



COMMENTARY

“The Voice of Manitoba Farmers”

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Growing Forward Will Need Investment

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In December, KAP submitted its pre-budget document to Manitoba's Finance Minister. This is the second of four commentaries that focus on portions of the paper and areas that are important to Manitoba's farm families. The complete pre-budget submission is posted at www.kap.mb.ca/policy_briefs.htm

Government's programs for agriculture rely on good design and adequate funding to be effective. As work continues on *Growing Forward*, it is critical that the provincial government allocate enough resources to make it effective in the long-term.

But, first things first. Manitoba's livestock sector is experiencing a severe and critical economic downturn and cash flow problems. The province must take action to assist because the current safety nets are not responsive enough and, in some cases, not readily available. The government must take steps to avoid the potential downsizing of the livestock industry, and the consequential economic and job losses that it would create.

There are two relatively simple options for this in the budget. The first would be to extend the current education tax rebate to production buildings, which would help to decrease a portion of the financial burden. Secondly, the province could decide to top up the Canadian Inventory Transition Initiative, which had been put in place to deal with inventory adjustments under CAIS. No provincial support has been put in place to date so, due to lack of program funds, producers are not receiving the full financial support that should be offered.

On the *Growing Forward* side, governments announced a new suite of business risk management programs that have come into effect, including AgriInvest, AgriStability, AgriRecovery, and AgriInsurance. We have a fairly good handle on the federal commitments to these programs, but farmers should expect to see some money put on the table by the province in the next budget.

Farmers know that \$600 million in federal money has been invested across Canada to help seed AgriInvest, which is a producer-directed contributory-style program. It is critical that the provincial government also commits its portion of funding for future years, and ensures that it is adequate and available to producers. We strongly believe

that the funds allocated to AgriInvest cannot be seen as an offset to other areas of support, like environmental or food safety initiatives.

AgriStability is the new CAIS, and many of the issues remain the same. The provincial government must commit to fully funding the program, and ensure that it will not be subject to pro-rating. Since farmers will be putting their money into AgriInvest, we believe that the AgriStability fee should be eliminated to limit the costs for producers who wish to manage their risk in both programs.

There are new program developments in AgriRecovery and AgriInsurance, and it will be important for the province to allocate appropriate resources to deal with localized disaster assistance and the extension of production insurance to livestock and horticulture producers. At the same time, there is a clear need for increased regional companion programming, so funds must be available to meet these needs.

At the most recent agricultural ministerial meeting, ministers agreed to extend non-business risk management programs under the current Agricultural Policy Framework for up to one year. It is critical that funding is in place for this extension. Manitoba farm families have taken the opportunity to be involved in the environmental farm planning process through the Farm Stewardship Association of Manitoba, and we recommend that government allocate sufficient funds for this to remain a valuable tool for producers and the environment in the next fiscal year without interruption.