

National Farmers Union
Region 5 (Manitoba)
report to the
Manitoba Clean Environment Commission
on the
Simplot Potato Processing Plant
proposed for Portage la Prairie

Southport, Manitoba

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Introduction

The National Farmers Union (NFU) represents thousands of family farmers across Canada. Many of those families grow and sell potatoes. The NFU is not opposed to potato production or processing or their expansion. The NFU supports any environmentally-sustainable initiative that will provide *real* benefits to farmers and that will support rural economies.

There is a trend, however, in Canadian agriculture to pursue production expansion at all costs; to increase contracting; to industrialize food production; to sacrifice environmental integrity; and to increase corporate control over farmers. The proposed Simplot processing plant and the attendant increase in potato production seem to follow this trend. Thus, there is good reason to question whether increased potato production or processing will deliver promised benefits to farmers.

Canadian gross farm revenues have doubled over the past 20 years. Agri-food exports have more than tripled. Seeded acreage is up 15%. Many farmers have switched to so-called “high-value” crops. And the result of this expansion and adaptation is a deepening farm income crisis. Governments must move beyond the simplistic and incorrect formulation that more production equals more prosperity.

Increased potato production and processing in Manitoba has the potential to benefit farmers. But if that expansion follows the corporate-industrial model, it is very unlikely that farmers, workers, their communities, or the Manitoba economy will benefit. To benefit farmers and other Manitoba citizens, agricultural production and increased production must be socially, environmentally, and economically sustainable. Agricultural production must not simply enrich a few in the short term, it must support stable family farms and the rural economy. Agricultural production must also protect and enhance the quality of Manitoba soil, water, and environment for generations to come. Otherwise, we extract short-term prosperity while diminishing future productivity and environmental health.

The NFU has drafted a comprehensive Sustainable Agriculture Policy. The excerpts from that Policy, below, demonstrate that the National Farmers Union is at the forefront in advocating a more sustainable system of agriculture for Canada. Selected points from that policy document include:

- The family farm must remain the primary food-production unit in Canada.
- Farmers, governments, and consumers must cooperate to create viable and sustainable farming methods and technologies that improve the quality of the soil, water, and air.
- Research should focus on agricultural methods and technologies that promote smaller farm size with a higher degree of production efficiency.
- Government programs can encourage more farmers and smaller farms by capping payouts and instituting regressive payment formulas on government subsidy programs.
- Women must have a greater voice and role in all levels of the food system.
- Rural and urban people must cooperate to make alternative forms of agriculture viable.
- Agricultural policies affect more than just farms and farmers. Agriculture policies must create economic stability and employment in rural areas.
- Farmers and all citizens would benefit from forest belts, shelterbelts, and uncultivated areas. To promote these practices, these areas should be taxed at a substantially reduced rate.
- Erosion-prone soils should not be cultivated. Such soils could be used as woodlots, forage, or pasture.

Increased potato production: the effects on farmers

Manitoba potato production has increased rapidly: from approximately 50,000 acres in 1991, to nearly 80,000 acres in 2001, and production is projected to increase further to nearly 100,000 acres if Simplot builds its proposed processing plant.

One of the central questions that legislators and farmers should consider in evaluating increased potato production and processing in Manitoba is: will this rapid expansion in potato production slow the loss of Manitoba farm families?

The government's *Manitoba Potato and Other Vegetables Industry Profile 2000* states that, in 2000, there were "more than 130 producers of processing potatoes" in Manitoba.

Manitoba lost nearly 3000 farm families between 1991 and 1996 (the last census from which data is available) and it is almost certain that it has lost thousands more since 1996. With potato production for processing supporting only 130 farmers, the proposed Simplot processing plant and proposed increase in potato acreage will have little or no effect on the rapid loss of farm families in Manitoba.

Moreover, the number of *potato growers* has declined even as acreage and production has increased. While the 2000 *Industry Profile* lists approximately 130 growers of potatoes for processing, the 1997 and 1998 *Profiles* list approximately 140 growers. Thus, not only will the expansion of potato acreage probably fail to slow the overall loss of farm families, it may not even slow the loss of potato farmers.

It is likely that the proposed plant and increased potato acreage will lead to larger potato farms, rather than more potato farmers. Simplot has said it wants to contract with "experienced" growers.

The proposed plant will require approximately 20,000 acres of production per year. It is important to remember that "acres of production" are not the same as acres of land or acres under irrigation. Because of crop rotations, 20,000 additional acres of annual production will require up to 60,000 new acres of "potato land"—most of it irrigated.

Nevertheless, if the new potato production required by the proposed plant were taken on by the existing growers, it would mean an additional 153 acres of annual production for each grower. This expansion by existing growers is very possible given current technologies and the current average size of farms producing potatoes for processing: approximately 504 acres of annual production each—with many farms much larger.

With or without the proposed Simplot plant, the total number of Manitoba farmers and the number of potato producers will both continue to fall. In evaluating any negative environmental impacts of this proposed potato processing plant or the attendant increased acreage, it is wrong to weigh these environmental costs against alleged benefits in terms of saving farm families or increasing the number of farms. There are no such benefits.

Additional evidence for the prediction that more potato production and processing may not lead to more potato farmers can be found by looking at the hog sector. Manitoba has a new, state-of-the-art hog processing plant, rapidly-expanding hog production, and rapidly declining numbers of family farm hog producers.

Production of potatoes for processing, like hog production, is increasingly characterized by large production operations bound to large processors by contracts, with the local family having decreasing control and autonomy—often simply providing risk capital and labour. The industrial model of production—in potatoes or hogs—expels family farmers, funnels huge amounts of taxpayers' money to the controlling corporations, and extracts profits for distant, wealthy shareholders.

This extraction of wealth is all the more likely in the case of the proposed Simplot plant because an American company will own the plant. Large U.S.-based corporations are coming to Canada and taking control of Canadian agriculture. In 1988, most of Canada's flourmills were Canadian-owned. Now, one company, Archer Daniels Midland, owns half our mills. ADM, ConAgra, and Cargill are taking over our grain handling system. U.S. firms have taken over our malting barley sector. U.S.-based Smithfield Foods is swiftly increasing its control of the Canadian hog and pork sectors. These transnationals are taking control of the Canadian food system and increasing their domination of the global food system.

One of the key reasons that rural Manitoba—a vast wealth creation machine producing food, fiber, minerals, and energy—is struggling, is because most of the wealth produced in rural Manitoba is extracted by large transnational corporations and that wealth is swiftly transferred to distant managers and investors, to the benefit of the urban financial centres in which these people tend to live. The cure that many Manitobans mistakenly seek—large outside investment—may often accelerate the extraction of wealth from rural areas and may further undermine rural economic development.

The Manitoba government has focused its attempts at agricultural development on expanding hog and potato production. However, if Manitoba wants to slow the loss of farm families and increase prosperity among surviving families, it has chosen exactly the wrong two sectors. Even if Manitoba multiples hog and potato production five-fold, ten years from now we will have fewer farmers and poorer and less numerous rural communities.

The National Farmers Union recommends that the federal and provincial governments conduct a joint review of the costs and benefits—to farmers and other Manitoba residents—of the proposed Simplot plant and the expansion of potato acreage.

The NFU further recommends that the Manitoba government refocus its efforts to save family farms and rural communities, away from export and production-oriented industrial agriculture—potatoes for processing and hogs—and toward sustainable alternatives that will actually be successful in supporting farmers and communities.

Increased potato production: the effects on the environment

For the vast majority of farmers, increased potato production will bring few benefits. For many rural and urban residents, however, the proposed plant and expanded potato acreage will almost certainly bring several costs. Many of these costs will take the form of environmental damage.

Crop rotations

Due to the high cost of suitable land and irrigation equipment, some potato growers are shortening their rotation from one-year-in-three to a less appropriate one-year-in-two, or two-in-five. In the years when fields are not planted to potatoes, they are often planted to beans or other specialty crops to attempt to generate revenues high enough to cover large debt-servicing payments on land and irrigation equipment. These low-residue crops provide little soil cover and little fiber is returned to the land. The loss of cover and decline in soil structure raises the risk of water and wind erosion.

Further, many farmers are removing shelterbelts to make way for pivot irrigation systems. This further increases the risk of soil erosion.

In Prince Edward Island, many farmers moved to inappropriately-short potato rotations. This was a significant cause of soil erosion and damage to streams and fish habitat. NFU members in PEI, after broad and democratic consultation in that province, passed policy resolutions calling for one-in-three year crop rotation.

Backed by a growing consensus among the public and potato growers, the PEI government recently agreed to regulate potato and row-crop rotations. Beginning in 2003, PEI farmers will be required to grow potatoes and other row crops no more often than every third year. The only exceptions will be where the farmers can demonstrate that they have taken exceptional efforts to manage erosion and enhance soil quality. Such efforts might include contour seeding and fall-seeded winter cover crops.

Since PEI is many years ahead of Manitoba in terms of experience with widespread potato cultivation and because PEI has encountered problems with unconstrained expansion of potato production, Manitoba should study PEI initiatives as a way of making potato production more sustainable and avoiding the mistakes made elsewhere.

The National Farmers Union recommends that the Manitoba government phase in mandatory one-year-in-three rotations for potatoes, and should consider similar regulations on other row crops where a risk of soil erosion exists.

The NFU further recommends that where shelterbelts are removed, that the province require the planting of circular shelterbelts compatible with pivot irrigation.

Increased spraying

To battle Late Blight, potato farmers may have to spray their entire acreage as often as every five days. The Colorado potato beetle is adapting resistance to many pesticides requiring more intense spraying and the use of a wider range of chemicals.¹ It is critical that we understand the impact that this spraying has on “non-target” species—songbirds, bees, and other beneficial insects. Many people have found large numbers of dead birds after spraying.

The NFU recommends that the Provincial and Federal governments produce a joint report on the effects on increased pesticide application and drift on non-target species and evaluate the relative risks from aerial and ground applications.

Water use and drainage

Potato production is very sensitive to soil moisture conditions. Many producers have installed both tile drainage systems and pivot irrigation systems on the same land. Governments should conduct immediate studies to determine whether this combination of irrigation and tile drainage may lead to pesticides, phosphates, and nitrates more easily entering surface watercourses.

There is further question regarding the availability of adequate water for increased irrigation. This issue has not been adequately studied. The government is proceeding backwards: it is seeking approval for a processing plant before it ensures that sufficient available water exists to facilitate increased potato production and irrigation.

The NFU recommends that the federal government intervene in the assessment of the proposed Simplot plant and the expansion of potato acreage in Manitoba and study these developments under the Fisheries Act to determine their effects on fish, habitat, and Manitoba lakes and rivers. This study should pay particular attention to water quality changes due to irrigation and tile drainage systems. And this study should look at water availability for irrigation and other uses.

Environmental issues: conclusion

Within the current industrialized model, increased potato production brings clear environmental costs—increased insecticide and fungicide spraying, increased fertilizer

¹ Colorado potato beetles are notorious for their ability to develop varying levels of resistance to nearly every class of commonly-used chemical insecticide including carbamates (Sevin and Imidian), organophosphates (Diazinon), Pyrethroids (Ambush), and others. On its website, Manitoba Agriculture and Food notes that “Resistance of Colorado potato beetle to some insecticides has recently been detected in Manitoba.”

use, increased water use, surface and groundwater contamination, and the potential for increased soil erosion.

The National Farmers Union recommends that if Manitoba potato production is expanded, that it be done only if the use of “best practices” and the highest possible environmental standards can ensure the environmental sustainability of this sector and the enhanced quality of Manitoba soils and water. The practices currently employed fail to meet this standard.

The National Farmers Union further recommends that the federal and provincial governments conduct a joint review of the environmental impacts of the proposed Simplot plant and the expansion of potato acreage in Manitoba and that they do so under their respective Environmental Assessment Acts.

Other issues

Land taxation levels

The potato industry has had, and will continue to have, a strong influence on land values. High quality land, properly situated and suitable for potatoes, now sells for approximately \$2000 per acre. This is a positive development for those farmers who may be selling. However, these high land prices create other problems.

Manitoba farmland is taxed based on market value. The sale of a parcel of land for potato production is reflected in the assessment and taxation levels of all the land in the area—much of it not in potato production. All surrounding landowners pay higher taxes.

The National Farmers Union recommends that actual land use (productive value), and not merely hypothetical sale value, be the basis of property value assessment and taxation levels.

Government expenditures

As part of the proposed Simplot potato plant project, the Manitoba government will spend approximately \$8.65 million for new water and sewage facilities. In addition, the Manitoba government will spend approximately \$30 million over the next ten years to expand irrigation infrastructure in Manitoba.²

The NFU welcomes real investment in the long-term future of family farms. The question, however, is whether these tens-of-millions will be new money or whether they will be taken from existing farm programs. Most probably, this money will be taken from existing programs.

² *Manitoba Irrigation Development Strategy*, March 2001 Draft.

As noted above, very few farmers serve existing potato processing plants. While this does not represent all the farmers using irrigation in Manitoba, it seems clear that the new irrigation infrastructure that the province plans to fund may benefit just 100 to 200 existing farmers and possibly no new farmers. Thus, the provincial expenditure in new irrigation infrastructure over ten years may amount to approximately \$150,000 per farm, with an equal amount coming from the federal government. The vast majority of this money will go to large existing profitable farms.

Given the tens-of-thousands of family farms in Manitoba, it seems unwise to pursue a strategy of supporting farms that comes with a price-tag of over \$300,000 per farm (not counting other federal and provincial supports and safety nets). It seems equally unwise to funnel scarce agricultural dollars to the largest farms in Manitoba. The proposed Simplot plant and potato acreage expansion must *not* be taken as a sincere or effective initiative by the provincial government to slow the loss of family farms.

The NFU recommends that the Manitoba government assess how best to spend taxpayers money in a way that will maintain the maximum number of Manitoba families on their farms.

Conclusion

Expansionist, export-oriented, high-input, industrial agriculture is increasingly unsustainable and environmentally damaging. The proposed expansion of potato processing and production will be similarly damaging. At the same time, it is unlikely that this industrial expansion—partly paid for with tens-of-millions of taxpayers’ dollars—will significantly slow the loss of farm families or temper the farm crisis.

This need not be the case. Alternative production systems controlled by farmers, organic production, and sensible crop rotations can help retain farmers while building soil and water quality for future generations.

Finally, the Manitoba government’s evaluation of the proposed Simplot processing plant seems to be proceeding in the wrong order. The proper procedure would be to first determine whether there is sufficient water available to support increased potato production and irrigation. If there is sufficient water, the province should then determine whether that increased production is sustainable or environmentally damaging and if the land-base is adequate. Finally, once it has determined that increased potato production is environmentally sustainable and socially desirable, the province should evaluate the environmental impacts of new processing plants.

By evaluating and approving the plant first, and by divorcing the evaluation of production expansion from the issue of processing plant construction, the Manitoba government is curtailing real and effective assessment of the inseparable issues of increased potato production and processing.

Once Simplot builds the plant, the government *will* find some way to ensure that potato production increases. These government efforts may take the form of additional taxpayer-funded infrastructure, new dams or water diversions, or lower environmental standards.

Because the Manitoba government has not exercised due diligence—it has not completed the necessary assessments of economic, social, and environmental impacts of the Simplot potato plant or its attendant increase in potato acreage—the NFU recommends that the government not approve construction of the proposed plant and that construction not proceed.

Respectfully submitted by the National Farmers Union