



## INFORMATION BULLETIN 04 CANNABIS PRODUCTION IN THE ALR

August 15, 2018

### SCOPE OF THIS INFORMATION BULLETIN

This information bulletin provides guidance to assist in interpreting the *Agricultural Land Commission Act*, S.B.C. 2002, c. 36 (**ALCA**) and the Agricultural Land Reserve Use, Subdivision and Procedure Regulation, BC Reg. 171/2002 (the **ALR Regulation**), in relation to cannabis production in the agricultural land reserve (**ALR**). The ALCA and ALR Regulation will govern if inconsistent with this bulletin.

This information bulletin is directed only to interpretation of the ALCA and the ALR Regulation. All other applicable laws, regulations and bylaws related to cannabis production must also be complied with.

### RECENT REGULATORY CHANGES

The ALR Regulation has recently been amended. The changes came into force on July 13, 2018. Section 2(2)(p) of the ALR Regulation, which designated as farm use “the production of marihuana in accordance with the Marihuana for Medical Purposes Regulation, SOR/2013-119 (Canada)”, has been repealed. The following has been added as **section 2(2.5)** to the ALR Regulation:

The lawful production of cannabis is designated as farm use for the purposes of the [ALCA] if produced outdoors in a field or inside a structure

- (a) that has a base consisting entirely of soil, or
- (b) that was, before the date on which this section came into force,
  - (i) constructed for the purpose of growing crops inside it, including but not limited to the lawful production of cannabis, or
  - (ii) under construction for the purpose referred to in subparagraph (i), if that construction
    - (A) was being carried out in accordance with all applicable authorizations and enactments, and
    - (B) continues without interruption from the date it began to the date the structure is completed, other than work stoppages considered reasonable in the building industry, and

that has not been altered since that date to increase the size of its base or to change the material used as its base.

Section 2(1.1) of the ALR Regulation provides:

The activities designated under [section 2 of the ALR Regulation] as farm uses for the purposes of the [ALCA] must not be prohibited

- (a) by any local government bylaw except a bylaw under section 552 of the *Local Government Act*, or
- (b) by a law of the applicable treaty first nation government, if the activity is undertaken on treaty settlement lands.

## GENERAL INTERPRETATIVE PRINCIPLES

The ALCA prohibits “non-farm use” of land in the ALR unless the owner of the land successfully makes an application to the Agricultural Land Commission for permission to undertake that use or that use is expressly permitted under section 3 of the ALR Regulation: ALCA, section 20. Sections 20(3), 25 and 34 of the ALCA and Part 10 of the ALR Regulation are among the provisions relevant to non-farm use applications.

A “non-farm use” is a “use of land other than a farm use”: ALCA, s. 1.

The form of cannabis production described in section 2(2.5) of the ALR Regulation is designated as farm use. Therefore, producing cannabis on the ALR in the manner described in section 2(2.5) of the ALR Regulation does not require a non-farm use application to the Agricultural Land Commission.

However, section 2(2.5) of the ALR Regulation does not designate as farm use:

- cannabis production that does not meet the description in section 2(2.5). Having regard to the regulatory framework, this information bulletin treats forms of cannabis production that are not described in section 2(2.5), together with all activities associated with forms of cannabis production not described in section 2(2.5), as non-farm uses.
- non-production activities associated with the cannabis production described in section 2(2.5). Having regard to the regulatory framework, this information bulletin treats those activities as non-farm uses except to the extent that they fall into exceptions found elsewhere in section 2 or 3 of the ALR Regulation.

## PLACEMENT OF FILL IN THE ALR

Placement of fill onto land in the ALR for any reason related to cannabis production, **whether it is a form of production described in section 2(2.5) of the ALR Regulation or not**, cannot be undertaken without a successful non-farm use application to the Agricultural Land Commission. That is, if a producer wishes to place fill on the land even for the purpose of cannabis production described in section 2(2.5) of the ALR Regulation, he or she will not be able to do so without obtaining permission from the Agricultural Land Commission through a non-farm use application.

This is because section 20(2) of the ALCA generally defines the placement of fill as a non-farm use, subject to certain exceptions. Those exceptions do not apply to cannabis production.

Though sections 2(4) and (5) of the ALR Regulation designate as farm use certain fill placement related to uses designated under sections 2(2)-(2.2) of the ALR Regulation, cannabis production is addressed in section 2(2.5), so sections 2(4) and (5) do not apply. Please consult the Agricultural Land Commission's Bylaw No. 2 – Placement of Fill in the ALR and Policy L-23 – Placement of Fill for Soil Bound Agricultural Activities.

## **CANNABIS PRODUCTION IN THE ALR**

Section 2(2.5) of the ALR Regulation requires that to be designated as farm use, production of cannabis must meet various requirements including that the production is “lawful”. The production of cannabis is not lawful unless it is licensed by the Government of Canada (excluding exemptions for personal cultivation). As such producers need to be very careful about taking steps in reliance on section 2 of the ALR Regulation without first ensuring that federal preconditions (as well as preconditions that other governments may impose) are or will be met before production occurs.

### **Field Production**

Lawful production of cannabis in the ALR **outdoors in a field** is designated as farm use and can be undertaken without a non-farm use application to the Agricultural Land Commission.

### **Soil Based Structure Production**

Lawful production of cannabis in the ALR **inside a structure that has a base consisting entirely of soil** is designated as farm use and can be undertaken without a non-farm use application to the Agricultural Land Commission. Note:

- The base – that is, what the structure rests on – must be “entirely” of soil in order for production in it to qualify under section 2(2.5)(a) of the ALR Regulation. Production in a structure that has a base consisting partly of a material other than soil, even if the non-soil material constitutes a very small portion of the base, does not qualify under section 2(2.5)(a) of the ALR Regulation. Structures that do not have a base consisting entirely of soil are structures that have a base consisting partly or entirely of other materials, such as structures with cement footings or a cement floor.
- “Soil” means material native to the property, not material brought onto the property for the purpose of creating the base or for any other purpose. If imported onto the property, the material is “fill”, the placement of which requires a non-farm use application: ALCA, section 20.

### **Production in Existing Structures**

Lawful production of cannabis in the ALR **inside a structure that had been, before July 13, 2018, constructed for the purpose of growing crops inside it, including but not limited to the lawful production of cannabis**, is designated as farm use and can be undertaken without a non-farm use application to the Agricultural Land Commission. Note:

- Existing structures used for the lawful production of cannabis do not have to have a base made entirely of soil.

- The structure must not have been altered on or after July 13, 2018 to increase the size of its base or to change the material used as its base.
- The structure must have been built for the purpose of growing “crops”. Livestock are not crops and, as such, production of cannabis in a converted livestock barn is not designated as farm use under section 2(2.5) of the ALR Regulation.

### **Production in Structures that Were Under Construction**

If the requirements outlined in the bullet points set out later in this paragraph are met, lawful production of cannabis **inside a structure** (even if its base is not entirely soil) **that was under construction before July 13, 2018 for the purpose of growing crops inside it, including but not limited to the lawful production of cannabis**, is designated as farm use and can be undertaken without a non-farm use application to the Agricultural Land Commission. For a structure to have been “**under construction**” before July 13, 2018, ground disturbance (such as excavation for laying foundation) must have commenced before that date; it would not be sufficient for the property owner to have made a permit application or received a permit for construction before July 13, 2018. The further requirements for lawful cannabis production to be designated under this portion of section 2(2.5) of the ALR Regulation are as follows:

- The pre-July 13, 2018 construction was being carried out in accordance with all applicable authorizations and enactments.
- The construction must continue without interruption from the date it began to the date the structure is completed, other than work stoppages considered reasonable in the building industry.
- The construction must not be altered on or after July 13, 2018 to increase the size of the structure’s base or to change the material used as its base.

### **Other Cannabis Production**

Cannabis production not described in section 2(2.5) of the ALR Regulation is not designated as farm use. Neither that production nor activities related to that production (such as the construction, maintenance or operation of a building or structure, or processing of the cannabis) can be undertaken without a successful non-farm use application to the Agricultural Land Commission.

### **CONSTRUCTING, OPERATING OR MAINTAINING CANNABIS PRODUCTION FACILITIES**

A non-farm use application to the Agricultural Land Commission is not required in order to construct, maintain or operate a building, structure, driveway, ancillary service or utility that is **necessary for the lawful production of cannabis described in section 2(2.5) of the Regulation**: ALR Regulation, section 2(3). Note:

- Section 2(2.5)(a) of the ALR Regulation refers to lawful production of cannabis inside a structure “that has a base consisting entirely of soil”. Construction, maintenance or operation of the soil-based structure necessary for that production can be undertaken without applying to the Agricultural Land Commission.

- Section 2(2.5)(b) refers to lawful production of cannabis inside a structure that meets certain requirements addressed earlier in this information bulletin. Completion of the structure referred to in section 2(2.5)(b)(ii), and maintaining and operating either that structure or the structure referred to in section 2(2.5)(b)(i), can be undertaken without applying to the Agricultural Land Commission.
- Other than as described in section 2(2.5) of the ALR Regulation, a building or structure is unlikely to be necessary for the form of cannabis production described there, as section 2(2.5) already addresses where the production is located. Possible exceptions may be a small washroom facility or small office for a required supervisor no greater than necessary for that form of cannabis production to occur on the land.
- Though associated with the form of cannabis production described in section 2(2.5), construction, maintenance or operation (including for a conference centre) of a building, structure, driveway, ancillary service or utility that is is not necessary for that production on the land, may not occur without a successful non-farm use application to the Agricultural Land Commission. Proponents of such uses should be prepared to justify in their application materials why such use, both in that nature/scale and at all, is appropriate in the ALR rather than, for example, in an industrial park outside the ALR.

Construction, maintenance or operation of a building, structure, driveway, ancillary service or utility necessary for a form of cannabis production that is not described in section 2(2.5) of the ALR Regulation cannot be undertaken without a successful non-farm use application to the Agricultural Land Commission.

### **STORING, PACKING, PREPARING OR PROCESSING CANNABIS**

Storing, packing, preparing or processing cannabis yielded by the form of cannabis production described in section 2(2.5) of the ALR Regulation (and construction, maintenance or operation of a building, structure, driveway, ancillary service or utility necessary for that storing, packing, preparing or processing) can be undertaken without a non-farm use application to the Agricultural Land Commission if at least 50% of the cannabis being stored, packed, prepared or processed is produced on the “farm” (for this purpose being one or several parcels of land or tenured areas of Crown land that are being occupied or used together for designated or other farm uses), or produced by an association as defined in the *Cooperative Association Act* to which the owner of the farm belongs: section 2(2)(c) of the ALR Regulation.

Storing, packing, preparing or processing cannabis yielded by a form of production not described in section 2(2.5) of the ALR Regulation is not designated as farm use. These activities cannot be undertaken without a successful non-farm use application to the Agricultural Land Commission.

## LOCAL GOVERNMENT

Local governments can have an important role to play in the regulatory framework related to cannabis production.

However, local government bylaws may not prohibit the lawful production of cannabis in the ALR if it is produced as described in section 2(2.5) of the ALR Regulation.

Local governments also play a role when non-farm use applications related to cannabis production and associated activities are made to the Agricultural Land Commission. Sections 25 and 34 of the ALCA are among the relevant provisions that they should consult.

## FURTHER EXPLANATORY NOTES

Also note the following:

- The word “necessary” (for a designated farm use) figures in several of the above-discussed scenarios. It is within the purview of the Agricultural Land Commission to determine whether and to what extent activities are “necessary”.
- In determining whether an activity is “necessary” to a designated farm use, the Agricultural Land Commission may consider whether the nature and size of the activity are proportionate to the designated farm use.
- If someone claims that an activity is “necessary” for a designated farm use that has not yet commenced, the Agricultural Land Commission may require satisfactory evidence that the proposed use is in fact going to occur, and that the nature and size of activity characterized as “necessary” (such as construction of a driveway) will in fact be necessary to that use.
- Except for exemptions for personal cultivation, the “lawful” production of cannabis required for section 2(2.5) of the ALR Regulation requires licensing at the federal level. As noted earlier in this information bulletin, producers need to be very careful about taking steps in reliance on section 2 of the ALR Regulation without first ensuring that federal preconditions (as well as preconditions that other governments may impose) are or will be met before production occurs.
- For the purposes of sections 2(2)(o) and 4 of the ALR Regulation, structures in which cannabis is produced are not considered to be “greenhouses”. Section 2(2.5) of the ALR Regulation does not use the term “greenhouse” for any of the structures it describes. This indicates that under the ALR Regulation the concepts were to be treated as distinct and not to be confused.