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CANADA

IMPROVING THE RESILIENCE OF CANADA'S HORTICULTURAL SECTOR

Report of the Standing Committee on Agriculture and
Agri-Food

Kody Blois, Chair

JUNE 2024
44th PARLIAMENT, 1st SESSION

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Agriculture and Agri-Food**

**Kody Blois
Chair**

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NOTICE TO READER

Reports from committees presented to the House of Commons

Presenting a report to the House is the way a committee makes public its findings and recommendations on a particular topic. Substantive reports on a subject-matter study usually contain a synopsis of the testimony heard, the recommendations made by the committee, as well as the reasons for those recommendations.

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THE STANDING COMMITTEE ON AGRICULTURE AND AGRI-FOOD

has the honour to present its

TWENTIETH REPORT

Pursuant to its mandate under Standing Order 108(2), the committee has studied issues relating to the horticultural sector and has agreed to report the following:

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LIST OF RECOMMENDATIONS

As a result of their deliberations committees may make recommendations which they include in their reports for the consideration of the House of Commons or the Government. Recommendations related to this study are listed below.

Recommendation 1

The Committee recommends that the Government of Canada, in cooperation with the provinces and territories and taking into account regional differences in agricultural production, review its Business Risk Management programs before they expire in 2028 to ensure they are timely, responsive, and predictable for producers facing profitability challenges and climate change-related risks and that it identify and remove gaps in these programs for horticultural producers, including:

- **AgriInsurance’s lack of commodity-specific plans at the provincial level for edible horticultural growers;**
- **AgriStability’s capacity to assist producers experiencing market fluctuations in a timely manner and how changes to the program since 2013 have affected its ability to respond to producers’ needs;**
- **AgriRecovery’s timeliness, including ensuring that producers receive compensation more quickly in order to make it a tool to respond immediately to extreme weather events;**
- **increasing permanently the Advance Payment Program’s interest-free cash advance portion to \$350,000; and**
- **examining opportunities to compensate producers for past and present environmental investments in their businesses and helping them to adopt more sustainable and resilient practices. 13**

Recommendation 2

The Committee recommends that the Government of Canada reverse its requirement forcing farmers to maintain empty houses for temporary foreign workers who choose to live on their own. 15

Recommendation 3

Recognizing the importance of housing for seasonal workers and to improve cash flow for farmers, the Committee recommends that the Government of Canada introduce a Harmonized Sales Tax (HST) input tax credit for housing provided to farm workers..... 15

Recommendation 4

The Committee recommends that the Government of Canada take the following measures with respect to the Temporary Foreign Worker Program:

- continue to streamline access to the Program for employers who demonstrate long-term compliance with its standards through the Recognized Employer Pilot program;
- coordinate efforts between relevant federal departments to ensure all employers adhere to the Program’s worker protection standards; and
- review the agriculture facility inspection process to ensure that inspections are conducted in person and are administratively reasonable. 16

Recommendation 5

The Committee recommends that the Government of Canada establish critical support for Canada’s fresh fruit and vegetable sector by encouraging the Senate’s speedy adoption of Bill C-280, the Financial Protection for Fresh Fruit and Vegetable Farmers Act..... 18

Recommendation 6

In the event that the current negotiations fail, the Committee recommends that the federal government lead a consultative process with the provinces and

territories, in keeping with their jurisdictions, to implement a voluntary Grocery Code of Conduct..... 19

Recommendation 7

The Committee recommends that the Government of Canada ensure that border officers have the necessary resources to enforce reciprocity standards and recognize non-compliant products. 20

Recommendation 8

The Committee recommends that the Government of Canada pause its proposed ban on price look-up (PLU) labels and Pollution Prevention Plan Notice for Primary Food Packaging and continue to consult with industry and work with trading partners, notably the United States..... 21

Recommendation 9

The Committee recommends that the Government of Canada work with provinces, territories, and municipalities to support produce industry shifts toward new technologies like compostable and biodegradable materials to replace plastics in Canada’s food chain. 21

Recommendation 10

The Committee recommends that the Government of Canada work in partnership with the United States and other trusted jurisdictions to share information and scientific evidence in order to make the agricultural product registration process more efficient while:

- maintaining Canadian expertise;
- upholding high standards;
- maintaining high environmental standards based on science; and
- increasing funding for the Pest Management Regulatory Agency and the Pest Management Centre. 23

Recommendation 11

The Committee recommends that the Government of Canada maintain the extended test market authorization for nectarines and immediately complete the work of modernizing grade standards for the sector. 24

Recommendation 12

The Committee recommends that, given the market growth potential of the organics sector, the Government of Canada, in collaboration with the provinces and territories, take the following measures with respect to the organic agriculture sector:

- develop a policy framework for the organic sector to facilitate its growth and increase its competitiveness in the international marketplace;
- prioritize the signing of organic equivalency agreements with other countries;
- continue to resolve non-trade tariff barriers to international trade in organic products; and
- provide complete and permanent funding for the review of the Canadian Organic Standard, which takes place every five years. 25

Recommendation 13

The Committee recommends that the Government of Canada work with the provinces and territories, in full respect of their jurisdictions, to identify financial and policy mechanisms to encourage new producers to enter the horticultural sector and to help existing small producers to scale up their operations..... 26



IMPROVING THE RESILIENCE OF CANADA'S HORTICULTURAL SECTOR

INTRODUCTION

The edible horticultural sector is a significant part of Canada's agricultural economy, having generated over \$8 billion in farm cash receipts in 2023,¹ while also providing a range of benefits to the country's environment, food security, and public health and well-being. Despite these strengths, the sector faces several important challenges that, its producers caution, threaten its long-term resilience. These include the sector's vulnerability to extreme weather events and climate change, the difficulties many producers face in accessing the current suite of risk management and crop insurance programs, persistent workforce challenges, the availability of arable farmland, and federal regulations and policies that producers feel place an undue burden on their operations.

To better understand these challenges and to identify options for federal policymakers to address them, the House of Commons Standing Committee on Agriculture and Agri-Food (the Committee) adopted a motion on [2 November 2023](#) to

undertake a study on the issues relating to the horticultural sector, insurance programs and federal assistance granted to the horticultural sector, which is more directly affected by climate hazards; that as part of this study, the committee address the effectiveness of insurance programs and the one-time assistance granted, as well as possible solutions to be developed for greater climate resilience, such as climate adaptation measures and programs to better support the horticultural sector in dealing with climate change[.]

The Committee held four meetings related to this study between 15 February 2024 and 7 May 2024, during which it received oral and written testimony from 29 witnesses. This report summarizes this evidence and provides recommendations to the Government of Canada following the Committee's deliberations.

1 Statistics Canada, "[Table 32-10-0045-01 Farm cash receipts, annual \(x 1,000\)](#)", *Database*, accessed 8 May 2024.



OVERVIEW OF THE CANADIAN HORTICULTURAL SECTOR

The most recent Census on Agriculture reports that over 24,000 farms in Canada produced horticultural goods in 2021.² The sector produces up to 120 varieties of crops, which Agriculture and Agri-Food Canada (AAFC) divides into the following categories:

- **Fruits** are mostly grown in Canada's southernmost regions, particularly southern Ontario and British Columbia, owing to the traditionally greater number of frost-free days they experience. Significant fruit production also occurs in the Atlantic Provinces and Québec. While apples have historically dominated Canadian fruit production by volume, blueberry and cranberry production have grown substantially in recent years, particularly in Québec, which became the country's leading fruit producer by volume in 2022.
- **Greenhouses** provide a year-round supply of vegetables, and they are primarily located around major urban centres and transportation hubs, particularly in southern Ontario, which has over 70% of the country's greenhouse area. Tomatoes, cucumbers, and peppers are the primary greenhouse vegetables produced in Canada. Often included in this category is the mushroom industry, which also uses closed, climate-controlled facilities in their production. Mushrooms are primarily grown in Ontario and British Columbia.
- **Field vegetables** are produced across the country despite Canada's relatively short growing seasons. Carrots and dry onions are the top two crops in terms of value, while tomatoes are the top crop by volume.
- **Potatoes** are the signature crop of Prince Edward Island, accounting for nearly half of its farmers' agricultural revenue. New Brunswick, Manitoba, and Alberta also host significant potato production. Almost a quarter of Canadian potatoes are processed, mainly into fries or chips, 13% are sold as seeds, and the rest are sold as table potatoes.
- Other crops are often classified as horticultural products. **Maple syrup**, an exclusively North American product, is produced mainly in Québec and to a lesser extent in Ontario and Atlantic Canada. Finally, **ornamental horticulture** includes industries whose products are not intended to be

2 Statistics Canada. "[Table 32-10-0231-01 Farms classified by farm type, Census of Agriculture, 2021](#)", Database, accessed 28 May 2024.

food, including flower production, nurseries and Christmas tree production. For the purposes of this study, the Committee focused on producers of edible horticultural products.

Canada is highly dependent on imported edible horticultural products to meet its domestic demand. In 2022, Canada's trade deficit in field vegetables totaled \$2.97 billion, with the majority of its imports coming from the United States (62%) and Mexico (23%).³ Also in 2022, Canada's trade deficit in fresh fruit reached a record high of \$6.2 billion, despite its exports in this category having also risen to an historic high of \$1.1 billion. The countries that exported fruit to Canada were somewhat more varied than those exporting vegetables; the five largest fruit-exporting countries to Canada in 2022 were the United States (39%), Mexico (18%), Peru (6%), Guatemala (5%), and Chile (5%).⁴

Ms. Gillian Flies, the owner and operator of an organic farm in southern Ontario, highlighted that Canada's reliance on imports leaves the country's ability to maintain healthy diets vulnerable to supply chain shocks, such as those seen during the COVID-19 pandemic.

The Government of Canada considers fruits and vegetables to be an important part of a healthy balanced diet, with its 2019 Food Guide recommending that adults consume seven to ten servings of them daily. According to recent data from Statistics Canada's Canadian Community Health Survey, however, routine vegetable and fruit intake among Canadians is considerably lower, with only 22% of respondents reporting eating 5 or more servings per day.⁵

CLIMATE CHANGE AND RISK MANAGEMENT

The Threat of Climate Change and Extreme Weather Events

Witnesses explained that horticultural products are particularly vulnerable to the effects of climate change, including increasingly unpredictable temperature fluctuations and more intense extreme weather events. They also cited some of the devastating impacts

3 Agriculture and Agri-Food Canada (AAFC), *Statistical Overview of the Canadian Field Vegetable Industry, 2022*.

4 AAFC, *Statistical overview of the Canadian fruit industry, 2022*.

5 Statistics Canada, "Table 13-10-0096-12 Fruit and vegetable consumption, 5 times or more per day, by age group", *Database*, accessed 12 May 2024.



that the changing climate is already having on the sector across Canada and how they have affected producers in different regions.

In British Columbia, producers have experienced polar vortexes, a heat dome, and an atmospheric river event over the past four years. [Mr. Sukhpaul Bal](#), the President of the British Columbia Cherry Association and a cherry grower in the province's Okanagan Valley, explained that wildly fluctuating temperatures have caused fruit trees to begin budding earlier than usual only for late frosts to kill them off, resulting in significant losses for producers.

[Ms. Stéphanie Forcier](#) of the Association des producteurs des fraises et de framboises du Québec similarly recounted that Québec strawberry and raspberry producers had, in the 2023 growing season alone, experienced frost, drought, and excessive rain. [She](#) expressed concern that last season's losses may continue to affect the sector's yields from perennial plants for several years to come.

In Atlantic Canada, [Mr. Jeffrey Walsh](#), the Director of the Nova Scotia Fruit Growers' Association and an apple grower, noted that increasingly intense hurricanes in his region, which tend to occur in September when apples are about to be harvested, are particularly harmful as they not only wipe out that year's crop, but also damage and destroy trees, eliminating the possibility of production for years afterwards.

Producers explained that while they are eager to adapt their operations to these new climate realities, they lack the funds needed to make their production more resilient. [Ms. Emily Lutz](#), the Executive Director of the Nova Scotia Fruit Growers' Association, explained that increased operational expenses and decreased market returns for their products mean that many producers and their representative trade associations have less money to invest in on-farm resilience and research into climate change adaptation methods and technologies.

[Ms. Jennifer Pfenning](#), the President of the National Farmers Union, called for federal investments in on-farm infrastructure to help farmers address climate-related challenges, including infrastructure for sustainable irrigation, solar cells on shade structures and greenhouses, and making horticultural crops adapted to local production available to farmers royalty-free. She also encouraged the federal government to introduce a Canadian Farm Resilience Agency that would deploy agronomists to disseminate and demonstrate these and other on-farm practices to make operations more resilient while also reducing greenhouse gas emissions.

Business Risk Management Programs

The federal government's primary tool to help farmers mitigate risks to their operations is its suite of [Business Risk Management](#) (BRM) programs. These programs include AgriStability, AgriInsurance, AgriInvest, and AgriRecovery, which are part of the [Sustainable Canadian Agricultural Partnership](#) (SCAP), a five-year agreement between the federal government and the provinces and territories that establishes the funding and delivery of agricultural support programs. SCAP was most recently revised in 2023 and will be in force until 2028.

The BRM programs of the SCAP are jointly funded, with the federal government contributing 60% of their budget and the provincial and territorial governments covering the remaining 40%. Provincial and territorial governments are, however, responsible in some cases for designing and administering these programs within their respective jurisdictions, most notably by creating crop insurance plans for producers under AgriInsurance that address sector-specific needs. The federal government also offers risk management support to agricultural producers outside of the SCAP framework through the Advanced Payments Program.

Witnesses generally expressed the view that BRM programs do not correspond to the horticultural sector's needs. [Mr. Keith Currie](#) of the Canadian Federation of Agriculture, for example, described a lack of "flexibility" in available programming and expressed his view that the horticultural sector had largely been left out of the planning decisions around the BRM suite. [Mr. Pascal Forest](#), the President of the Producteurs de légumes de transformation du Québec, stated that, primarily due to climate challenges, risk management programs "no longer work" and that the assistance they provide to producers "leaves much to be desired."

AgriInsurance

Witnesses reported that horticultural producers are less likely than those in other sectors to purchase crop insurance through [AgriInsurance](#), under which producers pay 40% of premiums and the federal and provincial governments cover the remaining 60%. They also noted deficiencies in the currently available AgriInsurance plans on offer for the sector.

[Mr. Stefan Larrass](#), the Business Risk Management Chair of the Fruit and Vegetable Growers of Canada, described what he sees as "significant gaps" in available insurance coverage for some of the 120 crops that the horticultural sector produces. [Ms. Catherine Lefebvre](#), President of the Association des producteurs maraîchers du Québec, similarly



testified that crop insurance programs do not cover many edible horticultural crops, such as small vegetables and niche products and [Mr. George Gilvesy](#) of the Ontario Greenhouse Vegetable Growers explained that greenhouse producers are categorically ineligible for production insurance.

Partly because of these gaps, witnesses generally agreed that few horticultural producers participate in AgriInsurance. [Mr. William Spurr](#), the President of Horticulture Nova Scotia, reported, for example, that “only a small fraction” of the horticultural producers in his province insure their operations. AAFC acknowledges this low coverage rate, noting in a recent assessment of the program that, in 2021, fruit and vegetable production had the lowest AgriInsurance coverage rates (56% and 65% of the expected value of production respectively) of any agricultural sector except forage and pasture production.⁶

Eligible producers described AgriInsurance’s crop insurance plans as failing to meet the distinct needs or operational realities of edible horticulture, which, they explained, differ from those of other sectors. [Ms. Pfenning](#) highlighted that the high commercial value and perishability of edible horticultural crops make them more expensive to insure and more difficult to make claims against in the event of an unforeseen loss. In a written [brief](#), she also noted that insurance programs do not always account for horticulture producers who produce multiple crops in a growing season. She further explained that crop insurance compensation payments are generally too small and processed too slowly to allow horticulture operations to meet their expenses following unforeseen losses.

[Ms. Forcier](#) similarly told the Committee that, in 2023, only one-third of strawberry and raspberry producers in Québec had any kind of crop insurance as most producers considered its premiums to be too high to justify the expense. She also mentioned that existing crop insurance policies do not cover certain innovative production methods, such as soilless raspberry production.

AgriStability

Witnesses also identified shortcomings for horticultural producers in the BRM suite’s [AgriStability](#) program, which is designed to help producers manage sudden declines in their farming income due to unforeseen events such as production losses, sudden cost increases, and changes in marketing conditions.

6 Agriculture and Agri-Food Canada, [Evaluation of AgriInsurance](#).

AgriStability is based on a reference margin that it determines for each participating farming business based on its average financial results for the previous five operating years, excluding the best and worst years (the Program refers to this as the “Olympic average”). This margin is reassessed annually based on the farming business’ latest financial performance.

The program issues payments when the production margin of a participating business falls below 70% of its reference margin (the program refers to this as the “payment trigger”) Prior to 2013, the payment trigger was 85% of a business’ reference margin. The business receives \$0.80 for every dollar of decline below the threshold point, up to a maximum of \$3 million per year. The federal government is responsible for covering 60% of these payments; the participating business’ province or territory is responsible for the remaining 40%. In 2021, the federal, provincial, and territorial ministers of agriculture removed the program’s reference margin limit which limited payments to those exceeding average accrued allowable expenses in the years used to calculate the Olympic average.⁷ Starting with the 2023 production year, the program increased its compensation rate from 70 to 80%.⁸

Several witnesses described AgriStability’s current payment trigger as not fit for its intended purpose of protecting producers from market fluctuations, particularly for horticultural producers. [Mr. Spurr](#) described the 2013 reduction as having left producers in the sector “vulnerable” to the consequences of climate change. [Ms. Geneviève Grossenbacher](#) of Farmers for Climate Solutions shared the experience of Richard, a Nova Scotia vegetable farmer, who made a claim with the program after excessive rain affected his production levels:

Richard is a mixed vegetable farmer cultivating 600 acres of land in Annapolis Valley in Nova Scotia[...]. Last year due to relentless rains, he lost 40% of his crops amounting to \$320,000 in damages. This level of loss is unprecedented in his 45-year career. Thankfully, Richard is amongst one of the few lucky farmers who subscribed to AgriStability, but the \$80,000 he will get for that program when he gets it, falls very short of covering his actual financial loss so Richard now faces the really distressing challenge of having to dip into his retirement savings to have money to plan this year.

Witnesses also highlighted what they see as the complexity, expense, and length of the AgriStability reporting and claims process, noting, among other things, that the program requires them to hire an accountant to verify their farming income. [Ms. Pfenning](#)

7 AAFC, “[Canada’s Ministers of Agriculture agree to implement a key improvement to the AgriStability program to better support farmers](#)”, *News release*, 25 March 2021.

8 AAFC, “[Business risk management programs continue to respond through \\$2 billion in forecasted payouts for Saskatchewan producers](#)”, *News release*, 9 November 2023.



explained that the application cost for AgriStability can exceed the potential payout for a horticultural producer. [Ms. Forcier](#) noted that the program can take as long as two years to compensate producers, providing little in the way of immediate assistance to producers coping with production losses.

AgriRecovery

[AgriRecovery](#) is a federal-provincial-territorial framework for helping agricultural producers in the wake of natural disasters. Producers questioned whether the existing framework, which covers “extraordinary costs” producers take on to mitigate the impacts of natural disasters on their operations, is sufficient to help them cope with increasingly intense and frequent extreme weather events.

[Mr. Forest](#) recommended that the federal government increase its disaster responsiveness and improve the ability of its risk management programs to “adapt to the instantaneous and substantial impacts of climate change”. He illustrated his point by sharing the experience of vegetable growers in their application for aid under AgriRecovery following excessive rains in Québec in August 2023:

On August 4, we sought emergency assistance from the Quebec government, which then requested that the federal government activate the AgriRecovery program in response to the disaster. Unfortunately, however, we are still waiting for a response more than nine months after making that request. The situation has had substantial financial consequences for many horticultural entrepreneurs.

Noting that AgriRecovery can take up to 18 months to issue payments and that compensation is based on production covered by crop insurance, [Ms. Lefebvre](#) called for a new risk management program she tentatively called “Agri-Disaster.” In her view, such a program would help to bridge the short-term gap for producers who experience significant production losses because of extreme weather events. [Ms. Forcier](#) underlined the long delays participants experience in receiving assistance, explaining that an application she made under the program in July 2023 was, at the time of her February 2024 testimony, still under consideration.

Advance Payments Program

The federal government’s [Advance Payments Program](#) provides producers with low-interest cash advances of up to \$1 million, based on the expected value of their crop. Normally, the first \$100,000 provided to a producer is interest-free. In March 2024, AAFC increased the interest-free portion of this program to \$250,000 for the 2024-2025 program year, which began on 1 April 2024, citing the effect higher input costs and

interest rates on producers' cashflow.⁹ [Ms. Lefebvre](#) recommended the federal government permanently raise the interest-free portion to \$350,000 to help producers cope with these additional pressures.

Recommendation 1

The Committee recommends that the Government of Canada, in cooperation with the provinces and territories and taking into account regional differences in agricultural production, review its Business Risk Management programs before they expire in 2028 to ensure they are timely, responsive, and predictable for producers facing profitability challenges and climate change-related risks and that it identify and remove gaps in these programs for horticultural producers, including:

- **AgriInsurance's lack of commodity-specific plans at the provincial level for edible horticultural growers;**
- **AgriStability's capacity to assist producers experiencing market fluctuations in a timely manner and how changes to the program since 2013 have affected its ability to respond to producers' needs;**
- **AgriRecovery's timeliness, including ensuring that producers receive compensation more quickly in order to make it a tool to respond immediately to extreme weather events;**
- **increasing permanently the Advance Payment Program's interest-free cash advance portion to \$350,000; and**
- **examining opportunities to compensate producers for past and present environmental investments in their businesses and helping them to adopt more sustainable and resilient practices.**

WORKFORCE CHALLENGES

The horticultural sector is labour-intensive, with Statistics Canada reporting that it employs nearly half of the entire Canadian agricultural workforce.¹⁰ To manage the Canadian horticultural sector's short, and increasingly unpredictable, growing and harvesting periods, most producers require access to a reliable source of manual labour.

9 [AAFC, "Minister MacAulay raises interest-free limit of the Advance Payments Program to \\$250,000 for 2024", News release, 25 March 2024.](#)

10 [Statistics Canada, *A look at those who work in agriculture.*](#)



Several witnesses noted that human detection and dexterity skills are required to ensure harvested products meet quality standards and are picked and handled with proper care to prevent spoiling. Automated alternatives to these skills, they agreed, are not yet commercially available.¹¹

Many horticultural producers have found it difficult, however, to recruit Canadian workers to fill vacancies in these jobs. [Ms. Peggy Brekveld](#) of the Canadian Agricultural Human Resources Council (CAHRC) cited 2022 data showing that 45% of employers in the fruit and vegetable industry reported difficulty finding workers, with 43% saying they received no applications from domestic candidates for their job postings.

CAHRC estimates that worker shortages in the horticultural sector resulted in \$260 million in lost sales in 2022, with 60% of Canada's fruit and vegetable producers reporting lost revenue because of unfilled job vacancies. CAHRC expects the sector's workforce vacancies to rise from 61,000 workers in 2023 to 68,000 workers in 2030.

[Mr. Larrass](#) added that the federal government projects labour costs to continue to grow for the foreseeable future, placing an increasingly greater financial burden on the horticultural sector, where labour costs are typically the largest operating expense.

[Ms. Forcier](#) noted, for example, that labour expenses account for 52% of operating costs for the strawberry and raspberry production sector in Québec, and that 80% of its employees are temporary foreign workers.

In recent years, horticultural producers have increasingly used the agricultural streams of the federal government's [Temporary Foreign Worker](#) (TFW) Program to fill job vacancies. In 2023, the horticultural sector employed 78% of temporary foreign workers in the agriculture industry, with 40% of them employed in the fruit and field vegetable sector and 38% in greenhouse, nursery and floriculture production.¹² [Mr. Walsh](#) welcomed recent changes to the Program, particularly the [Recognized Employer Pilot](#) initiative, which reduces the administrative burden on employers who have demonstrated long-term compliance with the Program's rules. Witnesses also recommended changes to make its requirements easier for operators to meet, particularly with respect to worker housing.

11 House of Commons Standing Committee on Agriculture and Agri-Food (AGRI), *Evidence*, [Ms. Stéphanie Forcier](#) (Acting Executive Director, Association des producteurs de fraises et de framboises du Québec) and [Ms. Peggy Brekveld](#) (Chair, Canadian Agricultural Human Resource Council).

12 Statistics Canada, "[Table 32-10-0218-01 Temporary foreign workers in the agriculture and agri-food sectors, by industry](#)", *Database*, accessed 29 May 2024.

Service Canada requires employers hiring temporary foreign workers to provide them with “adequate, suitable, and affordable housing” either on the farm or off-site; employers may deduct up to \$30 a week in pay to offset on-farm housing costs, unless provincial or territorial labour standards specify a lower amount.¹³

[Mr. Walsh](#) explained that, despite this housing requirement being a condition of participating in the program, producers who build their own on-site housing are not eligible for tax rebates on construction expenses, as they are for most other on-farm expenses, such as the construction of barns and storage units:

Some of these programs require the provision of on-farm housing, meaning that farmers are either buying or building accommodation, which is a huge cost. Due to the current housing market, many are choosing to build new; however, as I recently discovered after investing in accommodations of my own, none of the HST on the new build was eligible for an input tax credit, due to a policy of the Department of Finance. This came as a shock, as most other commercial necessities on farms are eligible for a rebate[.]

[Mr. Ryan Koeslag](#) of the Canadian Mushroom Growers' Association testified that another difficulty surrounding the TFW program's housing requirement is Service Canada's decision to no longer accept housing waivers for employees. Previously, these waivers exempted employers from having to maintain housing for employees who chose to find their own accommodations. Mr. Koeslag explained that, in the absence of such a waiver, employers have to set aside housing or maintain housing contingencies for employees hired through the TFW program, including those employees who live with family members and have not used employer housing in many years.

Recommendation 2

The Committee recommends that the Government of Canada reverse its requirement forcing farmers to maintain empty houses for temporary foreign workers who choose to live on their own.

Recommendation 3

Recognizing the importance of housing for seasonal workers and to improve cash flow for farmers, the Committee recommends that the Government of Canada introduce a Harmonized Sales Tax (HST) input tax credit for housing provided to farm workers.

13 Employment and Social Development Canada, [Hire a temporary foreign worker through the Agricultural Stream: Program requirements](#).



Recommendation 4

The Committee recommends that the Government of Canada take the following measures with respect to the Temporary Foreign Worker Program:

- continue to streamline access to the Program for employers who demonstrate long-term compliance with its standards through the Recognized Employer Pilot program;
- coordinate efforts between relevant federal departments to ensure all employers adhere to the Program’s worker protection standards; and
- review the agriculture facility inspection process to ensure that inspections are conducted in person and are administratively reasonable.

FEDERAL POLICIES AND THE REGULATORY ENVIRONMENT

Witnesses noted that production costs in the horticultural sector, particularly the prices of essential inputs such as fertilizer and energy, have risen considerably over the past few years, leaving many of them unable to operate profitably. [Mr. Larrass](#) highlighted the findings of a 2022 survey of Fruit and Vegetable Growers of Canada members which found that 44% of growers surveyed were operating at a loss and 77% of them were unable to offset production costs.

While AAFC’s farm income forecast estimates that overall net cash income for the agricultural sector increased in 2023, it explains that financial performance varied by sector, with crop producers seeing smaller increases than those of other commodities. Similarly, AAFC explains that while key input costs have decreased since reaching historic highs following the outbreak of hostilities in Ukraine in 2022, other farm expenses, such as interest payments, remain high.¹⁴

Witnesses asked the federal government to consider providing producers in the horticultural sector with greater support either in the form of relief from current or planned regulatory initiatives that they believe make producing food in Canada more expensive or through policies that they feel would improve the ease of doing business in their sector.

14 AAFC, [Farm Income Forecasts for 2023 and 2024](#).

Legislation

Several witnesses representing the greenhouse and controlled environment sectors encouraged the House of Commons to pass the unamended version of [Bill C-234, An Act to amend the Greenhouse Gas Pollution Pricing Act](#), which would exempt these growers from having to pay the federal carbon pollution surcharge on their energy bills.¹⁵ Currently, the federal government rebates 80% of the fuel charge applied to natural gas or propane delivered to a greenhouse operator.¹⁶ As [Mr. Mike Medeiros](#) of the Canadian Mushroom Growers' Association noted, however, mushroom growers are not eligible for this rebate despite also using controlled climate growing systems and facing similar trade pressures.

[Mr. Gilvesy](#) expressed his view that Canada's approach to reducing carbon pollution places its food producers at a competitive disadvantage to producers in the United States:

Canada's approach to climate change presents a major challenge to our growers. The escalating price on carbon only works where users can feasibly transition to alternative energy sources. These transitions and timelines face significant barriers with the lack of available technology and the limitations of public infrastructure, primarily in the electrical grid. Canada continues to penalize food producers, while the United States adopts incentivization to achieve its climate change goals through the Inflation Reduction Act and its various programs.

[Mr. Lemaire](#) testified that greenhouse operators spend \$22 million on the federal carbon charge annually, an amount that will rise in tandem with the federal price on pollution to between \$82 million and \$100 million by 2030. By way of comparison, in 2023, the Canadian greenhouse sector's total operating expenses¹⁷ were \$3.7 billion and its total sales¹⁸ that year amounted to \$4.5 billion¹⁹.

[Mr. Larrass](#) explained that the greenhouse sector is engaged in developing and implementing innovative technologies and methods to lower its greenhouse gas

15 AGRI, *Evidence*, [Mr. Ron Lemaire](#) (President, Canadian Produce Marketing Association [CPMA]), [Mr. George Gilvesy](#) (Chair, Ontario Greenhouse Vegetable Growers [OGVG]), and [Mr. Mike Medeiros](#) (President and Mushroom Farmer, Canadian Mushroom Growers' Association).

16 Government of Canada, [Fuel charge relief](#).

17 Statistics Canada, "[Table 32-10-0245-01 Greenhouse producers' operating expenses](#)", *Database*, accessed 28 May 2024.

18 Statistics Canada, "[Table 32-10-0023-01 Total value of greenhouse products](#)", *Database*, accessed 28 May 2024.

19 \$22 million represents roughly 0.006% of the greenhouse sector's operational expenses in 2023.



emissions. He offered the example of greenhouses recycling furnace exhaust to stimulate plant growth rather than venting it outside.

Witnesses also highlighted the importance of the Senate passing [Bill C-280, An Act to amend the Bankruptcy and Insolvency Act and the Companies' Creditors Arrangement Act \(deemed trust – perishable fruits and vegetables\)](#), a private member's bill that would grant fruit and vegetable sellers greater protection under Canadian bankruptcy law if one of their buyers becomes insolvent.²⁰ The House of Commons adopted this bill at third reading stage on 25 October 2023 and referred it to the Senate, which assigned it at second reading stage to the Standing Senate Committee on Banking, Commerce and the Economy on 9 May 2024. The Committee wishes to highlight the importance of this legislation for horticultural producers and encourages the Senate to complete its consideration of it as quickly as possible.

Recommendation 5

The Committee recommends that the Government of Canada establish critical support for Canada's fresh fruit and vegetable sector by encouraging the Senate's speedy adoption of Bill C-280, the Financial Protection for Fresh Fruit and Vegetable Farmers Act.

Grocery Code of Conduct

Several witnesses also asked the federal government to continue to monitor the ongoing negotiations surrounding the Canadian grocery sector's adoption and implementation of the draft Grocery Code of Conduct.²¹ This Code sets out principles for relations between suppliers and retailers, including standards for negotiations, the administration of fees, and dispute settlement mechanisms. As the Committee has previously noted, small suppliers, including those who sell fresh produce directly to large chains, frequently complain that retailers often charge fees retroactively and in an untransparent manner. These fees place additional pressure on their already slim profit margins and can make it difficult for them to innovate, expand their operations, or even stay in business.

In February 2024, the Committee wrote a [letter](#) to the Chief Executive Officers of Canada's five largest supermarket chains encouraging them to adopt and implement the Code voluntarily as soon as possible. The Committee warned these chains that it would

20 AGRI, *Evidence*, [Mr. Ron Lemaire](#) (CPMA), [Ms. Catherine Lefebvre](#) (President, Association des producteurs maraîchers du Québec), and [Mr. George Gilvesy](#) (OGVG).

21 AGRI, *Evidence*, [Mr. Ron Lemaire](#) (CPMA), [Mr. Patrice Léger-Bourgoïn](#) (General Manager, Association des producteurs maraîchers du Québec), and [Mr. Pascal Forest](#) (President, Producteurs de légumes de transformation du Québec).

not hesitate to recommend the adoption of federal and provincial legislation to make the Code mandatory if progress was not made.

Recommendation 6

In the event that the current negotiations fail, the Committee recommends that the federal government lead a consultative process with the provinces and territories, in keeping with their jurisdictions, to implement a voluntary Grocery Code of Conduct.

Reciprocity of Standards

Repeating a longstanding grievance, producers of fresh fruit and vegetable products told the Committee that they find it difficult to compete on price with imported products sold in the Canadian marketplace. [Mr. Larrass](#) explained that Canada imposes more stringent labour and environmental regulations on its producers than do most countries from which it imports food. This difference in standards, in his view, allows foreign producers to keep their operating expenses low and to sell their product at a lower price on Canadian grocery shelves than domestic products.

[Mr. Larrass](#) also noted that other countries with high production standards, such as the United States and the member countries of the European Union, offer their farmers more direct financial support to help offset the cost of complying with stringent regulations. This support, in his view, effectively subsidizes fruit and vegetable products their farmers export to Canada.

[Mr. Lemaire](#) underlined that the Canadian Food Inspection Agency (CFIA) should ensure that all food products entering the country meet relevant standards for quality, food safety, and labelling. [He](#) expressed concern, however, that attempts to impose more stringent requirements on foreign products, such as a tariff on products that do not meet Canadian environmental or labour production standards, might end up harming Canadian producers, who rely on reciprocal free trade to access international markets:

I have a great concern on a tariff-based system, only because the country that establishes tariffs is also the country that has to deal with tariffs on their trading programs. We've been fortunate enough in the fresh fruit and vegetable industry to be a non-tariff form of business, and we work effectively with our trading partners to ensure that we have open markets. That way, we can ensure that the Canadian grower has access to markets without the burden of additional tariffs, because we've put similar models in place, and then a reciprocal model is then in place.

[Ms. Forcier](#) underlined that it is becoming increasingly difficult to reconcile the prices that consumers are willing to pay for fruits and vegetables with the added expenses that



governments are imposing on Canadian producers. She cautioned that, if left unaddressed, these forces may lead to a “breaking point” for producers that may jeopardize the country’s food security.

Recommendation 7

The Committee recommends that the Government of Canada ensure that border officers have the necessary resources to enforce reciprocity standards and recognize non-compliant products.

Plastics

Stakeholders cautioned that the federal government’s proposed [pollution prevention planning notice](#) (P2 Notice²²) on primary food plastic packaging, which would require food retailers to eliminate plastic food packaging that cannot be reused or properly handled by local recycling programs, could have negative consequences for fresh fruit and vegetable producers, who rely on plastics to keep their products safe and fresh during harvest and transport. [Mr. Gilvesy](#), citing figures from a report by the consulting firm Deloitte, testified that the measure would increase the retail cost of produce by 34% and have a negative impact on healthy eating habits. He also cautioned that it would lead to differing regulations with the United States, a major importer of fruits and vegetables to Canada, which may result in some American producers choosing to not make their products available in Canada.

[Mr. Lemaire](#), noting the tremendous diversity of products and supply chains within the edible horticultural sector, underlined the importance of producers being able to choose the “right package for the right product for the right system.” Greenhouse products, for example, tend to have a higher moisture content making it difficult for plastic alternatives, which tend to be made of porous fibers, to accommodate them.

[Mr. Richard Lee](#) of the Ontario Greenhouse Vegetable Growers cautioned that, if the P2 notice were implemented, the lack of commercially available alternatives to plastic packaging would lead to shorter shelf lives for his products and more food waste.

Some producers explained that, even prior to the P2 notice’s publication, producers and industry had sought to reduce plastic packaging where possible and to develop alternative products suited to their operations. [Mr. Medeiros](#) explained that his operations primarily use recyclable polyethylene terephthalate (PET) packaging that

22 A P2 Notice allows the Minister of the Environment to declare a substance as toxic under the [Canadian Environmental Protection Act, 1999](#) and require manufacturers and others involved in its production and use to take measures to eliminate it.

would not be affected by the P2 notice coming into effect and is considering implementing cardboard packaging as a more cost-effective alternative. Similarly, [Ms. Flies](#) explained that she sells salad greens in food-safe recyclable plastic bags composed of post-consumer PET material.

The Committee also learned of innovative methods being developed to tackle plastic waste in the supply chain. [Mr. Peter Vinall](#), for example, testified that his Halifax-based firm, Sustane Technologies, has developed a proprietary process that transforms single-use plastics, including agricultural waste from farmers that would have otherwise ended up in landfills into plastic precursors and negative carbon fertilizer. Mr. Vinall explained that this process allows single-use plastics without viable alternatives to be reused and claimed that it prevents the emission of three tonnes of greenhouse gases for each tonne of waste it diverts from landfills.

Recommendation 8

The Committee recommends that the Government of Canada pause its proposed ban on price look-up (PLU) labels and Pollution Prevention Plan Notice for Primary Food Packaging and continue to consult with industry and work with trading partners, notably the United States.

Recommendation 9

The Committee recommends that the Government of Canada work with provinces, territories, and municipalities to support produce industry shifts toward new technologies like compostable and biodegradable materials to replace plastics in Canada's food chain.

Regulatory Approval Process for Pesticides

Pesticides are a crucial input for horticultural farmers, who rely on pest control products to keep their operations safe from invasive organisms. Several witnesses described Canada's regulatory review process for new pesticide products as too slow and recommended that it be expedited to ensure producers have access to the latest and most effective pest control methods. They specifically recommended that Canada grant speedy approval to products that regulatory authorities in trusted jurisdictions have



already approved for sale, to ensure Canadian producers are not at a competitive disadvantage.²³

[Mr. Walsh](#) noted the threat that [fire blight bacteria](#) pose to apple orchards and the limited commercial options available to producers fighting this scourge. He welcomed recent changes to improve the accountability and transparency of the Pest Management Regulatory Agency (PMRA), which reviews applications for new pest control products in Canada. He recommended that the federal government consider undertaking similar reforms to the Pest Management Centre or PMC, which conducts research and reviews data to better inform the PMRA's decisions.

[Ms. Marie-Ève Gaboury-Bonhomme](#), a Professor in Laval University's Agri-Food Economics and Consumer Sciences Department, expressed her view that synthetic pesticides have adverse effects on health and the environment and recommended that insurance programs promote alternative methods, such as integrated pest management. Conversely, [Dr. Al Mussell](#) of the Canadian Agri-Food Policy Institute, while advocating that producers use pesticides and other inputs prudently, cautioned that their wholesale elimination is not a "widespread solution" to the environmental externalities of food production. He shared the example of Sri Lanka's 2021 decision to ban imports of agricultural pesticides and fertilizer, which lowered crop yields and contributed to higher food prices. The Sri Lankan government subsequently reversed the ban after a few months.²⁴

[Mr. Walsh](#) and [Mr. Currie](#) also highlighted the importance of [Bill C-359](#), a private member's bill introduced in the House of Commons on 18 October 2023. This bill seeks to amend the *Pest Control Products Act*, among other acts, to require the Minister of Health to consider an application to register a pest control product in Canada that has already been approved in at least two other trusted jurisdictions within 90 days.

23 AGRI, *Evidence*, [Mr. Jeffrey Walsh](#) (Director, Apple Grower, Nova Scotia Fruit Growers' Association), [Ms. Catherine Lefebvre](#) (President, Association des producteurs maraîchers du Québec), and [Mr. Peter Burgess](#) (Executive Director, Wild Blueberry Producers Association of Nova Scotia).

24 Uditha Jayasinghe, "[Sri Lanka rows back on chemical fertilizer ban, but yields may not rebound](#)", *Reuters*, 24 November 2021.

Recommendation 10

The Committee recommends that the Government of Canada work in partnership with the United States and other trusted jurisdictions to share information and scientific evidence in order to make the agricultural product registration process more efficient while:

- maintaining Canadian expertise;
- upholding high standards;
- maintaining high environmental standards based on science; and
- increasing funding for the Pest Management Regulatory Agency and the Pest Management Centre.

Proposed Changes to Grade Requirements for Nectarines

[Volume 2](#) of the *Canadian Grade Compendium* (the Compendium) sets out food grades for fresh fruit and vegetables sold in Canada, including requirements for product size, quality, and classification. These requirements are incorporated by reference into [Division 6 of Part 6](#) of the *Safe Food for Canadians Regulations* (SFCR), which, among other things, mandate the CFIA to ensure fresh fruit and vegetable products sold interprovincially and imported into Canada are marketed in accordance with relevant standards.

Since 2010, the CFIA has subjected Canadian-grown nectarines shipped interprovincially to a “test market” standard. The CFIA originally intended this standard to be an interim provision to allow new varieties of fruits and vegetables to be marketed and sold in Canada for up to 24 months to better inform permanent regulatory changes to product grades. For the past 14 years, however, the CFIA has continually reissued the test-market regulations for nectarines without making permanent amendments to the Compendium or the SFCR.

[Mr. Phil Tregunno](#) of the Ontario Tender Fruit Growers explained that the lack of a permanent grade for nectarines prevents producers and retailers from advertising them as meeting a “Canada No. 1” standard. In [Mr. Tregunno’s](#) opinion, this regulatory imbalance prevents nectarines from reaching the same levels of sales in Canada that they have experienced in other markets.



In December 2021, the CFIA began [public consultations](#) on proposed changes to the Compendium that would have permanently incorporated eight varieties of fruits and vegetables, including [nectarines](#), that are currently subject to test market standards. The Agency ultimately announced that it would not proceed with the subsequent steps of its regulatory review, and it did not issue a report summarizing what it heard during these consultations. It indicated that it would instead consult “on a new approach to [fresh fruit and vegetable] grade modernization in 2024.” As of the publication of this report, it had not announced any further consultations on this matter. According to media reports, in March 2024, the CFIA renewed the current test market standard for nectarines, which was due to expire in July 2024.²⁵

Recommendation 11

The Committee recommends that the Government of Canada maintain the extended test market authorization for nectarines and immediately complete the work of modernizing grade standards for the sector.

THE ORGANIC SECTOR

In 2021, 5,658 Canadian farms reported producing organic goods, an increase of 31.9% from five years earlier.²⁶ AAFC reports that Canada’s organic agricultural sector was valued at \$8 billion in 2022, making it the sixth largest in the world.²⁷ [Ms. Tia Loftsgard](#) of the Canadian Organic Trade Association explained that organic fruits and vegetables account for about 25% of all organic food sales in Canada and that the organic sector has significant economic potential, with consumer demand for organic items expected to triple over the next decade. She also noted the environmental benefits of organic farming, explaining that its “whole system” approach integrates sustainability into every part of the production process. [Ms. Flies](#) testified that by implementing organic farming practices she has doubled the amount of organic matter in her farm’s soils, allowing them to absorb more water during extreme rainfalls.

One barrier farmers looking to transition to these practices face, [Ms. Loftsgard](#) explained, is that Canadian organic producers, unlike their counterparts in other countries, do not have a piece of standalone legislation outlining a policy framework for

25 Karen Davidson, “[Nectarine grade issue resolved for the near term](#),” *The Grower*, 30 March 2024.

26 Statistics Canada, “[Canada's 2021 Census of Agriculture: A story about the transformation of the agriculture industry and adaptiveness of Canadian farmers](#)”, *The Daily*, 11 May 2022.

27 AAFC, “[Government of Canada supports collaboration to promote sustainability and growth for Canada’s organics industry](#)”, *News release*, 22 March 2022.

their sector. In her opinion, this places Canadian organic growers at a competitive disadvantage, as they have less support available and more legal barriers to overcome, particularly when exporting their products:

The regulated nature of the organic sector, coupled with trade agreements involving 35 countries, underscores its global presence. However, without explicit policy directives, support mechanisms, and an overarching framework for organic growth, Canada faces risks to its competitiveness. The U.S. and the European Union, with significant investments and growth plans in their policy directives, present a formidable challenge for Canada's standing in the absence of a comparable approach.

Ms. Loftsgard noted that organic producers are required to provide funding for the recurring 5-year review of the Canadian Organic Standard, which ensures organic products produced and processed in Canada meet international requirements for organic certification. Without these standards being in effect, Canadian organic products could not be marketed as such in international markets. She characterized the funding process, which her organization estimates costs \$200,000, as a “constant pain” for the sector.

Recommendation 12

The Committee recommends that, given the market growth potential of the organics sector, the Government of Canada, in collaboration with the provinces and territories, take the following measures with respect to the organic agriculture sector:

- **develop a policy framework for the organic sector to facilitate its growth and increase its competitiveness in the international marketplace;**
- **prioritize the signing of organic equivalency agreements with other countries;**
- **continue to resolve non-trade tariff barriers to international trade in organic products; and**
- **provide complete and permanent funding for the review of the Canadian Organic Standard, which takes place every five years.**

FARMLAND

Ms. Pfenning expressed concern that urban sprawl is encroaching onto arable farmland, which she called a “non-renewable resource” as it accounts for less than half a percent



of Canada's total land mass. More than 50% of Canada's arable farmland, she underlined, is located in a single region (southern Ontario). She advocated for farming activity to be made a priority on Class 1 and 2 farmlands, whose soils are most hospitable to agricultural activities. She further noted that some farmers are under financial pressure to sell their land, particularly as profit margins from their production continue to fall while land values continue to rise. [Ms. Flies](#) testified that a lack of access to farmland is a barrier to those looking to enter agriculture. [Ms. Grossenbacher](#) asked the government to collect more data to ensure that prime farmland is identified, protected, and used optimally.

Recommendation 13

The Committee recommends that the Government of Canada work with the provinces and territories, in full respect of their jurisdictions, to identify financial and policy mechanisms to encourage new producers to enter the horticultural sector and to help existing small producers to scale up their operations.

CONCLUSION

The Canadian edible horticultural sector has real opportunities to seize, but also serious challenges to face. The sector's reliance on natural growing cycles for its products makes it particularly vulnerable to the effects of climate change. Horticultural producers described deficiencies in the programs intended to help producers face these challenges and asked the federal and provincial governments to provide them with more targeted and timely assistance to make their operations more resilient. Workforce challenges continue to burden the sector; witnesses expressed particular difficulty meeting the Temporary Foreign Worker program's on-site housing requirements. Producers also pointed to various regulations and policies that make it more difficult or expensive to operate in the sector and asked the federal government to consider revising them.

Witnesses highlighted the importance of responding urgently to these problems, noting that many in the sector, particularly small and medium-sized producers, are operating a loss and that some may consider leaving the sector. Recognizing the need for action at this critical time for the sector, the Committee recommends that the Government of Canada examine its BRM programs before they expire in 2028 to remove barriers that many horticultural producers face when restarting and rebuilding their operations after extreme weather events.

The federal government should also review the Temporary Foreign Worker Program's housing requirements and the eligibility of on-farm housing construction costs for HST

input credits, while continuing to streamline access to the Program for producers who demonstrate long-term compliance with its standards.

The Committee recommends that Government of Canada lessen the burden horticultural producers face by encouraging the speedy approval of Bill C-280, working with the provinces and territories to implement a Grocery Code of Conduct, pausing its proposed pollution planning notice for single-use plastics, working with trusted jurisdictions to ensure pesticide products are granted speedy approval, and amending federal regulations to allow for a permanent grading standard for nectarines.

The federal government should also look at ways to help Canada's organic agricultural sector grow and take advantage of positive international trends. Finally, it should work with the provinces and territories to help new entrants come into the horticultural sector and help existing small producers to scale up their activities.

APPENDIX A: LIST OF WITNESSES

The following table lists the witnesses who appeared before the committee at its meetings related to this report. Transcripts of all public meetings related to this report are available on the committee’s [webpage for this study](#).

Organizations and Individuals	Date	Meeting
Association des producteurs maraîchers du Québec Catherine Lefebvre, President Patrice Léger Bourgoïn, General Manager	2024/02/15	92
Canadian Produce Marketing Association Ron Lemaire, President	2024/02/15	92
Fruit and Vegetable Growers of Canada Stefan Larrass, Chair, Business Risk Management	2024/02/15	92
Horticulture Nova Scotia William Spurr, President, Farmer	2024/02/15	92
National Farmers Union Jennifer Pfenning, President	2024/02/15	92
Nova Scotia Fruit Growers' Association Emily Lutz, Executive Director Jeffrey Walsh, Director, Apple Grower	2024/02/15	92
Association des producteurs de fraises et de framboises du Québec Stéphanie Forcier, Acting Executive Director	2024/02/27	93
Ontario Greenhouse Vegetable Growers George Gilvesy, Chair Richard Lee, Executive Director	2024/02/27	93
Rollo Bay Holdings Limited Alvin Keenan, Owner-Manager	2024/02/27	93

Organizations and Individuals	Date	Meeting
As an individual Marie-Ève Gaboury-Bonhomme, Professor, Agri-Food Economics and Consumer Sciences Department, Université Laval	2024/05/02	102
Canada Organic Trade Association Gillian Flies, Owner-Operator, The New Farm Tia Loftsgard, Executive Director	2024/05/02	102
Canadian Agricultural Human Resource Council Peggy Brekveld, Chair	2024/05/02	102
Canadian Federation of Agriculture Sukhpaul Bal, President, British Columbia Cherry Association Keith Currie, President	2024/05/02	102
Canadian Mushroom Growers' Association Ryan Koeslag, Executive Vice-President Mike Medeiros, President and Mushroom Farmer	2024/05/02	102
Wild Blueberry Producers Association of Nova Scotia Peter Burgess, Executive Director	2024/05/02	102
As an individual Frank Stronach, Founder of Magna International, Founder and Chairman of Stronach International	2024/05/07	103
Canadian Agri-Food Policy Institute Dr. Al Mussell, Senior Research Fellow	2024/05/07	103
Farm Credit Canada Jean-Philippe Gervais, Executive Vice-President, Strategy and Impact and Chief Economist	2024/05/07	103
Farmers for Climate Solutions Geneviève Grossenbacher, Director of Policy	2024/05/07	103
Ontario Tender Fruit Growers Phil Tregunno, Chair	2024/05/07	103
Producteurs de légumes de transformation du Québec Pascal Forest, President	2024/05/07	103

Organizations and Individuals	Date	Meeting
Sustane Technologies Inc. Kevin Cameron, Senior Vice-President, Business Development Peter Vinall, President	2024/05/07	103

APPENDIX B: LIST OF BRIEFS

The following is an alphabetical list of organizations and individuals who submitted briefs to the committee related to this report. For more information, please consult the committee's [webpage for this study](#).

Canada Organic Trade Association

Canadian Biotechnology Action Network

Farmers for Climate Solutions

National Farmers Union

REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the committee requests that the government table a comprehensive response to this report.

A copy of the relevant *Minutes of Proceedings* ([Meetings Nos. 92, 93, 102, 103, 105, 107 and 108](#)) is tabled.

Respectfully submitted,

Kody Blois
Chair

Supplementary Opinion of the Conservative Party of Canada

Issues Relating to the Horticultural Sector

Introduction

The Conservative Party of Canada (CPC) greatly appreciates the work of the Committee and would like to thank the witnesses who participated and submitted briefs as part of the Committee's study on Issues Relating to the Horticultural Sector.

We agree with the majority of the Committee's report and recommendations but feel the need to address the deliberate omission of a recommendation relating to the carbon tax and its impact on the health and competitiveness of the horticultural sector in Canada.

Along with the Liberal government's proposed pollution prevention planning notice (P2 notice) on primary food plastic packing, which would lead to a 35% increase in the cost of fresh produce for consumers, reduce the availability of fresh produce by 50%, cost the industry \$5.6 billion and increase food waste by more than 50%,¹ if no measures are taken to reverse course on either policies, we risk jeopardizing the 185,400 jobs supported by the produce industry and the nearly \$7 billion of farm gate value made possible by our fruit and vegetable producers.

Opposition to the Carbon Tax Hike

While the committee undertook this study the carbon tax was increased on agricultural producers including those in the horticulture sector by 23 per cent on April 1, 2024. In the lead up to that carbon tax increase, the committee received numerous letters from agricultural stakeholders regarding their opposition to the carbon tax hike², including letters from the Ontario Minister of Agriculture, Food and Rural Affairs³, and the Saskatchewan Association of Rural Municipalities.⁴ Efforts to report these letters to the House while it considers bill C-234 were obstructed by other parties on the committee.⁵

The Cost of Liberal Carbon Taxes on the Horticulture Sector

The government's inflationary carbon tax impacts the cost of food since it is felt at every single point in the food supply chain. The Canadian Federation of Agriculture surveyed the impact of

¹ Deloitte, Report, [Impact Analysis of Environment and Climate Change Canada's \(ECCC\) Pollution Prevention \(P2\) planning notice and PLU legislation on the Canadian Fresh Fruit and Vegetable Industry](#), December 2023

² AGRI, Carbon tax letters, [Agriculture Carbon Alliance](#), [Fruit and Vegetable Growers of Canada](#), [Grain Farmers of Ontario](#), [Mushrooms Canada](#), [Western Stock Growers Association](#), [Western Canadian Wheat Growers Association](#)

³ AGRI, [Carbon tax letter](#), Ontario Minister of Agriculture, Food and Rural Affairs

⁴ AGRI, [Carbon tax letter](#), Saskatchewan Association of Rural Municipalities

⁵ AGRI, Evidence, [Vote on motion](#) to report agricultural stakeholder letters concerning the carbon tax hike to the House for its consideration in debate on bill C-234

the carbon tax on livestock, crop production and greenhouse farms across Canada and found that the carbon tax accounted for up to 40% of total energy bills in some sectors.⁶

We heard that the carbon tax currently costs greenhouse operators in Canada \$22 million a year and they'll pay between \$82 million and \$100 million by 2030 when the carbon tax quadruples.⁷ The share for operators in Ontario is over \$18 million this year and over \$40 million by 2030, which means over a 10-year period, Ontario greenhouse operators will have paid over \$242 million in carbon taxes.⁸

We know 44% of fresh fruit and vegetables growers are already selling at a loss and 77% can't offset production cost increases.⁹ Mushroom farms will pay \$7.2 million in carbon taxes this year and by 2030 they'll pay more than \$16 million.

A sample of 50 farm operations across Canada paid a total of \$329,644 in carbon taxes in one-month last year, with the increase this year it'll cost those farms \$431,544 and nearly triple over the next seven years to \$893,944¹⁰.

Additionally, we confirmed that despite repeated claims by the Liberal government, farmers do not get back more in rebates than they pay in carbon taxes.^{11 12}

For these reasons we submit the following recommendation:

That the Government of Canada reverse the Senate's decision to exclude the greenhouse sector from bill C-234 and pass the legislation in its original form and provide tax relief for horticultural producers.

⁶ AGRI, Evidence, [Mr. Keith Currie](#) (President, Canadian Federation of Agriculture)

⁷ AGRI, Evidence, [Mr. Ron Lemaire](#) (President, Canadian Produce Marketing Association)

⁸ AGRI, Evidence, [Mr. George Gilvesy](#) (Chair, Ontario Greenhouse Vegetable Growers)

⁹ AGRI, Evidence, [Mr. Stefan Larrass](#) (Chair, Business Risk Management, Fruit and Vegetable Growers of Canada)

¹⁰ Agriculture Carbon Alliance, [The Impact Of Carbon Pricing On Farmers, Growers and Ranchers](#)

¹¹ AGRI, Evidence, [Mr. Mike Medeiros](#) (President, Canadian Mushroom Growers' Association)

¹² AGRI, Evidence, [Keith Currie](#) (President, Canadian Federation of Agriculture)