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HOUSE OF COMMONS
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MINISTER STRAHL ANNOUNCES CAIS CHANGES AND \$950 MILLION FOR FARMERS

For Immediate Release

May 18, 2006

OTTAWA, Ontario, May 18, 2006 – Minister of Agriculture and Agri-Food and Minister for the Canadian Wheat Board Chuck Strahl today announced our budget commitment to change the Canadian Agricultural Income Stabilization (CAIS) program that will provide \$950 million in new support to Canada's producers.

The changes to CAIS are:

1. Adjusting the inventory valuation calculation retroactively to 2003
2. Expanding the eligibility criteria for negative margin coverage

"I have heard from farmers across the country that CAIS is not working for them, and I have committed to working with my provincial and territorial colleagues to replace it with separate income stabilization and disaster assistance programs that are simpler, more predictable and bankable," said Minister Strahl. "This government's changes to CAIS will better address the losses producers have experienced, and put significantly more money into the hands of more farmers this year."

Payments resulting from these changes to CAIS are expected to flow beginning this fall.

After adjusting the inventory valuation calculation, the CAIS applications that producers have submitted for 2003, 2004 and 2005 will be recalculated. If producers are entitled to more money after the recalculation, they will receive additional payments. This initiative is a one time federal government injection of \$900 million.

The \$50 million in federal funding for negative margin changes for 2005 and 2006 is part of the annual increase in support of \$500 million. Negative margins occur where expenses exceed income. This change will be cost-shared with provinces and territories, and will result in more farmers with negative margins due to back-to-back disasters being eligible for CAIS payments.

The \$950 million announced today is part of this government's \$1.5 billion agriculture budget commitment, which is one of the largest government commitments to the agricultural sector in the last decade.

For more information on the changes to CAIS, producers should call the toll free 1-866-367-8506 or visit www.agr.gc.ca/caisprogram.

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For further comment, call (613) 992-1966 or 297-2249