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national farmers union
In Union Is Strength

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Budget spin hides a 7% cut to Agriculture spending

“Family farmers are facing the worst 5 years of realized net income on record. Farmers and their organizations have provided many possible solutions to address the issues for different sectors such as the Risk Management Plan,” said Grant Robertson Ontario Director, National Farmers Union. “But instead of helping move farmers towards greater financial stability and sustainability this government has in fact cut real dollars from the Agriculture budget in Ontario. Talk about kicking someone when they are down.”

Buried deep in the Ontario budget document is a section dealing with the Ministry of Agriculture and Rural Affairs (OMAFRA) spending. For the coming fiscal year the provincial government has earmarked \$876 million in spending. The document itself states “In the 2007-08 fiscal year, base expenditures by the Ontario Ministry of Agriculture, Food and Rural Affairs will reach a new high of \$876 million.”

“This amount includes ‘a one-time increase of \$96 million for assistance to farmers to match the federal Canadian Agricultural Income Stabilization Inventory Transition Initiative.’ This payment has come about because of a structural failure in the Canadian Agricultural Income Stabilization (CAIS) program,” said Robertson. “Considering it as part of ‘normal’ spending is deceptive at best.”

When the \$96 million in spending to fix a problem created by government that unfairly penalized many farmers is deducted the real spending by OMAFRA becomes clear- \$780 million. In other words there is a decline in real dollar spending. This 29 million dollar budget cut amounts to around 4% of spending. Since the 2003-04 fiscal year, this amounts to an overall cut in spending of 8% in real dollars. This figure does not even take into account inflation.

“When the new spending announced in the budget is deducted from last year’s spending we see a further 3% spending reduction from last year’s ministry spending,” said Robertson. Combined there is a 7% cut to existing spending at OMAFRA. Since fiscal year 2003-04 Agriculture spending has now been reduced in real dollars by 10%.”

OMAFRA spending is not just for the benefit of the farm community. Its spending facilitates job creation in the agribusiness sector. Those jobs often are filled by workers living in Ontario’s cities and towns. Other spending is directed at health initiatives and other actions that create positive results for non-farmers.

“The NFU has some simple questions for Premier McGuinty and Minister Dombrosky”, said Robertson. “To meet your budget announcements OMAFRA spending is going to have to be cut. Where will the cuts be taking place, what programming might it affect and how does this live up to your promise to make Agriculture a lead industry? On the other hand,” Robertson added, “if you are looking for a place to cut I would start with senior policy staff who have completely failed farmers over the last number of years.”

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