

Direct Delivery Program

BC Liquor Distribution Branch

July 2021



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AGENDA

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Background

2.

Program
requirements
& eligibility

3.

Direct delivery
model (short
& long-term)

4.

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5.

Questions



1.

Background



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1. BACKGROUND



The Provincial government is working to support Indigenous and small-scale producer participation in the legal cannabis market



The Cannabis Secretariat and the LDB (sole wholesaler of non-medical cannabis) consulted several stakeholders to help shape the program



In 2020, a direct delivery (DD) initiative was approved by the Province and publicly announced



1. BACKGROUND: Direct delivery program



After consultation, the LDB is moving forward with developing a program to authorize nurseries and small-scale cultivators in BC cultivating up to 3,000 kilograms of cannabis annually to directly deliver products to retailers

Currently, legal, packaged cannabis is shipped to the LDB's distribution centre for sale and delivery to licensed retailers

Cultivators without a processing license will be required to partner with a licensed processor to package their product

1. BACKGROUND: Program objectives

The elimination of the illicit cannabis market

Small-scale cannabis producers to enter the legal market

Legal market competitiveness for small-scale producers in BC

1. BACKGROUND: Benefits to LPs

Helping LPs to establish and nurture brand recognition and loyalty at a local level

Increasing their access to market and building business; in turn, this may improve access to financing and potential investors

Supporting them to maintain product quality through locally-managed delivery

Expediting their supply chain timelines and increasing freshness of product sold in retail stores

Better supporting environmental initiatives (reducing handling and transportation of product)



1. BACKGROUND: Benefits to Licensed Retailers

Increasing their options for product assortment

Providing opportunities to carry regional products and small-batch local products

Providing opportunities to develop relationships with local producers

Creating opportunities for 'farm-to-shelf' assortments



2.

Program requirements & eligibility



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2. PROGRAM REQUIREMENTS & ELIGIBILITY

To be eligible for the DD program, BC-based LPs must meet basic requirements related to federal cannabis licensing and annual production volume

<p>Nursery Licence (Any size)</p> <p>Allowed to direct deliver plants and seeds</p>	<p>Cultivation Licence Only ($< 3,000$ kg annual cultivation only)</p> <p>Allowed to direct deliver</p>	<p>Cultivation & Processing Licence ($< 3,000$ kg annual cultivation only)</p> <p>Allowed to direct deliver</p>	<p>Processing Licence Only</p> <p>Allowed to direct deliver for eligible cultivators only</p>
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2. PROGRAM REQUIREMENTS & ELIGIBILITY

Scenario A:

Federally licensed nurseries are permitted to direct deliver plants and seeds



Nursery Licence
(Any size)
Allowed to direct deliver plants and seeds

Cultivation Licence Only
($< 3,000$ kg annual cultivation only)
Allowed to direct deliver

Cultivation & Processing Licence
($< 3,000$ kg annual cultivation only)
Allowed to direct deliver

Processing Licence Only
Allowed to direct deliver for eligible cultivators only

2. PROGRAM REQUIREMENTS & ELIGIBILITY

Scenario B:

In order to be eligible, a licensed cultivator must not cultivate more than 3,000 kg/year

The licensed cultivator must work with a licensed processor (not required to be in BC) to have their product packaged (dried flower, pre-rolls, extracts, etc.)



Nursery Licence

(Any size)

Allowed to direct deliver plants and seeds

Cultivation Licence Only

(< 3,000 kg annual cultivation only)

Allowed to direct deliver

Cultivation & Processing Licence

(< 3,000 kg annual cultivation only)

Allowed to direct deliver

Processing Licence Only

Allowed to direct deliver for eligible cultivators only

2. PROGRAM REQUIREMENTS & ELIGIBILITY

Scenario C:

A producer holding both a cultivation and processing licence may participate only if they cultivate no more than 3,000 kg/year under their cultivation licence



Nursery Licence
(Any size)

Allowed to direct
deliver plants and
seeds

Cultivation Licence
Only

(< 3,000 kg annual
cultivation only)
Allowed to direct
deliver

Cultivation &
Processing Licence

(< 3,000 kg annual
cultivation only)
Allowed to direct
deliver

Processing Licence
Only

Allowed to direct
deliver for eligible
cultivators only

2. PROGRAM REQUIREMENTS & ELIGIBILITY

Scenario D:

Direct delivery is not permitted for Licensed Producers that only hold processing licences

Nursery Licence
(Any size)

Allowed to direct
deliver plants and
seeds

Cultivation Licence
Only

(< 3,000 kg annual
cultivation only)
Allowed to direct
deliver

Cultivation &
Processing Licence

(< 3,000 kg annual
cultivation only)
Allowed to direct
deliver

Processing Licence
Only

Allowed to direct
deliver for eligible
cultivators only

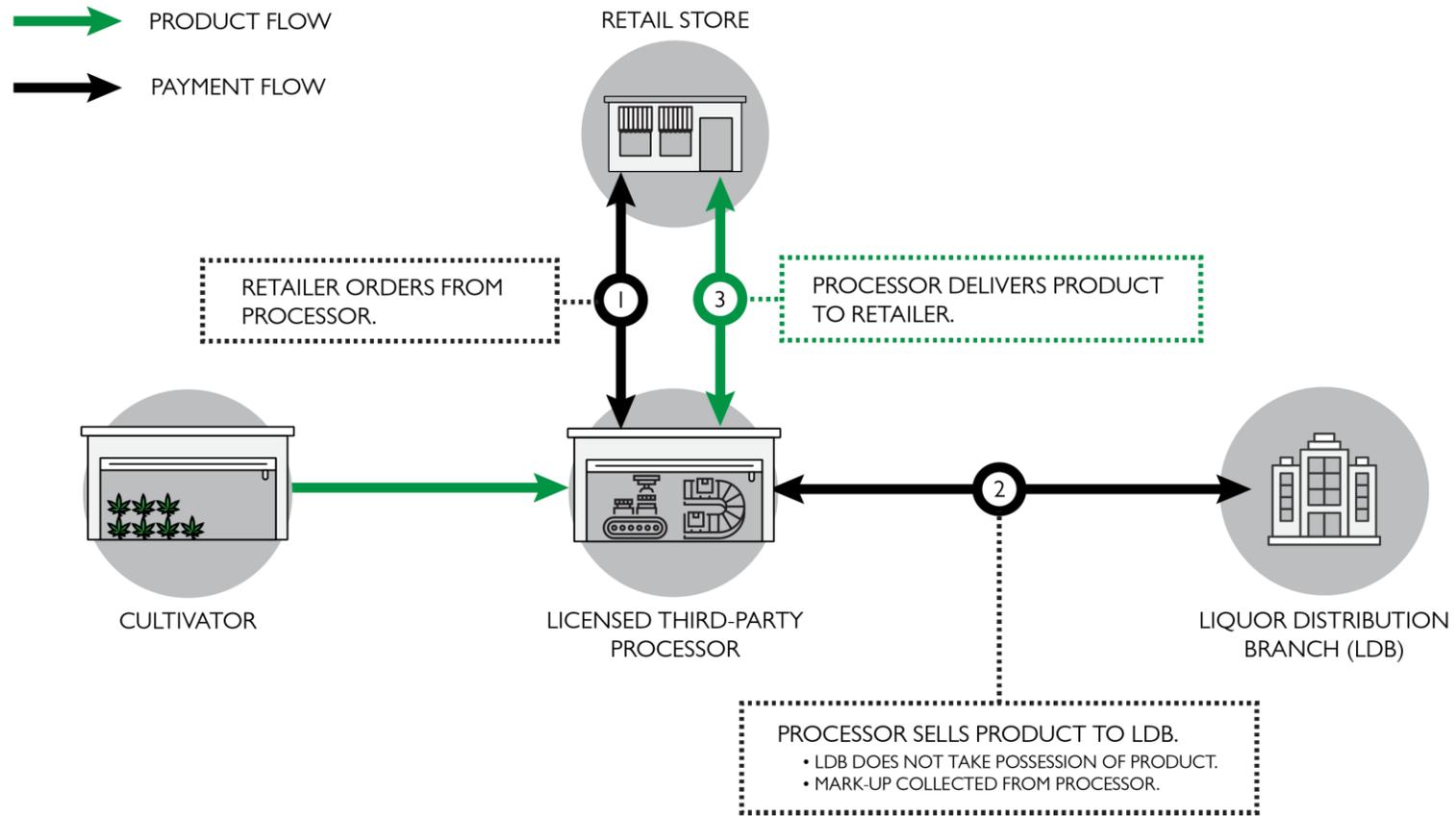


3.

Direct delivery (DD) model



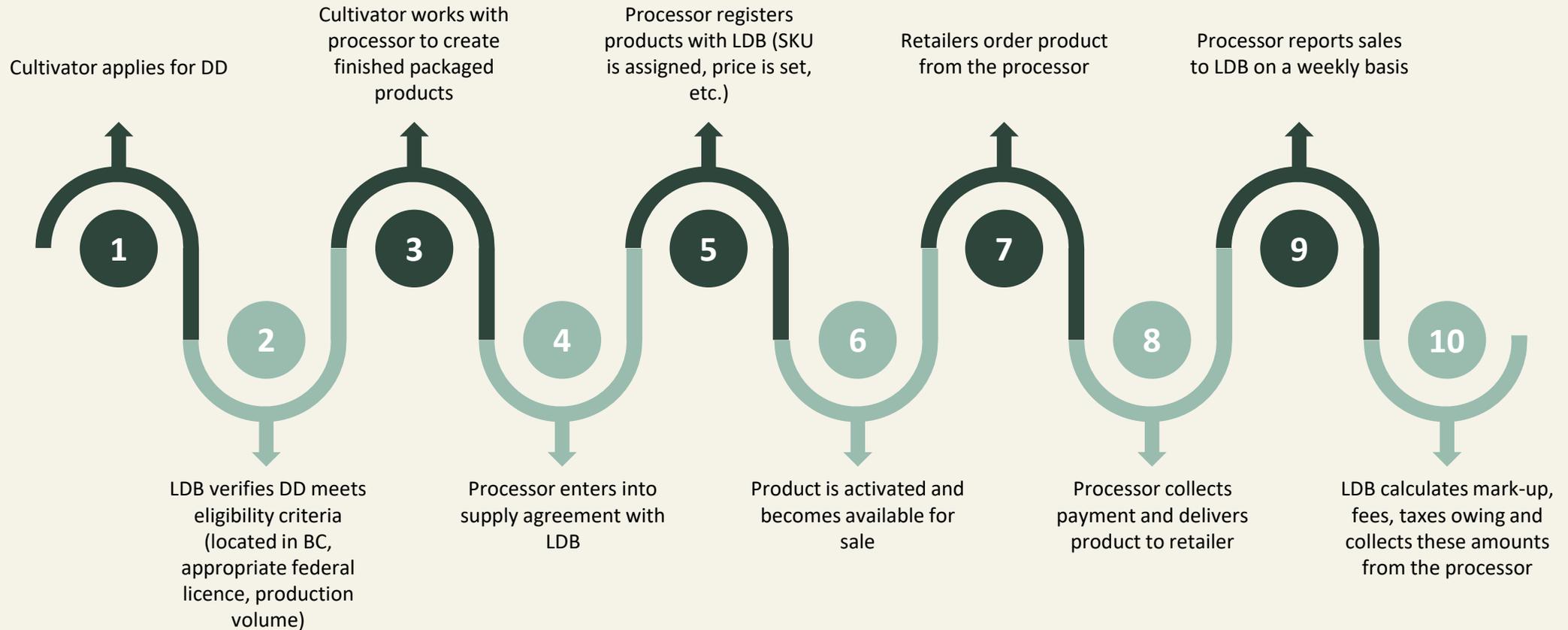
3. DD MODEL: Sample supply chain



3. DD MODEL: Short-term process

Short-term Sales Reporting Option launching in Fall 2022

The DD processor is responsible for distribution and communication with the customer and order fulfillment



3. DD MODEL: Long-term process

LDB is working on expanding its technological capabilities to be able to transition to a more sophisticated, centralized ordering/reporting process in the future

4.

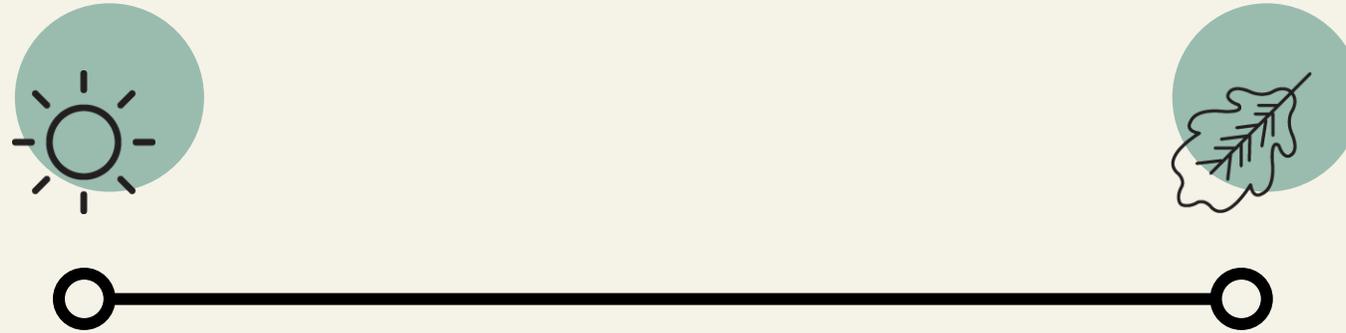
Next steps



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4. NEXT STEPS



Step 1

Summer through early Fall 2021

- LDB will be preparing information and communication for cultivators, nurseries, licensed producers and licensed retailers to provide information on the program
- Producers who qualify and are interested in taking part in the program are asked to contact directdelivery@bcldb.com
- A centralized website is being developed to provide up-to-date info on the program; stay tuned for details

Step 2

Expected late Fall 2021

- LDB will connect directly with eligible producers expressing interest in the program to provide further details on the model and process