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FOR IMMEDIATE RELEASE

RE: Online Cannabis Retail Sales and Ecommerce

In response to Minister Streicker's comments in the Legislature on October 15 and November 23, as well as public media interviews given on September 9 and December 2, we at Triple J's Canna Space feel it is our duty to ensure the public are getting accurate data regarding cannabis online retail sales. We believe that decisions regarding the cannabis legislation process should be based on facts representative of the industry as a whole, not sales data from only the Yukon Liquor Corporation.

Background

Triple J's Canna Space has been successfully offering online ordering for pick-up in-store for over a year.

When COVID hit the Yukon in March, 2020, the Yukon Government declared a state of emergency. They also declared cannabis retailers as essential. Triple J's Management proactively commenced lobbying the Yukon Government to permit private retailers to accept online payments. We developed an extensive policy and procedure for online and phones sales of cannabis, allowing customers to pick up at our Reception window, while ensuring identification requirements are being met, and that staff were well-trained on all facets of implementation. We advocated for this in the best interest and safety of our staff and customers.

Triple J's serves 200-300 people per day. Limiting traffic in our building minimizes risks to our staff, and increases protection for Yukoners. Their safety is our number one priority, and we believe it is our responsibility to do everything possible to ensure the safety of our patrons and employees.

In March, 2020, we provided our policies to Yukon Government, as we urged them to put the safety of our people as a priority under CEMA. We checked in weekly with the Yukon Liquor Corporation to determine the status of our request. After over two months of lobbying to keep our staff and patrons safe with the added measure of ecommerce, we were successful.

On June 1, 2020, we received authorization by way of an email for the Ministerial Order under CEMA to accept online payments. We commenced offering ecommerce on June 22, 2020. We incurred no complications during this time, and met or exceeded all requirements for identification, protection of youth, and intoxication throughout. We spent a great deal of time and money entering into contracts with merchant providers for our online platform, ensuring our inventory met all compliance and tracking legislative requirements.

When the Ministerial Order came into effect, there had been ZERO cases of COVID active in the Yukon since mid-April. We also had zero tourism, reduced operational hours, and minimal staff.

In July, 2020, British Columbia fast-tracked the allowance of private retailers to offer online ecommerce at a legislative level. On August 4, 2020, the Attorney General of British Columbia, David Eby, stated in a Global News article: The change "*supports public health and safety by reducing the amount of time customers need to spend in stores and allows them to remain physically distanced from employees and each other.*" Indicating that other

jurisdictions understood allowing online ecommerce was a way to reduce the spread of COVID to patrons and employees.

On September 9, 2020, with no advance notice or consultation with private retailers, Minister Streicker repealed the order. Yukon Government had no plan in place to adopt the ecommerce policy formally, and this oversight has caused distress to our staff, our patrons and our operations. We had less than three months to offer this ecommerce option. On this day, Minister Streicker stated publicly that he agreed the ecommerce option was successful in keeping Yukoners safer, and that he supported this option becoming adopted formally into legislation.

On September 11, 2020, we wrote a letter addressing our concerns and requested that YLC adopt the policy formally. It was our interpretation of Section 53(1) of the Yukon Cannabis Control and Regulation Act that this was a regulation or policy which could be passed at the administrative level. We went on to explain that we have experienced staggering losses of revenue due to the lack of tourism from COVID-19 restrictions. The rescinding of this Ministerial Order was another harsh blow to our operations and our ability to cater to customers.

Yukon Government disagreed and advised that this would need to be done through the legislative process. From September 11 to December 6, we have had four telephone meetings with the President of YLC. Each time, we echoed our concerns that this process was taking too long, and we needed the Minister to push harder.

We have received numerous phone calls, emails and in-store complaints from customers who were very upset about this repealed order. We had to explain that we had no knowledge of the Minister's intent, and that we were working diligently to have this formally adopted into legislation.

Analysis

Current statistics for 2020 for online sales provided to us from Dutchie, our online ordering software company, which manages the online platform for over 500 cannabis retail stores are as follows. (These numbers do not include the multiple other options for online ecommerce available in the cannabis industry):

Nationally:

- 75K orders a day across North America are processed on Dutchie
- 15% of all legal cannabis sales are on the Dutchie platform, not including other online platforms
- Currently, in Ontario, 38 retailers have delivery turned on due to emergency orders in Toronto

Provincially:

- Last 30 days of sales on the platform by province: AB=\$1.1M; BC=\$658K; ON=\$10M
- Number of online orders last 30 days: AB=17K; BC=9100; ON=159K
- Since moving to Dutchie, one retailer has experienced a 23% increase in online traffic, and an increase in 10% overall online sales
- Since moving to Dutchie another retailer has seen an increase of 56% on their average online basket size
- Alberta has a 17 % online conversion rate (up steadily from 13 and 15 % over last two months)

As shown, online retail sales are increasing steadily and will soon become a major factor of all cannabis sales.

We have done the statistical analysis for online sales at Triple J's and are as follows:

Online sales percentage of total sales with no e-commerce (ongoing)

- approx. 6% - Minister Streicker's use of YLC numbers at 0.05% is wildly inaccurate of the industry, and only represents the Yukon Government's online sales.

Online sales percentage of total sales with e-commerce during the CEMA order

- approx. 12% - when this was rescinded we saw a 50% reduction in online sales.

As for Triple J's Canna Space, our 12% number is when ecommerce was just beginning to take off. If we can get that up to 20, 30, 40% of sales, and we have on average 200-300 customers every day coming through the licenced

area, having ecommerce and pick up or curbside, or even delivery, significantly reduces the risk to employees and patrons. We were given less than three months to operate under this CEMA order. Though Canna Space minimally had the opportunity to utilize the ecommerce option before the order was rescinded, we proved during the CEMA order that we are more than capable of handling ecommerce and still meet the government's mandate of protecting youth and restriction of access.

Protecting Yukoners, Making Safety a Priority

The state of emergency has been extended multiple times by Yukon Government. It was just recently extended into the new year. The Minister has stated that we remain in a state of emergency.

Minister Streicker has repeatedly stated that the health and safety of Yukoners is top priority. If that were truly the case, the Minister would immediately put the CEMA order back into place until such time as the permanent legislation is developed and approved by Cabinet office. After three months of pressing YLC to fast-track this, we have made little to no progress.

One of our CEOs, Jeremy Jones, has worked in the Occupational Health and Safety field for 15 years and is familiar with safety law. Under OH&S law it is our duty as an employer to do everything we can to protect our staff and patrons to our business. By not allowing us to do online sales, YG is effectively restricting our ability to do as required under the WCB Act and regulations. They say they are working on legislative changes, and we support that fully; however, it is going to take 3, 6, 9 months to get through the legislature? We need to ensure safety now. Since the CEMA order was repealed, there have been 43 cases of COVID.

Conclusion

As we have continuously demonstrated, Triple J's sets an incredibly high precedent when it comes to compliance, policy, and enforcement of all legislative requirements associated with cannabis. We will continue to maintain this standard while managing ways to help eliminate illegal sales of cannabis and offering the safe and secure delivery of cannabis to all patrons. We consider the safety of our staff and patrons (up to 300 per day) of vital importance.

With the state of emergency declared by Yukon Government over the past 9 months, taking into account zero tourism and increased COVID cases – growing daily – it is our assertion that our government has the fiduciary responsibility to put the CEMA order for ecommerce back into effect until such time as the permanent legislation is passed. The repeal of this ecommerce option has been detrimental to our business at a time when we are already hurting.

If the Yukon Government truly values the safety of its constituents, they will immediately reintroduce the CEMA order. Both the Premier and Minister have stated for the record that if Yukon's health and safety are at risk, the Yukon Government will show SWIFT leadership that Yukoners demand.

In response to Minister Streicker's interview with CKRW on Monday, December 2 – which was done pre-emptively before our meeting on December 9 – we were compelled to issue our own release of information to ensure the public and media are clear on what has transpired and have **accurate** data regarding online cannabis sales.

Minister Streicker consistently portrays to the media and to the public that he supports having this ecommerce provision adopted permanently into legislation. His statements to this effect have been recorded in official transcripts; however, he fails to understand that these bureaucratic delays are causing undue hardship on private retailers and potentially allows unnecessary risk of preventable spread of COVID-19. He states that the pandemic, the health and safety of Yukoners, and the government's response are his priority. We hope that Minister Streicker will reconsider the CEMA order allowing online ecommerce for cannabis retail until such time as legislation can be enacted.

Minister's Commitment and Statements (For reference)

Here are some pertinent excerpts taken from the Legislative Sittings, underlined for emphasis.

October 15, 2020:

Mr. Hassard: It doesn't sound like the minister really is all that in favour of helping those local businesses.

Anyway, allowing online sales for local cannabis retailers provided an opportunity to mitigate the impacts of the pandemic on these businesses. For the summer months, local retailers were allowed to sell their products online. Then, without debate or discussion, the Liberals abruptly ended this opportunity for these businesses. What is not lost on many in the private sector is that, while private retail stores were forbidden from selling their products online, the Yukon government was not. The government-run cannabis online store continues to allow Yukon citizens to select product online. So the Liberal government is directly competing against the private sector.

So why does the minister allow the government store to sell cannabis online but not these private retailers?

Hon. Mr. Streicker: Thank you, Mr. Speaker, although I will switch back and forth.

First of all, Mr. Speaker, online sales for cannabis have been \$25,000 compared to brick-and-mortar sales of \$1.3 million. It's a very, very small portion. This has been to allow our remote communities — to make sure that they have access; that's all.

We think it is a great idea. In fact, I stood up in the media and said that we do believe that this is a great idea. The thing though is that we believe that it shouldn't happen under a pandemic rule.

When we brought the order in place, it was because at first we were concerned about lineups at our stores and we wanted to make it easier so that people could order online and just come in and pick up so that we would allow for physical spacing. Later on, after we entered through various phases, we saw that it was getting safer and safer for Yukoners to be in stores, so we felt that it was inappropriate to continue to use the pandemic to bring in an order. **We only want those orders that are going to support Yukoners though a health and safety perspective and only those that are necessary because we don't want to overexert our authority; that's why. But it is a great idea. I have said this to the private sector. I know that the department is working with private retailers and I'm happy to talk about ways to bring this back in through a proper process.**

Mr. Hassard: It is unfortunate that the Liberal government's flawed legislation brought forward two years ago prevents the private sector from doing what the government-run retail store is allowed to. **We would obviously like to see this legislation changed, as would the businesses.**

So will the minister commit to making legislative changes to allow for private retailers to sell product online, just like the government store does?

Hon. Mr. Streicker: There is no bricks-and-mortar government store; it closed one year ago. That's what happened. We said that it was going to close and we got it done in the first year — again, thanks to all those staff who helped to introduce cannabis to the Yukon. The private retail is doing a great job.

Am I committed to work with them to bring forward the ability for them to have online orders? Yes, I am.

I have stood up in the public and I have said it; I will say it here again today. But of course, we want to work through our normal regulatory channels to do that work where we engage more widely and where we take the time to make sure that it works with the existing act.

On November 2, 2020, the Yukon Party brought forward a motion in the Legislature, moved by Brad Cathers, as follows: THAT this House urges the Government of Yukon to provide private sector cannabis retailers with the same access to ecommerce as the government online retailer.

November 23, 2020:

Mr. Hassard: Mr. Speaker, I would like to return to an issue that we addressed earlier this Sitting. Currently, Yukoners can go to the Cannabis Yukon website, browse available products, select a product they would like, pay for it online, and have it shipped to them. This is an online store run by the Liberal government. Private retailers, however, are unable to offer this service. The Liberals' cannabis legislation forbids private retailers from selling cannabis online. Why is it okay for the government to run an online store to sell cannabis, but not for the private sector retailers?

Hon. Mr. Streicker: Mr. Speaker, you will recall that, a couple of years ago, we brought in the Cannabis Control and Regulation Act and regulations. That was about introducing cannabis as a newly legalized substance. We did so with an abundance of safety — we said at that time — for online sales, because there were some concerns that we heard from the public about whether those sales could be monitored and kept safe from seed to sale, as well as at an in-person store. Out of an abundance of caution, we said that the online store, to begin with, would be run by us as a government. I will have to check the numbers, but online sales are less than one percent of sales overall. We have heard from our great local private retailers, who, by the way, have displaced us as government retail. They are doing a wonderful job. They have told us that they would like to do online retail. We will work with them to try to get that in place. We are also working on a pandemic right now, so I would ask for their patience as we work to get there.

Mr. Hassard: Mr. Speaker, earlier this summer, the minister issued an order that allowed private retailers to sell cannabis online. This made sense for several reasons: For one, it allowed the staff of stores to limit interaction with the public, which meant that customers could make purchases while also respecting COVID measures aimed at keeping both customers and staff safe. It also gave private retailers access to sales channels that the Liberals' legislation had previously denied them, and it allowed them to sell their product online. The minister took away this economic lifeline for these local businesses, but he continued to allow the government-run store to sell cannabis online. Will the minister use policy or regulation to reinstate this important sales channel for these cannabis retailers?

Hon. Mr. Streicker: Mr. Speaker, since the pandemic started, by my count, we brought in 19 ministerial orders — 19 orders that I signed. I believe that we have repealed six of them, including this one. I heard so much from the members opposite about how we were overstepping, misusing power during the pandemic. But twice now, the one question I've had from the members opposite is asking me to put back in place a ministerial order. Well, I tell you what, Mr. Speaker: We will look at it, and if it helps the health and safety of Yukoners, we'll happily consider it under this state of emergency. By the way, thank you as well to all the members opposite for agreeing that we are in a state of emergency. We will — if it helps the safety of Yukoners, we'll do it, but we'll only use ministerial orders if it's out of an abundance of caution to keep Yukoners safe and well.

Mr. Hassard: If the minister would have been listening, he would have understood that I wasn't asking for him to reinstate a ministerial order. I was asking him to do it through legislation or other processes. If the minister had brought this ministerial order forward to a committee of the Legislature earlier, like we had been advocating that he do with all ministerial orders under CEMA, we would have had the opportunity to bring this matter forward then. We could have made this point on behalf of the businesses that have brought this forward to us, and hopefully the minister would have taken this issue into consideration. Unfortunately, this minister and this government prefer to operate unilaterally, without any oversight or scrutiny. When will the minister allow private businesses to have the same opportunities for sales as the government does?

Hon. Mr. Silver: Mr. Speaker, the minister answered the question in the first response, saying that he will work on it. However, the members opposite want us to play politics with the CEMA orders. All jurisdictions right across Canada, thank goodness, are following the same processes. Chief medical officers of health in every jurisdiction are working around the clock to analyze the various situations regionally and coordinating efforts, providing accurate and timely recommendations that are saving lives. Premiers and the federal government are also working around

the clock to quickly implement policy necessary to keep Canadians safe. It took the opposition over a month to actually even admit that we are in a state of emergency. **While Yukon's health and safety are at risk, this government will continue to show the swift and even-keeled leadership that all Yukoners demand of us.**