

OUR ASK – AGRICULTURE AND ACCESS TO FOOD AS A FEDERAL PRIORITY

*More federal support is needed to create the conditions necessary to enable an environmentally, socially, and economically sustainable fresh produce industry in Canada while ensuring international competitiveness. **We are calling on you to:***

- ✓ **Proactively work across departments and jurisdictions to prioritize food production and access to food in legislation, policy, regulatory reform and emergency management.**

FURTHER BACKGROUND

- We know that Canadians are increasingly concerned with the rising costs of essentials, including fresh produce. It is critical that the federal government implement programs and policies that address the significant challenges impacting our sector's ability to produce fresh fruits and vegetables, such as the availability and costs of labour, inputs for production and transportation.
- Efforts and substantial funding in the U.S. related to the *Inflation Reduction Act*, ocean shipping reform, the USDA's Food System Transformation Framework, as well as the National Strategy on Hunger, Nutrition and Health offer examples of cross-department action to support the food system. The federal government should show similar leadership to ensure uninterrupted access to food and essential good for all Canadians.
- Regulators should consistently apply a competitiveness lens and consider cumulative regulatory burden to avoid unintended negative impacts to food production, food security or industry's capacity to meet other government targets and priorities. Early engagement with stakeholders is key to leveraging industry expertise and enabling better government understanding of the impacts of proposed policy and regulations.
- Food insecurity is widely recognized to have significant negative consequences on a person's health, whereas increasing consumption of fresh fruits and vegetables has been linked to reduction in death due to chronic illnesses, and reduced risk of cancer, heart disease and stroke. Supporting access to our nutritious products in all regions of the country can contribute significantly to the health and well-being of our communities while also significantly decreasing government health care spending.
- More government support is needed to keep produce accessible to Canadians and to make it easier to fill *Half Your Plate* with fruits and vegetables, including through funding the development of a National School Food Policy and a national school nutritious meal program.

KEY STATS

- More than 26% of Canadians have reduced their consumption of fruits and vegetables in the past year due to price increases. (University of Guelph, 2022)
- The latest Statistics Canada numbers suggest that almost 80% of Canadians over age 12 are eating less than five servings per day, resulting in an economic burden calculated at almost \$4.4 billion annually (Statistics Canada, 2022 and *Krueger Report*, 2016). With food insecurity on the rise across Canada, we know this figure is undoubtedly getting worse.
- Earlier this year, the Global Coalition of Fresh Produce released a report calling upon national and international policymakers to urgently implement a number of measures to safeguard the supply of affordable fresh fruits and vegetables to consumers worldwide – and ensure the viability of a sector that is an important contributor to the economies of developed and developing countries alike. (*Global Value Chains for Produce: An Urgent Call for Policy Measures*, Global Coalition of Fresh Produce, January 2023)

REMEMBER:

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

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OUR ASK – FINANCIAL PROTECTION- BILL C-280

*Our produce growers and sellers are required to put significant amounts of money and upfront operations on the line to consistently and reliably provide communities with safe, nutritious food. **We are calling on you to:***

- ✓ **Vote in favour of Bill C-280, the *Financial Protection for Fresh Fruit and Vegetable Farmers Act* to support the long-term viability of Canadian produce businesses.**

FURTHER BACKGROUND

- Bill C-280 passed 2nd Reading with unanimous support and will now be reviewed by the House of Commons Standing Committee on Agriculture and Agri-food. The fresh fruit and vegetable industry is deeply appreciative of all parties' support for the bill thus far.
- This important legislation will promote financial stability along the entire produce supply chain. C-280 will:
 - Strengthen an industry whose supply chain supports roughly 249,000 jobs in Canada.
 - Make our food system more resilient and provide financial certainty for one of our Canada's most essential sectors, helping to enhance the affordability and accessibility of fresh fruits and vegetables for Canadians.
 - Cost the federal government nothing, as it would not be required to carry financial liability or backstop any losses.
 - Encourage the U.S. to reinstate preferential access for Canadian produce sellers under PACA.
- Existing provisions in the *Bankruptcy and Insolvency Act*, such as "right of repossession" have been proven to be ineffectual for fresh produce sellers. Numerous studies, including those by the Library of Parliament, have demonstrated that those provisions do not work in the case of fresh produce, given its highly perishable nature.
- Bill C-280 protects all suppliers equally. It is not a case of first come first served, rather all suppliers would be given equal access to an insolvent company's "trust assets" on a pro-rated basis. Again, a deemed trust would promote financial stability along the entire supply chain and support the payment of suppliers all the way back to the producers.
- The USDA has confirmed on numerous occasions in writing to Canadian officials that a deemed trust would be the basis for restoring preferential treatment under PACA Dispute processes.

KEY STATS

- Earlier this month, a group of 35 national and regional agricultural organizations sent a [joint letter to all Members of Parliament](#), calling on them to vote in favour of Bill C-280.
- The need to establish a deemed trust as an effective financial protection tool for the fresh produce sector has been repeatedly recognized by Parliamentary Committees. Both the House of Commons Standing Committee on Agriculture and Agri-food and the House of Commons Standing Committee on Finance have repeatedly recommended the establishment of a deemed trust for produce sellers in recent years.
- In January, Lakeside Produce in Leamington, Ontario, filed for bankruptcy, with 300 creditors owed nearly \$188 million. Among those creditors are 17 Canadian produce companies with more than \$1.6 million in unsecured claims, including one greenhouse growing operation with a claim of more than \$900,000. Another 45 produce companies across North America are owed more than \$4.8 million. The significant ripple effects of this one example clearly demonstrate why a financial protection tool is needed to protect our essential sector and food security in Canada.

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OUR ASK – LABOUR

*More federal support is needed to create the conditions necessary to enable an environmentally, socially, and economically sustainable fresh produce industry in Canada while ensuring international competitiveness. **We are calling on you to:***

- ✓ **Implement a National Agricultural Labour Strategy that considers the current and future workforce and skills requirements of the entire food supply chain.**

FURTHER BACKGROUND

- The Canadian Agricultural Human Resource Council (CAHRC), in partnership with Food and Beverage Canada and the Canadian Federation of Agriculture, are creating a roadmap as part of their Future Skills Centre funded project entitled “National Workforce Strategy for Agriculture and Food & Beverage Manufacturing”. Many agriculture stakeholders are a part of this strategy, including FVGC. The strategy and the insight generated through this project should inform the government’s action on addressing labour shortages in the agriculture and agri-food sector.
- Chronic labour shortages have led to the slowdowns in production and economic output across the produce value chain. Even prior to the COVID-19 pandemic, the labour gap in horticulture was becoming a crisis, expected to increase to 46,500 jobs by 2025 – the largest labour gap in the agricultural sector.
- An effective National Agricultural Labour Strategy will require a total supply chain lens to ensure that all aspects of the agriculture and agri-food sector – from the farm to the dinner plate – are considered and supported.
- The future fresh fruit and vegetable industry will require a workforce with a wide range of skills. The National Agricultural Labour Strategy should support educational efforts to meet these needs and work to raise awareness of the significant and diverse opportunities available in our sector.

KEY STATS

- In 2021, the agriculture and agri-food system employed 2.1 million people, provided 1 in 9 jobs in Canada and generated \$134.9 billion (around 6.8%) of Canada's gross domestic product (GDP). However, like so many other sectors of the Canadian economy, agriculture is facing a chronic and increasing labour and skills shortage.
- A 2019 Labour Market Information (LMI) study found that, in Canadian horticulture, 43% of workers come from outside of Canada, compared to 17% for the rest of agriculture. Furthermore, 61% of horticultural farmers hire foreign workers, compared to 35% of the rest of agriculture. (Canadian Agricultural Human Resource Council, 2019)
- In an October 2021 member survey, labour shortages were reported by 92% of growers, 75% of wholesalers, and 100% of retailers, with the most significant gap reported in warehouse labour. These shortages were reported in both rural and urban communities. (*Workforce Needs in the Produce Supply Chain*, Canadian Produce Marketing Association, 2021)
- A 2021 survey found that 40 per cent of agriculture employers reported not being able to fill vacancies, and the industry suffered earning losses of \$2.9B in total sales, directly attributable to unfilled vacancies tied to the pandemic. This is nearly double the \$1.5B in lost sales estimated in 2014. (Canadian Agricultural Human Resource Council, 2021)

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OUR ASK – NATIONAL SUPPLY CHAIN STRATEGY

*More federal support is needed to create the conditions necessary to enable an environmentally, socially, and economically sustainable fresh produce industry in Canada while ensuring international competitiveness. **We are calling on you to:***

- ✓ **Ensure that the National Supply Chain Strategy reflects the needs of the fresh produce supply chain and the movement of our highly perishable products to strengthen our food security and reduce food waste.**

FURTHER BACKGROUND

- We are supportive of the government's plans to implement a National Supply Chain Strategy and urge the government to prioritize the implementation of the recommendations from the National Supply Chain Task Force report, including the establishment of a Supply Chain Office to unify federal government activities, as announced in Federal Budget 2023.
- It is critical for the government to recognize that, in the fresh produce sector, substantial and compounding increases in costs and delays along the supply chain are further complicated by the high perishability of our products. For example, longer dwell times at ports can lead not only to increased costs and lost sales, but also to food spoilage and waste.
- The National Supply Chain Strategy should commit sufficient, ongoing capital investment to enable infrastructure improvements, including at Canadian ports, and allocate dedicated funding to projects supporting agri-food supply chains, including the enhancement of cold chain infrastructure and inspection capacity.
- To support Canada's food security, the Government of Canada should also establish priority lanes at ports of entry and expand Trusted Trader programs to further streamline the movement of essential and perishable products across the Canadian border.
- The pandemic, extreme weather events and supply chain disruptions over the past three years have highlighted the impact these events can have on food availability in Canada. The National Supply Chain Strategy should provide resources for government departments to work proactively with port authorities and other stakeholders to put in place a formalized process to allow the movement of food and essential goods through Canada's ports of entry in the event of emergency events or disruptions.

KEY STATS

- The Global Coalition of Fresh Produce estimates that over the past year, the price of shipping containers increased by up to 400 percent, while the costs of truck transportation rose by a minimum of 20 percent and those of airfreight by 80 percent globally (*Global Value Chains for Fresh Produce: An Urgent Call for Policy Measures*, Global Coalition of Fresh Produce, January 2023).

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OUR ASK – SUSTAINABLE AGRICULTURE STRATEGY

*More federal support is needed to create the conditions necessary to enable an environmentally, socially, and economically sustainable fresh produce industry in Canada while ensuring international competitiveness. **We are calling on you to:***

- ✓ **Make strategic investments in tools such as the National Index on Agri-food Performance, the Pest Management Centre, the new Canada Water Agency and others, to support an effective Sustainable Agriculture Strategy.**

FURTHER BACKGROUND

- The fresh produce sector has shown leadership in addressing areas such as biodiversity, greenhouse gas emissions and carbon sequestration, food loss and waste, renewable energy, soil health, water conservation, and sustainable packaging. Businesses must be properly recognized for their ongoing sustainability efforts.
- Both government and industry require more robust data. The government must leverage tools such as the National Index on Agri-Food Performance, which will provide a benchmark of sector progress in meeting national and international goals, demonstrate Canada's leadership, and capture better metrics to inform supporting policy, innovation, and research priorities.
- Innovative tools and access to alternative technologies are needed to help the produce sector take action in the fight against climate change and to remain competitive in the global marketplace. A failure to sufficiently increase resources has resulted in a reduction by nearly half in the capacity of the Pest Management Centre (PMC) to research newer alternatives that are safer to humans and the environment than the deregistered crop protection products that urgently need to be replaced.
- Water supply and access are becoming increasingly pressing issues for growers around the world. The Canada Water Agency must be sufficiently resourced to support the development of a long-term strategy for sustainable water management for all Canadians, including ensuring a secure source of water for food production.
- Canada's largest trading partner, the United States, recently implemented the *Inflation Reduction Act*, which provided an additional \$19.5 billion over five years for climate smart agriculture through several conservation programs. It is imperative that Canada's response address the investment needs of Canadian agriculture and food businesses to establish a lasting comparative advantage.

KEY STATS

- According to the National Inventory Report, greenhouse gas emissions from the Canadian agricultural sector have increased by only 0.2% since 2005 ([Environment and Climate Change Canada](#), 2023), while at the same time total farm cash receipts have increased substantially, from \$37 billion in 2005 to \$95 billion in 2022 ([Statistics Canada](#), 2023) – this shows incredible CO2 efficiency.
- Canada's climate funding lags far behind other markets at only 0.5% of farm gate receipts compared to 1.7% in the U.S. and 1.8% in the E.U. ([Royal Bank of Canada](#), 2023)
- PMC's critically important research has resulted in the registration of over 2,300 new uses of crop protection products since its establishment in 2003. AAFC's own analysis shows that PMC's work has contributed to the prevention of crop losses in the range of \$650 million to \$1 billion since its inception. Furthermore, every \$1 invested by the federal government in this program was found to contribute a net benefit to society of \$42. (Research and Analysis Directorate, AAFC, 2016)

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