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## Health Canada Eases Regulatory Burdens in the Cannabis Industry

On March 12, 2025, the federal *Regulations Amending Certain Regulations Concerning Cannabis (Streamlining of Requirements)* and the *Order Amending Schedule 2 to the Cannabis Act* came into force. Furthermore, the federal *Order Amending the Cannabis Tracking System Order (Cultivation Waste)* will take effect on April 1, 2025 (collectively, the “Amendments”).

The Amendments will impact five key areas of cannabis regulation in Canada: (i) production; (ii) packaging and labelling; (iii) recordkeeping and reporting; (iv) licensing; and (v) personnel and security.

The Amendments are aimed at easing regulatory requirements, promoting diversity both in products and the size of licence holders and enhancing competition in the legal cannabis industry while upholding the public health and safety goals of the *Cannabis Act* (Canada) (the “Act”). The Amendments will impact both current licence holders and applicants.

This legal update summarizes the regulatory changes resulting from the Amendments.

### **(i) Production Changes**

The changes to the production-related regulations are anticipated to result in a broader variety of available products.

#### ***Pre-rolled Cannabis***

The limit of 1 g for pre-rolled dried cannabis has been removed.

#### ***Ethyl Alcohol in Limited Cases***

Ethyl alcohol (up to 10 mg per activation) can now be used in cannabis extracts intended for inhalation, while denatured alcohol is allowed in cannabis topicals.

### **(ii) Packaging and Labelling Changes**

Health Canada will implement the changes listed below to relax certain packaging and labelling requirements for retail cannabis products.

### ***Broadening Packaging Design Choices***

The use of different coloured caps and containers, transparent packaging and cut-out windows for dried cannabis, fresh cannabis and seeds is now permitted. Cannabis packages may now include images and information required by regulations, such as the universal recycling symbol. These changes are aimed at providing processors with greater flexibility in their operations while allowing consumers to better recognize and compare products and brands before making a purchase.

### ***Co-packing Now Permitted***

Co-packing is permitted for various cannabis products, with up to 30 g of dried cannabis or its equivalent, though THC limits on immediate containers such as the 10 mg THC limit for edible cannabis remain unchanged. The packaging date is also no longer required on the outermost label of a co-pack.

### ***Packaging and Labelling***

The Amendments allow for several updates to cannabis product labelling and packaging. These updates permit the inclusion of an additional barcode such as a QR code on all product labels. Containers can feature accordion and peel-back labels for easier access to information. Informational inserts or leaflets are also permitted with any cannabis product. Additionally, there is no longer a requirement to include an equivalency statement or the phrase “No expiry date has been determined.” Potency information has been streamlined to only include total THC and total CBD content, with the font size for this information now able to match the size of the health warning message. Furthermore, the packaging date displayed on the label can vary by up to seven (7) days from the actual packaging date. Licence holders may continue using the old labels that display the actual THC and CBD quantity or concentration in bold until March 12, 2026. After that date, all labels must comply with the new requirements. Licence holders can still include the actual THC and CBD quantity or concentration, but it must not be in bold. Retailers authorized by provincial or territorial authorities may continue selling products with the old labels indefinitely.

### **(iii) Record-Keeping and Reporting Changes**

#### ***Substances Applied to Cannabis***

The recording of the quantity, method of application and rationale for use of substances applied to cannabis is no longer required.

#### ***Changes to the Consumer Information Document Requirements***

Licensed processors are no longer obligated to provide paper versions of the “Consumer Information” document to authorized retailers or consumers in provinces or territories. However, those with a sale for medical purposes licence, as well as heads of hospitals, are still required to give the document to registered patients, clients or responsible adults whenever cannabis is sold or distributed to them.

#### ***Annual Promotion Report***

Licence holders are no longer required to submit or retain an annual report of promotional (advertising) expenses. However, they must still keep a sample or copy of any promotional materials for at least two (2) years after the promotion ends.

#### ***Retention of Record of Ingredient List for Shipments***

There is no longer a requirement to retain a document listing the ingredients for cannabis extracts, cannabis topicals or edible cannabis when selling, distributing, or exporting cannabis.

#### ***Notice of New Cannabis Product***

Submitting a Notice of New Cannabis Product is no longer required for dried and fresh cannabis products.

#### ***Destruction of Cannabis***

Changes to record-keeping for cannabis destruction include removing the need to record details for cultivation waste, address where the destruction took place, destruction method and weight of destroyed plants. Instead, the number of destroyed plants must be recorded.

### ***Monthly Cannabis Tracking System (“CTS”) Reporting***

Starting April 1, 2025, licence holders will no longer report plant trimmings for whole or vegetative cannabis plants in monthly CTS reports. The unit of measurement for unpackaged seeds will also change from weight (kg) to seed count (whole numbers).

### **(iv) Licensing Changes**

Licence holders will be responsible for the revision of all internal processes and specification documents to incorporate the updated procedures allowed by the Amendments.

### ***Licence Requirements for Non-human and Non-animal Research***

In certain cases, a research licence is no longer needed to possess up to 30 g of dried cannabis or its equivalent for research that does not involve humans or animals. If licence holders’ research activities comply with all the requirements outlined in Section 28.01 of the Cannabis Regulations (Canada), a research licence is not required. Licence holders can either maintain their research licence or request its revocation.

### ***Limits for Micro-Cultivation, Nursery and Micro-Processing Licences***

New limits have been set for micro-cultivation, nursery and micro-processing licences. Micro-cultivation now allows for a grow surface area of up to 800 m<sup>2</sup> for cannabis plants. Nursery licences permit a grow surface area of up to 200 m<sup>2</sup> for flowering and budding cannabis plants, with a maximum of 20 kg of harvested flowering heads at any time. Micro-processing licences allow possession of up to 2,400 kg of dried cannabis or its equivalent within a calendar year.

The Amendments establish a framework that enhances diversity both in products and the size of licence holders. By increasing thresholds for cultivation and processing, micro-licence holders can achieve greater economies of scale and expand their capacity. This translates into a higher level of product development, fostering a wider variety of products in the market. Additionally, it also enables smaller entities to compete more efficiently with their larger counterparts, resulting in a more diverse range of market participants, which further aligns with the Act’s key policy objective of supporting a diverse cannabis industry that includes smaller entities.

### ***Changes to Import and Export Requirements***

Licence holders are no longer required to provide the ports of entry or exit, or the address of the customs office, for import permits.

### ***Research Licence Holders Authorized to Sell Pollen to Other Licence Holders***

Current cultivation and nursery licence holders are not permitted to obtain, sell or distribute cannabis pollen due to licence restrictions and research licence holders may only be authorized to do so on a case-by-case basis. However, all new cultivation, nursery and research licence holders will be permitted to obtain, sell and distribute cannabis pollen upon receiving their licence. If current licence holders wish to change their licence, they should email [licensing-cannabis-licences@hc-sc.gc.ca](mailto:licensing-cannabis-licences@hc-sc.gc.ca) with the subject line “Adding pollen for LIC-#”.

### **(v) Personnel and Security Changes**

Licence holders are required to submit an updated security plan to Health Canada if they make changes to their physical security measures.

### ***Presence of a Security-Cleared Person***

There is no longer a requirement to have a security-cleared individual present on-site when conducting cannabis-related activities. Additionally, security-cleared individuals are no longer required to accompany cannabis during off-site antimicrobial treatments.

### ***Alternate Quality Assurance Persons (“QAPs”)***

Processing licence holders can now have more than two alternate QAPs. QAPs are also permitted to delegate tasks while remaining accountable and responsible for overall quality assurance.

### ***Physical Security Measures for Certain Licences***

Changes for standard cultivation, processing, sale for medical purposes and some cannabis drug licences include the removal of requirements for site perimeter intrusion detection, specific security standards for storage areas and tracking individuals entering/exiting storage areas. Motion-activated visual recordings are now sufficient for retaining footage for one (1) year

and operations areas are exempt from certain security requirements when cannabis is not present. Cultivation waste, such as leaves, shoots and branches, can now be stored in operations areas, including outdoor grow areas. Licence holders must follow proper production practices to ensure the quality and safety of cannabis stored with the waste.

### **Takeaways**

The Amendments work toward reducing regulatory complexities, promoting diversity both in products and the size of licence holders, optimizing the regulatory process and strengthening market efficiency and competition while still prioritizing public health and safety. Businesses are encouraged to refer to the [Canada Gazette](#) for additional information on the Amendments and guidance on modifying licences or updating activities.

If you have any questions with respect to the Amendments, please contact [Jeff Hergott](#) at [jhergott@wildlaw.ca](mailto:jhergott@wildlaw.ca), [Charlie Malone](#) at [cmalone@wildlaw.ca](mailto:cmalone@wildlaw.ca) or any other member of Wildeboer Dellelce LLP. The co-authors gratefully acknowledge the assistance of articling student Sepehr Yousef Pour in the preparation of this update.

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***If you would like further information regarding the issues discussed in this update or if you wish to discuss any aspect of this commentary, please feel free to contact us.***