

The Western Food Processors Association
The Quebec Cannery Association

The life-blood of a food processing firm is the raw product of the primary producer. Therefore, bill C-5 is of particular concern to the fruit and vegetable processing firms even though the bill applies to many other products and processing industries. This submission will confine itself to bill C-5 as it affects the processors of fruits and vegetables.

We believe the committee members may wish to question us on various points and so that this can be done on a national, as well as a regional basis, the witnesses here today are the presidents, or their appointed representative of the various associations.

The intent of bill C-5, as covered by the explanatory notes, is, "to prevent financial distress suffered by unpaid primary producers when the processor in possession of their products goes bankrupt". After studying the evidence placed before this Committee by the Canadian Bankers' Association, superintendent of bankruptcy, The Canadian Credit Men's Association and the Clarkson company, it becomes apparent that in their opinion bill C-5, if adopted, would create some serious problems in the present control of credit.

We must be guided by those experienced and qualified in matters of legislation under the Bankruptcy Act and the Bank Act to make sure such legislation and Acts do not unduly restrict credit to a degree where this would have any adverse effect on the future development of this industry.

If the intent of bill C-5 is to find some way to provide means whereby the grower's risk is on a sounder basis then we support the intent. We feel that an ounce of prevention is worth more than a pound of cure. If growers at present lack the means to secure proper credit information on which to decide whether or not they should contract with a processor certainly something should be done to correct this situation.

In Ontario, which is a major producing area for a number of processing crops, we feel there is ample provision in the Farm Products Marketing Act to permit satisfactory investigation of the financial responsibility of a processor. We feel growers can and should investigate the financial responsibility of each processor and, if not satisfied, they can have such a firm refused a license. You have the opportunity today to question witnesses from all areas in Canada on this subject of credit information available to growers or their Boards.

We fully appreciate the seriousness of the situation where a grower has been unfortunate enough to contract with a processor who goes into bankruptcy or liquidation prior to the grower having been paid for his goods. We fully concur that steps should be taken by the growers, or their appointed organization, that will provide some protection and relief in such circumstances. This might take the form of some plan of insurance or a levy to go into a pooled fund whereby such loss is provided for on a share basis.

In 1962 the total acquirements of Canadian fresh fruits and vegetables used in processing of food commodities amounted to:

(a) Fruits.....	tons	231,579
(b) Vegetables	"	896,586
Total	"	<u>1,128,165</u>

A very small levy per ton would soon create a very substantial fund to cover losses through bankruptcy.