

EXHIBIT NUMBER: VIR-012  
File Name: Hay Review  
Date: April 16, 2007  
Received by: [Signature]  
(Commission Secretary)

**Submission  
to the  
Elite Swine  
Conditional Use Hearing  
Convened by  
the Municipal Council  
of the  
R.M. of Archie**

**October 23, 2003**

**Prepared and submitted by:**

**J. F. Dolecki,  
Department of Economics  
Brandon University**

**(check against delivery)**

My name is Joe Dolecki and I live in the R. M. of Daly, and have lived there for over 20 years. Although I am not a farmer, I live on a farm which is operated by my spouse. In our operation, I have the off-farm job. By trade, I teach Economics at Brandon University, where I hold the rank Associate Professor and serve as Chairman of the Department.

In addition, I am the legal and media coordinator of Concerned Daly Ratepayers, Incorporated -- or CDR Inc, as we call it. CDR Inc. is a non-profit association of ratepayers based in Daly, and incorporated under the Corporations Act. We have a 29-person Board of Directors and a substantially larger membership base which extends throughout our Municipality. CDR Inc.'s mandate includes, but is not limited to:

1. promotion of environmental protection in the R. M. of Daly;
2. dissemination of information about the various ways in which livestock production can and cannot occur within a framework of economic, ecological and community sustainability;
3. development and participation in community building activities with an agricultural and rural focus;
4. development and advocacy of policy to various levels of government and to the people of Manitoba

My interest, and the interest of CDR Inc., in this Conditional Use Hearing stems from our recent experience with the question of the expansion of Intensive Livestock Operations (ILOs) in swine into our municipality, and our concern about this proposed ILO expansion into yours.

As you know, Archie is bound by the requirements of the Planning Act when assessing any application for a Conditional Use. Section 53 (7) of the **Planning Act** requires that the applicant for a conditional use permit must "establish" that the proposal "**will provide a development that is necessary or desirable for, and compatible with, the neighbourhood, community and the general environment, and ... will not be detrimental to the health, safety, convenience, or general welfare of persons residing or working in the vicinity, or injurious to property ...**". (my emphasis)

These are **clear requirements** (not merely guidelines), mandated by the **Planning Act**, which an applicant **must** satisfy as a condition precedent for

approval, with the burden of proof clearly placed on the **applicant**, and **not** on the community in which the development is proposed. With respect, I submit that if the applicant does not establish that these requirements are satisfied, then it is **your duty under the Planning Act, as the elected custodians of the public interest, to reject the application.**

**I am here today to urge Archie Council, in the strongest terms possible, to in fact exercise option a) under Section 53(7) of the Planning Act and REJECT the Elite Swine application for a conditional use permit.** This recommendation is based upon an assessment of the Elite Swine application and accompanying documentation, including the Technical Review Committee Report.

I want to speak to you today primarily about the economic aspects of this proposal. The thrust of my remarks is that the material submitted by the proponent and purporting to show economic benefits **simply fails to establish** that the proposal is a development which is necessary or desirable for, and compatible with the community and the general environment of the R. M. Archie. Moreover, the material **fails to demonstrate** that the proposal **will not** be detrimental to the economic and social welfare of those in the vicinity of the proposed operation, and the RM of Archie considered as a whole.

Let me begin by saying that ILO promoters usually attempt to sell their expansion into municipalities such as Archie by emphasising the necessity of 'diversification' in order to revitalise rural economies. They then asserted that the hog industry is 'an ideal' method to achieve this objective of diversification.

The clear suggestion here is that rural communities such as Archie are simply incapable of diversifying their economic activities in a manner that will achieve revitalisation, and that therefore the only key to their 'economic salvation' is outside corporate investment, particularly in large scale hog barn operations.

However, as Darren Qualman points out in a chapter he wrote for the book Writing Off the Rural West, not only is this quest for such corporate investment in mega-barn development "... misguided, it rarely produces the promised results." The question is: **Why is that?**

In part, the answer lies in something fundamental that is often overlooked by analysts and decision-makers at all levels of government. That something is that Corporate Intensive Livestock Operators, such as Premium Pork-Western Swine, are simply **NOT**, by their design or their motivation, rural development agencies. They do not exist to "help" the rural communities in which they locate, but rather to "help themselves" to the resources of those rural communities. The simple fact is that their purpose is to extract and deplete a community's wealth -- not to add to that wealth. This is particularly true of Elite Swine whose purpose is to service the needs of Maple Leaf Foods, and not those of the RM of Archie.

In the case of the Archie, what resources do you have that attract the interest of corporate hog barn investors like Elite Swine? Basically, there are three: an abundant supply of groundwater, an agricultural work force which is unprotected by Provincial Labour and Health and Safety Laws, and a municipal regulatory regime relating to ILOs which, with respect, is simply inadequate to ensure that the public interest is protected and that the ILO developer -- and not the ratepayers -- will be responsible for the full costs of production.

Many economists describe this as a "favourable climate for investment." In fact, it is a climate which is characterised first and foremost by the local community's subsidising/underwriting the real costs of such corporate production, thereby ensuring that local net wealth depletion proceeds under the **false**, but happy, label of "efficiency".

I might add here that it is CDR Inc's view that economic viability requires that the enterprise be responsible for all of the true costs of its production activities. We reject the "privatisation of profit and the socialisation of costs" approach to development which we believe has characterised the expansion of the Maple Leaf plant in Brandon and ILO hog production in rural Manitoba. After all, there are very few socialists in the RM of Daly, and even fewer corporate socialists.

There is no question that the City of Brandon and the Province of Manitoba have provided a substantial subsidy to the Maple Leaf operation thus far. One need only consider the terms of the agreement on the existing waste water treatment facility between the City and the Corporation in which the costs of compliance with environmental

regulations falls to the City on the one hand, and the unilateral elimination of single desk selling by the Pork Marketing Board by the Provincial Government on the other hand to make this point.

Having said that, let me briefly examine the specific claims made for the Elite Swine investment, and the evidence offered in support of these claims. I will be brief, because the information supplied by Elite Swine about this project's economic benefits for the RM of Archie is sparse, and completely unsupported by evidence.

The Elite Swine presentation asserts that there will be a number of significant benefits to the local community resulting from this development. However, their statement is simply unsupported by any evidence, any data, any independent study, or even an in-house economic impact statement.

In this regard, Bill Weida, a regional development economist from Colorado, correctly points out that the so-called "spin off" benefits to local economies from ILOs -- technically, the expenditure multiplier effects associated with such investments -- will materialize 'locally' **if and only if there is a "full service centre" in the 'locality.'** In the absence of such a centre, most of these multiplier effects will be realized **outside** the 'local economy' -- the "spin offs" will be realized by the nearest full service centre.

In this region, there is one such centre -- Brandon (Virden is a partial service centre) Thus, it would be expected that the bulk of the "economic benefits" supposedly generated by Elite Swine investment would be realized in this centre -- and not in the RM of Archie. When regarded from the perspective of rural wealth depletion, the implications are clear. This proposal promises almost nothing in the way of economic benefits for municipality.

I say almost nothing because in the list of expenditure items identified, some might be obtained from rural sources. Consider the \$1.3 million dollar construction phase of the project. It is possible that some locally-sourced labour may be used here, but this is highly unlikely, particularly since Elite Swine makes no commitment to do so. It is certain

that most, if not all, building materials, concrete, and equipment will also be out-sourced (ie., obtained from full service centres).

During the operation phase, you can expect that almost all of the ongoing goods and service requirements for the facility will also be out sourced. This is particularly true of the major expenditure items of feed, Custom Manure Spreading, veterinary and medical supplies, and trucking.

Elite Swine makes much of the 63,000 bushels of grain it expects to be used by this facility, leaving the suggestion that this grain will be purchased directly from local farmers (barley producers). This suggestion is simply false. Feed used by this facility will be secured from one of the commercial millers in the vertically integrated Maple Leaf-Elite Swine system. Moreover, one must keep in mind that most ILO hog operations in Manitoba have been and will continue to feed **imported US Corn** -- because its cheap, a fact which is enhanced by the continuing strength of the Canadian Dollar.

So where are the identifiable economic benefits to the RM of Strathclair from this proposal? There are only two readily apparent. First, employment in barns. Elite Swine states that only 2 full-time jobs, with salaries of \$25,500 each, plus some casual employment will be created. How much of a benefit to the RM of Archie this will be will depend on who gets hired (whether local or imported labour is used) and the amount of turn-over in such employment, balanced off against the known health risks associated with such employment (particularly, the increased respiratory illnesses experienced by barn workers). Of course, these costs would, in the absence of employees coverage by Provincial workplace health and safety laws, be borne by the employee and the health care system. In any case, the bulk of the indirect dollar benefits from these jobs, as noted above, will materialize in the full-service centres and not in the RM of Archie.

Elite Swine also identifies as a community benefit an expected increase in municipal tax revenues on the order of \$7000 generated by this facility. (Incidentally, this figure is somewhat lower than the estimate given by the Manitoba Pork Council in its latest advertisement which claims that the average amount of taxes paid by an ILO hog operation is on the order of \$8500.) However, in assessing the impact of an ILO

development on your Municipal budget one needs to examine **the net impact**. That is, one needs to consider not only the potential revenue increase, but also the potential and often significant increases in infrastructure costs (eg. municipal road maintenance) associated with this proposal.

Moreover, the increase in Municipal revenues from this operation has to be considered in light of the reduction in values of existing properties adjacent, or in close proximity to, the site of ILO hog operations. A compilation of assessment adjustments by County Assessors in eight US states documents reduced assessments in Alabama, Illinois, Kentucky, Maryland, Michigan, Minnesota, and Missouri by 10-30% on such properties (Reported by Weida). Similar experience has been reported from Alberta. These reductions are significant, implying a further reduction in overall net revenues for municipal budgets.

When taken together, it is clear that the magnitude of the benefits to the RM of Archie from the Elite Swine proposal are **marginal at best, and most likely negative**.

What about further costs to RM of Archie? One of the often ignored characteristics of the costs associated with proposals such as this -- those costs that are borne or underwritten socially and are usually associated with the physical and community environment -- is that they are irreversible, and as such their magnitude is infinite. At least four such costs are apparent in most ILO proposals.

First, and perhaps the most obvious to grasp, arises out of the fact that manure storage structures, in particular lagoon storage (which is proposed for this project) **seep** (whether lined or not) and they do so at a rate estimated in the definitive Kansas State University Study at a rate of about 18 inches per year. (Above ground storage systems are subject to catastrophic failure). As such, it is likely that the groundwater beneath this proposed storage facility will eventually become contaminated. Experience in other jurisdictions clearly shows that the "Clean-up" of groundwater contamination has met with at best marginal success. It is also extremely expensive. In the current regulatory environment in Manitoba, these effectively irreversible and prohibitive costs would be absorbed by the ratepayers of the RM.

I might add that ground and surface water pollution -- be it from the failure of lagoon storages or from the over-application of liquid hog manure on spread lands, is of grave concern to the members of CDR Inc. We are especially concerned about the **cumulative** impacts on our Region's water resources and do not believe it in the public interest to subsidise the profits of ILO investors by absorbing their degradation of the quality of the water upon which we all rely.

CDR Inc.'s concern is further heightened by the the results of a recent study by Feder, Wallace, et al, which was published in March of this year in Volume 9, No. 3 of the American journal, Emerging Infectious Diseases. **These researchers report finding, for the first time, the presence of E-Coli 157 (the Walkerton E-coli) and Shiga toxins in feces of swine produced in North America.** Since the Pork industry has hitherto denied this, their manure storage facilities are simply not designed to treat this organism. Nor do current manure field spreading/injection practices take this into account.

The second 'irreversibility' that is promised by this proposal involves the contribution it makes to the destruction of the family farm economy, the replacement of farming by corporate concentration and control via vertical integration, and the attendant substitution of non-sustainable agricultural industrial forms for sustainable agrarian systems. Ultimately, this involves the conversion of the activity of farming -- which has at its core the **husbanding** of community resources, and the reproduction of these resources for the use by future generations -- into the mere **mining** of community resources, and the conversion of farmers from multi-skilled human beings into mere appendages of technology.

In this sense, ILO expansion into your municipality represents another cobblestone in the road to serfdom, albeit serfdom with a corporate face. This is not, I submit, in the public interest.

Besides, the corporatization of Canadian agricultural with its emphasis on the continuous expansion of livestock production continually runs the risk of catastrophic collapse - either by unforeseen calamity as in the case of the Mad Cow crisis, or as a result of deliberate corporate head office decision-making in response to shareholders demands for stable profits, as in the case of the PMU crisis which has just emerged. It is no



secret that the Pork Council itself considers it to be only a matter of time before some similar crisis visits this industry. If and when a similar crisis occurs in the Pork industry, and there is a downsizing of the industry, you can bet that corporate ILO operators like Elite Swine will simply abandon hog barn facilities, most likely leaving the substantial costs of clean up (site decommissioning) to be picked up by the ratepayers of the RM.

The third irreversibility promised by ILO investment involves the preclusion of other development opportunities in the RM. Diversification promoting and sustainable initiatives which take advantage of environmental amenities, such as tourism, are simply eliminated with ILO development. It is a cruel irony for Municipalities in Manitoba that ILO investment actually prevents the rural diversification that ILO advocates claim to be promoting.

The final irreversibility, whose costs are in fact infinite, involves the destruction of the rural community. People in RMs like yours and mine constitute a unique, vibrant and creative community. Sadly, as the increasing concern and conflict over ILO expansion over the last few years in Manitoba has shown -- this type of expansion has served to strain, and in some regrettable cases to sever the traditional ties of honesty, good faith, respect, and dignity that bound our communities together. As you surely know, once a community is fractured, it may take generations for it to heal -- if it ever does. And to me, this is the most important cost of all.

In closing, I'd like to make a comment on ILO regulation. Here, I'd like to draw your attention to some implications from a 1999 Supreme Court of Canada Decision (65302 British Columbia Ltd. v. Canada, SCC File No. 26352). The case involved a British Columbia egg producer who was fined by the marketing board for selling over quota. The producer in question entered the fine as a business expense on his income tax, an entry which was disallowed by Revenue Canada. The matter ended up in the Supreme Court, which ruled in favour of the egg producer. In the judgment, written by Justice Iacobucci, **all fines levied against enterprises for breaches of Federal/Provincial/Municipal regulations (except for provisions relating to bribery and tax evasion) were found to be legitimate 'tax deductible' business expenses!**

Fines are an integral component of any regulatory regime. With this judgment, the deterrent value of fines has been completely compromised. When considered from the perspective of a municipality's ability to regulate ILOs via permit conditions, the implications are as clear as they are disconcerting. The fact is that once an ILO is here, you really can't regulate them.

**As such, I again urge Archie Council, in the strongest terms possible, to exercise option a) under Section 53(7) of the Planning Act and REJECT the Elite Swine application for a conditional use permit.**

Thank you for your time.