

## **ALR Context: ALR Revitalization**

- Minister of Agriculture has launched an Advisory Committee to develop recommendations to revitalize the ALR

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**ALR**

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**ALR** <sup>s.13</sup>

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**ALR**<sup>s.13</sup>

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## Next Steps

### 1. Program eligibility:

- Confirm BC's approach with Agriculture and Agri-food Canada and other provinces
- Desire to announce prior to July meeting of Ministers in Vancouver, BC

### 2. ALR:

- Pending direction, proceed with regulation drafting
- Consultations will be required with UBCM
- Need to discuss approach with ALR Revitalization Committee as well as key stakeholders (BC Agriculture Council)



**From:** [Hrycuik, Lorie AGRI:EX](#)  
**To:** [Cushing, Jackie AGRI:EX](#)  
**Cc:** [Anslow, Martha AGRI:EX](#); [Anderson, Arlene AGRI:EX](#)  
**Subject:** RE: Cannabis Cab sub  
**Date:** March 5, 2018 11:28:31 AM  
**Attachments:** [Cannabis cab sub DRAFT marc 5.pptx](#)

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Jackie, thanks for all your work on this ppt. I have made a few changes to the language in the options that I would like you to review. I have already checked in with Arlene for legal consideration. I will be sending this to James.

Lorie

Lorie Hrycuik

Ministry of Agriculture

250-356-8299

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**From:** Cushing, Jackie AGRI:EX  
**Sent:** Monday, March 5, 2018 10:55 AM  
**To:** Hrycuik, Lorie AGRI:EX  
**Cc:** Anslow, Martha AGRI:EX  
**Subject:** Cannabis Cab sub

Hi Lorie,

I've attached the Cannabis Cab sub slide deck. Legislation has reviewed.

Thanks, Jackie

**Jacqueline Cushing BScN MPH** | Senior Policy Analyst  
Ministry of Agriculture | Corporate Governance, Policy and Legislation Branch  
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# **Cannabis and Agriculture**

Ministry of Agriculture  
Cabinet Submission

# Outline

- Agriculture's Role
- Current Status of Cannabis Production in BC
- Status After Legalization
- Two Policy Questions for Decision:
  1. What should cannabis production look like on the Agricultural Land Reserve (ALR)?
  2. Should the Province incentivize cannabis production?

# **Agriculture's Role in Cannabis**

- Production on the ALR
  - Regulate medical cannabis production on the ALR.
- AGRI Services and Funding Programs
  - Support local governments on local planning issues and addressing community complaints.
  - Assist with minor pesticide registration and general diagnostic for plant pests.
  - No cost shared funding for AGRI programs as currently considered a narcotic.

## **Current Status: Cannabis Production in BC**

- Health Canada reports that in B.C. there are 19 licenced facilities and 156 active applications
- Cannabis production is permitted on the ALR.
- Local governments can restrict production but are unable to prohibit production outright.
- Medical Cannabis has limited eligibility for AGRI services and programs because it is listed as a narcotic.
- Industrial Hemp is eligible for most AGRI services and funding programs.

# **Status After Legalization: Cannabis will be an Agricultural Crop**

- Cannabis will be removed from the narcotics list and no longer be classified as a narcotic.
- Agriculture and AgriFood Canada (AAFC) has indicated cannabis will be recognized as an agricultural crop.
- AAFC will enable eligibility for cost shared funding programs.
- Open field and greenhouse production will be permitted.
- Health Canada will expand licences to include micro-production.
- Federal only funding will be available if in alignment with goals of public health and safety.

# **Status After Legalization:**

## **Regulatory Differences Between Medical and Non-medical Cannabis**

- Federal attempt to minimize regulatory differences to prevent producer preference.
- Producers will be able to hold licences for medical and non-medical cannabis.
- Lack of differences increase enforcement challenges.
- Medical cannabis is considered a human right and will continue to be managed under a separate regulation.
- UN international drug treaty prevents export of non-medical cannabis.

# **Seeking Direction: How Should Cannabis Production Be Regulated on the ALR?**

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# **Seeking Direction: How Should Cannabis Production Be Regulated on the ALR?**

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# **Seeking Direction: Eligibility to AGRI Services and Funding Programs**

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# **Seeking Direction: Eligibility to AGRI Services and Funding Programs**

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# **Seeking Direction: Eligibility to AGRI Services and Funding Programs**

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**From:** [Mack, James AGRI:EX](#)  
**To:** [Hrycuik, Lorie AGRI:EX](#)  
**Cc:** [Cushing, Jackie AGRI:EX](#); [Anslow, Martha AGRI:EX](#); [Evers, Charlene AGRI:EX](#); [Skogstad, Holly AGRI:EX](#)  
**Subject:** Re: cannabis policies  
**Date:** March 16, 2018 4:40:06 PM

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Awesome - I'll take a look.

Thanks again for this

Sent from my iPhone

On Mar 16, 2018, at 4:39 PM, Hrycuik, Lorie AGRI:EX <[Lorie.Hrycuik@gov.bc.ca](mailto:Lorie.Hrycuik@gov.bc.ca)> wrote:

James,

Attached is the revised draft cannabis policy ppt that is proposed for use to seek direction on agriculture policies related to cannabis.

Jackie just sent to me and I had a quick look. It addresses the direction from the DM cannabis WG to have a ppt as a format, include a jurisdiction scan and seek direction on the policy questions. There is also speaking notes which will be finalized as well for the presenter.

We can organize a meeting next week to discuss. There will be some minor revisions to the implications that will be ready for discussion in time for the meeting.

Lorie

Lorie Hrycuik,

Executive Director, Corporate Governance and Policy Branch

Ministry of Agriculture

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