



BESTBUDS
CANNABIS COMPANY



March 4, 2021

The Honourable Blaine Higgs, M.L.A.
Premier of New Brunswick
Chancery Place
P. O. Box 6000
Fredericton, NB E3B 5H1

The Honourable Ernie Steeves, M.L.A.
Minister of Finance
Chancery Place
P. O. Box 6000
Fredericton, NB E3B 5H1

Re: Pause the decision on Cannabis NB

Dear Premier Higgs and Minister Steeves,

As representatives of New Brunswick's regulated cannabis industry, collectively representing over 1,000 New Brunswick-based workers who have contributed hundreds of millions of dollars in local investment in our municipalities and province-wide, together with Assembly of First Nations Regional Chief Roger Augustine, we are writing to formally request **that the provincial government pause any further decision or negotiation relating to Cannabis NB until such time as full consultations can be conducted with local cannabis industry stakeholders, Indigenous groups, health and safety professionals, municipalities and New Brunswick citizens to fully solicit their views on what would be the best path forward for Cannabis NB.** As investors in this province, its people and its potential, we believe we deserve to be consulted fully on the future of Cannabis NB; to date that has not taken place.

We believe that the creation of a solely owned private monopoly will be deleterious to the local industry, adversely impacting the health, safety and economic prosperity of Indigenous Peoples and all New Brunswickers. As you know, the regulated cannabis industry in New Brunswick represents close to 2,000 direct and indirect jobs in the province, and is expected to grow to 3,000 by 2022. The industry has also been a boon to construction, HVAC, and IT control systems companies in the province as well as more than 100 other related businesses.

When the province opened Cannabis NB to potential sale, it cited losses by the retailer. At the time, it was easy to understand why the province might consider a sale of this agency given the financial losses it was incurring at the time. However, those losses have been turned around and issues that were present at the outset of legalization such as a supply shortage and a lack of broad product categories, that allowed the regulated market to compete with the illicit market, have been addressed. Indeed, Cannabis NB is up for sale despite the fact that it is on solid financial footing, continues to generate positive revenue growth month after month for the province and serves as a solid partner to New Brunswick's locally grown and regulated cannabis sector. Indeed, Cannabis NB has grown its financial position from a loss of \$16.2M in the first 50 weeks of its operation to third quarter sales of \$19.3M for the period ending December 27, 2020, a 76% increase over the same period the year before¹ with net profits – as of January 13, 2021 – for the fiscal year sitting at \$7.4M. This is momentum we feel will be imperilled by a move to a single private retailer which will naturally favour its own financial well-being over the province's bottom-line.

Further, in other Canadian jurisdictions some well-known private retailers - who also act as licensed producers - have used their control over a retail environment to limit the products available from competitor companies in favour of their own products. We believe that a privatized Cannabis NB will see a similar situation occur here in New Brunswick leading to less diversity in products available to adult cannabis consumers, resulting in fewer sales, and serving as a detriment to New Brunswick-based producers, at the expense of jobs and economic development for the province. Ultimately, we have deep concerns that a move to a single private sector retail entity will adversely impact the ability of cannabis producers based in New Brunswick to maintain market share in this province.

A decision made, absent of full consultation, risks the prosperity of locally-based producers as well as the province's ability to harness the global potential of the emerging regulated cannabis sector. To fully privatize will also mean that the province forgoes the ability to have a direct impact on the health and safety aspects of the retail cannabis sector while losing its ability to leverage a public retail structure as a tool to create more jobs and opportunities for our residents. Indeed, no other provincial government in Canada, that is experiencing the successful roll out of this industry, has considered relinquishing control of the retail aspects of the regulated cannabis space. British Columbia, Alberta, and Ontario, and Quebec all have maintained full or partial control over their recreational cannabis industries and are seeing success, as is the case with Cannabis NB, in terms of financial returns to the province.

We do not object to privatization of *aspects* of the industry, but have serious concerns about relinquishing total control of a retail environment to a single private sector entity, especially one that may have little to no vested interest in the province of New Brunswick, its people, or local businesses.

¹ https://www.cannabis-nb.com/contentassets/b3d688defea240bab1f5c3e39e8d5a5f/cnb_q3release_final_en-2020-2021.pdf

A missed opportunity for reconciliation & economic growth

We also believe that if Cannabis NB is sold to a private monopoly, it will make it very difficult to fully include Indigenous entrepreneurs in the regulated retail cannabis space. We believe that the provincial government must properly engage Indigenous Peoples in a dialogue on how to include their dispensaries in the regulated cannabis retail framework to ensure the system adheres to the goals of legalization as it pertains to public health and safety. We believe that the provincial government should mandate Cannabis NB, in consultation with Indigenous leaders and New Brunswick-based cannabis producers, to build a framework that supports and incents the inclusion of Indigenous peoples in the cannabis retail market. Reconciliation must be a priority for all levels of government; retail cannabis opportunities provide one such pathway for your government.

New Brunswick-based businesses must have a voice

All of our respective organizations have made a conscious decision to invest, build and grow in this province – we believe in the innovation, ingenuity and work ethic of the people who call this province home. We believe that moving forward with a sale to a private sector vendor, absent proper consultation and engagement with the local industry, Indigenous Peoples, businesses and New Brunswick citizens, sends a message that New Brunswick businesses don't count in the face of a short-term financial return from a vendor whose offices are outside New Brunswick and who have no actual vested interest in the success of locally-based cultivators.

We believe that selling Cannabis NB to an outside-the-province provider will lead to a net loss of jobs here at home; Decisions and financials will be consolidated in a Bay Street office, leaving Indigenous entrepreneurs, New Brunswick managers, cultivators and administration looking in from the outside. What's more, we believe that profits that could be returned to the province of New Brunswick will instead be used to fund investments in other, larger, markets across Canada such as Alberta, Quebec and Ontario. By selling to a private, out-of-province, operator New Brunswick will be ceding control over its ability to control the expansion of its provincial cannabis industry into canna-tourism, cafes and novel distribution models. In short, selling Cannabis NB means leaving millions of dollars of economic development potential off the table.

As key cannabis employers, businesses and aspiring entrepreneurs in New Brunswick, we all have our eye on the long game. Most importantly, we believe in the transformative power of the cannabis industry in New Brunswick. We truly believe that New Brunswick can lead the way in a booming national and global cannabis industry. As evidenced by New Brunswick winning back-to-back titles as 'Most Progressive Public Office' at the Canadian Cannabis Awards in 2017 and 2018, the province has historically been supportive of the industry as a growth opportunity.

As companies in the regulated cannabis space, we share the province's commitment to long-term employment growth, investment in research and development, and innovation and agility. What we need is a partnership with our elected leaders in New Brunswick that focuses on a long-term growth strategy for Cannabis NB that will cement this province as the Canadian leader in cannabis cultivation and processing, and a world leader whose knowledge, expertise and diverse product offerings are sought by consumers domestically and internationally. New Brunswick's reputation as a great place for Canada's regulated cannabis sector to do business in could be compromised by a shift to a private model that leaves local businesses out and that cares less about the average cannabis consumer than it does about its own short term financial well-being.

Premier, in your February 10th, 2021 State of the Province Address you spoke about the province being committed to prioritizing and standing up for businesses that locate here, produce good-paying jobs here, and contribute to the province's economic strength and diversification. As New Brunswick licensed cannabis producers, we have all done our share to meet and exceed those criteria; it's time for the province to stand with us to ensure Cannabis NB is maintained under public ownership for the sake of jobs, investment and the long-term viability of this province's regulated cannabis sector.

We ask you to pause any further decision on the future of Cannabis NB and commit to a fulsome consultation with Indigenous Peoples, local cultivators, ancillary businesses, municipalities and New Brunswick residents on the best, most inclusive, path forward.

We stand ready to work with you in true partnership in building New Brunswick's regulated cannabis sector.

Sincerely,



**Chief Roger Augustine
Assembly of First Nations Regional Chief (New Brunswick/PEI)**

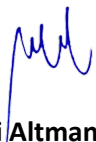
Together with,

The proud and vibrant Cannabis industry of New Brunswick,

Best Buds Cannabis Company



**Greg Engel
President and Chief Executive Officer
Organigram Holdings Inc.**



**Shai Altman
President and Chief Executive Officer
Zenabis Global Inc.**

Tanner Stewart

**Tanner Stewart
Co-Founder
Stewart Farms**



**Hugo Leon de Gante
Chief Executive Officer
Lady Jane Cannabis Ltd.**



**Tom Devost
President
Golden Peak Cannabis Inc.**



**Denise Hannay
President and Chief Executive Officer
Eco Canadian Organic Inc.**



**Brennan Sisk
New Brunswick Cannabis Co-ordinator**



**Av Singh, PhD, PAg
Flemming & Singh Cannabis**



Rod Wilson
President & CEO of Hidden Harvest
Director, New Brunswick Craft Cannabis Association

C.c.:

Mr. René Arseneault, M.P. (Acadie-Bathurst)
Mr. Richard Bragdon, M.P. (Tobique-Mactaquac)
Ms. Jenica Atwin, M.P. (Fredericton)
Mr. Serge Cormier, M.P. (Acadie-Bathurst)
Mr. John Correia, Chair, ANBL
The Honourable Arlene Dunn, M.L.A., Minister responsible for Economic Development and Small Business
Mr. Pat Finnigan, M.P. (Miramichi-Grand Lake)
Ms. Cheryl Hansen, Clerk of the Executive Council and Deputy Minister of Finance
The Honourable Dominic LeBlanc, P.C., M.P. (Beauséjour)
Mr. Louis Leger, Chief of Staff, Office of the Premier
Mr. Wayne Long, M.P. (Saint John-Rothesay)
Mr. Rob Moore, M.P. (Fundy Royal)
The Honourable Ginette Petitpas-Taylor, P.C., M.P. (Moncton-Riverview-Dieppe)
Mr. John Williamson, M.P. (New Brunswick Southwest)
All Members of the Cabinet
All Members of the Legislative Assembly of New Brunswick
All Members of the City Council of Bathurst
All Members of the City Council of Dieppe
All Members of the City Council of Edmundston
All Members of the City Council of Fredericton
All Members of the City Council of Miramichi
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