

 <p>BRITISH COLUMBIA COMMUNITY SAFETY UNIT</p>	AMP Cannabis Valuation Policy	
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1.01 Purpose

Pursuant to section 94(3) of the *Cannabis Control and Licensing Act* (CCLA), this policy sets out the Director’s manner and procedure for calculating the amount and retail value of cannabis used to calculate an Administrative Monetary Penalty (AMP).

1.02 Cannabis Processing

CSU Officers process all cannabis seized pursuant to section 89 of the CCLA. Cannabis processing occurs at the place of seizure or at a secure storage facility. A minimum of two CSU Officers are present during this process.

During cannabis processing, CSU Officers:

- assign exhibit numbers and label the cannabis,
- measure the cannabis, as appropriate,
- take one or more photographs of each cannabis exhibit,
- record information about each cannabis exhibit in an exhibit flowchart, and
- make records and keep supporting documentation, as appropriate.

All seized cannabis is destroyed or retained and dealt with under section 105 of the CCLA. While cannabis is retained by CSU, it is kept in secure storage.

1.03 Exhibit Flowchart

If CSU Officers are satisfied, based on their investigation and experience, that a seized substance is cannabis, they will assign the cannabis an exhibit number and record information about the cannabis in an “exhibit flowchart”. The exhibit flowchart is in the form of a spreadsheet.

The columns of the exhibit flowchart contain headings that dictate the type of information that CSU Officers document for each cannabis exhibit, such as the category,

measurement, pricing, photograph number, description and comments. In the “description” column, CSU Officers record the details of each cannabis exhibit such as the brand name, product name, flavour, concentration of CBD and THC, and type of package (e.g., bulk, prepacked). In the “comments” column, the source of the pricing used for each cannabis exhibit (e.g., online pricing, price list) is listed.

After a CSU Officer completes an exhibit flowchart, the exhibit flowchart and supporting documentation will be reviewed by another member of CSU for accuracy and completeness. In addition, CSU may retain an accountant to assist in any of the valuation or quality assurance processes set out in this policy.

1.04 Testing Substances and Cannabis

If CSU Officers are satisfied, based on their investigation and experience, that the substance is cannabis, they do not test it. If CSU Officers are not satisfied that a substance is cannabis, they may test the substance. The testing of a substance is done during or following an inspection and is done by CSU Officers or by an external party. If a substance is later determined through testing to not be cannabis or CSU Officers are not otherwise satisfied that it is cannabis, CSU Officers will assign the substance a value of “0” in the exhibit flowchart. If CSU Officers test a substance, they note this in the exhibit flowchart.

1.05 Measuring Cannabis

CSU Officers record the measurements of each cannabis exhibit in the exhibit flowchart. CSU Officers record the measurement of cannabis exhibits as weight or volume in metric units (grams, milligrams, litres, millilitres), or by number of units or items, as appropriate.

If seized cannabis has an existing label displaying a measurement, CSU Officers rely on the labelled measurement. If cannabis is labelled using imperial units, CSU Officers convert the measurements to metric units before inputting the measurements in the exhibit flowchart.

If seized cannabis does not have an existing label displaying a measurement, CSU Officers measure the cannabis, as appropriate. If there are multiple packages containing cannabis that appear to be of the same measurement, CSU Officers select a sample of the packages and apply the samples’ measurement to the other packages.

a) Weighing Cannabis

CSU Officers weigh cannabis using scales, which are calibrated on each day of exhibit processing. If cannabis appears to be sold by weight and the cannabis is in pre-packaged amounts, CSU Officers include the number of packages in the exhibit flowchart in addition to recording the weight.

b) Measuring Liquids

CSU Officers measure liquid cannabis using liquid measuring cups or equipment. If cannabis appears to be sold by volume and the cannabis is in pre-packaged amounts, CSU Officers include the number of packages in the exhibit flowchart in addition to recording the volume.

c) Counting Units and Items of Cannabis

CSU Officers count the number of units of cannabis and, where appropriate, the number of items within each unit and record the number of units and items in the exhibit flowchart.

i. Counting Seeds

CSU Officers count cannabis seeds by hand or by using a seed counting machine. When a seed counting machine is used, CSU Officers ensure the machine is calibrated by counting a predetermined number of seeds (e.g., 50 seeds) by hand and then counting the same seeds using the seed counting machine.

ii. Counting Plants

CSU Officers count cannabis plants¹ by hand. CSU Officers record whether they seized each cannabis plant from an indoor production area, an outdoor production area, or a retail store.

1.06 Valuing and Pricing Cannabis

The value of each cannabis exhibit is calculated by multiplying the applicable retail price by its measurement.

¹ A "cannabis plant" means a cannabis plant with an established root system (including growth from a seed), or a clone or a cutting from a cannabis plant that has been replanted in soil or another medium.

CSU Officers progress through the following steps, only so far as is necessary, to determine the retail price of most categories of cannabis, with exceptions noted in the sections below:

Step 1: If the cannabis is labelled at the time of seizure with a retail price, CSU Officers rely on the labelled price.

Step 2: CSU Officers rely on other retail pricing evidence obtained from the place of seizure (e.g., price boards, price lists or sales records) or displayed on the website associated with the place of seizure for the same cannabis product.² CSU Officers use retail pricing evidence for the same cannabis product of equal measurement if it is available; if retail pricing evidence is not available for the same cannabis product of equal measurement, CSU Officers use the lowest per-measurement price for that product based on the retail pricing evidence. If the retail pricing evidence varies between the place of seizure and the website, CSU Officers will rely on the pricing evidence obtained from the place of seizure.

Step 3: CSU Officers use the lowest price for the same cannabis product in equal measurement based on pricing evidence from three third party Canadian cannabis retail websites. Where CSU Officers cannot locate three third party websites that contain this information, they rely on pricing evidence from a lesser number of websites. If pricing evidence is only available for the same cannabis product in a different measurement, CSU Officers use the lowest per-measurement price for that product based on pricing evidence from three third party Canadian cannabis retail websites. Where CSU Officers cannot locate three third party websites that contain this information, they rely on pricing evidence from a lesser number of websites.

Step 4: CSU Officers rely on the BC Liquor Distribution Branch's (LDB) lowest price for the same category or type of cannabis to price the cannabis.

Step 5: CSU Officers locate three third party cannabis retail websites that display pricing for a similar cannabis product. In determining what product is similar, CSU Officers consider and compare such things as the category, type, packaging,

² "Same cannabis product" means a cannabis product that is the same as the seized cannabis (i.e., the same category, type, brand, concentrations of CBD and THC etc.).

quantity, and amount of THC or CBD, as known. Where CSU Officers cannot locate three third party websites, they rely on pricing from a lesser number of websites. CSU Officers will attempt to find and use Canadian cannabis retail websites but may use foreign websites. CSU Officers use the price (converted to Canadian dollars, if necessary) of the most similar cannabis product to price the cannabis.

CSU Officers review each website within a reasonable period of time before or after a cannabis seizure.

a) Bulk Cannabis

If cannabis is found in bulk amounts and there is evidence showing that the same cannabis product is being packaged and sold by the operator in one particular measurement, CSU Officers value the cannabis according to that measurement.

If there is evidence showing that the same cannabis product is being packaged and sold by the operator in different measurements (e.g., dry cannabis is sold in 1 gram, 5 gram and 30-gram amounts), CSU Officers value the cannabis according to the largest measurement (e.g., the 30-gram measurement).

Based on the measurement, CSU Officers use the procedures described in the steps above to determine the retail price of the bulk cannabis. If there is no evidence showing the measurement that a bulk cannabis product is being packaged or sold by the operator, CSU Officers use the procedures described in steps 3, 4 or 5 above to price the cannabis.

b) Cannabis Plants

i. Cannabis Plants Seized from a Retail Store

If a cannabis plant appears to be for sale within a retail store, CSU Officers use the procedures described above in steps 1 or 2 to price the plant. If CSU Officers cannot determine pricing of the cannabis plant by those steps, they rely on the estimated lowest retail price for a cannabis plant, as sold by licenced cannabis retailers in BC. CSU Officers will review the LDB's current product registrations for cannabis plants and take the lowest wholesale price for a cannabis plant from the product registrations. To

determine the estimated lowest retail price for the cannabis plant, CSU Officers will add a 30% markup to this wholesale price.

ii. Cannabis Plants Seized from a Production Area

CSU Officers value cannabis plants seized from a production area based on whether they were removed from an indoor or outdoor production area.

Indoor Production

CSU Officers value cannabis plants seized from an indoor production area in accordance with the following formula:

$$\text{Value} = 30 \times N \times P$$

- 30 is the number of grams that is the expected yield of each cannabis plant, regardless of size.
- N is the number of plants seized.
- P is the per-gram retail price for dried cannabis³.

Outdoor Production

CSU Officers value cannabis plants seized from an outdoor production area in accordance with the following formula:

$$\text{Value} = 250 \times N \times P$$

- 250 is the number of grams that is the expected yield of each cannabis plant, regardless of size.
- N is the number of plants seized.
- P is the per-gram retail price for dried cannabis.⁴

³ To determine the value of "P" CSU Officers rely on the lowest per-gram retail pricing evidence associated with the place of seizure. If there is no retail pricing evidence associated with the place of seizure, CSU Officers rely on the LDB's lowest per-gram price for dried cannabis.

⁴ See note 3 for a description of how the value of "P" is determined.

c) Cannabis that is Drying

CSU Officers weigh a sample of all drying cannabis buds. If drying cannabis buds are attached to a stem or branch, CSU Officers remove the buds from the stem or branch before they are weighed.

CSU Officers value drying cannabis buds based on the following formula:

$$\text{Value} = (G \times 20\%) \times P$$

- G is the total weight of the drying cannabis, as extrapolated from the weight of the sample.
- 20% is the percent of the total weight expected to be remaining once the cannabis is fully dried, due to the evaporation of moisture during the drying process.
- P is the per-gram retail price for dried cannabis.⁵

1.07 Valuing Past Cannabis Sales

If CSU Officers find evidence of past cannabis sales (i.e., sales records) they rely on the sales records to value the past cannabis sales.

1.08 Valuation at the AMP Hearing

If the Director proposes to impose an AMP for a contravention of section 15 [sale of cannabis] or section 18 [production of cannabis] of the CCLA, the Director will serve the person with a Notice of AMP (NAMP). The NAMP includes the amount of the proposed AMP and that amount is based on the valuation determined under this Policy.

Unless the NAMP recipient contests the valuation of the AMP, the valuation need not be revisited by the Director at the AMP Hearing stage.

⁵ See note 3 for a description of how the value of "P" is determined.