



Canadian  
Horticultural  
Council

Conseil  
canadien de  
l'horticulture

The voice of **Canadian fruit and vegetable growers**

## **Platform Development Brief**

**Election 2021**

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## About the Canadian Horticultural Council

The Canadian Horticultural Council is an Ottawa-based voluntary, not-for-profit, national association that represents fruit and vegetable growers across Canada involved in the production of over 120 different types of crops on over 14,237 farms, with farm cash receipts of \$5.4 billion in 2019. Since 1922, CHC has advocated on important issues that impact Canada's horticultural sector, promoting healthy, safe and sustainable food, and ensuring the continued success and growth of our industry.

## Supporting the Canadian Fresh Produce Sector Now and During Post-Pandemic Recovery

From the farm gate to the dinner plate, the fruit and vegetable sector is a major contributor to Canada's GDP and job market from coast to coast to coast. This year, our growers are marking the UN International Year of Fruits and Vegetables, and are proud to provide Canadians and families around the world with safe, nutritious food products that offer tremendous health benefits.

The COVID-19 pandemic has brought unprecedented challenges to Canadian businesses and supply chains, including the fresh produce industry. Some growers faced significant losses due to a lack of workforce. Many others have made significant investments to keep their workers safe, including setting up partitions, building new housing, renting house trailers to ensure proper distancing, and supplying personal protective equipment and sanitization products to their workers. And in some cases, farms have been forced to temporarily shut down operations and have workers quarantined.

Despite these challenges, our growers have remained resilient, and continue to adapt their practices to ensure Canadians have access to healthy and local fruits and vegetables. To help bolster Canada's economic recovery, strengthen food security across the country, and ensure the success of our members now and in the years to come, CHC is seeking commitments from federal parties to support growers by:

- ***Providing the Canadian produce industry with financial protection through the creation of a statutory deemed trust, especially considering that now more than ever, there is a real risk of bankruptcies throughout the food service and restaurant sectors.***
- ***Committing federal leadership to further improve the AgriStability program, specifically by increasing the margin coverage to 85% and increasing coverage to 85%.***
- ***Providing growers with clear guidance, and ongoing financial support to renovate existing buildings or construct new ones in compliance with any new federal housing regulations.***
- ***Supporting Employment and Social Development Canada, Service Canada, and Immigration, Refugees and Citizenship Canada with additional resources to ensure the timely flow of international farm workers and continued partnerships with source countries.***
- ***Developing a preventative plant health and compensation program to arm growers with comprehensive biosecurity tools and cover losses from crop destructs required to limit risks from economically devastating pests.***

- ***Recognizing the fresh produce sector as a significant contributor to Canada's economic recovery. To ensure that is able to meet its full potential, the federal government should increase resources beyond the current Canadian Agriculture Partnership (CAP) and the Next Agricultural Policy Framework (NPF) by creating a separate fund to support innovation adoption in horticulture.***

The Canadian produce industry has weathered many challenges over the last several decades, but none have posed a greater threat or created more uncertainty than the COVID-19 pandemic. As we approach the next federal election, our growers are looking to Canada's political parties for their plan to support the sector now and into the future. This will be imperative in maintaining Canada's food sovereignty, and allowing our growers to continue providing Canadians with the fresh, safe and local produce they need. The sector is well suited to be a significant contributor to our country's post-pandemic economic recovery, should it receive strategic investments and key support from the federal government.

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## Priority Issues for the Sector

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### Financial Protection for Produce Sellers

Canada's fruit and vegetable growers are the backbone of the food service industry. In fact, the sector generates \$33 billion in annual sales, and provides more than 249,000 full-time equivalent jobs for Canadians. The supply chain for fresh fruits and vegetables is complex, and puts considerable strain on food service operators and small business to function. Our farmers are required to put significant amounts of money and upfront operations on the line in order to consistently and reliably provide communities with safe, locally grown, nutritious food sources. At the same time, overhead and capital costs continue to rise while returns are delayed until the product is sold and payment is collected.

While this risk imbalance in the supply chain has been longstanding, the COVID-19 pandemic's devastating impact, particularly on the food service industry, has put Canadian farmers in an even more vulnerable position. For example, in the fall of 2020, Canadian produce farmers saw a 25% increase in overdue accounts receivable compared to the same period in 2019. For many, that equated to half of their estimated annual income being left with little to no assurance of it being paid. There is a ground swell amongst farmers who are increasingly concerned that their buyers will not be able to remain solvent through the coming year, and that their business will suffer as a result.

The COVID-19 pandemic has, and will likely continue to, drive small businesses into bankruptcy, and it is unsustainable for Canada's fruit and vegetable growers to continue to assume these risks without having assurance that they will be paid. growers.

***We are asking each party to commit to implementing policy to:***

- ***Table and adopt the draft Fresh Fruit and Vegetable Products Protection Act, written by Ronald C.C. Cuming, an expert in Canada's bankruptcy laws. The Act would be administered by the Minister of Agriculture and Agri-Food as complimentary legislation to the Bankruptcy and Insolvency Act (BIA).***
- ***Establish a limited statutory deemed trust that protects produce growers and sellers during bankruptcy in Canada.***

- ***Upon introduction of the legislation, request the restitution of Canadian preferential access to PACA by the U.S. Department of Agriculture.***

## **Crop Protection**

Crop protection tools, such as pesticides, biopesticides and beneficial organisms, are essential to the fresh produce industry to ensure not only crop health, but also the safety of Canadians and Canada's overall food security. These tools are used to improve yields and reduce food waste by safely controlling diseases, insect pests, weeds, and invasive species that affect the quality and availability of Canadian-grown fruits and vegetables.

The Pest Management Regulatory Agency (PMRA) is responsible for regulation, registration and re-evaluation of all active ingredients in crop protection products. The fruit and vegetable industry supports a modernized approach to the regulatory work of the PMRA, and ensuring it has up-to-date data to support continued science-based regulatory decisions.

The Pest Management Centre (PMC) under Agriculture and Agri-Food Canada (AAFC) has successfully demonstrated its ability to work with fruit and vegetable growers on challenging pest management issues. The PMC's grower-supported Minor Use Program has helped register over 2,300 new applications of crop protection products since 2003. The Pesticide Risk Reduction program has been another core activity of PMC, with the important mandate of developing innovative alternative management solutions for agricultural pests. growers.

***We are asking each party to commit to implementing policy to:***

- ***Provide essential funding to support PMRA and their initiatives, especially the new Integrated Approach to pesticide re-evaluation. More than 340 re-evaluations and special reviews are either underway or will commence in the next 10 years. Without the time or sufficient resources needed to conduct thorough scientific reviews and to make science- and data-based conclusions, hurried decisions can be made that are detrimental not only to growers, but to the Canadian economy. The new approach will increase both the efficiency and scientific accuracy of the PMRA's decisions.***
- ***Provide a \$5 million budget increase, with appropriate inflationary increases annually, to the PMC to both support new uses of crop protection products and pest management strategies, and address the supporting research backlog caused by the COVID-19 pandemic.***
- ***Encourage science-based harmonization of phytosanitary requirements and MRLs with our trading partners which will ease technical barriers to trade.***
- ***Ease the burden on PMRA by continuing to support joint registrations and re-evaluations to increase the accessibility of crop protection products that align and harmonize product access across North America.***

## **Need for Canadian Data**

The Pest Management Regulatory Agency requires up-to-date grower use information for its crop protection product re-evaluations. As the PMRA does not have agricultural specialists on staff, they must approach the experts, like CHC, to provide information. Sales data for pesticides are collected by

different agencies, but the actual pesticide use information (including product used, rate and number of applications on specific crops) is not actively collected in Canada. Surveys can be conducted by CHC and grower groups when a product is under review, but this relies on growers to volunteer their time, effort, and data.

Furthermore, the PMRA's mandate is to protect human health and the environment, and yet they do not have access to environmental data such as Canadian surface water monitoring for pesticide residues. The PMRA relies on water monitoring data for use in the risk calculations when evaluating pesticides, and without it, are relying on either highly conservative computer models or other jurisdictions' data, usually the United States. These other jurisdictions do not share Canada's climate, crops, or use patterns. Decisions that impact Canadian farmers should be based on Canadian data.

***We are asking each party to commit to implementing policy to:***

- ***Work across government departments to collect and share pesticide use data.***
- ***Provide immediate funding to the PMRA to administer a national water monitoring program for pesticide residues in order to provide critical and robust information for risk assessments and trend analysis. As a regulatory agency, the PMRA cannot generate their own data, however, they are in the best place to administer funding and experimental protocols to address the very specific data requirements of the agency.***
- ***As the Canada Water Agency is developed, Environment and Climate Change Canada must work closely with AAFC and PMRA to meet the long-term needs of Canadian growers.***

## **Labour**

Canada's fruit and vegetable growers are fostering a highly sophisticated and modern agriculture sector of which Canadians can be proud. But without an adequate workforce to grow, harvest and pack it, produce rots in the field, on the tree, or on the vine, resulting in waste and financial loss. 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.

Growers hire Canadians first, and conduct ongoing and rigorous recruitment. However, because agricultural jobs are generally located in rural communities and are seasonal in nature, it is extremely difficult to hire Canadians who are typically concentrated in urban centres and who generally prefer year-round work. When producers are unable to find enough Canadian workers, they access the Seasonal Agricultural Worker Program (SAWP), or the Agricultural Stream of the Temporary Foreign Worker Program (TFWP) to satisfy their labour needs.

The pandemic has only exacerbated labour-related challenges, as the logistical challenges of bringing in employees have posed a considerable threat to food production, food security and the integrity of the food supply chain in Canada. Growers have taken decisive action and incurred significant added costs to follow public health protocols and ensure the health and safety of their workers.

***We are asking each party to commit to implementing policy to:***

- ***Develop an Agriculture and Agri-Food Labour Strategy.***

- ***In both the short and longer term, work to improve service standards and processing times for applications under SAWP and the Agricultural Stream of the TFW Program.***
- ***Provide ESDC and IRCC with sufficient resources to efficiently manage the future flow of incoming workers.***
- ***Help streamline and standardize the LMIA application process by implementing a Recognized Employers Program, as per the HUMA report, FINA pre-Budget 2018 report, and the final report of the Agri-Food Economic Strategy Table.***
- ***Recognize the success and importance of the SAWP and ensure that Canadian horticultural producers continue to have access to it as a standalone program.***
- ***Publicly highlight positive examples of good HR management in SAWP and TFWP, help encourage the adoption of best practices, and communicate the programs' benefits to workers, consumers and farmers.***
- ***Increase funding for SAWP and TFWP Agricultural Stream administrators to address the increasing labour gap in Canadian horticulture and the government's increased export goals.***

### **Business Risk Management**

Business risk management (BRM) tools are essential to Canada's agriculture. CHC requests that the federal government ensure there are funds allocated to allow AAFC's continued review of current BRM programs, and work with industry to ensure these programs are effective.

***We are asking each party to commit to implementing policy to:***

- ***Increase the AgriStability margin coverage to 85%. The current 70% trigger level provides very limited protection to farms.***
- ***Work with stakeholders to explore changes to BRM programming options that are meaningful and focused on program effectiveness rather than funding levels.***
- ***Examine options for enhancing access for greenhouse growers to production insurance.***
- ***Establish an industry-government technical working group that allows farm groups to actively participate in BRM data and impact analysis.***
- ***Work with industry to develop and deploy innovative risk management tools to assist farmers manage production risks in the edible horticulture. This would be especially critical for greenhouse growers, who currently lack access to the government's crop production insurance program, which covers most grains and oilseeds, and a considerable number of other horticulture crops.***

### **Sustainability**

For farmers, annual productivity is subject to weather and climate pressures including the number of growing degree days before frost, hail, flooding, drought, and insect or disease pests. Being environmentally sustainable; good stewards of the land, water and air; and reducing inputs of energy, fuel, and fertilizer have always been part of the equation for farmers' viability and long-term investment.

Growers and packers are price-takers, so indirect costs associated with carbon pricing and increased production costs (packaging, fertilizers, transportation, etc.) are not passed on easily to consumers. This reality impacts the price of domestically-grown food in the marketplace.

The up-front relief for farmers and (partial relief of 80%) for greenhouse growers in the provinces covered by the Greenhouse Gas Pollution Pricing Act (GGPPA) are a big step in the right direction to level the playing field for Canadian farmers and greenhouse growers.

***We are asking each party to commit to implementing policy to:***

- ***Include the full suite of fuels that farmers use, as well as the full range of farming activities and machinery used in modern Canadian primary agriculture to be acknowledged and eligible for relief:***
  - ***Specifically, the exclusion of “property that is used for the purpose of providing heating or cooling to a building or similar structure...” was meant for housing but needs further amendments/interpretation guidance so that heating or cooling for farming activities are also considered eligible farming machinery;***
  - ***Heating and cooling are essential for the primary production of perishable fruit and vegetables, immediately post-harvest, during storage/handling/packaging, and for the reduction of food waste at the start of the value chain.***
  - ***Add natural gas and propane to the definition of Qualifying Farming Fuel.***
- ***Ensure federal, provincial and territorial governments examine how to harmonize the fuel charge relief across Canada, so that no growers are at a competitive disadvantage.***
- ***Recognize the efforts made by farmers to reduce their greenhouse gas emissions and ensure a range of on-farm stewardship activities are incentivized.***
- ***Return proceeds collected from the sector to directly support the development and adoption of new technology and energy options required by the greenhouse sector, as indicated in the 2021 federal budget.***
- ***Support Canada’s National Index on Agri-Food Performance, which demonstrates the leadership of our members as safe, sustainable, and responsible food producers. This project is a strategic priority for the sector, and will be an essential tool to benchmark Canada’s food production against environmental, social, and health priorities as domestic and global marketplaces become more demanding.***

Greenhouse growers are still significantly trade-exposed and the imposition of a 20% fuel charge will continue to impact their global competitiveness. The federal carbon price is slated to increase over time, therefore the 20% will grow in absolute value and has implications in the medium to long-term.

***We are asking each party to commit to implementing policy to:***

- ***Extend the fuel exemption to Greenhouse Growers to 100%; or***
- ***Examine mechanisms to offset the greenhouse sector 20% fuel charge, stabilize the cost to growers over time, and incentivize the development of technology needed to transition to low/zero-carbon greenhouse production. This must be achievable for small, medium, and large operations.***
- ***Leverage CAP priorities to establish both farm-level incentives and research programming that encourage 12-month production capacity through the installation of supplemental lighting,***

***the expansion of new commercial scale greenhouse crops, and the development of automation tools for the sector.***

- ***Support existing greenhouse hubs located across Canada by providing funding for infrastructure that would allow for expansion of greenhouse production and domestic supply capacity.***

## **International Trade**

Promoting international trade and investment with export markets is a priority for the Canadian produce sector. As Canada pursues new free trade agreements, we are committed to working with the government to uphold the principles of free and fair trade. In order to grow Canadian produce exports while supporting demand in Canada for a range of products, the Canadian government must work to reduce non-tariff trade barriers including harmonization of phytosanitary regulations, maximum residue limits, and payment issues.

Barriers to trade within the sector are principally non-tariff and require support from the federal government to address. The ability to export to, or import from, a new market is dependent on assessments of risks and recognition of plant protection systems by the trading countries' plant health regulators. Requirements that are not science-based or essential to security act as effective non-tariff trade barriers between countries and must be eliminated.

***We are asking each party to commit to implementing policy to:***

- ***Ensure that new and renegotiated free trade agreements create the foundation for mutually recognizing food safety systems.***
- ***Ensure that agreements are based on sound science and address an appropriate risk-based approach to trade including sanitary and phytosanitary requirements.***
- ***Mitigate non-tariff barriers to trade.***
- ***Encourage science-based harmonization of Maximum Residue Limits with our trading partners during trade negotiations to prevent technical barriers to trade once agreements are signed.***
- ***Firmly oppose the introduction of any tariff that could impact the availability, accessibility and affordability of food in the Canadian marketplace and Canadian produce in our export markets.***
- ***Regulate imports to ensure foreign produce meets Canada's high standards, including labour, environment, and of course the quality and safety of the produce.***
- ***Work with the United States Department of Agriculture (USDA) to eliminate the need for grade inspections for potatoes and packaged onions. In the interim, increasing resources for the Canadian Food Inspection Agency will be critical to provide services that are quicker, more flexible, and better adapted to marketing practices.***
- ***Revitalize the concept of a "Canada-U.S. Perimeter Strategy" to ensure growers are effectively protected from the unintentional introduction of foreign/tropical/invasive plant pests, and from any associated risks including non-tariff trade disruptions.***

# Appendix

Right Honourable Justin Trudeau  
Prime Minister of Canada  
House of Commons  
Ottawa, ON

July 22, 2021

Dear Prime Minister Trudeau,

On behalf of members of the Canadian agri-food sector, we are writing to express our support for the establishment of a limited statutory deemed trust to provide a critical financial protection mechanism for fresh produce sellers in Canada in the case of an insolvent or bankrupt buyer. **A willingness to address this problem and to implement a financial protection mechanism in Canada was clearly reflected in commitments made by the Liberal Party during the 2015 federal election.**

As you are well aware, growing, harvesting, packing and marketing fruits and vegetables comes with many risks. The impacts of a changing climate are increasingly threatening food production, both domestically and around the world, with potential negative consequences for Canada's food security. At the same time, overhead and capital costs continue to rise, while returns are delayed until payment is collected down the supply chain – usually long after the perishable product has been purchased and consumed.

Unfortunately, the COVID-19 pandemic has only amplified these issues, forcing the fresh produce supply chain into an even more vulnerable position. Repeated cycles of lockdowns and mandated business closures have caused major negative impacts in the hard-hit hospitality and foodservice sectors. In fact, Restaurants Canada has reported that more than 10,000 restaurants across the country have permanently closed their doors since the beginning of the pandemic, and it is likely that more businesses will be driven into bankruptcy over the next two years, particularly as the government's financial support programs come to an end in the coming months. This disruption will have detrimental impacts along the entire fruit and vegetable supply chain.

To make matters worse, the lack of a financial protection mechanism for fresh produce sellers in Canada means that Canadian sellers remain unable to utilize the preferential treatment they previously enjoyed under the United States *Perishable Agricultural Commodities Act (PACA)*. Instead, Canadians selling fresh produce to our biggest trading partner must pay double the bond on the shipment to access the PACA dispute resolution mechanism – a cost that is simply untenable for many Canadian businesses.

Farmers, other produce sellers, and their families need protection from the anticipated domestic economic pressures resulting from the pandemic. We are urging the Government of Canada **to implement a limited statutory deemed trust, similar to the one under the U.S. PACA. This will protect produce sellers and growers during buyer bankruptcies in Canada. Having a financial protection tool in**

place in Canada would also allow the United States Department of Agriculture to restore preferential access for Canadian produce sellers to the U.S. dispute resolution mechanism for fresh fruit and vegetables and thereby remove the need to post costly double bonds to initiate a complaint.

Your government has identified ensuring Canada’s food security as a key priority, particularly as the COVID-19 pandemic has heightened Canadians’ awareness about the importance of strong and sustainable food system. We emphasize 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 produce sellers cannot remain financially viable.

Finally, we must note that creating a limited statutory deemed trust would not impose any additional cost to government, but would help to ensure that fresh produce sellers can continue to support local economies across the country and to provide Canadians with our safe, nutritious fruit and vegetable products.

Sincerely,



Food Processors of Canada





Cc:

Honourable Chrystia Freeland, Deputy Prime Minister and Minister of Finance  
Honourable Marie-Claude Bibeau, Minister of Agriculture and Agri-Food  
Honourable François-Philippe Champagne, Minister of Innovation, Science, and Industry  
Honourable Mary Ng, Minister of Small Business, Export Promotion and International Trade  
Honourable Maryam Monsef, Minister for Women and Gender Equality and Rural Economic Development  
Honourable Erin O'Toole, Leader of the Official Opposition  
Jagmeet Singh, Leader of the New Democratic Party  
Yves-François Blanchet, Leader of the Bloc Québécois  
Annemie Paul, Leader of the Green Party