

Health Canada announces changes to the federal cannabis licensing process

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As of May 8, 2019, Health Canada will require new applicants for cannabis licences under the *Cannabis Act* to have a fully built site that meets all the requirements of the *Cannabis Regulations* at the time of their application, as well as satisfying other application criteria.

According to Health Canada, over the past three years, more than 70% of the applicants who successfully passed Health Canada's initial paper-based review of applications for licences to cultivate cannabis, process cannabis, or sell cannabis for medical purposes have not yet submitted an evidence package to demonstrate that they have a fully built facility meeting all regulatory requirements. This has contributed to wait times experienced by more mature applications and an inefficient allocation of Health Canada resources.

What does this mean for existing applicants?

Health Canada has announced that it will be undertaking a high-level review of applications currently in the queue. If an application passes this review, applicants will receive a status update letter indicating that Health Canada has no concerns with what is proposed in the application.

Once the applicant has a completed site that meets the regulatory requirements, Health Canada will review the application in detail. Notably, this review will be conducted in priority based on the *original application date*.

Increasing predictability for applicants

These changes are part of Health Canada's stated commitment to the continuous improvement of its administration of the cannabis licensing program and are intended to address that a significant amount of Health Canada's resources are being used to review applications from entities that are not ready to begin operations. Health Canada also announced that it is working to establish service standards for the review of applications in an effort to further increase predictability for applicants.

Health Canada has made available additional guidance to applicants on (1) the licence application process and (2) regulatory requirements regarding Good Production Practices and physical security measures. Although the guidance has been updated, there are no changes to the legislative requirements, including the rigorous security clearance process for key personnel and corporate directors.

Health Canada will also be implementing additional measures to support applicants applying

for a micro-class licence. These measures have not yet been announced as of the date of this Update.