



**Written Submission to the Department of Finance
Canada Consultation in Advance of the 2024 Budget**

Submitted By: Canadian Produce Marketing Association

Date: February 9, 2024

List of Recommendations

CPMA recommends that, in Federal Budget 2024, the Government of Canada should:

Prioritizing Access to Food and Increasing Produce Consumption

1. Support a strengthened 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 a whole-of-government priority in legislation, policy and crisis management.
2. Prioritize implementation of the National Supply Chain Task Force report recommendations, including through the initial efforts of the newly launched Supply Chain Office, and ensure that the National Supply Chain Strategy reflects the needs of the fresh produce supply chain and the movement of our highly perishable products.
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 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 provide resources for government departments to work proactively with port authorities and other stakeholders to implement a formalized process to allow the movement of food and essential goods through ports of entry in the event of emergency events or disruptions - including implementing a provision to allow the movement of fresh produce similar to that in place for grains under the Canada Labour Code.
6. 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.

Sector Stability

7. 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.
8. Provide financial support through the first two to three years for the creation of a Grocery Code Adjudication Office, which will be critical to advance the training, education, dispute resolution services, and oversight necessary to implement an industry-led Grocery Industry Code of Conduct that operates alongside the Fruit and Vegetable Dispute Resolution Corporation.

Sustainability

9. Commit resources to early and ongoing collaboration with industry to ensure that government regulation, policy and programs effectively support the long-term economic, social and environmental sustainability of the Canadian agri-food sector, including through an enabling regulatory environment for new products and technologies and de-risking the adoption of more environmentally sustainable practices.

10. 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.
11. Support businesses in identifying and navigating available environmental programs and provide reasonable recognition for past efforts to reduce greenhouse gas emissions and implement more environmentally sustainable practices.
12. Develop a long-term strategy for sustainable water management for all Canadians, including ensuring a secure source of water for agriculture.
13. 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

14. Collaborate with industry on a systems-based approach to find national solutions to reduce packaging waste that are evidence-based, and include a combination of education, innovation, and critical infrastructure investments. This could include considering establishing a Blue Ribbon Panel to inform the development of a national roadmap for sustainable food and fresh produce systems (see Appendix 1).
15. Support and invest in industry packaging innovation efforts to develop, certify and scale up the availability of sustainable food packaging solutions, including compostable PLU stickers, to offset costs that would otherwise need to be passed on to consumers.
16. Provide federal leadership and funding to support the development of harmonized, efficient and cost-effective recycling and composting collection within communities across Canada, including through the introduction of efficacious and nationally harmonized recycling and waste data collection. As part of this effort, the Government of Canada should consider establishing a Circular Economy Accelerator Fund to provide funding to local governments to enhance and modernize their waste collection systems, accelerating the transition towards a circular economy.

Labour

17. Provide the necessary resources to establish a Secretariat that will support the implementation of the National Workforce Strategy for Agriculture and Food and Beverage Manufacturing, with consideration for the current and future workforce and skills requirements of the entire food supply chain.
18. Advance the development and implementation of a Trusted Employer Program to further streamline and standardize the Labour Market Impact Assessment application process and make permanent the temporary measure that currently allows employers in key industries demonstrating labour shortages to employ up to 30% of their workforce through the TFWP.

Innovation and Infrastructure

19. Provide innovation funding and whole-of-government support specific to the fresh produce supply chain, to bolster our industry's ongoing competitiveness.
20. Permanently increase the base funding for the Pest Risk Management Agency (PMRA) to support a robust science-based regulatory system, including water monitoring data collection activities, and increase funding for the Pest Management Centre to facilitate the evaluation and approval of new pest management solutions.
21. Ensure sufficient, dedicated funding to support the rapid expansion of 5G infrastructure and cell phone service coverage for all Canadians and Canadian businesses.
22. Deliver sufficient, dedicated federal funding to invest in rural infrastructure, including roads, energy, affordable housing, public transportation and service infrastructure.

Regulatory Modernization and Enhancing Competitiveness

23. Implement a consistent competitiveness lens to regulation-making and review, and commit to the cross-department deployment of resources, such as the Treasury Board's Competitiveness Assessment Tool and AAFC's Journey Mapping toolkit, 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.
24. Advance Bill C-359, *An Act to amend the Feeds Act, the Seeds Act and the Pest Control Products Act (provisional registration and approval)*, through Government legislation to ensure farmers have timely access to crop inputs such as feed, seed and products for use in pest management.
25. Allocate ongoing, predictable 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 trading 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 850 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 2024. We would also voice our support for the submission made by the Agriculture and Food Budget Coalition (see Appendix 2), and strongly urge the government to consider its recommendations in addition to those made here.

Prioritizing Access to Food and Increasing Produce Consumption (Recommendations 1-6)

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 fresh fruit and vegetable supply chain is a significant contributor to Canada's economy, adding close to \$15 billion in GDP and supporting more than 185,000 jobs in rural and urban communities from coast to coast to coast¹. 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. In 2022, researchers at the University of Guelph found that more than 26% of Canadians had reduced their consumption of fruits and vegetables in the past year due to price increases². Even prior to recent inflationary pressures on the cost of food, year over year, Canadians are eating fewer vegetables and fruits. Although Canadian adults should be eating 7 or more servings daily, a recent report found that more Canadians are consuming just 1 or 2 servings of fruits and vegetables per day (34.1% in 2021, compared to 24.1% in 2015)³. In fact, the latest Statistics Canada numbers suggest that almost 80% of Canadians over age 12 are eating less than five servings per day⁴.

Canadians' current fruit and vegetable consumption pattern is far from meeting Health Canada's 2019 *Canada's Food Guide* recommendation to fill half your plate with vegetables and fruit. This is deeply concerning, as vegetables and fruits provide a protective effect in reducing the risk for cardiovascular disease, including heart disease and stroke, and certain types of cancer⁵.

¹ [Economic Footprint of Canada's Fresh Produce Sector](#), Conference Board of Canada, 2023

² University of Guelph, 2022

³ [The Economic Burden Attributable to Low Fruit and Vegetable Consumption in Canada](#), H. Krueger & Associates Inc., 2023

⁴ [Statistics Canada](#), 2023

⁵ [Fruit and vegetable intake and the risk of cardiovascular disease, total cancer and all-cause mortality—a systematic review and dose-response meta-analysis of prospective studies](#), *International Journal of Epidemiology*, 46(3), 1029–1056, Aune, D., Giovannucci, E., Boffetta, P., Fadnes, L. T., Keum, N. N., Norat, T., Greenwood, D. C., Riboli, E., Vatten, L. J., & Tonstad, S., 2017

In addition to the health impacts noted above, there are also economic consequences to low fruit and vegetable consumption: as fruit and vegetable consumption has decreased, the annual economic burden attributable to low produce consumption in Canada has increased from almost \$5 billion in 2015 to close to \$8 billion in 2021, a 60% increase in economic burden related to low produce consumption⁶. Given the protective effect of fruits and vegetables on reducing the risk for many chronic diseases, it is clear that supporting access to these nutritious foods 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. It is time that the Government of Canada invest in the health of Canadians using a “Food as Medicine” approach so that fewer Canadians experience diet-related diseases and hunger. Nationally funded programs like produce prescription programs in the United States are showing promising results as part of the White House National Strategy on Hunger, Nutrition, and Health, and should be considered for Canada⁷.

At the same time, food insecurity is widely recognized to have significant negative consequences on a person’s health, both mental and physical. According to the 2021 PROOF report, people who are food-insecure are much more likely to be diagnosed with a wide variety of chronic conditions, including mental health disorders, non-communicable diseases, and infections⁸. Although traditional food banks and other food-based programs provide temporary relief to some, they are an ineffective long-term solution to food insecurity, due to the stigma associated with accessing such programs, as well as the limited availability of nutritious food for program participants⁹. Government policies that are grounded in evidence and provide equal access to fruits and vegetables are needed to effectively address this challenge.

CPMA’s [Half Your Plate](#) campaign is working to increase fresh produce consumption in Canada, but more government support is needed to keep produce accessible to Canadians and make it easier to align with the *Canada Food Guide* recommendation to fill half your plate with healthy and nutritious fruits and vegetables. Federal Budget 2024 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.

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. 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 school 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.

⁶ H. Krueger & Associates, 2023

⁷ Impact of Produce Prescriptions on Diet, Food Security, and Cardiometabolic Health Outcomes: A Multisite Evaluation of 9 Produce Prescription Programs in the United States, *Circ Cardiovas Qual Outcomes*, Hager, K. et al, 2023.

⁸ [Household food insecurity in Canada, 2021, Toronto: Research to identify policy options to reduce food insecurity \(PROOF\)](#), Tarasuk V, Li T, Fafard St-Germain AA, 2022

⁹ [The experiences and perceptions of food banks amongst users in high-income countries: An international scoping review](#), *Appetite*, Volume 120:698–708, Middleton G, Mehta K, McNaughton D, Booth S., 2018.

Increasing overall access to a variety of nutritious food for all communities across Canada, year-round, means supporting the entire agri-food value chain. To this end, the federal government must also 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, production inputs and transportation.

Last year, the [Global Coalition of Fresh Produce](#) released a report calling upon national and international policymakers to urgently implement several 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 alike¹⁰.

The fresh produce supply chain is one of the most highly globally integrated supply chains in the world, and international trade is critical to the success of the Canadian fresh produce industry. 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. It is also important to recognize that 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 marine ports and other ports of entry is critical to supporting both our economic competitiveness and food security across the country.

To this end, CPMA supports the Canadian Trucking Association's calls for the federal government to support industry investments in a more efficient national truck and trailer fleet by extending the current rate under the Accelerated Investment Incentive (AII) or by increasing the first-year deduction up to 80 percent on all trucks and trailers being acquired in anticipation of new proposed greenhouse gas regulations set for 2024, offering more aggressive rates on vehicles using alternative fuel technologies to promote their use, and making the AII a permanent policy to support acquisition and investment in more sustainable trucking technology moving forward.

We were pleased to see the federal government's launch of the National Supply Chain Office and continuing commitment to developing a National Supply Chain Strategy. CPMA strongly urges the government to use Federal Budget 2024 to prioritize this work and the implementation of the recommendations 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.

Efforts and substantial funding in the U.S. related to the *Inflation Reduction Act*, ocean shipping reform, 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. In Budget 2024, the federal government should leverage the National Supply Chain Strategy and other policy and regulatory initiatives to show similar leadership to make food a federal priority and ensure uninterrupted access to food for all Canadians.

¹⁰ [Global Value Chains for Produce: An Urgent Call for Policy Measures](#), Global Coalition of Fresh Produce, January 2023

Recommendation 1: Support a strengthened 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 a whole-of-government priority in legislation, policy and crisis management.

Recommendation 2: Prioritize implementation of the National Supply Chain Task Force report recommendations, including through the initial efforts of the newly launched Supply Chain Office, and ensure that the National Supply Chain Strategy reflects the needs of the fresh produce supply chain and the movement of our highly perishable products.

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 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 provide resources for government departments to work proactively with port authorities and other stakeholders to implement a formalized process to allow the movement of food and essential goods through ports of entry in the event of emergency events or disruptions - including implementing a provision to allow the movement of fresh produce similar to that in place for grains under the Canada Labour Code.

Recommendation 6: 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.

Sector Stability (Recommendations 7-8)

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 financial 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 (PACA)* 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 the US PACA when selling products to the U.S – all with no cost to the government.

Since 2021, CPMA has been on the Steering Committee working to develop a Grocery Code of Conduct that works in harmony with the existing Fruit and Vegetable Dispute Resolution Corporation (DRC). Federal funding is required to support the launch and implementation of an effective and inclusive Code.

Recommendation 7: 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.

Recommendation 8: Provide financial support through the first two to three years for the creation of a Grocery Code Adjudication Office, which will be critical to advance the training, education, dispute resolution services, and oversight necessary to implement an industry-led Grocery Industry Code of Conduct that operates alongside the Fruit and Vegetable Dispute Resolution Corporation.

Sustainability (Recommendations 9-13)

CPMA is proud to represent an industry whose members have 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. CPMA welcomes the Government of Canada’s continued implementation of programs supporting the adoption of more environmentally sustainable practices. However, it is important to note that government regulation, policy and programs must not inadvertently contravene these efforts. The Government of Canada needs to take a more collaborative view of stakeholders in sustainability, rather than working in isolation on programs and policies that do not take into account the realities of business, including efforts that are already underway in the private sector. Canada’s ambitious emissions reduction targets will require continued focus in Federal Budget 2024 and further investment throughout the entire agriculture and food value chain.

Across the agri-food sector, ambitious targets are being set to reduce the environmental footprint of producing and supplying food. Government and industry require more robust data to support and enable sustainability efforts. The government must leverage tools including 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. 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.

The SAS must be accompanied by an ambitious funding envelope commensurate with the incentives, research, and knowledge transfer activities required to reflect the inter-related demands of environmental, economic, and social sustainability. The federal government should also 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.

At the same time, innovative tools and alternative technologies are also needed to help the produce sector fight climate change while remaining globally competitive. Greater funding is required for Pest Management Centre research into newer alternatives that are safer for humans and the environment than the deregistered crop protection products that urgently need to be replaced.

Water supply and access are increasingly pressing issues for growers around the world. 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 Canada Water Agency must be sufficiently resourced to support engagement with industry stakeholders and the proactive development of a long-term strategy for sustainable water management for all Canadians.

Finally, a total supply chain lens is necessary to effectively mitigate the environmental impacts of food loss and waste, a major contributor to greenhouse gas emissions. The Sustainable Agriculture Strategy should therefore 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.

Recommendation 9: Commit resources to early and ongoing collaboration with industry to ensure that government regulation, policy and programs effectively support the long-term economic, social and environmental sustainability of the Canadian agri-food sector, including through an enabling regulatory environment for new products and technologies and de-risking the adoption of more environmentally sustainable practices.

Recommendation 10: 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.

Recommendation 11: Support businesses in identifying and navigating available environmental programs and provide reasonable recognition for past efforts to reduce greenhouse gas emissions and implement more environmentally sustainable practices.

Recommendation 12: Develop a long-term strategy for sustainable water management for all Canadians, including ensuring a secure source of water for agriculture.

Recommendation 13: 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 (Recommendations 14-16)

Primary packaging is integral to the sustainability of the global produce supply chain. The fresh produce supply chain in Canada has the complex task of moving a wide variety of perishable products, often over long distances, in a way that ensures Canadians have access to safe, high quality and affordable fruits and vegetables. The packaging materials used in fresh produce packaging play many roles in supporting this effort – protecting food safety and plant health, preserving and extending product shelf life, and enabling product availability year-round.

The Canadian produce industry continues to be deeply engaged in efforts to reduce and mitigate the use of plastics and other packaging. Since 2019, the Canadian Produce Marketing Association (CPMA) has deliberately taken a leadership role in this space through the work of its [CPMA Packaging Working Group](#), partnership in the [Canada Plastics Pact](#), and [the development of a sustainable packaging guide for the industry](#) (supported by Agriculture and Agri-food Canada), to assist the produce industry in reducing plastic use and supporting the circular economy.

The fresh produce sector and the CPMA Packaging Working Group have undertaken significant efforts in alignment with the government's Zero Plastic Waste Agenda, including the endorsement and adoption of the Golden Design Rules for Fresh Produce Packaging. This past spring, working with Canada's composting industry, CPMA produced guidance for industry to support the voluntary transition to the use of industrial compostable PLUs. This guidance is being considered in the context of future global adoption by the International Federation for Produce Standards and its member national produce organizations and labelling companies, with a focus on the need for international harmonization across composting standards.

CPMA and our members and partners from across the fresh produce industry have significant concerns about the potential adverse impacts that Environment and Climate Change Canada's proposed regulatory and policy actions related to fresh produce packaging will have on fresh produce affordability and availability in Canada, as well as on other key considerations such as fresh produce waste, trade, and fresh produce consumption.

The Government of Canada can best support and build on industry's substantial efforts by applying an economic, societal and environmental lens to its regulatory and policy initiatives that:

- aligns with global practices and policies to ensure the sustainability and competitiveness of the agri-food industry,
- offers federal and provincial incentives for industry efforts,
- secures access to safe food by all Canadians, and
- does not unintentionally increase food waste or add additional packaging to the Canadian food supply.

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.

In addition, efforts should be made to introduce efficacious and nationally harmonized collection of recycling and relevant waste data, (e.g. data related to industrial composting, reuse rates). The current proposal for a National Data Registry does not include essential national waste system data required to help Canadian industry make decisions dependent on the state of the waste collection and recycling systems across Canada.

Recommendation 14: Collaborate with industry on a systems-based approach to find national solutions to reduce packaging waste that are evidence-based, and include a combination of education, innovation, and critical infrastructure investments. This could include considering establishing a Blue Ribbon Panel to inform the development of a national roadmap for sustainable food and fresh produce systems (see Appendix 1).

Recommendation 15: Support and invest in industry packaging innovation efforts to develop, certify and scale up the availability of sustainable food packaging solutions, including compostable PLU stickers, to offset costs that would otherwise need to be passed on to consumers.

Recommendation 16: Provide federal leadership and funding to support the development of harmonized, efficient and cost-effective recycling and composting collection within communities across Canada, including through the introduction of efficacious and nationally harmonized recycling and waste data collection. As part of this effort, the Government of Canada should consider establishing a Circular Economy Accelerator Fund to provide funding to local governments to enhance and modernize their waste collection systems, accelerating the transition towards a circular economy.

Labour (Recommendations 17-18)

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. A 2023 Royal Bank of Canada report found that, by 2033, 40% of Canadian farm operators will retire, leaving a shortfall of 24,000 general farm, nursery and greenhouse workers¹¹.

Labour shortages are 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 dollars¹².

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).

Industry stakeholders have come together to meet this challenge through the development of the National Workforce Strategy for Agriculture and Food and Beverage Manufacturing. This strategy looks to increase the immediate supply of labour while generating interest in careers in Canadian agriculture through education, training and skills development.

CPMA is appreciative of the efforts made to date through the Temporary Foreign Worker (TFW) Program Workforce Solutions Road Map and through recent federal budgets, including the launch of the Trusted Employer pilot program and the establishment and extension of 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.

¹¹ [Farmers Wanted: The labour renewal Canada needs to build the Next Green Revolution](#), Royal Bank of Canada, 2023

¹² AGRI LMI, Canadian Agricultural Human Resource Council (CAHRC), 2019

In developing an effective, long-term National Workforce 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 of 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 2024 should support and enable a National Workforce Strategy that considers all the links along the chain that are critical to getting food from the farm to the consumer.

Recommendation 17: Provide the necessary resources to establish a Secretariat that will support the implementation of the National Workforce Strategy for Agriculture and Food and Beverage Manufacturing, with consideration for the current and future workforce and skills requirements of the entire food supply chain.

Recommendation 18: Advance the development and implementation of a Trusted Employer Program to further streamline and standardize the Labour Market Impact Assessment application process, and make permanent the temporary measure that currently allows employers in key industries demonstrating labour shortages to employ up to 30% of their workforce through the Temporary Foreign Worker Program.

Innovation and Infrastructure (Recommendations 19-22)

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 impacts of the pandemic, supply chain disruptions and the current inflationary environment have made finding these resources more difficult for many.

CPMA emphasizes that effective government support for the long-term economic, social and environmental sustainability of Canadian supply chains requires an enabling regulatory environment for the testing and scaling up of new products and technologies, and the de-risking of the adoption of more environmentally sustainable practices. The Government of Canada should leverage Budget 2024 to explore opportunities to reduce regulatory and administrative burden to help mitigate the costs associated with implementing new technologies and processes and facilitate their adoption.

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 2024 should include increased government investments to ensure that all Canadians and Canadian businesses have access to the critical and digital infrastructure they need.

Recommendation 19: Provide innovation funding and whole-of-government support specific to the fresh produce supply chain, to bolster our industry's ongoing competitiveness.

Recommendation 20: Permanently increase the base funding for the Pest Risk Management Agency (PMRA) to support a robust science-based regulatory system, including water monitoring data collection activities, and increase funding for the Pest Management Centre to facilitate the evaluation and approval of new pest management solutions.

Recommendation 21: Ensure sufficient, dedicated funding to support the rapid expansion of 5G infrastructure and cell phone service coverage for all Canadians and Canadian businesses.

Recommendation 22: Deliver sufficient, dedicated federal funding to invest in rural infrastructure, including roads, energy, affordable housing, public transportation and service infrastructure.

Regulatory Modernization and Enhancing Competitiveness (Recommendations 23-25)

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. As noted by the Agriculture and Food Budget Coalition, our sector needs flexibility and tools to weather the current financial and geopolitical climate and support the transition to a low carbon economy. A collaborative approach to find workable solutions for industry and government is the backbone to success for regulatory and policy compliance.

Early and ongoing 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. Industry stakeholders are often engaged in, and have visibility to, regulatory initiatives on the horizon across government departments and/or jurisdictions, which may be more siloed from each other. For example, CPMA members must monitor and comply with regulatory and policy requirements from the Canadian Food Inspection Agency, Health Canada, the Canada Border Services Agency, Agriculture and Agri-food Canada (AAFC), Environment and Climate Change Canada, among others. Leveraging this industry knowledge base can help government to take a more holistic, cross-government approach to planning implementation, reducing duplication, and mitigating unnecessary regulatory burden. Therefore, CPMA strongly urges the Government of Canada to prioritize thorough consultation with industry prior to making regulatory changes and to move away from a perfunctory approach to stakeholder consultation, to better understand the proposed changes.

CPMA also emphasizes that the Government of Canada should consistently apply a competitiveness lens to regulation-making and review. Federal Budget 2024 should commit to the cross-department deployment of resources, such as the Treasury Board's Competitiveness Assessment Tool and AAFC's Journey Mapping toolkit, 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 industry's ability to be compliant with another department's regulations or meet government targets.

CPMA applauds the intent of the Treasury Board's proposed Competitiveness Assessment Tool (CAT) to help consider and limit unintended impacts on the competitiveness of Canadian businesses. CPMA urges the Government of Canada to ensure that the CAT is mandatory for all government departments – the true value of a tool such as this one is in a harmonized, whole-of-government implementation that provides the assurance to industry that the rigor and value of the tool is ubiquitous. We also strongly encourage the implementation of the AAFC Journey Mapping Tool across government departments to further foster understanding of the impact of new or changing regulations.

CPMA generally supports the implementation of regulatory sandboxes and suggests that technological innovation in the agriculture and agri-food sector could be a valuable space to consider for this work. Regulatory alignment with our trading partners is also vital to bolstering economic competitiveness within the fresh fruit and vegetable sector and ensuring that the Canadian industry has access to the same new technologies as their counterparts in other jurisdictions.

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 2024 and beyond to ensure that the Canadian Organic Standards can continue to fulfill their important roles and withstand the scrutiny and rigour with which other countries assess our Standard.

Recommendation 23: Implement a consistent competitiveness lens to regulation-making and review, and commit to the cross-department deployment of resources, such as the Treasury Board's Competitiveness Assessment Tool and AAFC's Journey Mapping toolkit, 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 24: Advance Bill C-359, *An Act to amend the Feeds Act, the Seeds Act and the Pest Control Products Act (provisional registration and approval)*, through Government legislation to ensure farmers have timely access to crop inputs such as feed, seed and products for use in pest management.

Recommendation 25: Allocate ongoing, predictable 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 trading partners.

CPMA appreciates the Department's consideration of our recommendations for Federal Budget 2024 and would be pleased to answer any questions you may have.

Sincerely,

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

Ron Lemaire
President

APPENDIX 1: EXECUTIVE SUMMARY | REGULATORY IMPACT ANALYSIS OF PROPOSED FRESH PRODUCE PACKAGING-RELATED REGULATORY AND POLICY ACTIONS

December 2023

BACKGROUND

Primary packaging is integral to the sustainability of the global produce supply chain. Without the right form and composition of primary packaging, perishable fresh produce, frequently coming from thousands of kilometers away, would not be available to Canadians. What many consumers do not see is the important role that primary packaging plays to ensure that affordable, high quality and safe fresh produce is available to Canadians year-round. The global produce industry relies on a diverse portfolio of packaging options to provide Canadians a wide variety of fresh produce from around the world. Constant improvements in the sustainability of the packaging are a key focus for the fresh produce industry.

Consequently, Canada's produce sector has serious concerns with the Government's proposed regulatory and policy actions which, if implemented as proposed, will have adverse, significant, and potentially irreversible impacts on Canadians. The proposed regulatory and policy actions single out fresh produce as the only food category subject to what is effectively a "plastics ban":

- Proposal to ban non-compostable plastic PLU stickers (as outlined in the proposed Labelling and Recycled Content Regulations, May 2023), and
- Proposal to require that 95% of fresh produce be sold in bulk or plastic free packaging (as outlined in the draft Pollution Prevention Plan Notice for Primary Food Packaging, August 2023).
 - *NOTE: Although federal officials have stated that the Pollution Prevention Plan Notice is technically not a regulation, the produce industry considers it will have near-regulatory impacts given the non-compliance risks; this is compounded by statements from ECCC officials to the effect that if the P2 is not found to be effective, formal regulations could follow for primary food packaging.*

Although the Government and industry are aligned on the need to reduce waste from primary food packaging, the proposed regulatory and policy actions fail to account for the realities and complexities of the global fresh produce supply chain. They also do not reflect the industry's efforts and investments towards a sustainable packaging portfolio supporting the variety of fresh produce Canadians have come to expect.

An evidential basis for the proposed regulatory and policy actions has not been provided by government officials, nor do they appear to be based on a dutiful and comprehensive consultation with both Canadian and international fresh produce industry stakeholders. This lack of evidence and due consideration for the realities of the fresh produce supply chain are at the root of the unfeasibility of the proposed regulatory and policy actions.

Consequently, the Canadian Produce Marketing Association (CPMA), working closely with its members, and partner associations in Canada and internationally, has been required to undertake analysis and consultation to qualify and quantify the adverse impacts of the proposed regulatory and policy actions. The following studies outline key considerations which regulators have failed to consider in

developing the draft regulatory and policy actions – and reinforce the need to pause the approach proposed in Canada for addressing pollution from primary food packaging.

STUDIES UNDERTAKEN

The challenges of assessing and selecting fresh produce primary packaging arise from the need to balance and meet several key outcomes, including ensuring food availability and affordability, meeting food safety standards, minimizing food waste, and meeting labelling and branding requirements – many of which are regulated – while also minimizing supply chain environmental impacts. Minimizing primary packaging pollution is but one of the many key considerations which must be addressed.

Assessing and accounting for these multiple considerations is the basis of sound and effective produce primary packaging decision making. Government policy and related programs, support or regulatory actions must also dutifully account for these multiple considerations.

Given the absence of an evidential basis for the proposed regulatory and policy actions, the following studies were undertaken to both qualify and quantify the regulatory impacts (available at the links below and on the [CPMA website](#)). Please note that not all reports are available in both official languages.

1. [*Impact Analysis for the Canadian Produce Marketing Association on Environment and Climate Change Canada Proposed Regulatory Actions*](#). Deloitte Canada, December 2023
2. [*Literature Review and Stakeholder Interviews: Plastic Packaging Challenges as they Pertain to Food Safety, Food Quality and the Realities of the Fresh Produce Industry*](#). QfreshLAB, December 2023
3. [*Plastic Packaging Landscape Review*](#). Value Chain Management International (VCMI), October 2023
4. [*The Economic Burden Attributable to Low Fruit and Vegetable Consumption in Canada*](#). H. Krueger & Associates, September 2023
5. [*Perceptions of Eliminating Plastic Packaging from Fresh Produce*](#). Abacus Data, October 2023
6. [*Opinions on Government Involvement in Produce Issues – Proposed Packaging Regulations*](#). Execulytics, December 2023

These comprehensive studies supplement an extensive body of industry knowledge which has shaped and guided the fresh produce industry development of a sustainable primary packaging portfolio.

SUMMARY OF KEY FINDINGS

The following summarizes the key findings from the above reports:

- The proposed regulatory and policy actions could **increase the cost of fresh produce by 34% over current levels** (Deloitte Canada).
- The proposed regulatory and policy actions could **reduce fresh produce availability to Canadians by over 50%**, including the near total elimination of all value-added products, reducing market value by approximately \$5.6 billion (Deloitte Canada).

- The proposed regulations could **increase fresh produce food waste by more than 50%** over the current levels for multiple produce categories (Deloitte Canada, QfreshLAB, VCMI).
- The proposed regulations could **increase the production and release of greenhouse gases from the produce supply chain by more than 50%** over current levels (Deloitte Canada, VCMI).
- Increased fresh produce costs and reduced availability would result in **reduced fresh produce consumption, increasing health care costs over 1B\$ per year** (Deloitte Canada, H. Krueger & Associates).
- The proposed regulations will have a **disproportionate impact on the cost and availability of fresh produce in rural and remote regions** of Canada (Deloitte Canada).
- **Almost 2/3 of Canadian consumers express concerns about the potential price consequences for fresh fruits and vegetables** if the government implements the proposed regulatory and policy actions (Abacus Data, Execulytics).
- The proposed regulations will lead to an **increased risk of food safety incidents and food-borne illness** (Deloitte Canada, QfreshLAB).

CONCLUSIONS & RECOMMENDATIONS

The Government of Canada's proposed regulatory and policy actions will have a significant and adverse impact on Canadians and Canada's produce industry. These regulatory and policy actions – effectively a plastic packaging ban for fresh produce – if adopted, will lead to increased food costs, loss in fresh produce availability, and introduce additional risks to the fresh produce supply chain. These actions will also lead to increased environmental impacts such as increased fresh produce food waste and increased GHG emissions.

Although fresh produce packaging represents less than 3% of the total plastic packaging used in Canada, the fresh produce industry has been a leader in the development and adoption of sustainable packaging solutions. The industry has adopted a number of sustainability strategies, including elimination, light-weighting, reuse, design for recyclability and actual recycling, incorporating post-consumer recycled content, and substitution to non-plastic alternatives and compostable solutions. The Government of Canada's proposed fresh produce plastic packaging ban will effectively prevent the Canadian fresh produce industry from accessing the sustainable packaging portfolio required to deliver high quality affordable and safe fresh produce to all Canadians year-round.

Reinforced by the key findings outlined above, it is strongly recommended that the Government of Canada pause the development and implementation of the proposed produce sector specific regulatory and policy actions given the adverse impacts they would have on Canadians and Canada's produce industry.

The Government of Canada must also engage with the Canadian and international fresh produce sector to explore options to leverage and help advance the produce industry's ongoing efforts towards a sustainable fresh produce primary packaging portfolio.

Finally, it is strongly recommended that the Government of Canada consider alternative actions to address the environmental concerns with primary packaging, while not adversely impacting fresh produce affordability, availability, and other key factors. The following actions are proposed based on recent discussion with several government departments:

- 1. Identify and address gaps in circular economy infrastructure, with a focus on food-grade materials.** Given a growing portion of fresh produce packaging is recyclable and contains recycled content, the lack of recyclability must be addressed by identifying and addressing gaps in recycling infrastructure across Canada. It is recommended that the Government of Canada work with all food industries to identify and address these gaps, with a focus on addressing the lack of differentiation of food-grade and non-food-grade packaging in recycling infrastructure.
- 2. Advance and support international standards.** Harmonization and standards-based approaches are key to achieving the sustainability outcomes desired both in Canada and around the world. The current patch-work approach of region-by-region regulations and policies puts at risk produce availability and affordability, while not addressing the concerns with packaging waste. It is recommended that the Government of Canada work with the produce industry to identify leading opportunities for the advancement and support of international standards to mitigate the environmental impacts of produce primary packaging. A leading example in this regard would be the advancement of an international standard for compostable PLU stickers – an initiative supported by Canada's organics recycling industry.
- 3. Advance and support food packaging innovation.** A portfolio of sustainable packaging solutions is required to support the fresh produce industry – from innovative elimination technologies and compostable materials to innovative reuse systems and advanced materials for modified atmosphere packaging. It is recommended that the Government of Canada work with the fresh produce industry to identify leading innovation challenges and support the development of an innovative portfolio of sustainable fresh produce packaging solutions. This would help address the concerns with primary food packaging waste and position Canada's food and packaging industries as leaders in innovative sustainable packaging solutions – an important economic opportunity given the demands for sustainable packaging around the world.
- 4. Develop life cycle analysis methodologies for food packaging.** Food packaging decision making is complex given the need to balance several key considerations – ranging from food availability and affordability, to minimizing food waste, ensuring food safety, and minimizing environmental impacts such as life cycle GHG emissions and packaging waste and pollution. Current life cycle analysis methodologies are limited in their capacity to account for the whole of the fresh produce supply chain, and by extension their capacity to guide packaging decision making. It is recommended that the Government of Canada work with the fresh produce industry to support the development of life cycle analysis methodologies which account for the "whole of supply chain" considerations, leading to tools which can help the fresh produce industry – and the food industry at large – in its development, assessment, and adoption of sustainable packaging solutions.
- 5. Improve consumer awareness and understanding of the role of primary food packaging.** The complexities of fresh produce primary packaging are largely not recognized or understood by the great majority of consumers. The need to balance numerous key outcomes such as food affordability, availability, convenience, minimizing food waste and environmental impacts – all while ensuring food safety – are complex trade-offs not well recognized or understood by most Canadians. This can hinder

the transition to more sustainable forms of produce packaging or be a key barrier to developing consumer-dependent strategies to addressing concerns with packaging waste. It is recommended that the Government of Canada work with the fresh produce industry to support the development and delivery of consumer awareness campaigns that highlight the efforts underway by the produce industry to minimize the environmental impacts of packaging while also ensuring that other key outcomes such as food affordability, availability and safety are not compromised.

APPENDIX 2: AGRICULTURE AND FOOD BUDGET COALITION PROPOSED RECOMMENDATIONS FOR 2024

January 2024

Introduction/Context

We know that Canadians are increasingly concerned with the rising costs of essentials, including food. Our sector has emerged from the global pandemic into a high inflation and high interest rate environment. At the same time, the pandemic, recent extreme weather events and other disruptions have demonstrated that government efforts across several departments can have a real impact on domestic and global food security.

Our sector needs flexibility and tools to weather the current financial and geopolitical climate and support the transition to a low carbon economy. The Government of Canada should leverage Budget 2024 to prioritize efforts to strengthen our food system and domestic and global food security by prioritizing the adoption of a whole-of-government approach to agriculture and food production and by making food production and access to food a federal priority.

Recommendations for Federal Budget 2024

Addressing rising costs of production

The cost of critical inputs such as fuel, fertilizer, feed, machinery, pesticides, land and labour have increased dramatically over the past few years, placing tremendous pressure on the agriculture and food supply chain. While demand for products remains high, many businesses today are more financially exposed than ever before. In fact, recent numbers from Statistics Canada have found that the Farm Input Price Index, which measures the change in the price of farm inputs faced by Canadian farmers, increased by 27.5% between 2019 and 2022.

In Budget 2024, the Government of Canada should prioritize food production, access to food, and the long-term sustainability of the Canadian agriculture and food sector by:

- Ensuring and maintaining interest free limits for advances under the Advance Payments Program are in line with today's cost of production to maintain the program's utility as a source of critical cash flow support, while also ensuring administrators can remain whole.

Working together to achieve Canada's sustainability goals

Canada's Sustainable Agriculture Strategy (SAS) is intended to improve environmental performance in the sector over the long-term, support farmers livelihoods and strengthen the business vitality of the Canadian agriculture industry. A necessary condition for the successful implementation of this Strategy is the recognition and commitment to a triple-bottom line definition of sustainability that includes delivering on economic prosperity, social well-being, and climate solutions through farming practices. It is crucial that the SAS establishes robust incentives for the adoption of beneficial management practices and that farmers continue to be involved in its development and implementation.

As a result, adequate funding is needed to support implementation of the SAS, driving a whole-of-government approach to invest in the whole-of-society benefits associated with the SAS. This funding envelope must also build upon and support future agricultural policy frameworks. The SAS should leverage producer input, and the support of provinces and private sector initiatives as key facets of a holistic, pan-Canadian strategy.

In Budget 2024, the Government of Canada should prioritize food production, access to food, and the long-term sustainability of the Canadian agriculture and food sector by:

- Ensuring the launch of the Sustainable Agriculture Strategy supports all agricultural commodities and is accompanied with an ambitious funding envelope commensurate with the incentives, research, and knowledge transfer activities required to reflect the inter-related demands of environmental, economic, and social sustainability.
- Committing resources to early and ongoing collaboration with industry to ensure that government regulation, policy and programs effectively support the long-term economic, social and environmental sustainability of the Canadian agri-food sector, including through an enabling regulatory environment for new products and technologies and de-risking the adoption of beneficial management practices. These efforts must avoid unintended impacts to Canadian food security, and account for reasonable recognition of existing efforts to implement more sustainable practices along the supply chain.
- Increase funding for research and development initiatives aimed at advancing environmental sustainability that also supports production in farming practices and facilitates partnerships between academic institutions, industry stakeholders, and government to accelerate the development and adoption of sustainable technologies.
- Providing AAFC's Taskforce for International Engagement on Environmental Issues with the resources to support robust in-person participation at international fora on environmental and agricultural issues, including, but not limited to, the Conferences of the Parties on climate change and biodiversity.

Strengthening supply chain resiliency

The many supply chain challenges and disruptions of the past few years have shone a light on the serious potential impacts of such events on food availability in Canada. The National Supply Chain Strategy must be 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 our products can continue to reach international markets and Canadian tables.

In Budget 2024, the Government of Canada should prioritize food production, access to food, and the long-term sustainability of the Canadian agriculture and food sector by:

- Prioritizing the implementation of the National Supply Chain Task Force report recommendations and ensure that the National Supply Chain Strategy reflects the needs of grain and perishable commodities and the movement of these essential products, including through:
 - investments in cold chain infrastructure,

- the establishment of priority lanes at ports of entry,
- maintaining the Maximum Revenue Entitlement for grains,
- increasing the radius for extended interswitching to 500km, making the current pilot permanent, and expanding it nationally to all provinces, and
- the implementation of a formalized process to allow the movement of food and essential goods in the event of emergency events or disruptions.

Ensuring responsive risk management programs

The environment within which farmers operate has changed dramatically over the past several years. Increasing incidence of extreme weather events are having a direct impact on Canadian producers on a scale not seen in generations. If we want producers across Canada to become effective partners in the fight against climate change, we need to ensure we have their backs when climate-related events destroy their harvest, crop and/or livelihood.

Unfortunately, key programs such as **AgriRecovery** are not as responsive as their equivalents in the United States such as the United States Department of Agriculture's Disaster Assistance Programs, and farmers do not know what level of compensation they can expect to receive or when they will receive it, putting Canadian farmers at a competitive disadvantage. AgriStability also is not as responsive as it should be for many commodities and suffers from a low participation rate.

Recognizing that Canada's suite of business risk management programs are jointly funded and administered by the provinces and territories, as well as the federal government, it is critical that farmers are also engaged in discussions around program renewal before the next five-year FPT policy framework is developed, to ensure these critical programs are responsive to the changing risk profile of the sector and to avoid creating unintended negative impacts to programs that are working well.

In Budget 2024, the Government of Canada should prioritize food production, access to food, and the long-term sustainability of the Canadian agriculture and food sector by:

- Providing additional financial support to improve resilience against extreme natural disasters and working closely with producers and their associations to begin the revision of risk management programs, particularly AgriRecovery and AgriStability, to ensure that they are more timely, responsive, and predictable in the face of increasing disaster-related events caused by climate change.

Supporting our competitiveness and reducing regulatory burden

Our sector supports the government's ongoing regulatory modernization efforts, but more work is needed to ensure these efforts reflect the unique needs of the agriculture and food supply chain. A collaborative approach to find workable solutions for industry and government is essential to our success.

In Budget 2024, the Government of Canada should prioritize food production, access to food, and the long-term sustainability of the Canadian agriculture and food sector by:

- Implementing a competitiveness lens to regulation-making and review, and commit to the cross-department deployment of resources, such as the Treasury Board's Competitiveness Assessment Tool and AAFC's Journey Mapping toolkit, 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 industry's ability to be compliant with another department's regulations or meet government targets.

- Permanently increasing the base funding for PMRA to support a robust science-based regulatory system, including water monitoring data collection activities, and increasing funding for the Pest Management Centre to facilitate the evaluation and approval of new pest management solutions.
- Finalizing the Canadian Food Inspection Agency's feed guidance on plant breeding innovation and establishing a regulatory pathway for gene-edited products.
- Advancing Bill C-359, *An Act to amend the Feeds Act, the Seeds Act and the Pest Control Products Act (provisional registration and approval)*, through Government legislation to ensure farmers have timely access to crop inputs such as feed, seed and products for use in pest management.

Implementing an effective National Workforce Strategy

By 2033, 40% of Canadian farm operators will retire, leaving a shortfall of 24,000 general farm, nursery, and greenhouse workers (RBC, 2023). Industry stakeholders have come together to meet this challenge through the development of the National Workforce Strategy for Agriculture and Food and Beverage Manufacturing. This strategy looks to increase the immediate supply of labour while generating interest in careers in Canadian agriculture through education, training and skills development.

In Budget 2024, the Government of Canada should prioritize food production, access to food, and the long-term sustainability of the Canadian agriculture and food sector by:

- Providing the necessary resources to establish a Secretariat that will support implementation of the National Workforce Strategy for Agriculture and Food and Beverage Manufacturing.

Facilitating farm succession and supporting young farmers

In 2021, the median age of farm operators in Canada rose to 58 years, a two-year increase from 2016 and significantly higher than the national median age of 41.6 years (RBC, 2023). The high cost of land and increasing farm debt pose significant barriers to new entrants struggling to break into the agriculture sector in Canada.

In Federal Budget 2024, the Government of Canada should prioritize food production, access to food, and the long-term sustainability of the Canadian agriculture and food sector by:

- Adjusting the Lifetime Capital Gains Exemption to reflect inflation in farmland values and other capital costs.
- Build on the Budget 2023 legislative amendments to the Income Tax Act which expanded the definition of a "child" to also allow sibling shareholders to pass a non-controlling share of their ownership to the next generation.

The Canadian agri-food sector plays a crucial role in sustaining our rural communities, as stewards of our natural environment and in meeting our national and international food security needs. These

recommendations are aimed at ensuring the sector has the flexibility and tools they need to weather the current financial climate and support the transition to a carbon neutral economy.

