



**Written Submission for the House of Commons Finance
Committee Pre-Budget Consultations in Advance of the
2021 Budget**

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

Date: August 7, 2020

List of Recommendations

Employment Incentives

Recommendation #1: Current and future employment benefits related to COVID-19 should be adjusted to provide Canadians requiring support the opportunity to work beyond existing program limitations.

Recommendation #2: The Canada Emergency Wage Subsidy (CEWS) should be continued until the Public Health Agency of Canada has declared that the COVID-19 pandemic has ended, and should be adjusted to allow companies and organizations to apply retroactively for the CEWS based on an assessment of a full-year's financial impacts, to better reflect the revenue flow impacts for many in the diverse produce supply chain and recognize later income cycles.

Recommendation #3: The Canada Emergency Wage Subsidy (CEWS) should be adjusted to support essential businesses, such as those in the fresh produce supply chain, that have been impacted by a significant rise in operational costs due to COVID-19 by providing an option to apply for the CEWS based on reductions in net income.

Labour

Recommendation #4: In both the short and longer term, the Government of Canada should work to improve service standards and processing times for applications under the Seasonal Agricultural Worker Program and the Agricultural Stream of the Temporary Foreign Worker Program, including by working with source countries and implementing measures to further streamline the collection of biometrics and visa and work permit application processes.

Liquidity and Financial Protection for Produce Sellers

Recommendation #5: As more bankruptcies are anticipated due to the economic climate created by COVID-19, the Government of Canada should create a limited statutory deemed trust, similar to the U.S. *Perishable Agricultural Commodities Act*, support needed liquidity and protect produce sellers during bankruptcy in Canada.

- *Trade Benefit* – A limited statutory deemed trust in Canada will allow for restored preferential access to the U.S. dispute resolution mechanism for fresh fruit and vegetables.

Operational Changes and Personal Protective Equipment (PPE)

Recommendation #6: The Government of Canada should implement a PPE tax credit to support industry in procuring the equipment they need to keep workers and the public safe.

Recommendation #7: The Government should extend customs duty relief for PPE beyond the end of 2020, and should recognize the significant PPE costs incurred by industry at the outset of the pandemic by making customs duty relief retroactive prior to its announcement on May 6th, 2020.

Sustainability

Recommendation #8: The Government should provide ongoing financial support to achieve 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.

Recommendation #9: To effectively reduce the use of unnecessary and problematic plastics, the Government should work closely with industry to take a systems approach to find solutions that are evidence-based, and include a combination of education, innovation, and effective recycling collection within communities across Canada, while also considering the food safety and food security implications of reducing the use of plastics for fresh produce.

Recommendation #10: The Government of Canada should commit funds and resources to support the reduction of food waste across the supply chain, including and building upon the work of the previously announced Food Waste Reduction Challenge.

Innovation and Infrastructure

Recommendation #11: CPMA urges the Government to provide innovation funding specific for the fresh produce supply chain, to bolster the industry and foster our ongoing competitiveness.

Recommendation #12: The Government should provide sufficient, dedicated funding to support the rapid expansion of high-speed internet infrastructure and cell phone service coverage to ensure that all Canadians and Canadian businesses have access to the digital infrastructure they need.

Recommendation #13: The Government of Canada should provide sufficient, dedicated funding to invest in rural infrastructure, including roads, energy, and service infrastructure, such as waste management.

Agriculture and Agri-Food Data Strategy

Recommendation #14: 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.

A Strategic Approach to Recovery

Recommendation #15: CPMA urges the Government to commit funds to support a full analysis of impacts to the produce sector due to covid-19 and the implementation and ongoing efforts of the Canadian Food Policy Advisory Council to support industry requirement for recovery.

Introduction

The COVID-19 global pandemic has created unprecedented public health, economic, and logistical challenges for communities and supply chains around the world. The Canadian fresh fruit and vegetable industry has been no exception.

The success of the agriculture and agri-food sector will be critical to Canada's economic recovery from the COVID-19 pandemic. In fact, a 2019 [Royal Bank of Canada \(RBC\) report](#) found that with the right combination of skills, capital and technology, agriculture could add \$11 billion to Canada's GDP by 2030. The fresh fruit and vegetable industry is a major contributor to Canada's GDP and to job creation from coast to coast, and will continue in this role as we move forward. Economic recovery will be achieved by recognizing the economic potential of the agricultural sector and enabling and empowering our industry to succeed.

It is important to remember that the impact of COVID-19 on businesses in the fresh produce sector is not only happening today, but will continue for many months. Federal government supports are critical to help our industry cope and stabilize in the short-term, and to support economic recovery in the long term. As such, we are pleased to submit comments to the House Committee on Finance as part of their 2021 Pre-Budget Consultation process regarding *measures the federal government could take to restart the Canadian economy, as it recovers from the global COVID-19 pandemic*.

We would also like to note that CPMA has prepared a more fulsome document outlining a broader list of recommendations to support the *Canadian Fresh Produce Industry Recovery from the COVID-19 Pandemic*. We would be pleased to provide this background document to the Committee and to answer any questions Members may have.

The Canadian Produce Marketing Association (CPMA) represents over 820 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.

Employment Incentives

CPMA recognizes and commends the speed at which the Government of Canada operated at the onset of the pandemic in Canada to create macro level programs to support industry; many of these programs have provided welcome support to segments of our supply chain. Moving forward, it will be important to provide a more focused approach to reduce unintended consequences and impacts to business, which include increased debt, challenges accessing domestic labour, and more.

Current and future employment benefits related to COVID-19 should be adjusted to provide Canadians requiring support the opportunity to work beyond existing program limitations.

In recognition of the ongoing economic hardship facing Canadian industry, **the Canada Emergency Wage Subsidy (CEWS) should be continued until the Public Health Agency of Canada has declared that the COVID-19 pandemic has ended, and should be adjusted to allow companies and organizations to apply**

retroactively for the CEWS based on an assessment of a full-year's financial impacts, to better reflect the revenue flow impacts for many in the diverse produce supply chain and recognize later income cycles.

At the same time, **the Canada Emergency Wage Subsidy (CEWS) should be adjusted to support essential businesses, such as those in the fresh produce supply chain, that have been impacted by a significant rise in operational costs due to COVID-19 by providing an option to apply for the CEWS based on reductions in net income.**

Labour

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) in order to plant, cultivate, process, harvest and pack our products.

Early in the pandemic, access to temporary foreign workers was the single most significant threat to food production, food security and the integrity of the food supply chain in Canada. As we look ahead to harvest, CPMA remains concerned about the significantly reduced number of workers who have been able to come to Canada and about what that diminished capacity will mean for domestic production, particularly for those operations that experience outbreaks of COVID-19 infections.

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. **In both the short and longer term, the Government of Canada should work to improve service standards and processing times for applications under the Seasonal Agricultural Worker Program and the Agricultural Stream of the Temporary Foreign Worker Program, including by working with source countries and implementing measures to further streamline the collection of biometrics and visa and work permit application processes.**

Liquidity and Financial Protection for Produce Sellers

The Canadian produce industry has been requesting the implementation of a financial protection tool for produce sellers for many years. The issue identified by government was the inability to demonstrate harm. Unfortunately, the COVID business environment has and will, over the next two years, drive businesses into bankruptcy and our sector has no protection.

In addition to a lack of domestic protections, Canadian produce sellers are now at even more risk when selling to our major trading partner, the United States. As financial impacts are realized along the produce supply chain, we anticipate company failures in Canada and are already seeing such cases in the U.S. market. At one time, our Canadian grower/shippers would have had preferential treatment in the U.S. under the *Perishable Agricultural Commodities Act (PACA)*, which would have provided much needed access to prompt payment tools in the case of a buyer bankruptcy. In the U.S., companies also have protection from insolvent buyers.

In Canada, we have never had a similar protective capacity. The *Bankruptcy and Insolvency Act* simply does not provide a workable mechanism to protect sellers when buyers of produce become insolvent. Due

to the highly perishable nature of fresh produce, sellers cannot recover product from incomplete sales as enabled under the Act.

Complimentary legislation in the form of a limited statutory deemed trust is needed to ensure that Canadian fruit and vegetable sellers are given priority access to help offset losses associated with product that has been delivered, but for which payment has not been received. This would not only provide financial protection for produce sellers in Canada, but would also provide a means for reinstatement of our preferential treatment under the U.S. PACA.

At a time when food security is second only to health care in terms of priorities for all Canadians, it is crucial that the government provides all possible safeguards for the food supply chain. **As more bankruptcies are anticipated due to the economic climate created by COVID-19, the Government of Canada should create a limited statutory deemed trust, similar to the U.S. *Perishable Agricultural Commodities Act*, support needed liquidity and protect produce sellers during bankruptcy in Canada.**

CPMA would also like to reiterate our support for the recommendations made by the Canadian Horticultural Council in relation to Canada's Business Risk Management programs, which have been outlined in our submission to the House of Commons Standing Committee on Agriculture and Agri-Food and in our broader Industry Recovery background document.

Operational Changes and Personal Protective Equipment (PPE)

From growers, to packers, shippers, processors, wholesalers and retailers, the fresh fruit and vegetable industry has incurred unprecedented costs to develop COVID-related business plans and new procedures to address the spread of COVID-19, ensure business continuity across the supply chain, mitigate the impact of COVID-19 on their business and community, and prepare for an eventual return to work.

The added cost of purchasing PPE and other health screening tools and equipment cannot sustainably be absorbed by industry, but is difficult to pass on to Canadians without increasing the cost of fresh produce, thereby creating food security concerns. Government announcements of funding through the Agri-food Workplace Protection Program and the Emergency Processing Fund, while encouraging, will not be able to address the full scope of the economic burden facing our sector.

Therefore, **the Government of Canada should implement a PPE tax credit to support industry in procuring the equipment they need to keep workers and the public safe.**

Furthermore, **the Government should extend customs duty relief for PPE beyond the end of 2020, and should recognize the significant PPE costs incurred by industry at the outset of the pandemic by making customs duty relief retroactive prior to its announcement on May 6th, 2020.**

Sustainability

The fresh fruit and vegetable sector supports the Government's commitment to promoting long-term sustainability as we strive to increase Canadians' consumption of fruits and vegetables and ensure a healthy environment, now and in the post-COVID future.

The Government should provide ongoing financial support to achieve 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.

We recognize and applaud the Government's previous efforts to reduce the use of problematic plastics and to address the economic, social and environmental costs of food waste in Canada. These efforts should continue and be integrated into planning for the produce industry's long-term economic recovery, informed by the experience and lessons learned from the COVID-19 pandemic.

The Canadian produce industry has been deeply engaged across all segments of the supply chain to reduce and mitigate the use of plastics. CPMA has deliberately taken a leadership role in this space through our Plastics Packaging Working Group, to assist the produce industry in navigating the highly complex goal of utilizing plastic packaging in the most economically and environmentally responsible means possible over the short, medium and long term.

To effectively reduce the use of unnecessary and problematic plastics, the Government should work closely with industry to take a systems approach to find solutions that are evidence-based, and include a combination of education, innovation, and effective recycling collection within communities across Canada, while also considering the food safety and food security implications of reducing the use of plastics for fresh produce.

CPMA has also worked with partners to develop an online Waste Efficiency Tool to address food waste and other efficiency challenges in the produce supply chain. **The Government of Canada should commit funds and resources to support the reduction of food waste across the supply chain, including and building upon the work of the previously announced Food Waste Reduction Challenge.**

Innovation and Infrastructure

The full scope of the impact of COVID-19 on the fresh produce industry will likely not be known for months to come, but planning for recovery must include looking at how the business environment may change permanently. A strong and growing Canadian produce industry will depend on our ability to leverage innovation. One example is the marked shift to online purchasing. Depending on how consumer behaviour shifts to e-commerce continue to develop post-COVID, some restaurants and other store front businesses may remain online.

Agriculture, including the fresh produce industry, has potential to act as the backbone of Canada's economic recovery from the COVID-19 pandemic, but more investment is needed to support our sector's growth. The [2019 RBC report](#) found that Canada's share of global agtech investment is only 3.4%, falling behind countries such as Brazil and India. **CPMA urges the Government to provide innovation funding specific for the fresh produce supply chain, to bolster the industry and foster our ongoing competitiveness.**

The growth of e-commerce could also have significant implications for growers and suppliers across the country, making access to broadband internet and cell phone coverage even more important. As noted by the [Agri-Food Economic Strategy Table](#), the lack of digital infrastructure remains a major roadblock to innovation for many growers and other businesses in the fresh produce industry.

Particularly in light of the significant market shifts resulting from the COVID-19 pandemic, **the Government should provide sufficient, dedicated funding to support the rapid expansion of high-speed internet infrastructure and cell phone service coverage to ensure that all Canadians and Canadian businesses have access to the digital infrastructure they need.**

At the same time, it is essential that rural communities across Canada see investments in critical infrastructure to support their economic development now and into the future. **The Government of Canada should provide sufficient, dedicated funding to invest in rural infrastructure, including roads, energy, and service infrastructure, such as waste management.**

Agriculture and Agri-Food Data Strategy

Data is a key input for ensuring global competitiveness. Unfortunately, Canadian data, particularly in agriculture, is difficult to find, incomplete or onerously expensive for associations and businesses to purchase. More granular Statistics Canada data on consumption, trends, trade, and consumer preferences would act as a catalyst for growth and greater competitiveness and allow industry to be better positioned to navigate post-COVID economic recovery.

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. CPMA is eager to work with government on such a strategy and discuss potential industry-government cost-sharing scenarios.

A Strategic Approach to Recovery

To ensure the ongoing viability of the food system, we need a strong domestic and global strategy. The success of the agriculture and agri-food sector, including the fresh fruit and vegetable industry, will be critical to Canada's economic recovery from the COVID-19 pandemic, but a strategic, whole-of-government approach is required to enable this success. The [Agri-Food Economic Strategy Table](#) and the new Industry Strategy Council can provide important resources for this strategic direction.

At the same time, particularly in light of the lessons of the COVID-19 pandemic, the previously announced 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.

CPMA urges the Government to commit funds to support a full analysis of impacts to the produce sector due to covid-19 and the implementation and ongoing efforts of the Canadian Food Policy Advisory Council to support industry requirement for recovery.

Conclusion

CPMA appreciates the opportunity to submit comments to the Committee regarding Budget 2021 and to provide recommendations on how the Government can support the Canadian fresh produce industry in its

recovery from the COVID-19 pandemic. We would also like to note again that CPMA would be happy to provide the Committee with our more comprehensive list of recommendations to support the *Canadian Fresh Produce Industry Recovery from the COVID-19 Pandemic*.

CPMA and our members have been deeply appreciative of the high level of engagement and collaboration the federal government has shown in working with industry during these challenging times. The continuation of this strong working relationship in the months ahead will be critical to the success of Canada's economic recovery and preparation for future events. We are committed to working with government to help find solutions to mitigate the impact of the outbreak on Canadians and to ensure that Canadian families will be able to continue to put our safe, healthy and nutritious products on their tables throughout this crisis and afterwards.

Thank you for your consideration of our submission. We would be pleased to answer any questions members of the Committee may have.

Sincerely,

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

Ron Lemaire
CPMA President