



LDB direct delivery program

Frequently asked questions

Last updated April 5, 2022

Contents

Eligibility criteria	2
Program reporting requirements and operations	4
Retailer participation	6
Cultivator and processor participation	8

Eligibility criteria:

- 1. What will the eligibility criteria/process look like for direct delivery? Will the limit be based on amount grown, including waste, or amount of packaged/saleable cannabis product produced?**

There are three categories of direct delivery. Please note that cultivators may be eligible to participate in direct delivery under more than one category and should register under all categories they are eligible for. The three categories include:

- a) Standard Direct Delivery** – this is the main category of direct delivery and is for direct delivery of cannabis products to any provincially licensed or authorized non-medical cannabis retailer in British Columbia. B.C. cultivators producing no more than 3,000 kilograms of dried, unpackaged cannabis or fresh equivalent annually and/or B.C. nursery licence holders may be eligible to participate.
- b) Production Retail Store (PRS) Direct Delivery** – this is a special category of direct delivery and is for direct delivery of cannabis products to a PRS as licensed by the Liquor and Cannabis Regulation Branch (LCRB).
- c) Section 119 Direct Delivery** – this is a special category of direct delivery of cannabis products to authorized and licensed non-medical cannabis retail stores, in accordance with the terms of an agreement between the Province and an Indigenous Nation under section 119 of the *Cannabis Control and Licensing Act*.

- 2. Why is direct delivery only available to B.C.-based cultivators that produce up to a maximum of 3,000 kilograms of dried, unpackaged cannabis (or fresh equivalent) annually?**

The intent of the Direct Delivery Program is to support small-scale cultivators in B.C. The 3,000 kilogram annual production volume cap (which is approximately equivalent to 1000m² of indoor canopy or 10,000 ft² of outdoor canopy) captures smaller producers with different approaches to cultivation.

- 3. Are nurseries and cultivators interested in directly delivering only live plants and seeds exempt from the 3,000 kilogram annual production volume cap?**

Yes. There is no production volume cap for nurseries and cultivators who produce only live plants and seeds.

- 4. How will processors/cultivators be required to prove that they meet the 3,000 kilogram annual production volume cap?**

As part of the Standard Direct Delivery program category, cultivators will be required to provide



annual production quantities to prove they meet the eligibility criteria and complete a Cultivator Registration form (and in subsequent years of program participation an annual production declaration).

Cultivators and processors must keep records of all transactions and be ready to show that all cannabis products sold and delivered under direct delivery originated from the cultivator identified with that specific product at the time of product registration with the LDB.

There is no annual production volume cap for the PRS or s.119 direct delivery program categories.

Program reporting requirements and operations:

5. What information will be required from the processor and the cultivator if they're not the same entity?

Both federally licensed cultivators (including nurseries) and processors (collectively, licensed processors or LPs) will be required to register with the LDB for direct delivery and be prepared to provide the appropriate federal cannabis licences and other information required to validate information. Processors will be required to enter into a Licensed Producer Supply Agreement for Non-Medical Cannabis (Supply Agreement) with the LDB (and meet other core program eligibility criteria).

Processors will need to provide their company information and a copy of their Health Canada licence as well as sign the Supply Agreement and provide/update product registration and pricing information.

Cultivators will need to provide their company information, annual production volume information, declare eligibility, and sign the LDB Direct Delivery Cultivator Registration Form. Additional core eligibility requirements for processors and cultivators will be detailed under the Direct Delivery Program Terms and Conditions, which will be made available in the coming weeks.

6. Will you be using fiscal year, calendar year or another metric to assess annual production volume limit?

The LDB will assess annual production volume based on calendar year for the purpose of establishing eligibility for the Standard Direct Delivery program category.

7. Why is the Province collecting markup on products that will be direct delivered?

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 health care and education.

8. Why will direct delivery not be available until the Fall of 2022?

We understand that industry is eager to participate in direct delivery and we are working as quickly as possible to implement the program; however, it will take time for the LDB to establish the required business processes and systems to support the program.

9. When will a centralized ordering and reporting system be implemented?

The direct delivery program will launch with an interim order, fulfillment, and reporting process in place, with the intent to transition to a centralized ordering and reporting model in the future. It is expected that work to develop a centralized system could take about two years. Details on the ordering and reporting process will be shared once finalized.

10. How much advance notice will be provided once the program details are finalized?

We will provide updated information as soon as it is available. Updated information will also be published regularly on the program website, including updated FAQs.

11. Will cannabis plants be eligible for direct delivery?

Yes. Live cannabis plants that are purchased from a licensed producer that is registered for direct delivery and has entered into a Supply Agreement with the LDB are eligible for direct delivery. In turn, authorized or licensed retailers will be able to sell these plants to consumers, in accordance with current regulations related to the sale of cannabis plants.

12. How do I get started with the direct delivery program?

The development of the direct delivery program is still underway; however, the LDB will continue to provide information about how cultivators, processors, and authorized and licensed retailers can participate in the program as soon as it becomes available. In the meantime, please submit questions to the LDB directly at: directdelivery@bcldb.com.

Retailer participation:

13. How often will licensed cannabis retail stores be able to place orders for direct delivery product?

It will be up to the individual licensed producers who are participating in the program and have entered into a Supply Agreement with the LDB to determine ordering processes for the direct delivery program, including processes for how frequently retailers can place orders. It will be up to these processors and cultivators to establish ordering processes, quantities and delivery services for such orders.

14. How will retail stores place an order? Who will they place the order with?

Retailers interested in ordering through direct delivery can place their orders directly with licensed producers who are participating in direct delivery and have entered into a Supply Agreement with the LDB. Licensed producers will be responsible for establishing their ordering processes, quantities, and delivering these orders.

15. Will there be any volume constraints for retailers ordering from licensed producers?

Order quantity limits will be established by the individual licensed producers who are participating in the program and have entered into a Supply Agreement with the LDB. Only products registered for the program can be delivered through the program.

16. What rules will there be regarding shipping/logistics? Can third-party delivery services be used?

Policies regarding shipping and logistics are currently being developed; however, licensed producers who are participating in direct delivery and have entered into a Supply Agreement with the LDB may use a third-party for transportation and shipping. Further details will be shared once available.

17. As a retailer, how will I pay for products purchased directly from a licensed processor?

Payment terms are immediate and Pre-Authorized Debit (PAD)/cash or debit card are the only accepted payment options. Credit card payments will not be accepted, and retailers will be charged at the time of shipping. In the case of returns, licensed producers will provide retailers with a credit for approved returns.

18. What rules will there be on how pricing to retailers is set?

The direct delivery program will follow existing LDB policies and pricing calendars. Licenced producers participating in direct delivery who have entered into a Supply Agreement with the LDB must charge the LDB wholesale price to retailers at the time of the sale and not more or less. Markup, fees, deposits, and taxes will be calculated on wholesale price. The producer may charge an additional shipping fee for direct delivery. LPs must provide a separate invoice for shipping fees.

19. How will product returns and recalls be managed?

Licensed producers who are participating in direct delivery and have entered into a Supply Agreement with the LDB will be responsible for establishing return policies and processes, including product recalls, in accordance with the Supply Agreement and any applicable LDB policies, and retailers will need to ensure that they are familiar with those policies. Certain minimum return standards must be met under the Supply Agreement and/or applicable LDB policies as a condition of participating in the direct delivery program. Further information about these standards will be provided once available.

Cultivator and processor participation:

20. Will cultivators be able to work with processors under separate business agreements to facilitate the delivery of product and/or sales of product?

Due to federal requirements, under the direct delivery program, the LDB can only purchase cannabis products from federally licensed processors or cultivators (including nurseries) that have entered into a Supply Agreement with the LDB (and meet other core program eligibility criteria). In most cases it will be a processor that enters into the Supply Agreement and directly delivers cannabis products to retailers; however, cultivators and nurseries who produce live plants and seeds for direct delivery and who can meet federal packaging and labelling requirements for such products may also enter into Supply Agreements with the LDB and directly deliver those products to retailers. The processor or cultivator is responsible for delivery, but they may use a third-party for transport and shipping.

Only cannabis product that is accepted for registration in the direct delivery program may be purchased by retailers for direct delivery.

Please note that only holders of a provincial [marketing licence](#) may promote non-medical cannabis to authorized or licensed retail stores. Please contact LCRB for more information. It is the responsibility of direct delivery program participants to negotiate all business agreements with the cultivators (including nurseries) and processors that they work with under the program, and to ensure that such agreements comply with program terms and conditions, the Supply Agreement and any applicable LDB policies. The LDB assumes no liability in any commercial relationships between cultivators (including nurseries) and processors.

21. Are cultivators able to get marketing licences?

Please contact the Liquor and Cannabis Regulation Branch (LCRB) at LCRBCannabis@gov.bc.ca for information about marketing licences for cultivators.

22. How will licensed producers report back to government? What tool will they need to use? How frequently will they be required to report?

When the program is launched, licensed producers who have entered into a Supply Agreement with the LDB and are participating in direct delivery will be required to submit weekly sales and returns reports to the LDB using a standardized template that is currently under development.

Those licensed producers will collect payment directly from retailers, retain their product cost, and will remit the markup, taxes and applicable fees and deposits to the LDB.

Further details will be made available when the reporting process has been finalized.

23. Are licensed producers required to register all products with the LDB before they can be sold via direct delivery?

Yes, all cannabis products sold via direct delivery must be registered with the LDB. The licensed producer must also maintain current price and product attributes with the LDB.

24. How will product get registered for direct delivery and how long will it take before a product can be sold under the direct delivery program?

Once the licensed producers (cultivator and processor) associated with a product are registered for direct delivery and the applicable party has entered into a Supply Agreement with the LDB (and meets other core program eligibility criteria), products may be registered for direct delivery. It is expected to take about four weeks from the time the Supply Agreement has been signed and accurate product registrations are submitted to the LDB to the time they are approved and activated for direct delivery.

25. Can cultivators sell product directly to licensed retailers?

Cultivators, including nurseries, that have the capability of meeting federal packaging and labeling requirements for live plants and seeds may work with the LDB to sell such products directly to licensed retailers; however, the cultivator must enter into a Supply Agreement with the LDB, the products must be registered with the LDB, and all sales must be reported to the LDB. In line with provincial and federal legislation, all other cannabis products must be sold by licensed processors and be registered with the LDB.

26. As a licensed producer, I'd like to directly deliver product to local, licensed or authorized cannabis retailers and have LDB distribute to other, non-local cannabis retailers. Is it possible to have dual distribution channels for the same product?

Yes, eligible, registered cannabis product may be distributed via both distribution channels (LDB central delivery and direct delivery). For products that are registered and set up for 'dual distribution', the licensed retailer must choose which delivery source to order from and the terms of that channel will apply (returns, payment, etc.). For products to be delivered via LDB central delivery, an application must be submitted by the licensed producer and the product must be approved and listed by the LDB's category managers. Approval from LDB category managers is not required for products in the direct delivery program; however, directly delivered products must still be registered with the LDB.

Products registered for 'dual distribution' must have the same wholesale price regardless of distribution method. However, the licensed producer may charge an additional shipping fee for direct delivery.

27. As a licensed producer, can I provide volume discounts or preferred pricing to select licensed retailers?

All cannabis product must be sold at the wholesale price that is registered with the LDB at the time of sale. Preferential pricing for a particular retailer or for a particular distribution channel (in the event that the product is distributed via dual distribution) is not permitted.

28. As a licensed producer, how and when do I collect payment from retailers?

Payment terms are immediate via Pre-Authorized Debit (PAD)/cash or debit card payments only. This is similar to the LDB payment terms for centrally delivered cannabis products. Credit card payment must not be accepted, and retailers must be charged at the time of shipping. The licensed producer must provide credit to retailers for approved returns.

29. As a processor, can I deliver product on behalf of multiple cultivators?

There are no restrictions on the number of eligible cultivators that processors can work with; however, each product SKU must have only one associated cultivator and processor. If the cultivator (or any other SKU level information) changes, a new SKU must be registered with the LDB.

30. How will licensed producers be required to report sales to the LDB?

Licensed producers will be required to report their direct delivery sales to the LDB on a weekly basis at the SKU and store level under the terms of the Supply Agreement that the LP will enter into with the LDB.

The direct delivery program is expected to launch in Fall 2022 with an interim order, fulfillment, and reporting process in place, with the intent to transition to a centralized ordering and reporting model in the future. Details on the ordering and reporting process will be shared once finalized.

31. As a licensed producer, what do I do if I have problems collecting payment from a retailer that I direct deliver to?

Licensed producers participating in direct delivery must engage directly with retailers regarding payment, communication, order fulfillment, and product returns and recalls. Late or missed payment issues must be resolved directly between the processor and the retailer; the LDB is not responsible for supporting licensed producers with issues related to retailer payments.

Licensed producers are reminded that they must not deliver cannabis product prior to accepting payment. In all circumstances, processors will remain obligated to the LDB for any mark-up, fees, deposits and taxes applicable to product sold through direct delivery.

32. As a cultivator interested in the direct delivery program, can I partner with any processor? Does the processor have to be in B.C.?

To support B.C. cultivators' access to market, there is currently no requirement for the processor to be located in B.C., however, they must be located in Canada. Eligible cultivators may make arrangements with any licensed processor regardless of where they are located in the country, subject to the activities authorized by the federal licence and the processor meeting the core eligibility requirements of the direct delivery program, including entering into a Supply Agreement with the LDB.

Each product SKU may have only one associated cultivator and processor. If the processor or cultivator changes, a new SKU must be registered with the LDB.

33. As a cultivator without a federal processing licence, how can I get my products to market?

Cultivators (including nurseries) without a federal processing licence must work with a licensed processor (micro or standard) to produce products for retail sale from cannabis grown by the cultivators, and that processor must work with the LDB under the terms of a Supply Agreement to direct deliver such products to retailers.

An exception to this rule is that nurseries and cultivators that have the capability of meeting federal packaging and labeling requirements for live plants and seeds may work with the LDB to sell such products directly to licensed retailers; however, the cultivator must enter into a Supply Agreement with the LDB, the products must be registered with the LDB, and all sales must be reported to the LDB.

34. As a cultivator, can I sell plants or seeds to licensed B.C. retailers without working with a processor?

Nurseries and cultivators that have the capability of meeting federal packaging and labeling requirements for live plants and seeds may work with the LDB to sell such products directly to licensed retailers; however, the cultivator must enter into a Supply Agreement with the LDB, the products must be registered with the LDB, and sales reported to the LDB.