



Canadian Agricultural Income Stabilization (CAIS) Program

Guide to the 2006 CAIS Interim Application

2006

CAIS
PCSRA



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Introduction and Important Information

Introduction

This guide explains how the Canadian Agricultural Income Stabilization (CAIS) interim payment works, and provides instructions on how to complete the enclosed application form. It does not contain all program rules or participation requirements. For more detailed information on CAIS, please refer to the *CAIS Program Handbook* or visit the CAIS Web site at www.agr.gc.ca/caisprogram.

About the Interim Application

The CAIS program is designed to help producers protect their farming operations from both small and large drops in income. The interim application is for producers who wish to receive 2006 program year assistance earlier than normally available. As a program participant, you cannot receive your full 2006 CAIS payment until your 2006 program year is complete. However, by using the interim application, you can estimate your 2006 income and receive a portion of this payment early. If your estimated income (program year margin) declines by 15% or more relative to your estimated reference margin, you may be eligible for a CAIS interim payment. Generally, interim payments are paid at 50% of the estimated final payment.

Because an interim payment is based on an estimate of your income, it is possible that you will receive a payment that is more or less than you are entitled to. If your interim payment is more than you are entitled to, you are required to repay the difference. If it is less than you are entitled to, you will receive the difference at the time that your final application is processed.

Am I Eligible?

To be eligible to receive assistance through the interim application, you must (in the 2006 program year):

- 1) have completed a minimum of six consecutive months of farming activity;
- 2) have completed a production cycle; and
- 3) be farming in Canada and reporting farming income (or loss) as an individual, a corporation/co-operative, or a trust/communal organization to the Canada Revenue Agency (CRA).

Note: Requirements 1) and 2) may be waived if, in the opinion of the CAIS Administration, they could not be completed for reasons beyond your control, and enough information exists to make a reasonable estimate of your income.

Status Indians

If you are a Status Indian who is farming on a reserve in Canada and do not file a tax return, you are eligible for CAIS provided you submit information concerning your income and expenses that you would have otherwise reported for tax purposes for program and reference years.

For more information on CAIS eligibility criteria, please refer to the CAIS Program Handbook.

Selecting a Protection Level

CAIS will automatically provide you with the highest protection level for 2006. If you do not wish to have your protection level defaulted to the highest level, contact CAIS prior to submitting your 2006 interim application. You can change your protection level at any time up to, but not after, the selection deadline.

It is important to remember that the lower the level of protection you choose, the lower the payment you will receive in the event of a large drop in your farm margin.

You have three choices:

Maximum Protection: You will receive a government payment for up to 70% of a total decline in your 2006 margin.

Medium Protection: You will receive a government payment for up to 66.5% of a total decline in your 2006 margin.

Minimum Protection: You will receive a government payment for up to 56% of a total decline in your 2006 margin.

Note that your payment may be larger than outlined above if you have a negative margin in 2006. A negative margin occurs when allowable expenses exceed allowable income. Negative margin coverage is not affected by the level of protection you select.

How Do I Apply?

Complete and submit your CAIS interim application and all required supporting documents to the CAIS Administration by **March 1, 2007**.

- If you are involved in **multiple farming operations**, you must complete an application for each operation and assign a number to each (all applications should be submitted together).
- **Partners** are eligible to apply to the program as individuals. If you farm as a partnership, each partner who wishes to apply must submit a separate form reporting 100% of the partnership's income and expenses. The Administration will calculate the government contributions for each partner based on their respective share of the partnership.
- **Corporations Co-operatives and Special Individuals must attach either:**
 - A copy of your 2005 Statement A, pages 1-5
 - or
 - The 2005 Reference Year Worksheet included in this Guide.
- **Individuals must attach either:**
 - A copy of your 2005 T1273 (Harmonized CAIS form), pages 1-5
 - or
 - The 2005 Reference Year Worksheet included in this Guide.

Introduction and Important Information

Submit interim applications to:

**CAIS Administration
P.O. Box 3200 Station Main
Winnipeg, Manitoba
R3C 5R7**

Or fax your application to (204) 983-3947

You must also submit copies of your Statements of Farming Activities as reported to the Canada Revenue Agency (CRA) for any of the fiscal years from 2001 through 2004 **unless this information was previously provided to the Net Income Stabilization Account (NISA) program and/or the CAIS program.** If you were not required to report farming income or loss to CRA in one or more of the three years previous to your 2006 fiscal year, you must complete the 2006 column of **Table 1: Production Indicators** and submit it with your application.

Important Notes

- The *2006 CAIS Interim Application* is an optional application. You do not have to apply for a 2006 interim payment to participate in CAIS for 2006. However, if you receive a 2006 CAIS interim payment, you are required to submit a final 2006 T1273 (Harmonized CAIS form) for Individuals or a Statement A for Corporations Co-operatives and Special Individuals. Applicants not meeting this requirement will be required to repay the benefits received through the interim application.
- Verifiable adjustments to information submitted on the interim application will be accepted for up to 30 days from the date of payment notification or up to the interim application deadline, whichever is later.
- You cannot request a review (appeal) of your interim application. However, you can request a review of your final 2006 CAIS Program application once it has been processed.

For further assistance, contact the CAIS toll-free information line at **1-866-367-8506** (English and French), or visit the CAIS Web site at **www.agr.gc.ca/caisprogram**.

Interim Payment Application

You will receive an interim payment when your estimated current year farm margin (program year margin) declines below your estimated historical farm income average (reference margin). Government funds are paid out based on the level of protection you have selected and the size of the loss experienced. Under the CAIS program, the further your program year margin drops relative to your reference year margin, the greater your CAIS payment will be. Subject to program criteria and eligibility, if your estimated current year margin has declined by 15% or more relative to your estimated reference margin, the Calculation of Interim Benefits will indicate the amount of government contributions you will receive through an interim payment. If your estimated current year margin declines by less than 15% relative to your estimated reference margin, no government contributions will be available to you through the interim application.

Introduction and Important Information

Payment levels are divided into four tiers.

For Margin Declines:

Your payment is calculated as follows:

TIER 1 - between 0% and 15%	The government pays you : 50¢ for every \$1.00 in margin decline
TIER 2 - between 15% and 30%	The government pays you : 70¢ for every \$1.00 in margin decline
TIER 3 - 30% or greater	The government pays you: 80¢ for every \$1.00 in margin decline
TIER 4 - Negative Margin	The government pays you: 60¢ for every \$1.00 in margin decline

Only producers who have insured the majority (more than half) of their insurable crop acres at 70% or more are able to receive negative margin benefits through the interim application.

After your interim application has been processed, a **Calculation of Interim Benefits** will be sent to you detailing your estimated program year margin and estimated reference margin. This calculation will also detail the information used to calculate your interim payment, as submitted on your interim application form. Should you find any errors or discrepancies between the information you submitted to the CAIS Administration and the information used in the calculation of your payment, contact the toll-free line at **1-866-367-8506** for assistance.

Completing the Application

I. Applicant Information

Name and Address: your name and the address to which you want the payment sent. If you have a partner(s), they must file a separate application.

Province of Main Farmstead: the province where your farm is located; if you farm in more than one province, your province of main farmstead is the one in which the majority of your farming income has been earned over your reference period.

Contact Person: complete if you want to have another person act as a contact for this application.

Production Cycle: before submitting this form, you must either:

- have completed a production cycle on at least one of the commodities you produce, or
- have been unable to complete a production cycle, on more than half of your farm's total production, due to circumstances beyond your control.

Applicant Number: If you are an Individual applicant, provide your Social Insurance Number. Corporate and co-operative applicants must provide their Business Tax Number. Trusts and communal organization applicants must provide their Trust Taxation Number.

Crop/Production Insurance: indicate (for the 2006 program year) whether you:

- produced commodities insurable (regardless of whether they have in fact been insured) under Production Insurance;
- insured the majority (more than half) of your insurable crops at 70% or more

Identify the applicable contract or identification numbers. These questions apply to all insurable acres, including those used for on-farm feed.

Partners: indicate the name, SIN/BN, and percentage share of each partner involved in the partnership.

II. Whole Farm Information

Question (a) will assist the CAIS Administration in determining whether your income and expense information needs to be combined with that of another farming operation which is part of the same whole farm.

In some cases, combining operations that report separately for tax purposes is necessary under the CAIS "whole farm" approach. This approach ensures only actual income declines, and not financial accounting procedures, trigger a payment. Two or more operations may be combined under CAIS if, in the opinion of the CAIS Administration, they are related persons or entities and if they:

- i) are not legally, financially, or operationally independent of one another; or
- ii) have engaged in transactions not at fair market value.

If you meet the above criteria, enter the PIN of the operation with which you should be combined. If more than one operation should be combined, attach a sheet identifying the additional PINs. You may be contacted by the CAIS Administration for details. Farm and financial information for the party or parties you are combined with may be required prior to processing your interim application.

For more information on combining operations, please refer to the CAIS Program Handbook.

Question (b) ensures that Structural changes to a farming operation are accounted for in the calculation of a CAIS program payment. Examples of structural changes are:

- an increase or decrease in farm acreage;
- an increase or decrease in the amount of livestock; or
- substantial shifts in the commodities produced.

Structural change adjustments are made to ensure that payments are reflective of an operation's program year productive capacity. Adjustments for structural change may be waived if it can be demonstrated that the change occurred as a direct result of a disaster.

If you expect your 2006 productive capacity (size) to be greater or less than the average of the past five years, you must check "yes" in response to question (b). Applicants who check "Yes" must complete **Table 1: Production Indicators** and submit it with their application. If you are a new participant in 2006, complete all years. Otherwise, complete only those columns for which you have not previously submitted information to the CAIS Administration.

For more information on structural changes, please refer to the CAIS Program Handbook.

III. Program Year Farming Activity

This section allows the CAIS Administration to determine the nature of your income decline, estimate your program year income, and ensure the calculations reflect significant increases in allowable program year expenses.

(a) Increased Expenses: if you have experienced a large increase in expenses, enter the total estimated amount of the 2006 program year expense (**not just the amount of the increase**) for that item. Enter only those amounts related to your 2006 production.

(b) Estimated Program Year Production

Note: If you produce a highly specialized or thinly traded commodity which the CAIS Administration does not have an established price for, you can submit your own price by clearly indicating it on your application or by attaching a written note. The CAIS Administration will determine if the price you wish to use is reasonable for your farm.

Calves Born: Report the total number of calves born (excluding deaths) and expected in the 2006 program year. Do not include calves held over from the previous year. Ensure you enter the average weaning weight for your calves.

Cattle Fed (owned): Report the number of animal feed days (not the number of animals) you expect in your operation to feed during the 2006 program year, categorized by estimated weight at your year end or time of sale. Animal feed days for cattle weighing 900 pounds or less must be shown in "Feeder Cattle" while those for cattle weighing more than 900 pounds must be shown in "Finished Cattle."

Include animal feed days for the animals with an appreciable gain (200 lbs weight gain or 60 days on feed for cattle).

Do not include animal feed days for the following:

- calves born in the 2006 program year that have been sold as calves or you expect to sell as calves (report these as Calves Born);
- calves held over from the previous year that have been sold as calves or you expect to sell as calves;
- breeding animals;
- culls.

(NOTE: For the purposes of the 2006 CAIS interim application, a calf is considered an animal that has not been weaned or one that is sold at weaning. Feed days should be counted from the point at which it is weaned.)

Animal feed days within the current fiscal period begin the day the animal is acquired or post weaning, and end with either the sale or the end of fiscal period, whichever is earlier. They are calculated as:

(Number of expected animals) x (Number of expected days each animal will be fed)

Completing the Application

Example: Producer has 100 calves born in the spring, and weans them in September, and continues to feed them all until the end of December. This producer should report the 100 calves born and also 9000 feed days of Feeder Cattle (90 days x 100 animals on feed).

Cattle Fed (custom feeder operators): Report the total number of animal feed days (not the number of animals) for cattle in your operation that you expect to custom feed during the 2006 program year. Animal feed days are calculated as shown on the previous page.

Hogs Born: Report the total number of expected births (excluding deaths) in the 2006 program year. Report births in either the Hogs, Farrowing, or Farrow to Finish categories. Report a birth only once in either of these two categories. For farrowing operations, ensure you enter the average weaning weight.

Feeder Hogs (owned): Report the number of animal feed days (not the number of animals) in your operation you expect to feed during the 2006 program year, categorized by estimated weight at your year end or time of sale. Animal feed days for hogs weighing more than 50 pounds must be shown in "Finishers," while those for hogs weighing between 10 and 50 pounds must be shown in "Nursery Hogs."

Include animal feed days for the animals with an appreciable gain.

Do not include animal feed days for the following:

- hogs born in the 2006 program year that have been sold as, or you expect to sell as, farrow pigs (report these as Hogs Born – any births reported under the farrow to finish category should not be included);
- hogs held over from the previous year that have been sold or you expect to sell as farrow pigs;
- breeding animals;
- culls.

NOTE: For the purposes of the 2006 CAIS Interim Application, a farrow pig is considered an animal that has not been weaned or one that is sold at weaning. Feed days should be counted from the point at which it is weaned.

Animal feed days within the current fiscal period begin the day the animal is acquired or post weaning, and end with either the sale or the end of fiscal period, whichever is earlier. They are calculated as:

(Number of expected animals) x (Number of expected days each animal will be fed)

Hogs (Custom Feeder Operators, all weights): Report the total number of animal feed days (not the number of animals) for hogs that you expect in your operation to custom feed during the 2006 program year. Animal feed days are calculated as shown above.

Poultry: Report the number of kilograms produced (annual quota held), categorized by bird.

Egg Production: Report dozens of eggs produced (annual quota held), categorized by use. Report egg production as either "Eggs for Consumption" or "Eggs for Hatching."

Other Production: Other estimated livestock production should be listed in as much detail as possible (for example, list "lambs born" or "wool produced" rather than just "sheep"). If you are a producer of purebred livestock, you must indicate in the description that the livestock is purebred in order to ensure the correct value is assigned to your 2006 program year production. **For commodities not measured by number of head,** report your yield according to the standard unit of measurement for the specific commodity (for example, PMU production should be reported on a per gram basis). Be sure to identify the type of unit.

Dairy: Report your annual production either in hectoliters of milk, or kilograms of butterfat. The number of calves born for the year should be reported.

Crop Description: Report the type and grade of crop that you harvested. Provide as much detail as possible in describing your crops (for example, specify “Wheat CWRS #1 (14.5%),” rather than just “Wheat”). Report production of forages that are sold or intended for sale; do not report production of feed for on-farm use for the purposes of the interim application.

of Acres: Report the number of acres of this crop that were seeded in the program year. If you were unable to seed/harvest all of your acres, indicate the reason here. For example, if you were unable to seed due to flooding, enter “zero” in the “# of Acres” column and “flooding” in the “Estimated Yield” column.

For commodities not measured by acres, report your yield according to the standard unit of measurement for the specific commodity. Be sure to identify the type of unit.

Greenhouses: Report your production in square meters, and include only productive areas.

Organic production - Do not identify your crop as “organic” unless you have been officially certified as an organic producer.

Estimated Yield (in tonnes) per Acre: Estimate your total program year production for this crop, on a yield per acre basis (report yield in tonnes per acre). If you were unable to seed/harvest all of your acres, indicate the reason here. For example, if you were unable to seed due to flooding, enter “zero” in the “# of Acres” column and “flooding” in the “Estimated Yield” column. For commodities that cannot be measured by tonnes, report according to the standard unit of measurement for the specific commodity. Be sure to identify the type of unit.

c) Program Payments: Report any amounts received, or that you expect to receive **related to the 2006 program year**. To avoid duplication of government support, other government program payments are included as income in the calculation of an interim payment. Failure to properly identify other government payments on this section of the form may result in an overpayment.

- Enter Production/Crop insurance payments related to the 2006 program year.
- Farm Income Payments (FIP) General or Direct, if you have a fiscal year end prior to April 1.

If you have received payments from any of the following programs **related to your 2006 program year**, include them in the Other Program Payments line:

- Nova Scotia Modified BSE Recovery Program
- Feeder Calf Set-Aside Program (all provinces)
- Nova Scotia Ruminant Industry Support Program
- Saskatchewan Herd Retention Program
- Manitoba Feeder Assistance Program
- Saskatchewan Cull Animal Program
- Manitoba Slaughter Deficiency Program
- B.C. Steer and Heifer Market Transition Program
- Manitoba Cull Cow Program
- B.C. Negative Margin Insurance Pilot Program
- Manitoba Other Ruminant Industry Transition Program
- Transitional Industry Support Program (TISP)
- Manitoba Drought Assistance Program
- Fed-Cattle Set-Aside Program (all provinces)

Completing the Application

Table 1: Production Indicators

Participants who answer “yes” to question b) under Whole Farm Information on the interim application form, as well as participants who did not report farming income or loss to CRA in one or more of the previous three years, must complete Table 1 and submit it with their interim application.

Section A: Seeded Acres

If you are a partner, report 100% of the acreage. If you are a tenant in a crop share, report only your percentage share of the acreage.

Section A: Under each “basket” category, indicate the total number of acres you seeded of crops that fall under that category in each year. Refer to the tables on the following pages to determine which crops fall under each basket in your province. For crops that are not part of a basket, list each separately under the Other Crops category and indicate the number of acres that you seeded with each crop in each year.

Note: For multi-year crops, where applicable, include details of factors that affect productivity, including age, density, and variety. Provide for each year the number of acres that were unseedable and summerfallowed (see below for definitions of unseedable and summerfallow).

There are worksheets available for producers with certain perishable commodities that can assist you in calculating your 2006 interim payment. These worksheets are available for apples and cherries in British Columbia, blueberries in New Brunswick and Nova Scotia, and for cranberries in all provinces. These worksheets can be obtained from the CAIS Web site at www.agr.gc.ca/caisprogram or by calling the CAIS toll-free line.

Unseedable - refers to acres in that year that were too wet or too dry to seed.

Summerfallow - refers to acres in that year that were unseeded for summerfallow purposes.

Section B: Livestock Information

If you are a partner, report 100% of the production. If you are in a livestock share agreement, report only your percentage share of the production.

Cattle and Hogs: Provide a breakdown of the number of females that have birthed for this operation within each year. For feeder operations (excluding custom feeders), enter the number of animals fed. The number of animals fed is made up of all animals which have had an appreciable weight gain, excluding all breeding animals, culls, and animals which have not been weaned and weaned animals born in the program year. For cattle, an appreciable contribution is defined as 90 kg (200 lbs) weight gain or a minimum of 60 days on feed.

For example:

If you fed and sold 50 feeder cattle (under 900 lbs) in the first 7 months of the year, and have fed another 50 feeder cattle (under 900 lbs) for the last 5 months you should record 100 feeder cattle (under 900 lbs).

Custom feeders, enter the number of animal feed days.

For supply-managed commodities, enter the amount of quota/ contract held in each year.

For other livestock that are intended for meat, enter the number of animal sales.

For other livestock intended for breeding, enter the number of females that have birthed.

For livestock that produces other products, enter the number of producing animals (e.g., honey bees: enter the # of hives; elk velvet: # of bulls producing).

Crop Basket

Commodity	BC	SK	MB	NB	NS	NL	YT
Barley	included	included	included	included	included	excluded	included
Buckwheat	included	excluded	excluded	excluded	excluded	excluded	excluded
Canary Seed	included	excluded	excluded	excluded	excluded	excluded	excluded
Canola	included	excluded	excluded	excluded	included	excluded	excluded
Chickpeas	excluded	included	excluded	excluded	excluded	excluded	excluded
Corn, Grain	included	excluded	excluded	included	included	excluded	excluded
Fababeans	excluded	included	included	excluded	excluded	excluded	excluded
Flax	included	excluded	excluded	excluded	excluded	excluded	excluded
Lentils	included	excluded	excluded	excluded	excluded	excluded	excluded
Linola	excluded	included	included	excluded	excluded	excluded	excluded
Mixed Grain	included	excluded	excluded	included	included	excluded	excluded
Mustard	excluded	included	included	excluded	excluded	excluded	excluded
Oats	included	excluded	excluded	included	included	excluded	included
Peas, Dry	included	excluded	excluded	excluded	excluded	excluded	excluded
Rye	included	excluded	excluded	excluded	excluded	excluded	excluded
Soybeans	included	excluded	excluded	included	included	excluded	excluded
Sunflowers	included	excluded	excluded	excluded	excluded	excluded	excluded
Sunola	included	excluded	excluded	excluded	excluded	excluded	excluded
Triticale	excluded	excluded	excluded	excluded	excluded	excluded	excluded
Wheat	included	excluded	excluded	included	included	excluded	included

Bean Basket

Commodity	BC	SK	MB	NB	NS	NL	YT
Beans, Black	excluded	included	included	excluded	excluded	excluded	excluded
Beans, Brown	excluded	included	included	excluded	excluded	excluded	excluded
Beans, Cranberry	excluded	included	included	excluded	excluded	excluded	excluded
Beans, Great Northern	excluded	included	included	excluded	excluded	excluded	excluded
Beans, Kidney, Dark Red	excluded	included	included	excluded	excluded	excluded	excluded
Beans, Kidney, Light Red	excluded	included	included	excluded	excluded	excluded	excluded
Beans, Pink	excluded	included	included	excluded	excluded	excluded	excluded
Beans, Pinto	excluded	included	included	excluded	excluded	excluded	excluded
Beans, Small Red	excluded	included	included	excluded	excluded	excluded	excluded
Beans, White Pea (Navy)	excluded	included	included	excluded	excluded	excluded	excluded
Soybeans	excluded	included	included	excluded	excluded	excluded	excluded



included



excluded

Crop Basket Guide

Vegetable Basket (Field)

Commodity	BC	SK	MB	NB	NS	NL	YT
Asparagus							
Beets							
Broccoli							
Cabbage							
Cantaloupes							
Carrots							
Cauliflower							
Celery							
Corn, Sweet							
Cucumbers							
Leeks							
Lettuce							
Onions							
Peas, Sweet							
Peppers							
Potatoes							
Pumpkins							
Radish							
Rhubarb							
Rutabagas							
Spinach							
Squash							
Tomatoes							
Turnips							
Vegetables, Chinese							
Wax Beans							

Forage Basket

Commodity	BC	SK	MB	NB	NS	NL	YT
Alfalfa							
Alfalfa/Grass							
Alfalfa Dehy							
Hay							
Silage							



included



excluded

Forage Seed Basket

Commodity	BC	SK	MB	NB	NS	NL	YT
Alfalfa, Seed							
Bentgrass, Seed							
Birdsfoot Trefoil, Seed							
Blue Grama, Seed							
Bromes, Seed							
Clover, Seed							
Fescues, Seed							
Grass, Green Needle, Seed							
Grass, Indian, Seed							
Grass, June, Seed							
Grass, Kentucky Blue, Seed							
Grass, Orchard, Seed							
Grass, Other, Seed							
Grass, Reed Canary, Seed							
Grass, Switch, Seed							
Grass, Tufted Hair, Seed							
Grass, Wheat, Seed							
Milkevetch, Seed							
Millet, Seed							
Rye Grass, Seed							
Sainfoin, Seed							
Timothy, Seed							

Herbs and Spices Basket

Commodity	BC	SK	MB	NB	NS	NL	YT
Anise							
Borage							
Caraway Seed							
Coriander							
Cumin							
Dill							
Echinacea							
Fenugreek							
Fireweed							
Ginseng							
Mint							
Parsley							
Sage							
St. John's Wort							

 included  excluded

Crop Basket Guide

Organic Crop Basket

Commodity	BC	SK	MB	NB	NS	NL	YT
Barley, Organic							
Beans, Organic							
Buckwheat, Organic							
Canary Seed, Organic							
Canola, Organic							
Fababeans, Organic							
Flax, Organic							
Kamut, Organic							
Lentils, Organic							
Linola, Organic							
Mixed Grain, Organic							
Mustard, Organic							
Oats, Organic							
Peas, Dry, Organic							
Quinoa, Organic							
Radish Seed, Organic							
Rye, Organic							
Soybeans, Organic							
Sunflowers, Organic							
Sunola, Organic							
Triticale, Organic							
Wheat, Organic							



included



excluded

