

Structure Change Adjustments

If your farm's productive capacity changes because of an increase or decrease in size, a change in commodities produced or other factors, a structure change adjustment may be applied. Your margins will be adjusted in the reference years to reflect the change. This ensures a fair comparison between your reference margin and your production margin for the program year. Because productive capacity generally increases over time, the adjustment benefits most producers.

A structure change can occur as a result of:

- a change in ownership,
- a new business structure,
- a change in size of operation,
- adopting a different type of farming activity,
- using a different method of accounting

To measure your farm's productive capacity, we consider:

- the number of acres you have in production, including those already producing a crop, or those which will be seeded within the year;
- in a breeder operation, the number of breeding females which have birthed, excluding breeding animals which have not birthed;
- in the case of a feeder operation, the number of purchased livestock sold in the fiscal year. The productive capacity of a custom feedlot operation is based on the number of animal feed days.

Disaster Situations

If a structure change occurred as a result of a disaster (i.e., if a drought resulted in fewer acres seeded or if disease reduced your livestock inventory), the structure change adjustment may be waived. Disaster situations are dealt with on a case-by-case basis. The structure change may also be waived if the farm's productive capacity cannot be restored, or until it is reasonable to restore the productive capacity.

If your application is adjusted for structure change, the Calculation of Program Benefits Notice will include a summary of how the adjustments were calculated.

For additional information on the structure change adjustment, refer to the [CAIS Handbook](#) and [Technical Information Circular #3 - Structure Change](#). Both documents are available on the CAIS Web site at www.agr.gc.ca/caisprogram or by calling CAIS toll-free at **1-866-367-8506**.

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How the Structure Change Adjustment is Calculated

The structure change adjustment is calculated as follows:

- For each year in the reference period, we calculate the difference between the number of productive units for each commodity or commodity group in the program year and the number of units in the reference year.
- The difference in productive units for each commodity is converted to a dollar amount by multiplying the difference in units by the benchmark per unit margin in that reference year for that commodity or commodity group.
- This dollar amount is then added (subtracted) to the unadjusted production margin for that reference year.
- Structure Change adjustments will be applied where the average unadjusted reference margin and the average adjusted reference margin differs by more than 5% and \$1000.

EXAMPLE

Here's an example of structure change adjustments applied to an operation producing grains and forages in Saskatchewan.

Productive Units	1999	2000	2001	2002	2003	2004
Crop Basket	500	500	500	500	600	800
Forage Basket	20	20	20	20	20	25

Productive Units Difference	1999	2000	2001	2002	2003
Crop Basket	300	300	300	300	200
Forage Basket	5	5	5	5	5

Historical Margins	1999	2000	2001	2002	2003
Crop Basket	\$107.16	\$85.15	\$66.48	\$87.31	\$32.64
Forage Basket	\$26.46	\$34.20	\$63.05	\$31.49	\$17.95

Difference Converted to \$	1999	2000	2001	2002	2003
Crop Basket	\$32,148.00	\$25,545.00	\$19,944.00	\$26,193.00	\$6,528.00
Forage Basket	\$132.30	\$171.00	\$315.25	\$157.45	\$89.75
Total	\$32,280.30	\$25,716.00	\$20,259.25	\$26,350.45	\$6,617.75

Results	1999	2000	2001	2002	2003	Olympic Average
Unadjusted Margins	\$32,211.00	\$26,334.00	\$28,343.00	\$28,510.00	\$29,175.00	\$28,676.00
Adjusted Margins	\$64,491.30	\$52,050.00	\$48,602.25	\$54,860.45	\$35,792.75	\$51,837.56

Reference Margin: \$51,837.56

This example shows the adjustments made to account for the increase in acreage. The structure change adjustment increased the operation's reference margin from \$28,676 to \$51,837, which would result in a higher CAIS payment for the producer.