

# Opportunities to Improve the Canadian Federal Cannabis Framework

Perspectives from the Ontario Cannabis Store



# Executive Summary

**Since October 2018, Canada’s legal adult-use recreational cannabis market has experienced remarkable growth and made significant strides toward achieving the key objectives envisaged for cannabis legalization. A marketplace has been established that offers a large variety of quality-tested cannabis products to adult consumers while ensuring appropriate measures are in place to protect public health, particularly for youth and vulnerable populations.**

Under the *Cannabis Act*, Health Canada was required to initiate an 18-month review of the federal cannabis framework after three years of legalization. As the largest wholesaler and e-commerce operator in the country, the Ontario Cannabis Store (the OCS) plays an important role in enabling the development of Ontario’s retail cannabis marketplace. Together with its Licensed Producer and Authorized Cannabis Store partners, the OCS has gained valuable insights into how the federal legal framework has worked in implementation, including its strengths, its challenges and opportunities for improvement.

That is why the OCS welcomes the opportunity to participate in the legislative review of the *Cannabis Act* and the Cannabis Regulations and is committed to leveraging its unique position to provide evidence-based advice to Health Canada as it proceeds with its evaluation in the months ahead.

This discussion paper is intended to serve two goals. First, to discuss cannabis legalization in Ontario and the development of the largest retail marketplace in Canada, which has grown to be a major economic driver in this province. Second, to discuss several broad challenges the OCS has observed

with the legal framework and opportunities for remediation that Health Canada could consider as part of its evaluation. The discussion outlined in this report focuses specifically on changes to the *Cannabis Act* and the Cannabis Regulations that would further efforts to transition consumers away from illegal cannabis sources and promote social responsibility across the industry.

In response to the legalization of cannabis, the Government of Ontario established a framework for distribution and retail intended to keep cannabis out of the hands of children and youth, and to combat the illegal market. In the OCS’s view, the most effective way to achieve these objectives – as well as the federal government’s objectives for legalization – is to reduce barriers that prevent adult Ontarians from purchasing through legal channels. The rules and regulations established under the federal framework have provided for a quality-assured and responsible recreational cannabis marketplace in Ontario – recently estimated to have contributed \$13.3 billion to the province’s GDP since legalization. However, opportunity exists to refine some rules that may be holding back further progress in growing the legal market.

**There are several recommended courses of action that Health Canada could consider in response to challenges the OCS observed during the first four years of legal recreational cannabis sales. These include:**

- 1 Adjusting THC limits that may be creating disincentives to purchase through legal sources.**
  - Increase the maximum amount of THC per package of edible cannabis while introducing a 10 mg THC limit per discrete unit contained within a single package.
  
- 2 Adjusting restrictions on promotions and product labelling to support consumer literacy in distinguishing between legal and illegal products and making informed and responsible purchasing decisions.**
  - Expand opportunities to incentivize the purchase and sales of edible cannabis and cannabis topicals over other classes of cannabis that require smoking or vaping.
  - Provide clear direction regarding permissibility of customer reviews for cannabis products, cannabis accessories or services related to cannabis.
  - Loosen typography, font and size requirements on product labels to provide Licensed Producers with greater discretion to include additional product information (e.g., cannabinoids, terpenes, nutritional information, brand narratives and information on cultivation processes).
  - Consider adjusting labelling requirements for CBD-dominant products.
  - Amend labelling requirements for cannabis extracts, such as oils, to list concentration in milligrams per millilitre.
  
- 3 Introducing stronger quality controls to ensure ongoing consumer confidence in legal cannabis products.**
  - Consult with Licensed Producers, testing laboratories and distributors on the development of minimum national testing standards for cannabinoid content and contaminants.
  
- 4 Reconsidering product packaging rules that have contributed to an unsustainable environmental footprint for the legal cannabis industry.**
  - Align federal packaging requirements with single-use plastic regulations, allow for the limited use of on-pack recycling instructions and support Producer competitiveness through the creation of financial incentives across the industry.

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The OCS acknowledges that the challenges and recommendations presented in this paper are not exhaustive and do not capture other areas of concern that will need to be considered as part of Health Canada's review. Given the diversity of stakeholders that have engaged and will engage with Health Canada in the coming months, the topics discussed in this paper focus on areas that the OCS either has direct expertise to evaluate given its mandate or has identified through direct engagement with Authorized Cannabis Stores and Licensed Producers.



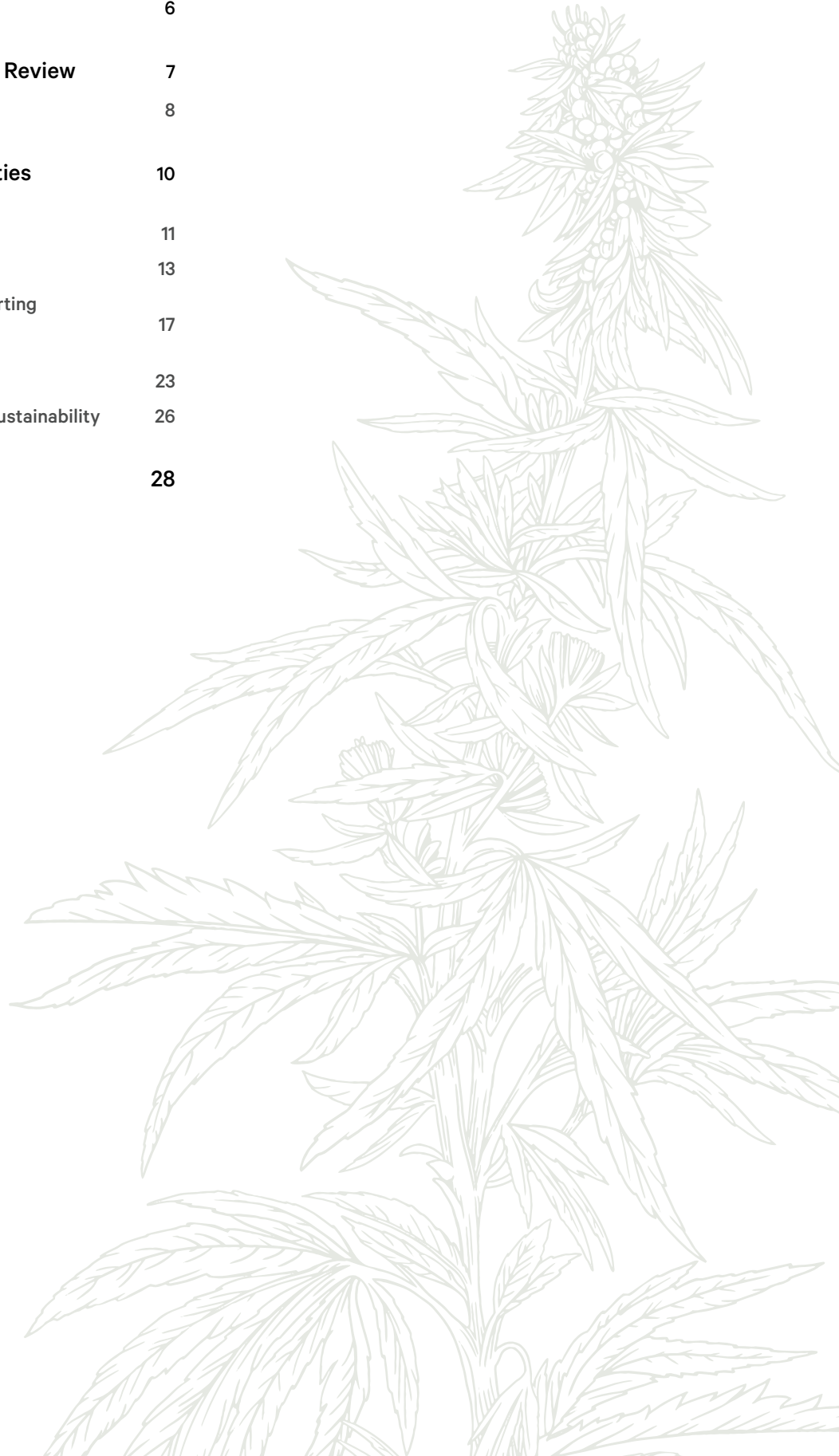
# About This Publication

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# About the Ontario Cannabis Store

**The Ontario Cannabis Retail Corporation, operating as the Ontario Cannabis Store (the OCS), is the exclusive wholesaler and the provincial online retailer of recreational cannabis in Ontario.**

The OCS was established as a government agency through the *Ontario Cannabis Retail Corporation Act, 2017*, and is empowered to buy, possess and sell cannabis and related products, as well as to promote social responsibility in connection with cannabis.

The OCS is committed to supporting the Government of Ontario's objectives for the sale of recreational cannabis: to enable a retail system that will keep cannabis out of the hands of children and youth, protect communities and combat the illegal market.

The OCS supports these provincial objectives by:

- Sourcing recreational cannabis from federally Licensed Producers for resale to private retail stores (Authorized Cannabis Stores) authorized by the Alcohol and Gaming Commission of Ontario (the AGCO)
- Providing quality-tested and reliable recreational cannabis sales to adults across Ontario through OCS.ca
- Providing consumers with information on responsible consumption
- Promoting social responsibility to facilitate a responsible approach to cannabis retail

The OCS, in its capacity as a Crown agency of the Government of Ontario, welcomes the opportunity to participate in Health Canada's review of the legal cannabis framework and to share its perspective on opportunities for improvement.

# Part One

## Cannabis Legalization in Review

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Four years ago, the Government of Canada brought into force a framework to legalize the production, distribution, sale and possession of recreational cannabis for adult use across the country.



# Cannabis Legalization in Ontario

**Prior to legalization, Canadians – youth and adults alike – spent a considerable amount on illegal cannabis. In the months prior to legalization, Statistics Canada estimated that Canadians had spent \$5.7 billion on cannabis over the preceding year – with \$4.8 billion spent on illegal recreational cannabis alone.**

Notably, consumption among Canadian youth was [reported to be among](#) the highest across the globe. With legalization, Health Canada sought to balance the objectives of supporting the development of a legal industry capable of displacing an entrenched illegal market while implementing safeguards to protect public health and safety. Establishing a strictly regulated cannabis market served to transition consumers away from purchasing through illegal sources while creating controls to reduce the risks associated with cannabis consumption. Additional federal objectives for cannabis legalization include:

- Protecting youth by restricting both access to and inducements to use cannabis
- Providing for legal cannabis production to reduce illegal activities
- Reducing the burden on the criminal justice system in relation to cannabis
- Enhancing public awareness of the health risks associated with cannabis use

Today, adult Ontarians 19 and older can purchase cannabis online, over the phone or in person at a privately operated Authorized Cannabis Store. As the wholesale distributor to Ontario's network of Authorized Cannabis Stores, the OCS purchases cannabis products from federally Licensed Producers to provide adults with access to a quality-controlled supply of cannabis.

As the government agency responsible for cannabis distribution in Ontario, the OCS shares Health Canada's desire to protect public health, keep cannabis out of the hands of youth and promote responsible consumption. The most effective way to achieve these goals is to

take continued steps to combat the illegal market and convert existing consumers to legal sources, where products are quality tested and strictly regulated.

In addition to supporting the federal government's goals for legalization, the OCS remains committed to advancing provincial policy objectives for cannabis legalization and enabling the ongoing development of a vibrant and sustainable cannabis marketplace in Ontario. To that end, the OCS has:

- **Promoted social responsibility in connection with cannabis:** Since legalization, the OCS has developed and published educational resources on its website, including [Cannabis Made Clear](#), to improve cannabis literacy and support informed consumption. The OCS has also launched a multi-year [Social Responsibility Strategy](#) centred around advancing cannabis knowledge, creating a foundation for environmental sustainability and supporting an industry that is more diverse and inclusive. Moving forward, the OCS will increase efforts to promote responsible consumption to ensure all Ontarians are equipped to make informed decisions if, and when, they choose to consume cannabis.
- **Assured product quality and regulatory compliance:** As the single largest purchaser and distributor of recreational cannabis in Canada, the OCS plays a critical role in the movement of cannabis throughout the provincial supply chain. To that end, the OCS requires Licensed Producers to ensure that all products sold into Ontario's recreational cannabis market adhere to federal regulations.

- **Supported retail store growth:** The OCS has worked alongside the AGCO to support the opening of Authorized Cannabis Stores across Ontario to increase adult access to legal recreational cannabis products. This means moving 1,000 kilograms of cannabis per day to approximately 1,600 retailers across the one million square kilometres that is Ontario. This includes working with Indigenous partners who wish to participate in the provincial framework by supporting the successful opening of seven Authorized Cannabis Stores located in First Nations communities, and four federally licensed production facilities (i.e., Farmgate stores).
- **Enabled province-wide access to cannabis:** Through OCS.ca, the OCS makes cannabis and related products, such as cannabis accessories, available to adults across the province, including those located in communities not currently served by Authorized Cannabis Stores.
- **Built a broad and robust provincial catalogue:** To date, the OCS has added over 2,700 unique cannabis products from Licensed Producers to its wholesale catalogue, of which more than 40 percent are Ontario-based facilities. In recent months, the OCS has taken steps to support "craft" suppliers and the introduction of innovative product categories positioned to compete with the illegal market. Through regular product procurement cycles and ongoing improvements to its distribution infrastructure, the OCS is committed to broadening the assortment of quality-tested cannabis products it makes available across Ontario.

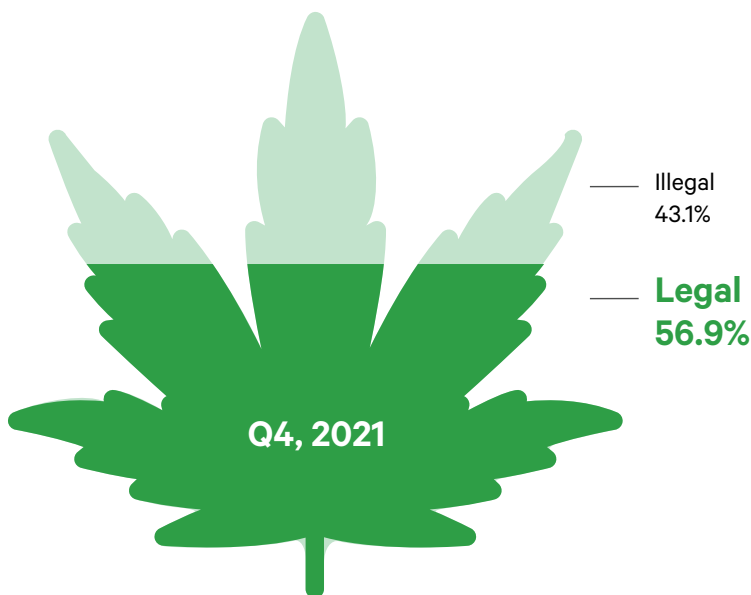


**In the four years since legalization, cannabis has emerged as an important economic driver in Ontario. Deloitte estimated that between October 2018 and December 2020, the legal cannabis sector contributed \$13.3 billion to Ontario’s GDP, sustaining 48,000 jobs.**

Nationally, the legal cannabis sector contributed an estimated \$43.5 billion to Canada’s GDP and sustained 151,000 jobs over this period. Comparatively, these figures suggest that the legal cannabis sector’s economic contribution may now surpass [other traditional sectors](#), including gold and silver mining, meat production and clothing manufacturing in Canada.

By June 2022, the OCS estimated that nearly 60 percent of all recreational cannabis purchases now occur legally. If the industry can successfully combat the illegal market, legal market share has the potential to grow even further, creating significant economic opportunities across the country.

As the OCS looks ahead to the next four years and beyond, it is committed to working with Health Canada and other government partners to protect public health and safety by combatting the illegal market while ensuring recreational cannabis continues to positively impact Ontario’s economic growth.



# Part Two

## Challenges & Opportunities

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When Canada legalized and regulated access to recreational cannabis, it was only the second nation in the world to do so and the first among major industrialized nations. Considering the progress and advancement over the past four years, the nascency of Canada's legal cannabis sector should not be taken for granted.



# Review of the *Cannabis Act* and the Cannabis Regulations

**Upon passing the *Cannabis Act* in June 2018, the federal government recognized the need to undertake a comprehensive review once additional research, data and evidence became available to assess whether the objectives of the framework were being met.**

On this basis, the *Cannabis Act* required the federal government to initiate a review of the legal cannabis framework within three years of legalization.

On September 22, 2022, Health Canada [announced](#) the launch of the legislative review, which includes a 60-day public consultation process. The OCS welcomes the opportunity to participate in the federal review. As a provincial Crown agency, the OCS appreciates the work that will be undertaken to evaluate the public health and public safety impacts of legalization. However, as Health Canada has acknowledged, legalization has had diverse, wide-ranging impacts on Canadian society that go beyond the public health and safety objectives of the *Cannabis Act*. Therefore, the OCS hopes the review meaningfully considers the substantial economic benefit cannabis legalization has and will continue to offer Canadians. The OCS does not view these objectives as distinct but, rather, intimately tied. The public health – and criminal justice – objectives Health Canada seeks to achieve cannot be realized until a vibrant and sustainable legal marketplace fully develops and the illegal market has been displaced.

The review is being initiated at a critical point in the industry’s evolution: four years after legalization, the market is growing rapidly and data about adult consumption and consumer behaviour is emerging that offers valuable insights into how the legal framework is meeting its key objectives. As the single largest purchaser and distributor of recreational cannabis in Canada, the OCS has a unique perspective on how the legal framework can be improved to support the ongoing growth of a vibrant, inclusive and productive retail cannabis network.

The OCS has leveraged its unique position as a wholesaler and e-commerce operator servicing Canada’s most populous province to gather insights on how the regulatory framework has shaped Ontario’s recreational market. The challenges and recommended courses of action discussed throughout this paper are grounded in a desire to continue to grow the legal industry, minimize harms related to cannabis consumption and promote social responsibility across the regulated supply chain.

**This paper identifies several broad challenges that have emerged before offering specific recommendations Health Canada may wish to consider as part of its evaluation of the framework.**

CHALLENGE	RECOMMENDED FEDERAL ACTION
<p><b>#1 THC Limits</b></p> <p>Cannabinoid concentration limits create disincentives to purchase legally, undermining the public health objectives they aim to address.</p>	<p>1. Adjust THC limits for edible cannabis</p>
<p><b>#2 Cannabis Literacy &amp; Supporting Responsible Consumption</b></p> <p>Promotion rules and product-level regulatory restrictions prevent legal industry participants from effectively providing consumers with the information needed to make informed purchasing decisions.</p>	<p>2. Expand brand-preference promotions for edible cannabis and cannabis topicals</p> <p>3. Clarify permissibility of online product reviews for legal retailers</p> <p>4. Adjust product labelling requirements:</p> <ul style="list-style-type: none"> <li>a. Additional cannabinoids</li> <li>b. Terpenes</li> <li>c. Improved accessibility of key nutritional information for edible cannabis</li> <li>d. Brand narratives, including cultivation practices</li> </ul> <p>5. Consider adjusting labelling requirements for CBD-dominant products</p> <p>6. Adjust concentration statement for ingestible cannabis extracts</p>
<p><b>#3 Quality Assurance &amp; Consumer Confidence</b></p> <p>Stronger quality controls are required to ensure ongoing consumer confidence in legal cannabis products.</p>	<p>7. Establish national standards for third-party testing</p>
<p><b>#4 Improving Environmental Sustainability</b></p> <p>Product packaging rules are contributing to an unsustainable environmental footprint for the legal cannabis industry.</p>	<p>8. Explore opportunities to reduce the environmental impact of cannabis packaging:</p> <ul style="list-style-type: none"> <li>a. Take steps to improve the recyclability of cannabis packaging</li> <li>b. Allow for the limited use of on-pack recycling instructions</li> <li>c. Support Producer competitiveness</li> </ul>

## Challenge #1 THC Limits

Cannabinoid limits create disincentives to purchase legally, undermining the public health objectives they aim to address.

In the year following the launch of OCS.ca on October 17, 2018, and in-store private retail on April 1, 2019, adults across Ontario had access to a variety of cannabis products from several classes: dried cannabis, cannabis oils and cannabis seeds<sup>1</sup>. Then, in October 2019, Health Canada brought into force

amendments to the *Cannabis Act* and the Cannabis Regulations to provide for the production and sale of derivative cannabis products, commonly referred to as “Cannabis 2.0.”

Since the introduction of these new product classes – edible cannabis,

cannabis extracts and cannabis topicals – the OCS has worked with its suppliers to bring over 2,700 varieties to market to support its objective of transitioning consumers away from the illegal market and ensuring that those who choose to consume cannabis are doing so safely.

Table 1: Cannabis 2.0 Product Overview

PRODUCT CLASS	PRODUCT CATEGORY	THC CONCENTRATION LIMIT
Edible Cannabis	<ul style="list-style-type: none"> <li>Soft Chews (e.g., gummies)</li> <li>Hard Edibles (e.g., mints, caramels)</li> <li>Chocolates</li> <li>Beverages (e.g., “ready to drink” bottles and cans, powder mixes)</li> <li>Baked Goods (e.g., cookies, brownies, cakes)</li> </ul>	10 mg per package
Cannabis Extracts	<ul style="list-style-type: none"> <li>Oils and Oil Capsules</li> <li>Concentrates (e.g., hash, kief, resin, rosin, shatter, wax and other isolates and distillates)</li> <li>Vaping Products (e.g., cartridges, disposable vapes)</li> </ul>	1,000 mg per package; 10 mg per discrete unit (e.g., capsule) or activation (e.g., spray) for ingestible formats
Cannabis Topicals	<ul style="list-style-type: none"> <li>Creams and Lotions</li> <li>Bath and Shower Products</li> <li>Intimacy Products</li> <li>Cosmetics</li> </ul>	1,000 mg per package

Many of these products have been historically made available through the illegal market with no quality controls, good production practices or other rules to govern production that are now required under the *Cannabis Act*. This has created substantial health and safety risks. Illegal edible cannabis products, for example, often have bright, colourful and attractive packaging with brand elements that resemble or mirror food products familiar to consumers, such as popular candy brands. These illegal products rarely include child-resistant

features and frequently have high and/or inconsistent THC amounts (see Figure 1, an illegal cannabis product that resembles “Nerds Rope” candy with 400 mg of THC; actual “Nerds Rope” candy product included for comparison). Most importantly, these products are incredibly attractive to youth, who may mistake these illegal cannabis products for the candy products they resemble.

These risks have been reinforced through recent media coverage of accidental youth consumption related to

FIGURE 1

Illegal Cannabis Product with 400 mg THC Resembling a Popular Nerds Rope Candy (Top) and Actual Nerds Rope Candy (Bottom)



<sup>1</sup> Though legal for sale to consumers, cannabis plants and fresh cannabis are not available.

## CHALLENGE #1 THC Limits

visually appealing illegal products that have high THC concentration and do not include the child-resistant features required under the Cannabis Regulations.

With the amended Cannabis Regulations, Health Canada introduced product-level restrictions, including THC limits (see Table 1, above), intended to reduce the appeal of these products to youth, as well as the risk of accidental consumption and overconsumption, food-borne illness and the harmful health outcomes associated with the consumption of high-potency products.

These restrictions, while justified from a public health perspective, have created disincentives for legacy consumers (consumers who purchased cannabis prior to legalization) to purchase these regulated products, especially edible cannabis, through legal channels. According to recent estimates from the Ontario Provincial Police (OPP), 1,283 to 2,636 illegal cannabis websites (commonly referred to as Mail-Order-Marijuana sites, or MoMs) are supplying cannabis to Ontario residents. A recent OCS assessment of the leading illegal cannabis websites suggests consumers have access to hundreds of edible cannabis products, with reported THC amounts ranging between 5 and 2,000 mg per package. Under current federal rules, regulated edible cannabis products can only contain up to 10 mg of THC per package. As illegal cannabis products are unregulated, it remains challenging for

consumers to validate whether these products contain the stated THC amounts. In fact, earlier this year, the OPP [tested](#) seized illegal edible cannabis products and found that most had less than 20 percent of the advertised THC levels. By contrast, regulated products tested as part of the same study consistently contained the THC amounts specified on the product labels.

Despite questions about the accuracy of THC claims on illegal products, it is important to consider that 2,000 mg of THC is 200 times greater than the legal limit for a single edible cannabis package. Given the prevalence of higher-potency products available in the illegal market, legacy consumers often have reasonable expectations on their ability to purchase products with comparable potency through legal means. Should these consumers visit OCS.ca or an Authorized Cannabis Store, they face the prospect of having to purchase multiple packages of edible cannabis at a higher overall cost or opting for an ingestible cannabis extract, such as cannabis oil. Unlike edible cannabis, ingestible cannabis extracts are not, by definition, intended to be consumed in the same manner as food and, therefore, do not present consumers with a similar sensory experience. OCS cannabis usage and attitude research further suggests that frequent cannabis consumers intending to purchase edible cannabis are more likely to purchase illegal edible

cannabis products with THC amounts that better meet their expectations than to purchase an ingestible cannabis extract through legal means.

Unsurprisingly, consumers frequently criticize the 10 mg of THC per package limit that applies to legal edible cannabis. In a survey of OCS consumers conducted between October 2021 and September 2022, nearly 40 percent of respondents focused on the THC limit, with some stating that THC limits in regulated product are “so low that it isn’t worth it.” This sentiment was similarly echoed in responses from Authorized Cannabis Stores, with many sharing concerns that they may be losing customers to the illegal market due to the THC limit for regulated edible cannabis. The data suggests this may be true: frequent edible cannabis consumers continue to purchase unregulated, potentially harmful products through illegal sources, with one of the top barriers to purchasing legally being the unavailability of high-THC products. Considering that this consumer segment is estimated to represent nearly one-fifth of all recreational cannabis spending in Ontario, continued illegal edible cannabis purchases undermine efforts to displace the illegal market.

## CHALLENGE #1 THC Limits

In other jurisdictions where recreational cannabis has been legalized, regulatory bodies have acknowledged consumer preferences for edible cannabis products with higher THC limits. For example, last

year, the state of Oregon [increased](#) the THC limit for edible cannabis from 50 mg to 100 mg per package and from 5 mg to 10 mg per discrete unit. Additional examples are set out in Table 2, below.

Table 2: THC Concentration Limits in U.S. Jurisdictions

U.S. JURISDICTION	THC LIMIT FOR EDIBLE CANNABIS
California	100 mg per package; 10 mg per serving
Nevada	100 mg per package; 10 mg per serving
Washington	100 mg per package; 10 mg per serving
Oregon	100 mg per package; 10 mg per serving

In its 2016 [Task Force Report on Cannabis Legalization and Regulation](#), Health Canada acknowledged the pervasive tension inherent in establishing a legal cannabis framework. “...Excessive restrictions could lead to the re-entrenchment of the illicit market,” the report admitted, before adding, “conversely, inadequate restrictions could lead to an unfettered and potentially harmful legal market.” The continued proliferation of illegal edible cannabis products suggests that current restrictions may be hampering efforts taken throughout the legal supply chain to transition consumers to comparatively safer legal edible cannabis products.

It is worth reiterating that, unlike legal edible cannabis products, illegal products do not feature standardized regulatory controls to protect consumers and youth. They lack child-resistant features that [prevent](#) unintended or accidental consumption, plain packaging intended to reduce the

appeal to youth, indicators to make clear that the product contains cannabis (e.g., the standardized cannabis symbol) and health warnings to reinforce the harms associated with cannabis use. Consumers purchasing through legal channels have access to educational resources, including interaction with [CannSell](#)-trained staff, to better understand the risks associated with overconsumption and the importance of safely storing cannabis products to protect youth.

The most effective way to reduce the harms associated with illegal edible cannabis products is to disincentivize the purchase of those products altogether. Without steps to reduce access to illegal products, associated consumption risks persist – especially accidental youth consumption – and illegal activity will continue to burden the criminal justice system.

Recommendation 1

### Adjust THC Limits for Edible Cannabis

**Increase the maximum amount of THC per edible cannabis package while introducing a 10 mg THC limit per discrete unit contained within a single package.**

For example, were Health Canada to increase the current limit (e.g., from 10 mg to 50 mg per package), a low THC limit for edible cannabis could be maintained relative to other legal product classes and illegal products, while the opportunity for Producers to achieve greater economies of scale to drive down product costs and attract legacy consumers could be increased. Producers could then introduce larger package sizes in which the overall amount of THC could be spread across a larger quantity of discrete units – such as a single pack of soft chews containing twenty-five 2 mg units, relative to the current limit of five 2 mg units. Although

smaller serving sizes may not prevent consumers from consuming larger quantities of cannabis, spreading THC across a larger number of discrete units could help consumers better quantify and measure their consumption.

A 10 mg THC limit on each discrete unit would align with current rules for both edible cannabis and ingestible cannabis extracts (e.g., 10 mg THC per capsule or spray), while the continued application of child-resistant packaging would guard against the risk of accidental youth consumption. This change would further align with the industry standards in comparable U.S. jurisdictions,

where recreational cannabis has been legal for a longer period of time and greater insights on consumer and market behaviour are available.



## Challenge #2 Cannabis Literacy & Supporting Responsible Consumption

Promotion rules and product-level regulatory restrictions prevent legal industry participants from effectively providing consumers with the information needed to make informed purchasing decisions.

Increasing cannabis literacy among Canadians and promoting informed consumption choices are key objectives for the OCS's approach to cannabis legalization. For many Ontarians, cannabis remains a relatively unfamiliar and deeply stigmatized substance, a natural consequence of the decades-long prohibition that preceded legalization.

An informed, "literate" cannabis consumer is better equipped to understand and differentiate between product types, their varying effects and strengths, methods of consumption and potential health risks. Although cannabis research and public education campaigns are evolving, misinformed beliefs about cannabis use, its effects and associated health risks still exist. In some instances, the risks of cannabis use are understated (e.g., there are no health risks associated with cannabis use, or chronic cannabis consumption is less harmful than alcohol use), while in others, they are exaggerated (e.g., an abstinence-based approach that suggests completely avoiding cannabis is the only acceptable way to reduce the harms associated with consumption). Taking steps to reduce barriers for regulated parties to communicate information about the products they sell will help increase cannabis literacy among adult consumers and support harm-reduction objectives.

### Cannabis Promotions

In other consumer packaged goods industries, promotions, marketing and advertising offer businesses the opportunity to build brand awareness, enhance credibility with consumers and work toward establishing a competitive advantage that supports ongoing

growth – all essential for the development of a vibrant and sustainable industry. However, the *Cannabis Act* broadly prohibits regulated businesses from promoting cannabis, cannabis accessories or services related to cannabis, with a few exceptions.

These rules are generally intended to protect young persons and ensure public discourse focuses on enhancing awareness of the health risks associated with cannabis use. They are also based on learnings from the sale and regulation of tobacco and beverage alcohol, which suggest that promotion is an important driver of consumption and restrictions are an effective means to delay the age of initiation for use<sup>2</sup>. However, these rules, while likely effective in preventing brand awareness among youth, have inadvertently impacted cannabis literacy among adult consumers.

Licensed Producers and Authorized Cannabis Stores have struggled to establish brand recognition for their products and services, challenging the ability of the legal industry to effectively attract and retain consumers. A 2020 [consumer survey](#) conducted by the Brightfield Group following the introduction of Cannabis 2.0 products found a low degree of brand awareness among Canadian cannabis consumers. Today, the OCS does business with 199 Licensed Producers offering products to Ontario consumers under approximately 500 distinct product brands. Despite Producers' efforts to establish these unique and diverse legal brands, customers have minimal brand knowledge and are therefore less likely to form the loyalty to legal products necessary for Producers to effectively compete with the illegal market.

In light of these challenges, several Canadian Licensed Producers have entered into agreements with U.S.-based cannabis companies to bring established, recognizable American cannabis brands north of the border. When launching a new product, Canadian Producers typically develop localized market strategies that involve direct relationship building with the Authorized Cannabis Stores they rely on to promote their products to adults in-store or online. By contrast, a partnership with an existing U.S. brand establishes an instant brand presence, built through traditional marketing tactics employed in American markets where the sale of recreational cannabis is legal. Although there is no guarantee of success in the Canadian market, these partnerships may provide a competitive advantage over products with brands developed in Canada. Under the existing regulatory environment, Canadian Licensed Producers may also lack the promotional tools to build strong, unique domestic brands that are well positioned to expand into new markets as international jurisdictions make the choice to legalize recreational cannabis.

When legal businesses cannot effectively promote their brands, consumers not only struggle to develop loyalty to legal products but also may be incapable of recognizing them as legal products in the first place.

Under the federal framework, these promotion restrictions are applied uniformly to all classes of cannabis. No differentiation is made between products with [greater health risk](#), such as those consumed by means of smoking or vaping (e.g., dried cannabis and cannabis vaping products with high THC

<sup>2</sup> The 2016 [Final Report of the Task Force on Cannabis Legalization and Regulation](#) stated: "Generally speaking, studies have consistently found that the earlier cannabis use begins and the more frequently and longer it is used, the greater the risk of potential developmental harms, some of which may be long-lasting or permanent." (Page 18)

## CHALLENGE #2 Cannabis Literacy & Supporting Responsible Consumption

content) and products with potentially lower overall health risks, such as edible cannabis, cannabis topicals and CBD-dominant products.

Four years into legalization, it is clear that a differentiated approach could improve public health and economic growth objectives. As the legal cannabis market grows, so too does cannabis use. A [study](#) from the Centre for Addiction and Mental Health reported that cannabis use increased from 25.5 percent to 31.9 percent between 2019 and 2020. By and large, cannabis use [primarily](#) requires smoking or vaping. Among adult cannabis consumers who participated in the 2021 Canadian Cannabis Survey, for instance, nearly three-quarters [reported](#) smoking as their most common method of consumption. Sales trends through legal channels in Ontario reinforce the findings in these studies. [Between January 2022 and March 2022](#) alone, dried cannabis, vaping products and pre-rolled dried cannabis products accounted for 84 percent of all recreational cannabis sales in Ontario.

To [reduce the harms](#) associated with cannabis use, greater incentives should be created to encourage the safe sale and consumption of CBD-dominant legal products and those that do not require smoking or vaping.

Moreover, in the absence of public-facing promotions, adult consumers are less likely to form brand preferences prior to entering an Authorized Cannabis Store or browsing through a legal e-commerce platform. Without brand familiarity, greater effort is required for a consumer to educate themselves before determining whether a product is right for them. For online shopping, customer product reviews are a particularly effective tool. Verified or genuine product reviews on provincially authorized retailers' websites play a critical role in supporting informed purchasing

decisions, building consumer trust and developing brand loyalty (especially given that consumers shopping online are unable to interact with a CannSell-trained employee like they can at an Authorized Cannabis Store).

However, many Authorized Cannabis Stores do not include customer reviews on their websites due to uncertainty about whether they are permitted under the *Cannabis Act* and a lack of clear direction from Health Canada. By contrast, illegal cannabis websites provide customers with hundreds of product review pages and, in some cases, even offer monetary incentives for customers to leave reviews.

Without the opportunity for peer review on legal platforms, many customers often turn to social media (such as Reddit) or illegal websites for unverified product information or may opt to purchase only those products familiar to them through illegal sources.

### Cannabis Product Packaging & Labelling

Health Canada applied a similar public health approach to many product-level restrictions, such as those in place for packages and labels. The Cannabis Regulations prescribe what, where and how information may appear on cannabis product labels. Cannabis products feature plain packaging with child-resistant features and health warning messaging intended to communicate the harms associated with cannabis use. Product packages can be only one base colour, and their labels can contain only one brand element, which must be equal in size to or smaller than the standardized cannabis symbol. The THC and CBD content must also be displayed on the package. Mandatory labelling requirements are exhaustive and vary according to the product class (e.g., edible cannabis products must also include a nutrition facts table).

Current labelling requirements may also be preventing Licensed Producers from conveying key information about product characteristics that would otherwise help consumers make more informed purchasing decisions. Cannabis is a complex substance with hundreds of identifiable terpenes and cannabinoids (e.g., cannabigerol or CBG; and cannabiol or CBN), yet consumer interaction with legal cannabis tends to focus primarily on the product's THC and CBD concentration and its price. Terpenes are the thousands of naturally occurring compounds found in most plants, including cannabis, that provide a range of tastes and aromas (e.g., earthy, herbal and citrusy). If made available and promoted, a cannabis product's terpene profile could play a major role in an individual's decision to purchase and consume it. Researchers at Dalhousie University recently [suggested](#) that a product's terpene profile may be a more reliable reflection of its characteristics than its plant family (i.e., indica or sativa).

Considering the breadth of standardized information that must be included on a product label and the stringent requirements for how this information must be displayed, Licensed Producers often lack the ability or incentive to include additional product information, such as cannabis terpenes or cannabinoids beyond THC and CBD, without increasing the size of their product packaging. Among the hundreds of dried cannabis products the OCS lists for sale in Ontario, few have labels that feature terpene information. In a 2021 OCS consumer survey, nearly one-third of respondents suggested that additional information on terpenes or other cannabinoids could better inform their purchasing decisions.

It is worth noting that in many consumer packaged goods industries, branding on packaging (e.g., visuals and text that convey clear narratives to consumers

## CHALLENGE #2 Cannabis Literacy & Supporting Responsible Consumption

on what the brand represents) are part of the critical evaluation criteria consumers use to shop for products that align with their values and preferences. In the absence of this information, emphasis remains on THC and CBD concentration, missing an opportunity to educate consumers on other relevant product characteristics. This may be resulting in the commodification of legal cannabis by encouraging the consumption of stronger potency products at lower prices, if high concentration is perceived to be the most significant indicator of a product's value.

In short, the federal regulatory framework requires greater flexibility to ensure regulated parties can respond

to changing market dynamics as Canada's regulated cannabis market continues to evolve and greater research and analysis become available.

Recently, an independent Science Advisory Committee established by Health Canada evaluated the potential for CBD to be regulated as a non-prescription health product. The committee [found](#) that CBD is safe and tolerable for short-term use, in which adults consume no more than 200 mg per day after consulting with their pharmacist. Unsurprisingly, CBD-dominant products sold through recreational channels have come to be associated with "wellness," with many consumers purchasing these products

for their perceived health benefits. Nearly 40 percent of respondents to a recent OCS consumer survey suggested that they purchase cannabis creams and lotions to "relieve physical pain" or "improve overall wellness." However, these comparably less harmful CBD-dominant products are generally subject to the same packaging and labelling requirements as products with high THC concentration.

Recommendation 2

### Expand Brand-Preference Promotions for Edible Cannabis and Cannabis Topicals

**Amend the rules under the *Cannabis Act* to enable edible cannabis (including beverages) and cannabis topicals to be promoted in public (i.e., in places other than those where young persons are not permitted by law, such as within an Authorized Cannabis Store).**

This change would expand opportunities for regulated parties (e.g., Licensed Producers, Authorized Cannabis Stores and provincially authorized distributors) to incentivize the purchase and sale of these products over those that require smoking or vaping. Acknowledging that some Licensed Producers have branding that they use across several product classes (e.g., dried cannabis and edible cannabis), these public-facing promotions could focus specifically on edible cannabis or cannabis topical products, and could display associated product packaging, include information on product availability and price, and communicate brand information.

Such promotions would be subject to all other existing marketing controls, such as requirements that the promotion not appeal to young persons; depict a person, character or animal; evoke a particular way of life (e.g., glamour, recreation, vitality, excitement, risk or daring) or suggest any particular health benefit derived from the product's use.

Additional requirements could be introduced to specify that any such promotion must include mandatory health warning messages (focused on risks associated with smoking or vaping), the standardized cannabis symbol (if the medium allows, such as through

print) and educational information to manage the risk of accidental consumption or overconsumption.

With edible cannabis promotions, by definition, the industry would be permitted to advertise and market only lower-potency cannabis products while enabling consumers to develop familiarity with legal cannabis brands and better enable them to distinguish legal edible cannabis products from those available illegally. These rules would be consistent with provincial objectives for a [Smoke-Free Ontario](#).

Recommendation 3

### Clarify Permissibility of Online Product Reviews for Legal Retailers

Adjust federal prohibitions related to testimonials and provide clear direction to regulated parties regarding the permissibility of customer reviews for cannabis products, cannabis

accessories or services related to cannabis (e.g., cannabis delivery services) on provincially authorized retailers' websites. As the breadth of legal cannabis products available

continues to increase, customer reviews enable consumers to learn more about new cannabis products before determining whether the product is right for them.

Recommendation 4

### Adjust Product Labelling Requirements

**Introduce regulatory amendments to loosen typography, font and size requirements on product labels to provide Producers with greater discretion to either reduce the label's overall surface area or include additional information without consequential increases to package sizes.**

These changes could include reducing the sizing ratios between the standard cannabis symbol and brand elements to increase the overall size of the brand

elements, removing minimum font size requirements for required product information or allowing a greater amount of information to be included on peel-

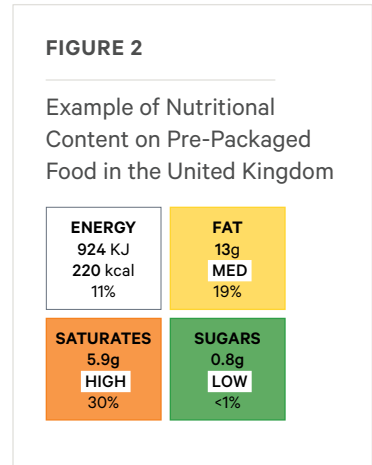
back or accordion panels rather than on the main exterior display surface (e.g., contact information for the licence holder and additional brand elements).

**Should Health Canada make these adjustments to labelling requirements, the following could also be added to packaging.**

- a. **Additional Cannabinoids:** Under the Cannabis Regulations, cannabis product labels must include information on THC and CBD amounts. Steps should be taken to require that labels include statements for other cannabinoids (e.g., CBG and CBN) if the amount of the cannabinoid falls above a predefined threshold specific to the particular product class (e.g., milligram thresholds for dried cannabis and edible cannabis could differ). As with THC and CBD, Health Canada could consider establishing variability limits for these additional cannabinoids, where applicable. The change would promote greater cannabis literacy and encourage purchasing decisions that are not primarily predicated on THC concentration.
- b. **Terpenes:** Steps should be taken to establish standardized rules under the Cannabis Regulations for how information on terpenes can be presented on product labels for dried cannabis and cannabis extracts intended for inhalation (i.e., vaping products and concentrates). Although this information would continue to be optional for Producers, standardized rules and guidance from Health Canada could encourage greater adoption and further support efforts to improve cannabis literacy and allow consumers to consider cannabis attributes beyond psychoactive effects.

- c. **Improved Accessibility of Key Nutritional Information for Edible Cannabis:** Under the Cannabis Regulations, labels for edible cannabis products cannot include representations that suggest they are intended to meet any particular dietary requirements. Considering that edible cannabis products are intended to be consumed in the same manner as food, steps should be taken to enable representations that mirror those permitted for food. In addition to the nutrition facts table required under the Regulations, consideration could be given to providing for standardized “front-of-pack” nutrition labels that include information such as energy, fat content, sugar content, salt content, THC and CBD amounts, and other key representations that are important to consumers considering edible cannabis products. These front-of-pack nutrition labels are commonly included on the front of pre-packaged food in the United Kingdom (see Figure 2) and allow consumers to quickly understand nutritional impacts at a glance.
- d. **Brand Narratives:** Greater flexibility should be provided to better enable Licensed Producers to convey information about their businesses and brands to consumers interested in purchasing their products. Allowing Producers to build brand awareness provides consumers with the opportunity to consider additional

characteristics beyond THC and CBD amounts. To provide for this, consideration could be given to permitting this information to be included in an electronic QR code on product labels – a technology whose adoption has risen considerably during the COVID-19 pandemic. Consumers could use these codes to navigate to Producer websites, where information on environmentally sustainable production, responsible consumption information, ownership (offering the opportunity, for example, to highlight Indigenous-owned businesses or partnerships), cultivation and manufacturing processes, or local economic development could be conveyed. All information communicated by the Producer would be subject to promotion rules contained within the *Cannabis Act*.



**Recommendation 5**

**Consider Adjusting Labelling Requirements for CBD-Dominant Products**

**Evaluate opportunities for health claims to be made and included on labels for CBD-dominant cannabis products.**

Building on the final report from the Scientific Advisory Committee, Health Canada recently held a public consultation to support the development of a regulatory pathway for CBD to be

used as an ingredient in health products regulated under the *Food and Drugs Act*. As further analysis and resources are devoted to exploring therapeutic uses for CBD, consideration should be given to

evaluating how packaging and labelling requirements under the Cannabis Regulations can be modified to better support adult consumers who choose to purchase CBD-dominant products.

Recommendation 6

### Adjust Concentration Statement for Ingestible Cannabis Extracts

Minor amendments to the labelling requirements for cannabis extracts intended for ingestion, such as cannabis oils, to require that the THC concentration be reflected as milligram per millilitre (mg/mL) rather than milligram per gram (mg/g) to help prevent consumer confusion when reading labels

and the associated risk of inadvertently consuming more THC than intended.

This change would be particularly relevant for ingestible extracts that are not sold in discrete units (i.e., oils). The Regulations require that these products include a dispensing mechanism

(e.g., a syringe or spray) that does not dispense more than 10 mg of THC per “activation.” While the product label lists THC in mg/g, the dispensing mechanisms often measure volume in millilitres.

## Challenge #3 Quality Assurance & Consumer Confidence

Stronger quality controls are required to ensure ongoing consumer confidence in legal cannabis products.

Ensuring Canadians have access to a quality-controlled supply of cannabis was a key objective in the federal government's decision to legalize recreational cannabis. The framework provides for safe and responsible production (i.e., cultivation, manufacturing and processing) and distribution systems that protect public health while guarding against the risk of diversion to the illegal market. To that end, since legalization, the framework has enabled over 900 federal licence holders to develop thousands of products across several diverse product classes to help transition consumers away from illegal sources.

The Cannabis Regulations set out “good production practices” that Licensed Producers must adhere to, including mandatory testing for contaminants and stringent product-level requirements to assure cannabis products are produced, packaged and labelled in a manner that supports consistent quality, protects public health and provides consumers with confidence when purchasing legally. As the sole wholesale buyer of recreational cannabis in Ontario, the OCS requires that Licensed Producers have assured the quality of products made available online at OCS.ca and to Authorized Cannabis Stores across the province. Quality assurance monitoring steps undertaken by the OCS include, but are not limited to:

- Reviewing product packaging and labelling for adherence to federal requirements (e.g., child-resistant features and health warning messaging)
- Ensuring alignment of product names and branding with OCS Social Responsibility [requirements](#)
- Requiring that vendors provide a Certificate of Analysis, attained from a licensed testing laboratory, confirming that product information is accurate and harmful levels of

contaminants and pesticides have not been identified

- Conducting education sessions with vendors
- Monitoring customer feedback and investigating complaints to ensure appropriate actions are pursued

The message to adult Ontarians is clear: when you purchase legal cannabis, you should know what you are getting.

Unregulated illegal cannabis, by contrast, continues to present substantial health and safety risks for consumers. Recently, the OCS worked with the OPP and the National Research Council of Canada to test illegal cannabis seized from across the province. The [study](#) found that most illegal products failed to disclose THC concentration, and in cases where this information was listed, actual THC amounts were substantially lower than stated amounts. Markedly, the study also found that illegal products had dangerously high levels of pesticides (e.g., myclobutanil), which were in some cases several thousand times higher than limits accepted by Health Canada under the Cannabis Regulations. In a similar study, the Government of British Columbia [tested](#) illegal cannabis seized from illegal storefronts and found unacceptable amounts of pesticides, bacteria, fungi, lead and arsenic.

Without the controls provided for under the federal framework, there is no way for consumers to know whether illegal cannabis is produced using risky production practices; whether products include unacceptable levels of bacteria, fungi, lead and arsenic; and whether the products even contain the amount of THC and CBD the sellers claim. Illegal products with unacceptable levels of contaminants pose possible health risks for consumers, for individuals who handle or process the products and for

surrounding areas should illegal producers employ environmentally hazardous production practices.

### Testing Standards

When consumers visit an Authorized Cannabis Store or shop online, they expect that the product-level attributes included on cannabis labels are accurate and that controls are in place to validate this key information. Considering that federal rules require each individual “lot” or “batch” of cannabis to be tested to verify cannabinoid amounts, this is a reasonable expectation. When provincial distributors, such as the OCS, receive a product shipment from a Licensed Producer, an accompanying Certificate of Analysis is reviewed to ensure the product has been tested by a third-party laboratory. Although these laboratories are federally licensed, the Cannabis Regulations do not specify *how* this testing must occur. As a result, Health Canada does not accredit laboratory testing procedures or methods, nor does it audit these laboratories. Laboratories located across Canada are left to determine their own best practices for testing THC and CBD.

As discussed, THC concentration continues to drive legal purchases. At best, the lack of testing standards may lead to variability in cannabinoid content produced by different laboratories for the same products. At worst, it could create perverse incentives for Licensed Producers to select laboratories whose testing methodologies result in higher THC values – a practice commonly referred to as “potency inflation” or “laboratory shopping.” In either case, current rules, as well as requirements that are not standardized, risk eroding consumer confidence in regulated products. Building customer trust in product quality and the reliability of information listed on

### CHALLENGE #3 Quality Assurance & Consumer Confidence

product labels precipitates the brand loyalty required to motivate consumers to continue to purchase legally.

These concerns are not unique to Canada; several U.S. jurisdictions have recently mandated the development of standardized cannabis testing methods. Steps taken in California are particularly illustrative. There, lawmakers passed [legislation](#) last year requiring the Department of Cannabis Control to establish standardized cannabinoid testing methods to be used by all testing

laboratories by January 2023. To support this direction, California's cannabis regulator is relying on two [state-run laboratories](#) to develop standard criteria and guidelines that other labs will subsequently use for testing pesticides, microbiological contaminants, residual solvents and cannabis compounds listed on product labels.



Recommendation 7

### Establish National Standards for Third-Party Testing

**Consult with federal licence holders, including licensed third-party testing laboratories, and Authorized Cannabis Stores on the development of minimum national testing standards for cannabinoid content, as well as testing limit specifications for contaminants.**

At minimum, this national approach could leverage existing ISO/IEC 17025 certification standards that are used in other regulated industries, such as the food industry, or [recent regulations](#) proposed to standardize cannabinoid testing methods in the state of California. Once implemented, these certification standards could apply to any laboratory licensed under the Cannabis Regulations to perform analytical testing on cannabis products. Provincially authorized distributors, such as the OCS, could then review product quality documentation provided by Licensed

Producers demonstrating that the appropriate standards have been met. This would create structural checks to reinforce consumer confidence in the reliability and consistency of legal cannabis products.

It is recommended that Health Canada audit the methodologies and standard operating procedures at third-party laboratories to improve consistency, accountability and overall confidence in licensed cannabis testing.

## Challenge #4 Improving Environmental Sustainability

Product packaging rules are contributing to an unsustainable environmental footprint for the legal cannabis industry.

Since recreational cannabis was legalized, the amount and types of packaging waste associated with legal products have been a consistent focus of [criticism](#) from consumers, retailers and environmental advocates. Sizable amounts of packaging are a natural consequence of regulatory rules that require cannabis to be packaged in containers that are tamper-evident and child-resistant and prevent contamination. Additionally, these containers must also be large enough to accommodate labels that include important product-specific information, health warnings and branding.

The OCS recognizes the regrettable contribution the cannabis industry has made to single-use plastic consumption and waste in Canada. That is why a key pillar of the [OCS's multi-year Social Responsibility strategy](#) is establishing a foundation for sustainability. As part of this strategy, the OCS is planning to develop educational resources for consumers on environmental considerations and environmentally conscious product attributes for products sold in Ontario. For its part, to reduce the amount of waste that goes to landfills, the Government of Ontario also recently [introduced](#) environmental reforms that make product and packaging producers fully responsible for managing the costs of recycling and disposing of their products. The OCS is also taking steps toward assessing its carbon footprint to measure its environmental impact and identify opportunities for improvement.

Under the federal cannabis framework, the regulations do not specify the materials producers may or may not use for cannabis packages. In market, the majority of cannabis is packaged in new plastic material that has not been previously processed (commonly referred to as “virgin plastic”), and these

are single-use plastic containers, which, in many cases, are not recycled. Deloitte [estimated](#) that between 5.8 million and 6.4 million kilograms of cannabis packaging were sent to landfills from 2018 to 2019, a figure that is likely to have grown since, considering the legal market growth. As the legal recreational cannabis market continues to grow in this province, the volume of cannabis-related plastic waste will consequentially rise unless meaningful action is taken to incentivize change.

Some Licensed Producers have made great strides since legalization to understand and reduce the environmental impact of their packaging. Some Producers have “light-weighted” their packaging by making it smaller and lighter, thereby using less material. Wyld uses a first-of-its-kind fully compostable child-resistant pouch for its edible cannabis products (see Figure 3). Others, like Aqualitas, are using recycled materials or reclaimed ocean plastic in their packaging (see Figure 4). There are also Producers, like the Green Organic Dutchman, that are implementing alternatives to plastic packaging, such as glass jars for dried flower (see Figure 5).

Shifts toward environmental sustainability are likely to be perceived well by Ontario customers, who have suggested to the OCS that they would highly support industry adoption of more sustainable practices – in a recent survey, 73 percent indicated that they perceive eco-friendly packaging (e.g., easily recyclable or uses recycled materials) to be important. The Government of Canada has publicly signalled its intention to [achieve zero plastic waste by 2030](#), which includes “a ban on harmful single-use plastic items where there is evidence that they are found in the environment, are often not recycled, and have readily

available alternatives.” Consistent with this objective, Health Canada’s [guidance material](#) on packaging and labelling for cannabis products “encourages the use of innovative and environmentally sound packaging approaches, provided the requirements in the Regulations are satisfied.” While the OCS supports measures intended to provide Producers with flexibility and cost efficiencies in this new highly regulated industry, additional steps are required to improve the long-term environmental sustainability of the sector.

FIGURE 3

Example of Compostable Packaging by Wyld (Galaxie Brands Corp.)



FIGURE 4

Example of Packaging with Reclaimed Ocean Plastic by Reef Organic (Aqualitas)



FIGURE 5

Example of Glass Jar Packaging by The Green Organic Dutchman



Recommendation 8

## Explore Opportunities to Reduce the Environmental Impact of Cannabis Packaging

Health Canada should consult with federal licence holders and provincially authorized distributors to explore opportunities to significantly reduce the use of single-use and virgin plastics in the legal cannabis industry.

As suggested in a [report](#) developed at the Max Bell School of Public Policy at McGill University, co-ordination and ongoing dialogue between Health Canada and participants throughout the legal supply chain are required to arrive at solutions that are both environmentally and economically sustainable.

As part of these consultations, Health Canada could consider:

**a. Taking Steps to Improve the Recyclability of Cannabis Packaging:** As the federal government pursues its [strategy](#) to achieve zero plastic waste, it is recommended that the packaging requirements set forth in the Cannabis Regulations are made to align with the regulations on single-use plastics through the *Canadian Environmental Protection Act* and other policy mechanisms. These types of regulations could include restricting the use of problematic plastics that end up in the environment and difficult-to-recycle black plastics, as well as establishing recycled content targets and restricting the use of the recycling symbol to materials accepted by at least 80 percent of recycling facilities.

Related amendments to the Cannabis Regulations could be pursued to permit transparent cannabis packaging. Currently, the Regulations require that the immediate container that is in contact with cannabis

or a cannabis accessory be opaque or translucent. While current requirements support objectives to ensure cannabis is not visible to youth, it may dissuade Producers from using glass and limits the use of the most widely recyclable plastic: clear, rigid polyethylene terephthalate (PET). This is because while PET is highly recyclable, opaque or pigmented PET may not be economically viable to recycle. This change would also support the previously discussed objective of enhancing consumer confidence in the quality of legal cannabis by enabling consumers to “see” a product through the external container prior to making a purchase.

**b. Allow for the Limited Use of On-Pack Recycling Instructions or Symbols:** Packaging is becoming more complex, and cannabis packaging in particular can have many integrated components, such as lids, labels, trays and child-resistant mechanisms. Plastic resin identification codes (the numbers inside the chasing arrow or “Mobius loop” recycling symbol) are also not the best indicator of recycling instructions, despite being typically used to determine the recyclability of packages.

Health Canada could facilitate the voluntary limited use of additional on-pack recycling symbols or

instructions to support consumers’ willingness to properly dispose of packaging (e.g., [How2Recycle](#) provides standardized on-pack recycling instructions). These changes could be considered alongside the other product labelling changes outlined in Recommendation 6.

**c. Support Producer Competitiveness:** Any restrictions placed on cannabis packaging materials could have a material cost impact on Licensed Producers. Therefore, it is proposed that Health Canada further engage Finance Canada and provincial and territorial governments to consider creating financial incentives for Producers to package cannabis products using renewable materials, such as through a reduction in the excise amounts payable for a particular product.

# Conclusion

In the year ahead, an independent Expert Panel will hear from a diversity of stakeholders, government partners and interested citizens as it considers opportunities to improve the federal cannabis framework.



# Conclusion

**The OCS supports Health Canada’s commitment to evaluating the wide-ranging impacts of legalization, including the barriers under-represented communities face in participating in the legal licensing system and the racial disparity in cannabis-related offences.**

The OCS acknowledges and welcomes the diversity of perspectives that industry actors, public health experts, Indigenous partners and other groups will offer. The OCS looks forward to participating in these discussions, alongside its provincial counterparts, to further collective efforts to advance the public policy objectives that underpin cannabis legalization.

As opportunities for improvement are identified, the industry’s great accomplishments should also be recognized for helping to build the foundation for a strong recreational cannabis marketplace.

Today, the OCS estimates that nearly 60 percent of all cannabis purchases in Ontario now occur legally. However, without changes to the legal framework, efforts to further combat illegal activities are hindered. Proposed amendments to the *Cannabis Act* and Cannabis Regulations, and other actions suggested to Health Canada serve to remove barriers that may prevent consumers

from transitioning away from illegal sources. The OCS recommends the following solutions to the challenges discussed in this paper:

- 1 Adjust THC limits for edible cannabis**
- 2 Expand brand-preference promotions for edible cannabis and cannabis topicals**
- 3 Clarify permissibility of online product reviews for legal retailers**
- 4 Adjust product labelling requirements**
- 5 Adjust labelling requirements for CBD-dominant products**
- 6 Adjust the concentration statement for ingestible cannabis extracts**
- 7 Establish national standards for third-party testing**
- 8 Explore opportunities to reduce the environmental impact of cannabis packaging**

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These recommendations are actionable and, if implemented, could help support continued capture of the illegal market and reduce harms associated with the continued consumption of illegal products. The OCS believes the development of a healthy and sustainable legal marketplace is the most effective way to displace the illegal market, protect public health and prevent youth from accessing cannabis.

The OCS acknowledges the bold leadership of the Government of Canada, in partnership with provincial and territorial governments, in creating a legal framework for cannabis in 2018. Through consideration of recommendations made here, and others proposed by a diversity of stakeholders across Ontario, Health Canada has an opportunity to further strengthen the realization of the objectives of legalization.

