



HOUSE OF ASSEMBLY
NEWFOUNDLAND AND LABRADOR
Office of the Official Opposition

November 29, 2018

Ms. Julia Mullaley
Auditor General of Newfoundland and Labrador
Box 8700, St. John's, NL A1B 4J6 . E-mail: oagmail@oag.nl.ca

Dear Ms. Mullaley:

In the House of Assembly, the Official Opposition has been denied answers to questions about the agreement under which Canopy Growth will benefit from up to \$40 million in reduced tax remittances for the production and supply of cannabis products to Newfoundland and Labrador. On November 22, the Official Opposition asked the government to "call in the Auditor General to investigate the Canopy Growth deal and give the taxpayers the answers they deserve," but the government refused.

However, the Auditor General has the authority under the *Auditor General Act* to "make those examinations and inquiries that the auditor general considers necessary", to require the production of information not currently available and to report to the House with recommendations as the Auditor General considers necessary.

The Official Opposition believes the Canopy Growth contract is a matter of significant public interest, and taxpayers have a right to know 'why' this company was picked, 'how' it was picked, 'who' is benefiting and whether taxpayers are receiving fair value for their investment. The Official Opposition believes a review of this agreement needs to be done in the spirit of openness and accountability to answer the following:

- Did the Government do sufficient analysis to make a sound business decision and ensure value for money for taxpayers?
- Did the Government comply with applicable procurement rules and legislation to ensure a competitive process was exercised?
- Given the fact that a key player in the Canopy Growth deal is a numbered company whose shareholders are unknown, was the contract awarded fairly, and did no individual(s) benefit because of close personal and/or business relationships with the Government?
- Did the Government comply with lobbyist legislation?
- Is there compliance with the agreement governing the arrangements with the company, in particular section 3.6?

We have information that we have gathered in relationship to this matter that we can share with your Office upon request.

Thank you for your consideration of this important matter.

Yours sincerely,

CHES CROSBIE, MHA Windsor Lake
Leader of the Official Opposition