



March 16, 2020

Hon. Bill Morneau, P.C., M.P.
Minister of Finance
Government of Canada

Delivered via email to: Bill.Morneau@parl.gc.ca

Dear Minister,

On behalf of Canada's regulated cannabis sector, I am writing to you during this period of unprecedented economic uncertainty to draw attention to the disparity in economic stimulus supports made available to Canada's fledgling cannabis sector.

We strongly appreciate the legislative and regulatory efforts that Canada implemented to legalize our sector. We are your government's partners in reducing the consumption of cannabis by youth and remain steadfastly committed to improving Canadians' access to regulated cannabis products. Transitioning consumers from the legacy market to the legal market is a public policy objective that we share, as well as a business imperative for our members.

Even before the current economic conditions created by COVID-19, Canada's regulated cannabis sector, and our more than 10,000 direct employees, were facing uncertain futures. It is not an exaggeration to say that those challenges will soon become insurmountable for some. Thousands of downstream and indirect positions are affected and at stake.

We applaud the federal government's intent to inject \$10-billion in extra capital for small-and-medium-sized businesses through the Business Development Bank of Canada (BDC). Unfortunately, this is an avenue that is closed to the regulated cannabis industry. Our sector is a value-added contributor to the Canadian economy – having added nearly \$8B to Canada's GDP as of December 2019. In the long-term, we believe our sector will serve to enhance the standard of living of Canadians through increasing the market share of legal cannabis producers nationwide and enabling the export of value-added medical cannabis products conceptualized and manufactured within Canada.

As such, we urgently request that the Government of Canada expand the industry criteria to include the cannabis sector in the policy and financial support available from BDC.





Secondly, we would ask that the federal government immediately institute a temporary moratorium on the collection of the 2.3% fee on cannabis revenue in order to create modest breathing room for Canada's cannabis producers. The challenges in a capital intensive and highly regulated sector are significant for many of our members and without some form of temporary relief, survival will be intensely challenging.

Lastly, we request that, in partnership with industry and your provincial and territorial counterparts, you enact a temporary moratorium or reduction on cannabis excise taxes. In the short-term, this would serve to enhance the ability of the legal market to attract and maintain purchasers whose alternative is an illicit channel that provides the government with no tax revenue.

The federal, provincial, and territorial governments are all privy to cannabis tax revenues per the revenue sharing agreement, and the extent of which is largely dependent on the success of the legal sector. A suspension of excise taxation, along with a moratorium on the collection of the fee on cannabis revenue, would serve to ease the prohibitive burden of price and allow the sector to continue increasing volume to legal channels per the objectives outlined in the *Cannabis Act*. We have previously communicated our view that medical cannabis be exempt from the excise framework and maintain so during such a time of uncertainty for patients.

Thank you for your urgent consideration.

Yours truly,

George Smitherman
President and CEO
Cannabis Council of Canada

Cc: The Hon. Navdeep Bains, Minister of Innovation, Science and Industry
The Hon. Mary Ng, Minister of Small Business, Export Promotion and International Trade
The Hon. Mélanie Joly, Minister of Economic Development and Official Languages
Elder Marques, Chief of Staff to the Hon. Bill Morneau
Tyler Meredith, Director of Policy to the Hon. Bill Morneau
Rick Theis, Director of Policy and Cabinet Affairs, Office of the Prime Minister

Megan McCrae, Chair of the Board, Cannabis Council of Canada

