



**Written Submission for the House of Commons Finance
Committee Pre-Budget Consultations in Advance of the
2020 Budget**

**Submitted By: The Canadian Produce Marketing
Association**

Date: August 2, 2019

List of Recommendations

Recommendation 1: That the Government commit funds to support the implementation and ongoing efforts of the National Food Policy Council to oversee the new Food Policy for Canada, with a multi-stakeholder governance model comprised of government, industry, civil society and academia.

Recommendation 2: That the Government create a *Perishable Agricultural Commodities Act*-like deemed trust in Canada and restore preferential access to the U.S. dispute resolution mechanism for fresh fruit and vegetables.

Recommendation 3: That the Government work collaboratively with industry to find evidence-based solutions to reduce and mitigate the use of plastics, including providing funding for Environment and Climate Change Canada (ECCC) and other stakeholder ministries in achieving commitments related to initiatives of the Canadian Council of Ministers of the Environment (CCME) and international efforts, such as the Ocean Plastics Charter. In addition, the Government should provide dedicated funding for industry research and innovation to facilitate the transition away from single-use plastics towards more sustainable and environmentally-friendly options. Any efforts must, however, recognize that in some instances plastics support food safety and food security objectives and this must be considered in any government efforts.

Recommendation 4: That the Government increase the federal business limit and the capital asset limits for the Small Business Deduction and tie them to inflation moving forward.

Recommendation 5: That the Government provide funding to establish a data working group between relevant departments and agencies to prepare and implement a comprehensive, long-term and fully-funded Agriculture and Agri-Food Data Strategy which will fuel our competitiveness and inform key strategic decisions for our members.

Recommendation 6: That the Government initiate and fund a Trusted Employer program for employers using the Temporary Foreign Worker Program (TFWP) Agricultural Stream and the Seasonal Agricultural Workers Program (SAWP). The Government should also provide sufficient funds for Employment and Social Development Canada (ESDC) to improve service standards and processing times for Labour Market Impact Assessments under the Agricultural Stream of the TFWP.

Recommendation 7: That the Government provide funding to improve efficiencies at the Pest Management Regulatory Agency (PMRA) and commit to collaborating with foreign governments to harmonize Maximum Residue Limits, including through continued funding for Agriculture and Agri-Food Canada's Minor Use Program and harmonization between the Minor Use Program and the U.S. IR-4 Program, leading to acceptance of U.S. registrations in Canada for minor use crops.

Recommendation 8: That the Government provide a sufficient budget to the Pest Management Centre to strengthen the crop protection tool box by getting innovative new active ingredient products approved for market.

Recommendation 9: That the Government provide innovation funding for those industries not covered under the Innovation Supercluster Initiative, and specifically innovation funding for the fresh produce supply chain, including value-added, in order to bolster the fresh produce industry and its competitiveness.

Recommendation 10: That the Government provide sufficient, dedicated funding to support the rapid expansion of broadband internet infrastructure, building on the June 2019 announcement of the Broadband Fund, to ensure that all Canadians and Canadian businesses have access to the digital infrastructure they need.

Introduction

The fruit and vegetable industry is a major contributor to job creation and Canada's GDP and will continue in this role as we move toward a low carbon economy, but the Government of Canada must ensure policies and programs are in place to ensure the ongoing growth of the industry. As such, we are pleased to submit comments to the House Committee on Finance as part of their pre-Budget consultation process under the theme *Climate Emergency: The Required Transition to a Low Carbon Economy*.

The Canadian Produce Marketing Association (CPMA) represents over 860 members across Canada and the world who are involved in the marketing and sales of fresh fruit and vegetables in Canada. Combined, CPMA members are responsible for 90% of fresh fruit and vegetables purchased by Canadians. As an industry association, CPMA represents the entire fresh fruit and vegetable supply chain, from farm gate to dinner plate. Our comments are reflective of a wide array of members across the supply chain who work daily to provide Canadians with the fresh and healthy fruit and vegetable options they demand.

Canadian Food Policy Advisory Council

In June 2019, Minister Bibeau announced the creation of a Canadian Food Policy Advisory Council as part of the new Food Policy for Canada. While there is much promise for the Food Policy, the Government must ensure that it has tangible strategies and deliverables year-over-year, and that government leverages the commitment by the private sector to implement and advance the Policy. To this end, **CPMA urges the Government to commit funds to support the implementation and ongoing efforts of the Canadian Food Policy Advisory Council to oversee the new Food Policy for Canada, with a multi-stakeholder governance model comprised of government, industry, civil society and academia.**

A fully-funded Canadian Food Policy Advisory Council is essential to ensure good governance of the Food Policy and to represent all actors in the Canadian food system. This Council will also allow for the continuity of the Food Policy, regardless of which party is in government.

Furthermore, the Canadian Food Policy Advisory Council has the potential to be a unique forum to break down government silos and bring multiple government departments to the table to discuss pressing issues facing the food system in Canada – from challenges to growth and competitiveness, to climate change, health and food security. A whole-of-government approach to food, backed by proper funding, is vital to the success of the Food Policy.

Financial Protection for Produce Sellers

Prior to 2014, Canada was the only country in the world to enjoy preferential access to the US' *Perishable Agricultural Commodities Act (PACA)* dispute resolution mechanism. This meant that Canadian companies were treated in the same manner as US companies when filing a claim through *PACA* in cases of slow-pay or no-pay and were charged a maximum of \$500 USD to pursue a formal claim against a US buyer. Canada lost preferential access to *PACA*'s dispute resolution mechanism because it does not have a reciprocal *PACA*-like deemed trust which provides bankruptcy protection for produce sellers in the event that a produce buyer becomes insolvent.

Since the loss of Canadian preferential access to *PACA* in October 2014, Canadian produce sellers pursuing a formal complaint under *PACA* must now post a post a bond equivalent to 200% of their claim against the buyer. For many Canadian produce companies, over 98% of which are small businesses, this requirement

is financially untenable, and they are forced to accept a reduced price for their product. Many US buyers have used the high cost of a double bond as leverage against Canadian produce companies.

Fortunately, the loss of preferential access to *PACA* is an administrative decision and can be reversed by the US Department of Agriculture once the Government of Canada has proven that they have created a reciprocal *PACA*-like trust in Canada in cases of insolvency. The authority to create a *PACA*-like trust in Canada rests with the Minister of Innovation, Science and Economic Development who is responsible for insolvency law, and would require no additional funding by government beyond the normal costs of introducing new legislation.

The House Standing Committee on Agriculture and Agri-Food recommended the creation of a *PACA*-like deemed trust in Canada in 2016, and the House Standing Committee on Finance has made this recommendation as part of its pre-Budget report to the Minister of Finance in both 2018 and 2019. **CPMA again urges the Government to create a *PACA*-like deemed trust in Canada and restore preferential access to the US' dispute resolution mechanism for fresh fruit and vegetables.**

Plastics

The Canadian produce industry has been deeply engaged across all segments of the supply chain to reduce and mitigate the use of plastics. On June 4th, 2019, CPMA announced the creation of a new Plastic Packaging Working Group to chart a path forward on the use of plastics within the industry. CPMA has deliberately taken a leadership role in this space in order to meet consumer and societal demands and reduce the industry's impact on the environment as we move to a more sustainable, low carbon economy.

To be successful in reducing the use of plastics, industry and government collaboration is essential to achieve long-term, sustainable change. **CPMA urges the Government to work closely with industry to find solutions that are evidence-based, and include a combination of education, innovation, and effective recycling collection within communities across Canada. It is also critical that government commit to working with industry to find solutions that consider the food safety and food security implications of reducing the use of plastics for fresh produce.**

CPMA urges the Government to commit to putting in place dedicated funding for industry research and innovation to facilitate the transition away from single-use plastics towards more sustainable and environmentally friendly options.

Changes to the Small Business Deduction

Over 80% of Canada's fruit and vegetable farmers are small businesses and rely on the Small Business Deduction (SBD) as a way of staying competitive and further growing their business. However, no significant changes to the SBD have been implemented since 2009. In fact, the current capital asset limits to qualify for the SBD were established in 1994 and have not changed for the past 14 years.

As it stands, small businesses are eligible for the SBD provided their capital assets are below \$15 million, with a straight line deduction beginning at \$10 million. Additionally, since 2009, the SBD is applicable on the first \$500,000 of active business income, up from the \$400,000 prior to the 2009 change.

It is CPMA's recommendation that both the federal business limit of \$500,000 and the capital assets limit be increased and subsequently tied to inflation, in order to reflect modern operating costs and

business operations. We believe that this would be a marked improvement on how the SBD currently operates and will ensure that our small businesses remain competitive.

Agriculture and Agri-Food Data Strategy

Data is a key input for ensuring global competitiveness and the ability to meet the challenges of moving to a low carbon economy. Unfortunately, Canadian data, particularly in agriculture, is difficult to find, incomplete or onerously expensive for associations and businesses to purchase.

Currently, much of the data captured by Statistics Canada only goes to the Food & Beverage level and does not break down by industry or commodity group. More granular data on consumption, trends, trade, and consumer preferences would act as a catalyst for growth and greater competitiveness, as well as allowing industry to be better positioned to navigate the transition to a low carbon economy.

A robust and fully-funded data strategy must be implemented by the Government if we are to be competitive on the global stage and reach our agri-food export target of \$75 billion by 2025. CPMA is eager to work with government on such a strategy and discuss potential industry-government cost-sharing scenarios.

CPMA urges the Government to establish a data working group between Agriculture and Agri-Food Canada, Innovation, Science and Economic Development Canada, and other relevant departments and agencies to prepare and implement a comprehensive, long-term, and fully-funded data strategy that will fuel our competitiveness and inform key strategic decisions for our members.

Labour

The labour gap in horticulture is becoming a crisis, with the gap expected to increase to 46,500 jobs by 2025 – the largest labour gap in the agricultural sector. In order to provide Canadians with the nutritious fresh fruits and vegetables they need and demand, while also helping to feed the world and achieve the Government’s target of \$75 billion in agri-food exports by 2025, the industry requires better access to foreign labour.

CPMA therefore urges the Government to establish and fund a Trusted Employer program for employers using the Temporary Foreign Worker Program Agricultural Stream and the Seasonal Agricultural Workers Program (SAWP).

Such a program would allow growers who have been in good standing for a number of years, and have consistently proven the need for foreign labour, to use pre-populated Labour Market Impact Assessments (LMIAs) and SAWP application forms.

The creation of a Trusted Employer program has been recommended by the House Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities in 2016, in the House Standing Committee on Finance’s pre-Budget 2018 report, as well as in the final report from the Agri-Food and Economic Strategy Table released in September 2018.

The Government should also provide sufficient funds for Employment and Social Development Canada to improve service standards and processing times for LMIAs under the Agricultural Stream of the

Temporary Foreign Worker Program, in order to further streamline the application process and help close the labour gap.

Crop Protection

In order to increase market access and sustainability of the Canadian fresh fruit and vegetable industry, harmonization of pesticide regulation, products, and residues must occur. This requires collaboration both within Canadian governmental agencies, and between the Canadian, American, and other governments with which we trade.

Industry recognizes that pesticides must be used within the guidelines of good agricultural practices, which consider the needs of environmental quality, human health, agricultural stability, and effective pest management. In addition, the assurance of an affordable supply of quality food for Canadian consumers as well as the continued viability of Canadian agriculture and domestic food processing industries must remain a priority in a competitive global trading environment.

In order to reduce trade barriers and maintain the health of consumers, **CPMA urges the Government to improve efficiencies at the Pest Management Regulatory Agency and commit to collaborating with foreign governments to harmonize Maximum Residue Limits. This includes continued funding for Agriculture and Agri-Food Canada's Minor Use Program and harmonization between the Minor Use Program and the US IR-4 Program, leading to acceptance of US registrations in Canada for minor use crops.**

Additionally, the Government should provide a sufficient budget to the Pest Management Centre to strengthen the crop protection tool box by getting newer, safer active ingredient products approved for market.

Innovation and Infrastructure

CPMA is pleased that innovation has been a key priority for the Government. The Innovation Supercluster Initiative and AgriInnovate funding have the potential to be transformational investments in Canadian innovation and industry, and will position the successful applicants well for future success.

While these investments are welcomed, **CPMA requests that the Government provide innovation funding specific for the fresh produce supply chain, including value-added.**

The Government of Canada has set an ambitious agri-food export target of \$75 billion by 2025. Our industry can achieve this goal, but our success will depend on our ability to leverage innovation moving forward. Funding for future innovations would bolster the fresh produce industry, strengthen our ability to meet the challenges of moving to a low carbon economy, and contribute to our competitiveness, now and into the future.

At the same time, a lack of digital infrastructure remains a major roadblock to innovation for many Canadians and Canadian businesses, including in the fresh produce industry. In June 2019, the House Standing Committee on Industry, Science and Technology report on rural wireless digital infrastructure recommended that mobile services be treated as essential to both the safety of the public and participation in the modern economy, and that the federal government improve the availability and reliability of digital infrastructure in rural Canada.

CPMA welcomes the Government's commitment to ensuring access to high-speed internet for all Canadians, and **urges the Government to provide sufficient, dedicated funding to support the rapid expansion of high speed internet infrastructure to ensure that all Canadians and Canadian businesses have access to the digital infrastructure they need.**

Conclusion

In conclusion, we appreciate the opportunity to submit comments to the House of Commons Standing Committee on Finance regarding Budget 2020 and to provide recommendations on how the Government can support the ongoing competitiveness and growth of the Canadian fresh produce industry and the supply chain they depend on, now and as Canada moves to a low carbon economy.

We have been actively engaged on these files with government officials and remain readily available to work with parliamentarians and public servants to advance these issues.

Thank you for reviewing our submission. We would be pleased to answer any questions members of the committee may have.

Regards,

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

Ron Lemaire
CPMA President