

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.***