

KEY MESSAGING FOR INDUSTRY PARTICIPANTS – FINANCIAL PROTECTION

TALKING POINTS:

When in doubt, think Connect (why is it important to YOU?), Contrast (what's missing?), Solve (how can the government help?)

If nothing else, we want Parliamentarians to remember:

- **Connect:** Growing, harvesting, packing and marketing fruits and vegetables come with high overhead and capital costs – and Canada's fruit and vegetable growers and sellers face additional financial risk due to a lack of financial protection from losses from insolvent buyers.
- **Contrast:** Due to the high perishability of produce and the industry's longer payment terms, the *Bankruptcy and Insolvency Act* does not provide a workable mechanism for when buyers of fresh produce become insolvent. Unfortunately, the COVID-19 business environment has and will drive businesses into bankruptcy, with financial impacts along the supply chain, and ultimately for fruit and vegetable growers. To make matters worse, the lack of protection for produce sellers in Canada also means they can't access this protection in the United States without incurring significant financial costs.
- **Solve:** A Canadian limited statutory deemed trust would protect produce sellers during bankruptcy in Canada *with no cost to government*. This proposal has broad political support and will be a win for rural farming communities, as well as for the food security of urban and suburban centres. It is crucial that the government provides all possible safeguards for the food supply chain, including a deemed trust mechanism in Canada.

WHAT WE'RE ASKING FOR (*outlined in Parliamentary brochure*)

- Take immediate steps to establish a limited statutory deemed trust that protects produce growers and sellers during bankruptcy in Canada.
- Adopt the draft *Fresh Fruit and Vegetable Products Protection Act*, written by Ronald C.C. Cuming, an expert in Canada's bankruptcy laws. The *Act* would be administered by the Minister of Agriculture and Agri-Food as complementary legislation to the *Bankruptcy and Insolvency Act*.
- Upon introduction of the legislation, request the reinstatement of Canadian preferential access to *PACA* by the U.S. Department of Agriculture.