

Amarjot Sandhu, MPP, Chair
Julia Douglas, Clerk

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To the Standing Committee on Finance and Economic Affairs,

Re: Pre-Budget Consultations – Tax on Medical Cannabis

Aurora Cannabis Inc. ("Aurora") (NYSE | TSX: ACB), appreciates the opportunity to provide comment for the 2020 pre-budget consultation process.

Aurora has been a licensed producer of medical cannabis under the Access to Cannabis for Medical Purposes Regulations—ACMPR—since 2014. While Aurora began in Mountain View County, Alberta, we now operate in 26 countries and have over 3,000 employees, including 750 here in Ontario. Aurora is a global leader in cannabis production, research, innovation and international market development. We supply a range of products to the Canadian medical and recreational markets as well as the international medical cannabis market and are proud of the fact that after the first 12 months of recreational legalization the three most popular products sold through the Ontario Cannabis Store website were produced from Aurora and our wholly-owned subsidiary, MedReleaf. While we are generally supportive of this government's cannabis policies, we continue to have concerns about the taxation of medical cannabis.

According to Statistics Canada, more than 369,000 Canadians under medical supervision, treat illness with medical cannabis. They include Canadians with serious medical conditions, including epilepsy, cancer, multiple sclerosis, Crohn's disease and those suffering from chronic pain, neurological disorders, arthritis, and insomnia. Currently, the 187,000 registered medical cannabis patients in Ontario pay a combined tax rate of 26.9% on their medical cannabis.

	Federal Excise	Provincial Excise	Sales tax (HST)	Additional Provincial Tax	Total Tax Rate
Ontario	2.5%	7.5%	13%	3.9%	26.9%.

Aurora's view is that cannabis, if authorized by a health-care provider for medical purposes, should not be taxed any differently than most prescription medications. Aurora therefore requests that the Ontario Government take a leadership position, joining Manitoba, in removing the provincial excise tax, as well as HST, on medical cannabis products ordered and provided through the fully federally-managed process.

Doing so would further incentivize medical cannabis patients to purchase their medicine through safer, legal means. It would additionally recognize and remove an unfair burden on Ontario seniors and veterans who comprise significant numbers of medical cannabis patients in the province. Support for the legal, regulated supply system through removal of an unwarranted tax contributes to the goals of legalization overall as well as public health and safety.

The federal government made an explicit choice to treat recreational and medical cannabis the same, for the purposes of taxation, to prevent recreational users from flooding the medical

system. However, all United States jurisdictions with legal cannabis regimes for both medical and adult consumers have reduced tax rates for medical cannabis patients. Some states have exempted medical cannabis entirely from taxation. This is due to lessons learned in the U.S. related to harm reduction and the ability to compete with the illicit market.

Ontario is setting a negative precedent by burdening medical cannabis patients with significant tax rates. Colorado, Washington, and Oregon have all taken steps to reduce their cannabis tax rates, with Alaska considering it, after initial rates of 30 percent or more did not reduce the illicit market sufficiently. Furthermore, the lower tax rate on medical cannabis relative to recreational cannabis has not resulted in customers shifting from retail to medical. In fact, in the majority of States, medical sales remained flat

We hope that you will take this opportunity to reconsider your government's position and take a leadership role in reducing the tax burden on Ontario's medical cannabis patients.

Regards,

Aaron Denhartog, Manager, Government Relations

Aurora Cannabis

Cc: The Honourable Doug Ford, Premier

The Honourable Rod Phillips, Minister of Finance