

**Testimony for Water Policy Subcommittee
Environmental Quality Council
July 26, 2000
Montana Pork Producers Council
Sue Huls, Executive Director**

Thank you for the opportunity to speak to members of the Subcommittee.

Montana Pork Producers Council is an organization of pork producers, agribusiness people, educators and anyone else with an interest in the pork industry. There are 211 members.

The main service the Council provides for members is pork industry information and continued education. Through publications and meetings, we help producers understand industry issues and new technology. Environmental education has been an on-going program for four years. The National Pork Producers Council has an agreement with EPA to develop methods and education to implement the Clean Water Act as it applies to pork production.

Our members are concerned that the recommendations proposed in the Draft will add to the cost of production for farmers who have just weathered the lowest prices ever for market hogs -- and at the same time do nothing to protect Montana water quality.

The recommendations appear to be based on a fear that large corporate hog farms may locate in Montana. We believe this is highly unlikely because of economic factors.

In the pork industry, large production units sell big volumes of market hogs to major packing plants to provide pork products to mainstream meat wholesalers and retailers. This mainstream market requires that producers be "least cost operators" in order to make a profit.

It has always been impossible to be a "least cost" pork producer in the state of Montana for two main reasons:

1. Feed costs for hogs in Montana are higher over time. Although barley is an excellent feed for hogs, its cost along with added ingredients which have to be imported into Montana make barley rations slightly higher priced over time than the corn-soybean ration fed in the Midwest.
2. Transportation to market. There are no packers in Montana. A few small slaughterhouses perform mostly custom or specialty slaughter. Montana hogs are trucked to Idaho, Oregon and California. This cost raises the cost of production above that of production units located within 1-3 hours of slaughter facilities as is common in large production states.

In contrast to the “least cost” production strategy, Montana producers pool hogs together to sell to small, niche market plants in the West. These plants are forced to pay slightly higher prices for hogs since they are located a distance away from most producers. This added price makes it possible for Montana producers to make a profit, if they are very good managers. In 1998 and 1999 all producers lost equity and many Montana farms gave up producing hogs.

As water quality law has developed, people in agriculture have had to adjust their practices. This is not because farmers and ranchers don’t care about the environment. They did not have information about how production affected water quality when many of their practices started and they have had to pay for the education process themselves. A number of Montana producers have obtained waste management permits, remodeled or added facilities for manure storage and handling and changed practices. On some occasions neighbors of swine operations have attempted to use environmental regulations to control or punish producers for disagreements that had nothing to do with water quality.

With the current size of the pork industry in Montana – we produce about 250,000 market hogs and rank 28th in the nation – and the small prospect of significant growth, along with the performance of producers as conscientious landowners, we see no reason for additional costly regulation. The current permit process addresses water quality concerns adequately and protects the citizens of Montana.

We appreciate your dedication to preserving water quality in Montana, but we ask that the Water Policy Subcommittee not recommend additional regulations targeted at swine producers.