



**Written Submission for the House of Commons Finance  
Committee Pre-Budget Consultations in Advance of the  
2022 Budget**

**Submitted By: Canadian Produce Marketing Association**

**Date: August 6, 2021**

## List of Recommendations

CPMA recommends that, in Federal Budget 2022, the Government of Canada should:

1. Create a limited statutory deemed trust, similar to the U.S. *Perishable Agricultural Commodities Act*, to support needed liquidity and provide financial protection to produce sellers.
2. Provide reasonable and fair recognition for past efforts to reduce greenhouse gas emissions and implement more environmentally sustainable practices, including in the development of any carbon offset credit system.
3. Include sufficient resourcing to ensure the National Index on Agri-Food Performance meets its strategic purposes, as well as support for a partnership with the federal government to leverage the sustainable practices of Canada's agricultural sector.
4. Develop a long-term strategy for sustainable water management for all Canadians, including ensuring a secure source of water for agriculture.
5. Work closely with industry to take a systems approach to find solutions to reduce plastic waste that are evidence-based, and include a combination of education, innovation, and critical infrastructure investments.
6. Provide federal leadership and funding to the development of harmonized, efficient and cost-effective recycling collection within communities across Canada.
7. Recognize the ongoing nature of increased costs growers are assuming due to the COVID-19 pandemic by committing to measures to help growers manage costs associated with housing reforms and health and safety requirements.
8. Improve service standards and processing times for applications under the Seasonal Agricultural Worker Program and the Agricultural Stream of the Temporary Foreign Worker Program, including by working with source countries and implementing measures to further streamline the collection of biometrics as well as the visa and work permit application processes.
9. Provide ongoing financial support to achieve the targets of the Food Policy for Canada and to support the work of the Food Policy Advisory Council.
10. Support measures promoting the *Canada Food Guide* recommendation to fill Half Your Plate with fruits and vegetables.
11. Provide federal funding and resources to support expanded efforts to reduce food loss and waste across the supply chain.
12. Provide innovation funding and whole-of-government support specific to the fresh produce supply chain, to bolster our industry's ongoing competitiveness.

13. Support small- and medium-sized businesses making the shift to digital and ensure sufficient, dedicated funding to support the rapid expansion of high-speed internet infrastructure and cell phone service coverage for all Canadians and Canadian businesses.
14. Deliver sufficient, dedicated federal funding to invest in rural infrastructure, including roads, energy, and service infrastructure, such as waste management.
15. Dedicate federal government resources to advance Canada's free and fair trade agenda and enable further expansion of mutual recognition efforts with key trading countries.
16. Support measures to enhance government oversight of Canada's ports and to help businesses more seamlessly access international markets through our commercial border.
17. Undertake a comprehensive review of the regulatory modernization process and better facilitate thorough stakeholder participation.

As we mark the UN International Year of Fruits and Vegetables in 2021, there is no better time for the Government of Canada to ensure that the fresh produce sector can continue to provide our safe, nutritious products to Canadians. The Canadian Produce Marketing Association (CPMA) represents the entire fresh produce supply chain, with members responsible for 90% of fruit and vegetable sales in Canada. We are pleased to offer our recommendations to the House of Commons Finance Committee's consultation in advance of Federal Budget 2022.

#### *Financial Protection (Recommendation 1)*

The Canadian fresh fruit and vegetable industry has advocated for a financial protection mechanism for many years. Unfortunately, the COVID-19 pandemic has put produce sellers in an even more vulnerable position.

Waves of lockdowns and business closures have dramatically impacted produce buyers in the Canadian foodservice sector. In fact, more than 10,000 restaurants across the country have permanently closed their doors since the start of the pandemic<sup>1</sup>. With government support programs set to wind down, we can anticipate that many more businesses will be driven into bankruptcy, with impacts to the fruit and vegetable growers who supply these businesses.

The *Bankruptcy and Insolvency Act* provides farmers with "super priority" status; however, the existing provision under the *Act* does not provide a workable mechanism for sellers of fresh produce. The *Act* allows suppliers to recover their product following a bankruptcy, but provides no rights when the product has been resold or is no longer identifiable or in the same state, as is usually the case for highly perishable fresh fruits and vegetables. The "super priority" provision also requires that product must have been delivered within 15 days of the bankruptcy, whereas produce suppliers regularly receive payment 30 days (or more) after delivery.

Furthermore, the lack of comparable insolvency protection in Canada led to the loss of Canada's preferential treatment in the U.S. under the *Perishable Agricultural Commodities Act (PACA)*. The U.S. committed to reinstate this treatment when Canada has similar protection in place. In the interim, Canadian sellers must post a bond worth double the value of the shipment to initiate a formal dispute claim through *PACA*, forcing exporters to walk away from these lost sales and putting Canadians at a competitive disadvantage.

The implementation of a Canadian limited statutory deemed trust, similar to *PACA*, would effectively protect produce sellers during bankruptcy in Canada, bring our sector in line with the intent of the super priority for farmers under the *Bankruptcy and Insolvency Act*, and open the door to the reinstatement of preferential treatment under *PACA* when selling product to the U.S – all with no cost to the government.

CPMA would also like to express our support for the recommendations made by the Canadian Horticultural Council regarding Canada's Business Risk Management programs.

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<sup>1</sup> Restaurants Canada, 2021.

### *Sustainability (Recommendations 2-4)*

A sustainable environment is essential to the future viability and growth of the fresh fruit and vegetable industry. Growers and others along the produce supply chain have led the way in adopting environmentally sustainable practices for many years, with benefits to carbon sequestration in Canada deserving of recognition.

Across the agri-food sector, ambitious targets are being set to reduce the environmental footprint of producing and supplying food. Momentum is building to establish Canada's first agri-food sustainability index to demonstrate our country's rightful place as a leader of sustainable, safe and responsibly produced food. A growing private-public coalition, including CPMA, has released the [Business Case for Establishing the National Index on Agri-Food Performance](#) and is now developing indicators to demonstrate Canada's agri-food leadership. The proposed National Index on Agri-Food Performance will provide an essential tool to benchmark Canada's food production against global best practices and environmental, social, and health priorities, and align with global sustainability frameworks.

Water supply and access are also increasingly pressing issues for growers around the world. Historically low precipitation and high temperatures are threatening access to water for both urban and rural populations. The Government of Canada must work proactively to ensure that water management is integrated into all plans to meet Canada's sustainability targets, including in the sustainable production of food. The new Canada Water Agency can play an important role in ensuring that the water needs of all stakeholders continue to be met.

### *Plastics (Recommendations 5-6)*

The Canadian produce industry continues to be deeply engaged in efforts to reduce and mitigate the use of plastics. CPMA has deliberately taken a leadership role in this space through the work of our [CPMA Plastic Packaging Working Group](#) and partnership in the [Canada Plastics Pact](#) to assist the produce industry in reducing plastic use, while addressing the food safety and food security implications of doing so. Our work supports an environment of innovation and collaboration that the Government of Canada can harness and build upon to effectively reduce the use of unnecessary and problematic plastics.

Canada must also address the challenge of fragmented collection systems across the country that do not effectively collect and recycle the materials that could be kept and utilized in the circular economy. Without this critical infrastructure in place, industry transitions to recyclable or compostable packaging materials will be rendered futile.

### *Labour (Recommendations 7-8)*

Canadian horticulture relies more heavily on international workers than do other segments of agricultural production, with 43% of horticultural workers coming from outside Canada, (compared to 17% for the rest of agriculture), and 61% of horticultural farmers hiring foreign workers, (compared to 35% of the rest of agriculture).

Throughout the COVID-19 pandemic, the logistical challenges of bringing in international workers have posed a considerable threat to food production, food security and the integrity of the food supply chain in Canada. Growers have incurred significant added costs to follow public health protocols and ensure the health and safety of their workers – and these protocols are likely to remain in place for the foreseeable future, with an ongoing cost to domestic production.

Even prior to the 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. Bridging the labour gap is critical to ensuring the success of the Canadian fresh produce industry in both the short and longer term.

### *Food Security (Recommendations 9-11)*

CPMA supports the targets of the Food Policy for Canada to promote long-term social, environmental and economic sustainability of the Canadian food system and increase Canadians' consumption of safe and nutritious food. The Food Policy Advisory Council has an important role to play in bringing stakeholders together from across the food system to ensure that the needs and priorities of all sectors are represented and to find workable solutions in a whole-of-government approach to strengthening Canada's food security.

The COVID-19 pandemic has highlighted the importance of healthy living, but close to 80% of Canadians are still not eating enough fruits and vegetables, resulting in an economic burden calculated at almost \$4.4 billion annually<sup>2</sup>. CPMA's [Half Your Plate](#) campaign is working to increase fresh produce consumption in Canada, but more support is needed.

Increasing access to a variety of nutritious food for all Canadians, year-round, means supporting the entire agri-food value chain. CPMA has worked with partners to develop an online [Waste Efficiency Tool](#) to address food waste and other efficiency challenges in the produce supply chain. We were also a proud partner in delivering the federal government's Surplus Food Rescue Program. Moving forward, the Government of Canada should continue to build upon the work of the Surplus Food Rescue Program and the Food Waste Reduction Challenge.

### *Innovation and Infrastructure (Recommendations 12-14)*

A strong and growing Canadian produce industry will depend on our ability to leverage innovation, but more investment is needed. A [2019 RBC report](#) found that Canada's share of global AgTech investment is only 3.4%, falling behind countries such as Brazil and India.

The accelerated growth of e-commerce and increased government digitization efforts make access to broadband internet and cell phone coverage even more important. As noted by the [Agri-Food Economic Strategy Table](#), the lack of digital infrastructure remains a major roadblock to innovation for businesses in the fresh produce industry. In addition, rural communities across Canada need greater investments in critical infrastructure to support their economic development now and into the future.

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<sup>2</sup> *Krueger Report*, 2016

*Trade (Recommendations 15-16)*

To ensure the ongoing viability of the food system and support Canada's economic recovery from the COVID-19 pandemic, we need a strong domestic and global strategy. Free and fair international trade in fresh produce offers huge economic growth opportunity for Canadian businesses and provides Canadians with access to safe and healthy fresh food options year-round.

Increasing market access and sustainability of the Canadian fresh fruit and vegetable industry requires mutual recognition of food safety systems, and international harmonization of crop protection regulation, products, and residues, to support the competitiveness of Canadian products in the international marketplace.

At the same time, the supply chain linkages of transportation, border access and ports of entry and exit are key to ensuring the smooth flow of essential goods across our border. The high volume and perishability of fruits and vegetables means that longer dwell times at ports can not only delay delivery and increase costs for industry, but can also result in lost sales, product spoilage, and ultimately food waste. Therefore, the smooth flow of essential products through Canada's ports is critical to supporting both our economic competitiveness and food security across the country.

*Regulatory Modernization (Recommendation 17)*

CPMA supports the Government of Canada's ongoing efforts towards regulatory modernization, which is necessary to maintain and strengthen the fresh produce industry's global competitiveness. A collaborative approach to find workable solutions for industry and government is the backbone to success for regulatory and policy compliance.

While the government's move toward increased consultation with industry is welcome, work remains to ensure that these consultations provide benefit to both government and stakeholders, allow the government to better understand the administrative or other costs of proposed changes, and support the development of effective regulations that meet the needs of both industry and the Canadian public, without stifling economic competitiveness.

CPMA appreciates the Committee's consideration of our recommendations for Federal Budget 2022 and would be pleased to answer any questions members may have.

Sincerely,

A handwritten signature in black ink, consisting of a stylized 'R' and 'L' followed by a horizontal line.

Ron Lemaire  
President