



**Written Submission to the Department of Finance
Canada Consultation in Advance of the 2023 Budget**

Submitted By: Canadian Produce Marketing Association

Date: February 10, 2023

List of Recommendations

CPMA recommends that, in Federal Budget 2023, the Government of Canada should:

1. Support a strengthened Canadian food system and food security for all Canadians by adopting a whole-of-government agriculture and food production lens and making food production and access to food and essential goods a priority in legislation, policy and crisis management.
2. Prioritize 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.
3. Advance measures promoting the *Canada Food Guide* recommendation to fill *Half Your Plate* with fruits and vegetables, including through funding for the development of a National School Food Policy and a national school nutritious meal program.
4. 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.
5. Support measures to enhance government oversight of Canada's ports and to help businesses more seamlessly access international markets through our commercial border.
6. 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.
7. 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.
8. Create a limited statutory deemed trust, as established in Bill C-280, the *Financial Protection for Fresh Fruit and Vegetable Farmers Act*, to provide critical financial protection to produce sellers.
9. Include sufficient resourcing to support the National Index on Agri-Food Performance as an essential tool in the government's Sustainable Agriculture Strategy as a basis to benchmark sector progress, inform supporting policy and innovation, and demonstrate sustainability credentials and leadership in Canadian agriculture.
10. Support businesses in identifying and navigating available environmental programs, and provide reasonable and fair recognition for past efforts to reduce greenhouse gas emissions and implement more environmentally sustainable practices.
11. Develop a long-term strategy for sustainable water management for all Canadians, including ensuring a secure source of water for agriculture.
12. Deliver federal funding and resources for expanded efforts to reduce food loss and waste across the supply chain to build upon the work of the Surplus Food Rescue Program and the Food Waste Reduction Challenge.

13. Collaborate with industry on a systems approach to find solutions to reduce plastic and other packaging waste that are evidence-based, and include a combination of education, innovation, and critical infrastructure investments.
14. Provide federal leadership and funding to support the development of harmonized, efficient and cost-effective recycling and composting collection within communities across Canada.
15. Commit funding for the implementation of a National Workforce Strategy for Agriculture and Food and Beverage Manufacturing that leverages the knowledge, expertise and recommendations of the work currently being undertaken by the Canadian Federation of Agriculture (CFA), Food and Beverage Canada (FBC) and the Canadian Agricultural Human Resources Council (CAHRC), to improve the labour situation in the agricultural and food processing sectors across Canada.
16. Advance the development and implementation of a Trusted Employer Program to further streamline and standardize the Labour Market Impact Assessment application process.
17. Improve service standards and processing times for applications under the Seasonal Agricultural Worker Program and the Agricultural Stream of the Temporary Foreign Worker Program (TFWP), and extend the measure introduced early in 2022 that currently allows employers in key industries that are demonstrating labour shortages to employ up to 30% of their workforce through the TFWP.
18. Provide innovation funding and whole-of-government support specific to the fresh produce supply chain, to bolster our industry's ongoing competitiveness.
19. Ensure sufficient, dedicated funding to support the rapid expansion of 5G infrastructure and cell phone service coverage for all Canadians and Canadian businesses.
20. Deliver sufficient, dedicated federal funding to invest in rural infrastructure, including roads, energy, affordable housing, public transportation and service infrastructure.
21. Implement a consistent competitiveness lens to regulation-making, reviews and regulatory capacity, and commit to the cross-department deployment of resources such as the Treasury Board's Competitiveness Assessment Tool, to promote a more effective regulatory modernization process.
22. Engage sector expertise early in the policy and regulation development process to foster better government understanding of the impacts of proposed policy and regulations, consider cumulative regulatory burden, and ensure that one department's regulations do not hinder compliance with another department's regulations or industry's ability to meet government targets.
23. Allocate ongoing, dedicated resources to enable the cyclical review of the Canadian Organic Standards and take a more active and strategic role in the establishment and maintenance of the organic production standards and their harmonization with our largest international trade partners.

Based in Ottawa, the Canadian Produce Marketing Association (CPMA) is a not-for-profit organization representing companies active in the marketing of fresh fruit and vegetables in Canada, from the farm gate to the dinner plate, spanning the entire produce industry. The Association's members include major growers, shippers, packers and marketers; importers and exporters; transportation and logistics firms; brokers, distributors and wholesalers; retailers and foodservice distributors; and fresh cut operators and processors. Founded in 1925, CPMA is proud to represent over 830 domestic and international members who are responsible for 90% of fresh fruit and vegetable sales in Canada.

We are pleased to offer our recommendations to the Department of Finance Canada's consultation in advance of Federal Budget 2023. We would also voice our support for the submission made by the Agriculture and Food Budget Coalition, and strongly urge the government to consider its recommendations in addition to those made here.

Prioritizing Access to Food

The fresh fruit and vegetable supply chain is a major contributor to Canada's GDP, and to job creation in rural and urban communities from coast to coast to coast. In addition to our sector's economic contributions, we also provide Canadian families with safe and nutritious food that is crucial to supporting their health and well-being.

We know that Canadians are increasingly concerned with the rising costs of essentials, including fresh produce. Government support is needed to keep produce accessible to Canadians and make it easier to fill *Half Your Plate* with healthy and nutritious fruits and vegetables. Federal Budget 2023 should be leveraged as an important opportunity for government action to strengthen Canada's food security through a whole-of-government approach that prioritizes access to food and food production in the development and implementation of policy, legislation and crisis management.

Even prior to recent inflationary pressures on the cost of food, Statistics Canada has found that, year over year, Canadians are eating fewer vegetables and fruits. The latest Statistics Canada numbers suggest that almost 80% of Canadians over age 12 are eating less than five servings per day¹, resulting in an economic burden calculated at almost \$4.4 billion annually². With food insecurity on the rise across Canada, we know this figure is undoubtedly getting worse. CPMA's [Half Your Plate](#) campaign is working to increase fresh produce consumption in Canada, but more support is needed.

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. Food insecurity is widely recognized to have significant negative consequences on a person's health, both mental and physical. By contrast, increasing consumption of fresh fruits and vegetables has been linked to reduction in death due to chronic illnesses, reduction in the risk of cancer, and reduced risk for heart disease and stroke. Therefore, it is clear that supporting access to these nutritious products in all regions of the country can contribute significantly to the health and well-being of our communities while significantly decreasing government health care spending.

¹ [Statistics Canada](#), 2022

² *Krueger Report*, 2016

Canada is currently the only G7 country without a national school food program. CPMA strongly supports the development of a National School Food Policy and national school nutritious meal program as critical investments in the health of our children and our broader communities. In order to advance its goals of supporting local food systems and economies, as well as reducing stigma associated with program participation, the Government of Canada should work to ensure that the pan-Canadian food policy and any national school food program do not rely heavily on charitable donations of product, but are instead backed by sufficient government resources to secure a consistent supply of healthy food, and create real opportunities for beneficial partnerships between food producers/suppliers and program administrators that ensure the economic viability of supplying product to school food programs.

Increasing overall access to a variety of nutritious food for all communities across Canada, year-round, means supporting the entire agri-food value chain. The COVID-19 pandemic, as well as recent devastating weather events and disruptions at ports of entry, have shone a light on the serious potential impacts of such events on food availability in Canada. 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. These costs cannot be fully borne by the industry and have already begun to be passed to consumers – often most affecting those who can least afford it.

The [Global Coalition of Fresh Produce](#) recently 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 alike³.

Fortunately, the challenges of the past few years have also demonstrated that effective solutions can be achieved when government departments, international partners and other stakeholders work together with urgency and dedicated focus. Efforts 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.

We were pleased to see the federal government’s commitment to developing a National Supply Chain Strategy, and strongly urge the government to use Federal Budget 2023 to prioritize this work and the implementation of the [National Supply Chain Task Force report](#) as the starting point for more effective cross-governmental collaboration to address supply chain disruptions in the short-term, foster resiliency in the longer-term, and help ensure Canadians can continue to put our essential products on their tables.

Recommendation 1: Support a strengthened Canadian food system and food security for all Canadians by adopting a whole-of-government agriculture and food production lens and making food production and access to food and essential goods a priority in legislation, policy and crisis management.

Recommendation 2: Prioritize 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.

³ [Global Value Chains for Produce: An Urgent Call for Policy Measures](#), Global Coalition of Fresh Produce, January 2023

Recommendation 3: Advance measures promoting the *Canada Food Guide* recommendation to fill *Half Your Plate* with fruits and vegetables, including through funding for the development of a National School Food Policy and a national school nutritious meal program.

Recommendation 4: 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.

Recommendation 5: Support measures to enhance government oversight of Canada's ports and to help businesses more seamlessly access international markets through our commercial border.

Recommendation 6: 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.

Recommendation 7: 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.

Financial Protection

The Canadian produce industry has requested the implementation of a financial protection tool for produce sellers for many years. Growing, harvesting, packing, and marketing fruits and vegetables comes with many risks. Overhead and capital costs continue to rise, while returns are delayed until payment is collected down the supply chain – often long after the product has been purchased and consumed. Unfortunately, the impacts of the pandemic, supply chain disruptions and geopolitical and economic volatility have put growers in an even more vulnerable position.

The high perishability of fresh produce and the industry's longer payment terms, mean that Canada's *Bankruptcy and Insolvency Act* does not effectively protect fresh produce sellers when buyers go bankrupt. The lack of an effective financial protection mechanism in Canada also means that Canadian fresh fruit and vegetable growers and sellers are unable to access protection under the U.S. *Perishable Agricultural Commodities Act* when selling to an American buyer without incurring prohibitive costs.

It is important to recognize that the implementation of a financial protection mechanism for fresh produce sellers is not strictly an issue for rural or traditional farming communities. Businesses selling fresh produce also operate in urban and suburban communities, and all communities that rely on fresh produce are left vulnerable to food insecurity if sellers cannot remain financially viable.

[Bill C-280, the *Financial Protection for Fresh Fruit and Vegetable Farmers Act*](#), would provide a critical support for Canada's fresh fruit and vegetable industry, and would open the door to the reinstatement of preferential treatment under *PACA* when selling products to the U.S – all with no cost to the government.

Recommendation 8: Create a limited statutory deemed trust, as established in Bill C-280, the *Financial Protection for Fresh Fruit and Vegetable Farmers Act*, to provide critical financial protection to produce sellers.

Sustainability

CPMA is proud to represent an industry whose members that have been stewards of the land, and leaders in implementing sustainable practices, long before sustainability became a core value for organizations, government and society as a whole. 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.

Across the agri-food sector, ambitious targets are being set to reduce the environmental footprint of producing and supplying food. Metrics and benchmarks are being increasingly deployed to operate, compete, and contribute to economic viability in this rapidly changing agri-food world. A private-public coalition of over 120 diverse partners, including CPMA, is working to establish Canada's first agri-food sustainability index to demonstrate our country's rightful place as a leader in sustainable, safe, and responsibly produced food. The [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 to align with global sustainability frameworks. CPMA urges the federal government to embrace this Index as an essential tool for enabling its Sustainable Agriculture Strategy (SAS) and delivering on SAS vision and objectives.

CPMA welcomes the Government of Canada's continued implementation of programs supporting the adoption of more environmentally sustainable practices. Canada's ambitious emissions reduction targets will require continued focus in Federal Budget 2023 and further investment throughout the entire agriculture and food value chain. At the same time, the federal government should support measures to help businesses identify available environmental programs and navigate the complexity and diversity of available supports to avoid limited program uptake due to confusion and/or lack of awareness.

Finally, water supply and access are also becoming increasingly pressing issues for growers in other jurisdictions around the world, including prominently in the western United States, where historically low precipitation and high temperatures are threatening access to water for both urban and rural populations. While water supply has not yet become a significant challenge for Canadian agriculture, it is imperative that the Government of Canada proactively works 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 this work and in engaging with industry stakeholders to ensure their water needs continue to be met.

Recommendation 9: Include sufficient resourcing to support the National Index on Agri-Food Performance as an essential tool in the government's Sustainable Agriculture Strategy as a basis to benchmark sector progress, inform supporting policy and innovation, and demonstrate sustainability credentials and leadership in Canadian agriculture.

Recommendation 10: Support businesses in identifying and navigating available environmental programs, and provide reasonable and fair recognition for past efforts to reduce greenhouse gas emissions and implement more environmentally sustainable practices.

Recommendation 11: Develop a long-term strategy for sustainable water management for all Canadians, including ensuring a secure source of water for agriculture.

Recommendation 12: Deliver federal funding and resources for expanded efforts to reduce food loss and waste across the supply chain to build upon the work of the Surplus Food Rescue Program and the Food Waste Reduction Challenge.

Plastics, Packaging and the Circular Economy

The Canadian produce industry continues to be deeply engaged in efforts to reduce and mitigate the use of plastics and other packaging. 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 and supporting the circular economy.

The produce sector is unique amongst many of the sectors reliant on recyclable packaging due to the high perishability of fresh fruits and vegetables and the need to ensure food safety, minimize food waste and maintain food quality and affordability all the while seeking to minimize the environmental impact of packaging. The fact that fresh produce is highly sensitive to its environment during transit highlights the importance and challenges of selecting produce packaging which meets environmental, social and economic criteria. CPMA's 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.

Federal and provincial incentives must be put in place to further support industry efforts. Of utmost importance, 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, and confusion among Canadian consumers will minimize the potential positive impacts that a robust and standardized system would foster.

Recommendation 13: Collaborate with industry on a systems approach to find solutions to reduce plastic and other packaging waste that are evidence-based, and include a combination of education, innovation, and critical infrastructure investments.

Recommendation 14: Provide federal leadership and funding to support the development of harmonized, efficient and cost-effective recycling and composting collection within communities across Canada.

Labour

Bridging the labour gap is critical to ensuring the success of the Canadian fresh produce industry in both the short and long-term. CPMA's 2021 report, *Workforce Needs in the Produce Supply Chain* found labour shortages reported by 92% of growers, 75% of wholesalers, and 100% of retailers, with the most significant gap reported in warehouse labour. These labour shortages were reported in both urban and rural areas of Canada, with impacts to businesses' productivity, sales, profitability, access to products and new business development. In fact, the Canadian Agricultural Human Resource Council (CAHRC) has found that labour shortages have cost the fruit and vegetable industry hundreds of millions of dollars⁴.

⁴ AGRI LMI, Canadian Agricultural Human Resource Council (CAHRC), 2019

In addition to our domestic workforce, the fresh fruit and vegetable industry relies upon thousands of workers coming into Canada as part of the Temporary Foreign Worker Program (TFWP) and the Seasonal Agricultural Worker Program (SAWP) to plant, cultivate, process, harvest and pack our products. 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). 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.

CPMA is appreciative of the efforts made to date through the Temporary Foreign Worker (TFW) Program Workforce Solutions Road Map and through Budget 2022, including a temporary increase in the TFW cap to 30% for food manufacturers, which was a welcome first step to support our sector in addressing labour challenges in the short-term.

In developing an effective, long-term National Agricultural Labour Strategy and identifying future skills and technology needs, the Government of Canada must apply 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. For example, CPMA’s 2021 report found significant gaps in warehouse workers, including in roles such as packing, grading and forklift operation. The importance of these workers cannot be overstated as they represent an estimated 74% of staff in the fresh produce supply chain.

In addition, transportation is a key component for the fresh produce supply chain, made even more important due to the perishable nature of fruits and vegetables. The ongoing shortage of commercial truck drivers is made worse in the produce industry, as available drivers often choose to take less urgent, non-refrigerated loads. When fresh produce is not moved in a timely manner, significant food waste and lost revenue can result throughout the supply chain. Federal Budget 2023 should support and enable a National Agricultural Labour Strategy that considers all the links along the chain that are critical to getting food from the farm to the consumer.

Recommendation 15: Commit funding for the implementation of a National Workforce Strategy for Agriculture and Food and Beverage Manufacturing that leverages the knowledge, expertise and recommendations of the work currently being undertaken by the Canadian Federation of Agriculture (CFA), Food and Beverage Canada (FBC) and the Canadian Agricultural Human Resources Council (CAHRC), to improve the labour situation in the agricultural and food processing sectors across Canada.

Recommendation 16: Advance the development and implementation of a Trusted Employer Program to further streamline and standardize the Labour Market Impact Assessment application process.

Recommendation 17: Improve service standards and processing times for applications under the Seasonal Agricultural Worker Program and the Agricultural Stream of the Temporary Foreign Worker Program (TFWP), and extend the measure introduced early in 2022 that currently allows employers in key industries that are demonstrating labour shortages to employ up to 30% of their workforce through the TFWP.

Innovation and Infrastructure

A strong, growing and sustainable Canadian produce industry will depend on our ability to leverage innovation, but more investment is needed. Companies are investing in automation and innovative new systems to help address labour shortages, but it is important to note that investment in, and implementation of, these types of innovations requires both financial and human resources. The pandemic, supply chain disruptions and the current inflationary environment have made finding these resources more difficult for many.

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 and renders many businesses in rural, remote and Indigenous communities unable to reap the full benefits of digitization or of many innovative technological solutions becoming available. The accelerated growth of e-commerce and increased government digitization efforts make access to broadband internet and cell phone coverage even more important for business to succeed.

At the same time, it is essential that all Canadian communities have the necessary critical infrastructure in place to support their economic development, strengthen their climate resiliency, and better enable them to attract and retain workers, now and into the future. Federal Budget 2023 should include increased government investments to ensure that all Canadians and Canadian businesses have access to the critical and digital infrastructure they need.

Recommendation 18: Provide innovation funding and whole-of-government support specific to the fresh produce supply chain, to bolster our industry's ongoing competitiveness.

Recommendation 19: Ensure sufficient, dedicated funding to support the rapid expansion of 5G infrastructure and cell phone service coverage for all Canadians and Canadian businesses.

Recommendation 20: Deliver sufficient, dedicated federal funding to invest in rural infrastructure, including roads, energy, affordable housing, public transportation and service infrastructure.

Regulatory Review and Modernization

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.

As noted by the Agriculture and Food Budget Coalition, early engagement with stakeholders across the agri-food value chain can allow the government to leverage industry expertise and ensure the development of practical policies and regulations that fuel the sector to become an even more powerful economic engine for Canada, while also meeting the needs of the sector, the government and the Canadian public. 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.

Finally, the Canadian Organic Standards provide the regulatory foundation for a strong and growing organic sector and are a critical tool in negotiating beneficial equivalency arrangements with our trading partners. However, Canada's current organic regulatory regime, which relies upon external bodies for the establishment and maintenance of the standards, differs from most other regulatory models in the world and leaves the sector relatively orphaned from government departments and agencies, including Agriculture and Agri-food Canada and the Canadian Food Inspection Agency. Greater federal support and ongoing government engagement is required in Federal Budget 2023 and beyond to ensure that the Canadian Organic Standards can continue to fulfill their important roles.

Recommendation 21: Implement a consistent competitiveness lens to regulation-making, reviews and regulatory capacity, and commit to the cross-department deployment of resources such as the Treasury Board's Competitiveness Assessment Tool, to promote a more effective regulatory modernization process.

Recommendation 22: Engage sector expertise early in the policy and regulation development process to foster better government understanding of the impacts of proposed policy and regulations, consider cumulative regulatory burden, and ensure that one department's regulations do not hinder compliance with another department's regulations or industry's ability to meet government targets.

Recommendation 23: Allocate ongoing, dedicated resources to enable the cyclical review of the Canadian Organic Standards and take a more active and strategic role in the establishment and maintenance of the organic production standards and their harmonization with our largest international trade partners.

CPMA appreciates the Department's consideration of our recommendations for Federal Budget 2023 and would be pleased to answer any questions you may have.

Sincerely,

A handwritten signature in black ink, appearing to be 'RL' followed by a long horizontal line.

Ron Lemaire
President