

From: Jonathan Fernandes (jfernandes@greenamber.ca)

To: LCRB Outreach LCRB:EX (LCRB.Outreach@gov.bc.ca)

Subject: Farm-gate Sales Engagement

Sent: 08/13/2021 07:25:25

Attachments: 84856123.png, LCRB - Farm-gate Sales Stakeholder Engagement - August 2021.pdf

Message Body:

[EXTERNAL] This email came from an external source. Only open attachments or links that you are expecting from a known sender.

Please find attached our submission.

Sincerely,

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August 11, 2021

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RE: Farm-gate Sales Engagement

Hello Monika,

My name is Jonathan Fernandes, owner of Green Amber (Canada) Corp. (a cannabis company) and a partner in GA Canada Consulting Corp. and Rumble Cannabis, an Okanagan licenced micro cultivator. I am an active participant in the cannabis Industry and also consult throughout the country. Although our head offices are registered in Toronto, I am a resident of BC and operate out of Kelowna. As someone who has faced challenges with the provinces policies on Cannabis, we welcome the opportunity to comment on farm-gate sales engagement.

In 2018 the province halted the build of our cultivation facility because we had proposed concrete floors on ALC land. After months of engaging the province and meeting with Deputy Minister of Agriculture, the province agreed with our position and allowed us to finally continue. After obtaining our building permit by early 2020, the setbacks we received from negative publicity, added rigor to obtain our permits, and losing our investors has not seen us recover in being able to complete our build. We are in the final few months of trying to save the time and money we invested in BC for the build, but its looking bleak to complete this project.

Although we've endured so much, we still are providing cannabis services, equipment and general consulting and intent to complete our build in Lumby, BC. We do not want other potential market entrants to endure the same challenges that stunted us and are pleased to provide support on this engagement.

All across this country we are losing the momentum we gained through legalization in 2018. British Columbia is one of the most renowned parts of the world let alone this country for cannabis production. This is due to the sheer number of participants that were in the legacy market (grey/black markets) and are still prevalent in some form today. We work with a lot of people and entities in the industry, legacy markets and have observed trends and challenges that are facing the province. Very little producers are turning a profit and regulatory oversight has been a huge challenge. The Provincial and Federal requirements around quality assurance, security and sales have been onerous. In the interim and as part of this engagement, two areas of concerns can be addressed:

1. Enforcement with respect to illegal operations and cannabis sales conducted on Indigenous land reserves.
2. Utilizing a system where cannabis products can easily be registered and sold within the province.

BC has a loose patch work of industry associations and it's difficult to determine which group has the right information to support policy creation. Through our consulting, experience and network we've identified the issues above as challenges that can be addressed through this engagement and further policy reform.

Please find attached the responses to the questions you've posed as part of the engagement. As a former provincial policy developer and informed stakeholder, I could be extremely helpful in advising, please do not hesitate to contact me directly.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jonathan Fernandes', with a stylized flourish at the end.

Jonathan Fernandes
President, Green Amber Canada
778-581-7295

Questions and Responses:

1. Should nurseries or cultivators, regardless of the number of licensed production sites they have, be limited to a maximum number of PRS licences? If so, how many? Please explain your answer.

One PRS licence issued per cultivation site and the owner (ie. individual, large entity or corporation) cannot have more than two(2) PRS sites. Each site should be distinct in its cultivation operations and type of branding. To avoid multinational corporations taking over farm-gate sales which would destroy the craft market and competition, two sites should be the maximum. BC population size is small and having owners with unlimited PRS would drown out any small or legacy market producers looking to enter into the market. British Columbia cannabis is renowned throughout the world and this reputation was created through the legacy market. Smaller operations and legacy market participants cannot compete with entities that have large resources and money especially if one owner can have many PRS sites. Having corporations owning more than two PRS goes against the policy intent of establishing a diverse craft industry and farm-gate sales. Having one or two sites, facilitates competition and would be a great boost to the BC economy. This spreads economic growth and wealth amongst more British Columbians rather than concentrate it through a corporation or just a select few individuals. This is not dissimilar to wineries in the province, where they can create a unique tourist experience where the wine is made. Most wineries only have one sales licence per brand site.

2. Farm-gate sales are intended to take place at the licensee's nursery or cultivation site. a. If you applied for a PRS licence, where would you want to locate your store in relation to your production facility (e.g., same or adjacent Parcel Identifier)? What factors would you consider when you make this decision? b. How do you envision patrons accessing the store and/or the production facility?

Suggestion would be to have it on the same site. A PRS licence on site would grant sales but could also be expanded to encourage tourism. By having it on the same site, similar to wineries, a brand can create an experience by showing their cultivation processes, having on site consuming and provide education to the general public. Additional non cannabis merchandise and paraphernalia can also be sold at these sites. The issue also has oversight with the Cannabis Act. Sites would have to ensure these public facing parts would uphold security requirements that are found in the act and regulations. There are several methods we have already contemplated that when implemented, would meet the requirements. For example, the PRS site would have a completely separate entrance and exit to the property. There would be a separate flow of people moving in and out of the site. What is not recommended is having your cultivation site in one location and your PRS somewhere else. ie. the Okanagan as the production site, and your PRS be in downtown Vancouver.

3. Which of the following cannabis products do you think PRSs should be authorized to sell (please select a or b): a. Only the licensee's own non-medical cannabis products b. The licensee's own non-medical cannabis products, and non-medical cannabis products made by other federal licence holders i. If B, should restrictions be

imposed to limit a licensee's inventory of other producer's products? ii. If B, What kind of arrangements (if any) would you like to have between your store and other federal licence holders (for example, would you like to make arrangements to exclusively sell products of other cultivators or nurseries in your local area)?

It should really only be a) if this is truly farm-gate sales. Also there should be a system where new unique products or limited batch cannabis can be registered and sold at the PRS with little oversight.

However, if there is consideration for policy b), then the holder of the PRS licence could sell products from local cultivators only. Meaning those in their regions and the cultivator/supplier must also have a cultivation licence. This helps to promote regional varieties of cannabis and does not allow the PRS holder to simply obtain material from all over the province (or from even larger producers who cannot sell their product). If that was the case it would just be a glorified dispensary. If the PRS holder accepts material from other cultivators/suppliers they have to have a minimum of 25% of their own cultivated material for sale. This would ensure they are not just acting as a retailer selling others cultivators/suppliers stock.

4. Would you want to stock other items in your store, cannabis related or otherwise? Please describe.

Yes, merchandise such as such as souvenirs, other branded cannabis related products/ paraphernalia, natural health products and other approved food should be allowed. Very similar to what wineries are allowed to sell.

5. Would you want to include delivery of your product to customers (by your staff) as part of your PRS business model? Why or why not?

If it like a cannabis club where you order monthly and is subscription based, it could be considered. Also, for customers who cannot physically access the PRS location, it should be offered online.

6. What other kinds of activities, excluding the consumption of cannabis, do you envision taking place at a PRS (e.g., events, food service, workshops, education)?

As mentioned in question 4, other services would include food sales, sales of other goods, education, general workshops, events and tours.

7. Do you intend to apply for a PRS in the future? a. If YES, what provisions must be in place for your PRS business to be successful? b. To what extent would your decision to apply for a PRS licence be determined by opportunities for consumption at farm-gate sites being available?

Yes, we intend to apply for a farmgate PRS as soon as its available. If people are allowed to consume wine at a winery, why wouldn't they be allowed to do so at a cannabis cultivation

site. No consumption would be a huge detriment to tourism and sales at the site. Alcohol impairment is a stronger physiological issue to the body than cannabis consumption, so why would this NOT be considered?

8. Are there any other aspects of farm-gate sales that you would like to highlight or provide input on?

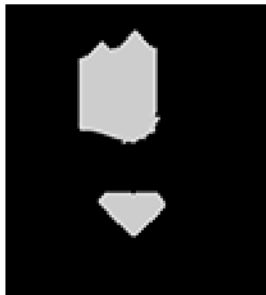
The current set of laws by both provincial and federal governments are highly restrictive and are crushing the ability of this industry to grow and monetize itself. Those in this province are world leaders in cannabis production techniques and cultivation but are stunted and in serious danger of being overtaken by our American cousins due to lack of enforcement and burden of huge oversight. British Columbia is a world leader in cannabis production and still can be if we start to loosen the requirements for legal producers, retailers and start to create enforcement programs on legacy market participants who refuse to transition. Enforcement and resources are required. It has almost been 3 years since legalization and very few licenced producers are making money, this is due the legacy market being able to operate without consequences.

One of the biggest and glaring problems observed in BC is that Indigenous peoples reserves do not have to follow federal and provincial laws. This has created an uneven playing field. Throughout the country and especially in BC, reserves can produce and sell whatever they want without following the Cannabis laws and burden of tax oversight that comes with sales. How does the province propose to address this? When you see a drive-through dispensary on a reserve offering \$60 for an ounce of dried cannabis and two free joints of your choice, how, as a licenced producer do you compete with that? It can cost a licenced producer \$60 just to produce an ounce if they follow all the laws and requirements for production, while paying taxes. Then they have to sell it to just the retailer for a higher price. Its unfair and something needs to be done about it.

We appreciate that reserves are treated as sovereign nations and we support empowering rights to Indigenous peoples but this is a clear abuse of the policy intent of legalizing cannabis. These reserves do not have to follow the same quality assurance standards, security and testing that licenced producers and sales sites have to endure. This makes the product unsafe and promotes the illicit market. These activities oppose the basic policy principals of the Cannabis Act and undercut the market, driving the price even lower. In fact, as a consultant, a producer and entity that has spent much time in the previous legacy market, we know of instances where legacy market producers are supplying Indigenous reserves with cannabis so it can be sold on the reserves "legally". This is a huge illegal issue that has to be addressed to even the playing field. This is not happening on all reserves but we know there are good and bad actors out there.

The province needs to engage the bands in BC on this issue. A policy suggestion would be to create a certification and training standard for dispensaries and other PRS sites including reserves. A standard that should be displayed at every legal sales location and that should be followed. There then needs to be tremendous advertising of the standard on social media, YouTube, radio, print and television. This promotion should state that only certified

locations have safe cannabis for use. An enforcement program needs to be created to shut down illegal locations and partnerships with law enforcement to shut down the flow of legacy market products to illegal sites and reserves.



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