KEYSTONE AGRICULTURAL PRODUCERS

April 2, 2026

Dear MLA Khan,

Thank you for writing us to better understand Manitoba farmers' needs and for your willingness to work with groups like ours to build a stronger province. KAP welcomes the opportunity to provide the Official Opposition with responses to its written questions.

1. How have rising costs and the lack of affordability affected your businesses and what measures could alleviate these rising costs?

Farmers often operate on tight margins; cost increases can significantly affect profitability, and various rising costs exist. For example, the Government of Canada applies a 25 percent tariff on certain aluminium, steel, and iron products. A Canadian manufacturing company may import raw materials and pass the additional costs onto farmers.

Another example involves fuel and fertilizer prices. For most crops, fertilizer represents the largest input cost. Recent events around the Strait of Hormuz have severely disrupted global LNG and oil flows causing high fertilizer ($1300/tonne for urea) and diesel prices ($1.65/liter) while crop prices have only slightly increased. Amending the Fuel Tax Rate Regulation can help. This means removing the marked gasoline rate along with exempting trucking companies from the fuel tax rate if they move agricultural product to reduce those costs.

2. How have Manitoba's high levels of personal income taxes, business and payroll taxes, school taxes and education property taxes impacted your business in Manitoba?

Manitoba farmers support tax-reducing measures. A particular tax irritant involves the education property tax which KAP has fought against for many years. Manitoba is the only province that uses locally determined municipal school property taxes to fund its education systems. Every other province has moved toward a centralized-funding model—Manitoba has not. The funding model means that farmers pay a disproportionate share in property tax.

Although the school tax rebate and the farmland school tax rebate have provided relief, two compounding factors exist. (1) Farmland values continue to rise, which does not reflect a farmer's increased ability to pay, and often leads to property higher taxes. (2) Municipal education funding continues to rise (except in 2023) proportionally greater than the provincial contribution. The difference has placed more pressure on local authorities to raise taxes and farmers are hit with higher tax bills between the higher land value and increased rates. KAP recommends that government remove the education property tax entirely and create a funding model that is equitable, stable, and predictable.

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3. How important would more access to venture capital or lower cost loans be for expanding and growing your business?

A farmer's decision to take on more debt is complex. Interest rates, commodity prices, business goals, government support, farmland values, technological advancements, inflation, and current debt levels represent numerous factors that farmers will consider before applying for a loan. Farming comes with high input costs along with significant risk (e.g., droughts, floods, hail, animal disease outbreaks, and trade barriers). Governments have understood these dynamics and have created loans around this reality.

For example, the Advance Payments Program offers interest free loans and Farm Credit Canada offers custom payment dates, but challenges remain. Access to capital is often the main barrier for young or beginning farmers in Manitoba. Program improvements have helped (e.g., MASC's Young Farmer Rebate) but providing sufficient collateral remains challenging for young farmers or beginning farmers.

4. What are some examples of Red-Tape in Manitoba impacting small and medium sized businesses that should be reduced or eliminated? Are delays in permitting, approvals, environmental assessments, and infrastructure decisions impacting your businesses success and profitability?

For years, KAP has advocated for red tape reduction. A few notable examples exist. (1) Government must improve its drainage application process. Farmers have expressed frustration with the lengthy application process and the inconsistent interpretation of applicable drainage policies. Effectively managing on-farm drainage not only provides economic benefits (e.g., reduced standing water) but also environmental benefits (e.g., reduced nitrous oxide emissions through lower anerobic conditions). (2) Inspection and Technical Services has made changes to propane storage affecting 10,000 USWG tanks that now require a Risk Evaluation, Response and Mitigation Plan (RERMP). The RERMP overlaps with the federal Environmental Emergency Plan in several areas, and duplication makes little sense. The changes are unnecessary. Farmers would save time and money with rescinding the changes. (3) Farmers who have oversized equipment must apply for an annual permit through Manitoba Hydro and the Department of Transportation and Infrastructure. Positives: the permits are free and available through an online application. Negatives: the permits are only valid for a year, and two organizations manage two different applications. Possible improvements would be to create a single application requirement (not two) and a multi-year permit validity.

5. Are the high levels of crime by violent and repeat offenders impacting your business and what would you like to see done to address rising crime levels?

Farmers have become increasingly more concerned with rural crime—and for good reason. Recent statistics have shown that police-reported crime is worse in rural areas than urban areas, and their isolated rural location means farmers are vulnerable. Grain, livestock, machinery, tools, and vehicles are all subject to theft. While farmers have adopted proactive approaches in deterring rural crime (e.g., installing locks, video cameras, and security systems), government plays a critical role in crime prevention and community safety. Improving rural safety must suit the communities' needs, assets, and priorities. Not only adequate funding but also an effective action plan that has community buy-in improve the odds of effectively addressing rural crime. Rural communities need more police presence to deter criminal activity and respond in a timelier way when incidents occur.

6. Is access to adequate primary health care impacting your business, your employees, or family?

Manitoba's geographical spread and population density present unique challenges in providing effective health care. Farmers have often raised concerns with lengthy paramedic wait times and specialist shortages in rural municipalities. A recent report indicated that 90% of rural municipalities are encountering doctor shortages along with Manitoba having the lowest number of doctors per capita in Canada.[1] No simple solution exists to ensuring accessible health care in rural Manitoba. The causations are multifactorial and require adequate funding informed by evidence-based decision making. Addressing these challenges will positively affect rural Manitoba and provide an environment for thriving rural communities. Making it easier for foreign-credentialed medical professionals to become certified in Manitoba is another way to help address shortages.

7. Are the annual 3.5% and 4% hydro rate increases implemented by the Manitoba NDP going to impact your businesses profitability?

KAP recently expressed concerns to the Public Utilities Board about rate increases at a public hearing they held. Farmers are price-takers and costs cannot be passed down. And electricity remains a critical power source. For example, indoor livestock operations require lighting timed to day-and-night sequences while crop farmers run heavy-duty aeration fans to ensure correct humidity levels. In 2024, farmers spent $114 million on electricity. Energy efficiency incentives though Efficiency Manitoba do exist, but limited incentives create challenges for increasing program enrollment.

Stable, reliable, and sustainable electricity benefits farmers. And farmers would like services that are not only accessible but also affordable. Despite Hydro's vast infrastructure network, expanding services such as three-phase power is often cost prohibitive thereby limiting on-farm efficiency and innovation. Increases being implemented by the Public Utilities Board will certainly result in additional costs to farm operations that cannot be passed on.

8. Will the ending of indexing of Manitoba's tax brackets and the Basic Personal Amount by the NDP harm your employees and family's ability to make ends meet on your monthly expenses?

Farm finances can be complex. Farmers may operate under a farm corporation, sole proprietorship, partnership, or family trust. So, the basic personal amount freeze will affect farms differently. Self-employed farmers or farm employees have been affected by the index freeze. KAP recommends unfreezing the basic personal amount index and align future increases to inflation.

9. What changes do you think would most contribute to families wanting to live and work in our province and raise the next generation?

Many factors influence whether a person decides to live in or move from Manitoba (e.g., housing, affordability, tax structure, leisure activities, safety, economic strengths, and infrastructure). Much research has been done analyzing interprovincial migration loss and attracting international migration. KAP recommends reviewing the reports done by the Canada West Foundation[2] and the Department of Advanced Education, Skills and Immigration[3] to better understand the issue and find solutions.

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[1] https://assets.doctorsmanitoba.ca/documents/Report-on-Rural-Health-Summit-1.pdf
[2] https://cwf.ca/wp-content/uploads/2024/09/2024-09-29CWF_Finding_Their_Place_Full_Report_WEB_FINAL.pdf
[3] https://immigratemanitoba.com/wp-content/uploads/2023/02/immigration-council-report_en.pdf

For Manitoba farmers, having more people who participate in the workforce move to our province is critical to addressing labour shortages. This will provide the necessary labour pool for expanding value-added processing and production and filling key jobs both on-farm and in other parts of the value chain. This will require individuals living not only in places like Winnipeg and Brandon, but also in rural areas. Investing in infrastructure and rural community development will play a significant role in attracting more individuals to work and live in Manitoba.

10. What other policy priorities and reforms would your organization like to see implemented at the provincial level?

Agricultural needs increased prominence during government decision-making. With over 14,500 farms, the agriculture and agri-processing sector contributed $5.19 billion to the GDP in 2024: representing seven percent of the GDP. Food provides economic, social, and cultural stability.

KAP recommends further changes to improve farm operations. (1) Introduce a tax credit program for young farmers. Farmland access represents the largest entry barrier for young farmers, and rising farmland values have made it increasingly more difficult for young farmers to rent or purchase farmland. Creating a tax credit program would improve young farmers' access to farmland. And similar programs exist in Ohio, Minnesota, Iowa, and Pennsylvania.

(2) Exempt farm building from the Manitoba Building Code. Manitoba will adopt the National Building Code of Canada 2025 into its regulation this summer. Alberta and Saskatchewan provide an exemption with Manitoba being an outlier.

(3) Increase funding for water-related infrastructure. Farmers rely on provincial drainage infrastructure to move the water farther downstream. Unfortunately, this infrastructure no long meets farmers' needs for two reasons. Firstly, drainage infrastructure built 60 years cannot meet modern tile drainage capacity. Additionally, limited or non-existent maintenance on drainage infrastructure slows water flow off farmland. Farmers have often expressed frustration with the limited or non-existent maintenance of drainage infrastructure.

Thank you for the opportunity to provide feedback to the Official Opposition. If you have any questions about this letter, please contact KAP's Policy Manager, Neil Van Overloop, at neil.vanoverloop@kap.ca.

Sincerely,

Colin Hornby
General Manager, Keystone Agricultural Producers Inc.