



Questions discussed during July 20, 2022, direct delivery information sessions

Disclaimer:

The BC Liquor Distribution Branch (LDB) is providing general information to industry, we cannot confirm interpretation of or your compliance with federal law and regulations. Please ensure you independently validate your compliance with federal rules.

These responses are provided with the information at hand and to the best of our ability at the time. Please note that they may be subject to change.

Questions and answers:

- 1. We are a cultivator that will be working with a processor. After processing takes place are we then allowed to store the finished product on-site in our secure storage awaiting delivery? Or does the processor have to store and ship the product?**

Storage of cannabis products must be in accordance with federal regulations. In our opinion, packaged product may be stored at the licensed cultivator facility, however, the processor is responsible for completing the shipment and sale of the product once the order is placed by the retailer.

- 2. Will out of province licensed producers be allowed to participate in the direct delivery program or will it only be open to B.C. producers?**

Licensed processors from out of province may participate in direct delivery as long as the cannabis for those products is solely sourced from an eligible cultivator located in B.C. and the licensed processor meets the requirements of the direct delivery program. I.e., they register as a licensed producer (LP) with LDB, hold a processing license and register products for direct delivery as outlined on the direct delivery supplier website:

<https://www.bcldbcannabisupdates.com/bcldb-cannabis-direct-delivery>.

- 3. If we produce under the required 3,000 kg amount but have a standard license, do we still qualify?**

Yes, you must have a valid cultivation license (standard or micro) and produce less than 3,000 kilograms per year to qualify to participate in the program.

- 4. Will products that have been registered by the licensed producer be included in the product extract and potentially ASNs when it comes to delivery of the product?**



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Order, delivery, and payment occurs between the retailer and the licensed producer. The LDB is not integrated with the licensed producer for these processes in this phase of direct delivery. The LDB will not provide an ASN for direct delivery products. It will only provide a product list with limited attributes to assist the retailers with validating the products are eligible for direct delivery.

5. Will there be any opportunity to negotiate payment terms with the licensed producer?

As the licensed producer is acting as an agent of the LDB, payment methods and terms are set in a similar way to central delivery purchases. Payment is immediate at the time of shipping. Payment methods include pre-authorized debit, cash, or debit card.

6. Is this program only for licensed producers that grow cannabis? We process extracts only and would like to participate in the program.

A licensed processor may be eligible to direct deliver products where the dried or fresh cannabis inputs for the product are directly and solely sourced from an eligible cultivator, assuming they meet the requirements of, and are registered in, the direct delivery program.

7. When registering products/SKUs into the direct delivery program:

a. How long until a product SKU is confirmed by LDB and active?

Once the cultivator and the licensed producer are successfully registered for the program, product registration is expected to take on average about two weeks from the time the complete and accurate product registration application is submitted.

b. Will all submitted SKUs be confirmed as long as they comply with cannabis regulations?

As long as SKUs meet the requirements of the direct delivery program and complete and accurate information is provided by the licensed producer, SKUs will be confirmed.

c. Is there a centralized place where all confirmed SKUs are listed for retailers publicly (including inventory levels)?

A list of eligible products (with a limited set of attributes) will be posted on the wholesale website as a reference for retailers to determine eligibility for direct delivery. The LDB will not have access to inventory levels nor the delivery footprint for the products. This information and any detailed product attribute lists will need to be provided by the licensed producer.

d. Will any changes to products need to be reconfirmed in the same way as central delivery (name change, price change, attribute change, etc.)?



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Yes, product attribute changes and price changes must be submitted to the LDB in the same manner as central delivery products.

e. Are there any caps to the number of products that can be registered/included?

No.

f. Will registered products expire?

SKUs may be de-activated if there is a lengthy period of inactivity (i.e., no reported sales). Reporting will be available to licensed producers that specify the direct delivery status as active or inactive.

8. Does the 3000 kilograms of dried cannabis either grown or acquired in a calendar year include hemp? (we process hemp and produce CBD products)

Yes, it includes all cannabis produced or purchased that would be reported to Health Canada.

9. Is the PRS Category the stores owned and operated by a cultivar which has also been called farm gate?

Yes, the Liquor and Cannabis Regulation Branch (LCRB) has referred to the farmgate program as a 'Production Retail Store' (PRS) licence which would allow micro cultivators, standard cultivators, and nurseries to sell their products at their own production facilities or sites. Please contact the LCRB directly for further information about the PRS licence class.

10. The processor invoices the retailer for the wholesale price which includes the LDB portion, then the LDB withdraws that amount out of the processor's account. Is that withdrawal weekly or monthly?

The licensed producer is required to report sales on a weekly basis. Withdrawals will occur weekly as well, once the files are processed.

11. Is recall insurance required for direct delivery to stores or can we essentially be the recall insurance?

After review by internal stakeholders, the insurance requirements for direct delivery have been set the same as the requirements for central delivery. The details of those requirements can be found within the most current version of the licensed producer supply agreement.

12. If our processor already has a SKU registered, do we need to also register the SKU under our company name?



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Product registration is the responsibility of the LP. Each product for direct delivery must be submitted and registered for the direct delivery program. It is possible to have the same SKU registered for both channels if all product information and the source of the product is the same. If the source of the raw materials changes to a different cultivator or the processor changes, a new SKU must be registered.

13. If we are doing our own processing in the future, can we pre-register SKUs with the LDB prior to processing license arrival?

No, you may only register an SKU once you have the appropriate federal license that authorizes the sale of that product to the province.

14. Why is the LDB charging a 15 per cent markup on direct delivered products?

The markup collected by the LDB is a proprietary charge collected from the sale of liquor and cannabis products owned by the Province of B.C., when it acts in its wholesaler capacity. The markup is remitted to the provincial government and contributes to supporting vital public services such as healthcare and education.

15. Are processors allowed to sell one SKU exclusively to one retailer? What are the stipulations around this, if any?

- **Where can we find more information about the PRS license?**
- **When will it be available?**
- **Who will be eligible to apply?**
- **What is the scope of the license?**
- **How long will it take to receive approvals once an application is made?**

The product exclusivity rules are governed by the Liquor and Cannabis Regulation Branch (LCRB). The LCRB is seeking to enable farm-gate sales through a new Production Retail Store (PRS) licence and is targeting to implement this new licence. Please contact the LCRB directly for further information about the PRS licence class and product exclusivity.

- a. **Will there be a list of direct delivery SKUs made available that licensed producers/processors have registered?**
 - i. **If yes, how can I access that list?**

Yes. A basic product list will be posted on the BC Cannabis Wholesale website for retailers. Licensed Producers will get weekly reporting of eligible SKUs and reported sales via the FTP website where central delivery reports are available.



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16. What will the SKU list for retailers include? Would it include product attributes? Associated licensed producer/processor name?

It will include basic product information such as the LDB SKU number, product name, format, subcategory, processor and cultivator, for the purpose of confirming eligibility for direct delivery.

17. Can we have a sample of what the SKU list will look like?

A sample of this list is not yet available. The LDB will advise retailers once the list is available.

18. How long can we hold cannabis plants that we sell in-store for? Can we grow and flower it in the store?

It is unlawful for an individual to possess a cannabis plant that is budding or flowering in a public place. Retailers cannot possess a plant that is flowering in their stores. Retailers will have to prepare for how to maintain inventory of plants within federal and provincial regulatory requirements.