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SASKATCHEWAN BUDGET OFFERS GLOOMY OUTLOOK FOR FARMERS, SAYS NFU

CHOICELAND, SK – There wasn't a lot of help for Saskatchewan's hard-pressed family farmers in this week's provincial budget, according to Don Kelsey, Saskatchewan Regional Coordinator of the National Farmers Union (NFU).

Not only did farmers not receive any breaks on the education portion of their property taxes, they'll also be paying more in fuel taxes and have reduced access to provincial agricultural extension services.

The biggest direct hit on farmers' pocketbooks will be the loss of significant fuel tax breaks. Effective April 7, 2004, the annual farm rebate for retail gas purchases is being eliminated. In addition, the tax exemption on bulk fuel and propane purchases delivered to the farm is being cut back to 80 percent. The 1% hike in Provincial Sales Tax (PST) rates will further increase the fuel cost burden to farmers.

While overall expenditures for the provincial Department of Agriculture went up slightly, most of those funds are committed to the Agricultural Policy Framework initiatives cost-shared with the federal government. Job losses resulting from the consolidation of 31 rural service centres into 9 regional centres will save the province \$2 million but the cost will ultimately be borne by farmers and the rural communities affected. The provincial commitment of \$860,000 to the Ethanol Fuel Tax Rebate program is simply a giveaway to the ethanol industry and will not help either the environment or rural communities, said Kelsey.

While health care funding was boosted in this budget, there is a strong possibility that rural health care centres could be targeted for cutbacks or closure as long-term beds are shut down. Rural municipalities and small towns will also be receiving proportionately far less provincial funding than larger urban centres, even though financial pressures on rural areas are at an all-time high due to the depressed farm economy.

Farmers will also be increasingly tapped to pay for the cost of maintaining rural roads. Two days prior to the release of the provincial budget, Saskatchewan Government Insurance (SGI) announced that farm trailers over 4,600 kilograms (10,000 pounds) will no longer be exempt from registration fees as of July 1, 2005. Farm trucks with five axles or less will see vehicle registration fees rise between \$21 and \$130 per year, while seven and eight-axle farm trucks will see fee reductions up to 62 percent.

"There's no doubt a lot of farm families will see an increase in their overall costs due to this budget," concluded Kelsey. "We certainly hope that, for the first time in a long time, this province will finally get a decent crop, stronger grain prices and better livestock prices to offset all the bad news."

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