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Mr. Chairman
Members of the Panel
Ladies and Gentlemen

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(Commission Secretary)

Good Afternoon

I am John Kroeker, General Manager of Penner Farm Services. Penner supplies livestock equipment to hog, dairy and poultry producers.

My presentation will focus on our relationship with the industry as a supplier of livestock equipment and a General Contractor for livestock housing facilities.

Penner Farm Services and related companies have served the livestock industry in Manitoba since the early 1960's. During that time we have seen many changes in the industry in new technologies and farm practices. As our customers have expanded, our business has grown with them.

Not so long ago a producer would decide on expanding his farm and be under construction as soon as he could arrange his financing. Last year it took 9 months for producers to get approval for building permits, manure storage permits, municipal hearings, technical reviews and manure management plans. The lengthy and onerous process alone suggests that we have an abundance of rules to ensure that the industry is expanding responsibly.

As new issues arise more rules are expected. Our producers are just as adaptable as producers in other countries noted for hog production. Europe continues to have a sustainable industry without banning expansion despite higher human and livestock populations per acre.

Manitoba has more stringent rules than most jurisdictions in North America yet only Manitoba and Quebec have taken the extraordinary political measures of targeting the hog sector with a ban on new permits. This is wrong; we should be addressing all of the sources causing the environmental concern and applying the same rules to everybody.

When new rules need to be implemented we need a more fair and responsible process than the one the government is putting the hog industry through today. I would suggest a notice period that allows for a graduated transition to full compliance of the new regulations especially if new technology needs to be acquired or significant capital needs to be invested. The government should provide incentives to existing operations to offset the additional capital investment required to meet the new regulations. Then let the industry decide if they want to continue expansion within the new rules.

All of the industry stakeholders I know want to use sustainable environmentally responsible farm practices. The industry recognizes that we need rules to sustain

their farms as well as our environment. Sustainability of the hog industry really hasn't been in question until we started hearing about the algae blooms in Lake Winnipeg. Opponents of the hog industry have tried to link it as the culprit. The Lake Winnipeg Stewardship Board would say that the problem is caused by many sources. However, only the hog industry has been banned from expanding. It is extremely unfair to blame one producer group for concerns caused by many sources especially when over half of the phosphorus loading concerns arise outside the province. It would make more sense in addressing the phosphorous problem that everybody contributing to the problem would bear a proportional share of the solution. The hog industry should not be singled out?

Southeastern Manitoba is thriving today because of a strong mixed farming agricultural base. We have watched several generations of producers expand their farms through diversification and growth as they attempted to keep their children interested in farming. Our towns and cities are thriving because our producers are leveraging their cropland into prosperous livestock facilities that employ thousands. Businesses in the region have thrived supplying services to these enterprises. Our schools are full and bursting at the seams where many other rural regions in the province are seeing continued decline in rural populations. It is no accident that Hanover and La Broquerie with the highest density of livestock in the province are seeing population increases while other rural municipalities continue to decline. I would suggest that our strong farm base is the main reason Steinbach is growing faster than Brandon.

Most of the producers in Hanover and La Broquerie would agree that the arable land base is fully utilized within these municipalities. Paying attention to soil loading, water quality and drainage makes sense. Good farmers do that because they understand that it is essential to their long term viability. Restricting manure application to phosphorus levels makes sense if it is causing an environmental problem. Those rule changes were already public prior to the Hog Industry Review. We don't need an industry pause to change the rules anymore than we need a ban on driving while we consider a change in speed limits.

Questioning the sustainability of the hog industry throughout the whole province because we want to change the manure application rates in one region that has a high density of livestock doesn't make any sense. We still have thousands of acres of land in Manitoba that have not seen any manure applied to it. These regions are applying chemical fertilizers to their cropland today. Using non renewable resources to produce fertilizer surely isn't a sustainable practice. Recycling the undigested feed nutrients back to the field they came from to be used for the next crop is a sustainable practice used for centuries. Why are we preventing low density livestock regions from expanding into hog production today if it would make their farms more viable, create employment and build stronger rural communities?

The effect of the moratorium on new hog facilities is having a huge impact on our company. We are looking at a 50% reduction in sales for 2007 as a result of the pause. We are forecasting a further reduction for 2008 if this pause doesn't end soon.

We employed over 70 people directly in Manitoba last year and our sub trades employed at least that many as well. For many of our staff this pause means they will lose their jobs. For our customers it means they are losing a lot of experienced people that could help them with their problems. We can hire again once the pause is lifted but the experience will be gone for many years.

On the construction side our trades are moving to other industries. We are projecting that half of the experience we have in our construction trades today will leave and not return to agricultural construction after they have established themselves in a different market. We are going to face a huge skill shortage in the future that will limit the industry to grow for many years.

Please encourage the government to a speedy resolution.