



March 28, 2020

**The Honourable William
Francis Morneau**

Minister of Finance
Department of Finance Canada
90 Elgin Street
Ottawa, Ontario K1A 0G5

The Honourable Navdeep Bains
Minister of Innovation, Science
and Industry

C.D. Howe Building
235 Queen Street
Ottawa, K1A 0H5

The Honourable Patty Hajdu

Minister of Health
Health Canada
70 Colombine Driveway
Ottawa, ON K1A 0K9

CC:

The Honourable Melanie Joly

**The Honourable Marie-Claude
Bibeau**

The Honourable Mary Ng

Dear Ministers,

The short of it is - the cannabis sector had its share of challenges before the emergence of COVID-19; with some glimmers of hope that an increase in retail sales would be enough to turn the ship around.

Before us are two paths. I endeavor to persuade you to support our sector along the path whereby we grow through COVID-19 and come out as a stronger source of job growth and tax revenue for governments at all levels.

We are a start-up sector, so financing is negligible, costly, and unlikely to come from traditional sources. Below is the impact of the various relief strategies deployed to date by your government:

Resource	Impact	Rationale
Bank liquidity	Minimal	Sector largely lacks formal relationship with traditional banking institutions
75 % wage subsidy	Unclear	Only applicable to smaller, private companies not Micro Pub Co?
Business Development Bank of Canada	N/A	The crown corporation's policy bars it from providing support to the cannabis sector
Farm Credit Canada	Scarce	Lending criteria too high of a bar for most sector participants
EDC & Regional development agencies	Scarce	Limited opportunities
Corporate tax deferral	Minimal	Limited profits

Liquidity is crucial for all businesses at this time. However, as you can see, very few resources are available to our sector from the chartered banks and we have relatively limited access to government-backed lending programs for 300+ federal licensees. This leaves our start-up sector incredibly vulnerable.

A capital-intensive sector with high regulatory costs was our "state of affairs" before COVID - 19 and under those conditions; we recently lost more than 2,000 jobs.





The added burdens of the “new normal” look likely to leave quite a trail of failed enterprises and significant job loss - largely in Canada’s rural and small urban centres.

We have laid out a solutions-oriented proposal that directly supports the Prime Minister’s comments on Sunday, March 22 – when he said Parliamentary leaders are aligned on efforts to: protect Canadians, save jobs, and set the groundwork for our economy to rebound after this crisis. The proposal borrows strongly from this admonition as well as policy approaches already offered by your government.

To achieve these objectives, we propose the following *Essential Cannabis Framework*.

Fiscal Measures to Enhance Cash Flow and Keep Jobs

1. Immediately suspend the application of the 2.3% regulatory tax applied to licensed cannabis producers.
2. Defer the remittance of collected excise taxes within federal purview (25%).
3. Improve upon the 75 % wage subsidy by eliminating the exclusions on public companies and offer such a program for larger employers.

Declare Medicinal Cannabis Essential, Accommodation of Physical Distancing

Health Canada has already made a number of regulatory adjustments that will serve to accommodate physical distancing within regulated cannabis facilities, and we are grateful for this help in protecting our frontline production workers.

We request an Essential Services Declaration to ensure constitutionally protected access by patients to Medicinal Cannabis. We support the **CFAMM** declaration on behalf of 400,000 patients that has been directed to the Minister of Health.

(Cont. below)





Ministers, the fiscal impact of these proposals is quite minimal especially when weighed against the strong prospects to maintain jobs and to assist producers in fulfilling a primary public policy objective, namely combatting the illicit market. Success on that front alone will provide significant employment opportunities and increased tax revenue for federal and provincial governments. With your support the cannabis sector can be a jobs driver going forward.

For your reference, I have attached a jobs indicator for the regulated cannabis sector at the bottom of this letter. This incorporates employment numbers from < 20 licensed producers within our membership. **This portion of the industry alone supports more than 13,000 DIRECT jobs widely distributed across Canada.**

In summary, our proposed *Essential Cannabis Framework* is as follows:

Suspend – collection of 2.3% on cannabis revenue.

Defer – 25% of excise tax remittance (federal share). **Push** Provinces to do the same.

Uplift – all workers with wage sups for PubCos and Large companies.

Declare - medicinal cannabis essential.

Over the last week, we've seen our sector rise to the occasion in a typically low key Canadian fashion. Through small gestures, like donating extra masks and PPE, supplies of ethanol and packaging to make hand sanitizer right up to offers of diverting entire buildings and making cannabis testing capabilities available to be deployed in the battle against COVID 19. Several companies also made offers to help address concerns that Canadians have about the security of the food supply.

Thank you in advance for your consideration of this letter and for your steadfast leadership during these difficult times. We want to stand strongly aside you and help lead our country's growth going forward.

Yours truly,

George Smitherman
President & CEO
Cannabis Council of Canada





Province	Number of Jobs
British Columbia	993
Alberta	2,147
Saskatchewan	441
Manitoba	455
Ontario	6,926
Quebec	1,263
New Brunswick, Nova Scotia	1,001
Newfoundland & Labrador	100
Prince Edward Island	140
TOTAL	13,467

Contributors: Canopy Growth Corp., VIVO Cannabis, Eve & Co., Sundial Growers, Aqualitas, Terrascend, 48NrtH, FIGR, Aurora, HEXO, Aphria, The Green Organic Dutchman, James E. Wagner Cultivation, Delta 9, WeedMD, Tilray, Supreme, Organigram

