
THE FARM PRODUCTS MARKETING ACT
(C.C.S.M. c. F47)

Milk Marketing Quota Order, amendment *

Regulation 253/2014
Registered November 6, 2014

Manitoba Regulation 59/2006 amended

1 The Milk Marketing Quota Order, Manitoba Regulation 59/2006, is amended by this Order.

2(1) The section heading for subsection 37(1) is replaced with "Re-allotment under monthly quota and monthly quota credit exchange system".

2(2) The following is added after subsection 37(4):

37(5) Every registered producer is entitled to bid or offer quota credits in accordance with the terms, conditions and policies set out in Schedule D.

37(6) In accordance with the terms, conditions and policies set out in Schedule D, the quota credit system is to be operated by the designated staff referred to in that Schedule.

3 Schedule D to this Order is added as Schedule D to the Order.

* This Order is made under the *Dairy Farmers of Manitoba Marketing Plan Regulation*, Manitoba Regulation 89/2004, and is Order No. 2, 2014 of *Dairy Farmers of Manitoba*.

4 **This Order comes into force on August 1, 2014, or on the date it is registered under *The Statutes and Regulations Act*, whichever is later.**

September 11, 2014

Dairy Farmers of Manitoba:

David Wiens
Chair

Brent Achtemichuk
Secretary

APPROVED:

October 20, 2014

Manitoba Farm Products Marketing Council:

Ken Caldwell
Chair

Scott Stothers
Acting Secretary

SCHEDULE D
(Section 37)

QUOTA CREDIT EXCHANGE SYSTEM

Definitions

1 The following definitions apply in this Schedule.

"bid" means an application to be allotted quota credits under a monthly quota credit exchange program under the procedure set out in this Schedule.

"bidder" means a registered producer who in the opinion of the designated staff has submitted a bid for an eligible amount of quota credits in an acceptable form.

"contravention" means a contravention of the *Milk Quality Regulation*, Manitoba Regulation 168/2007.

"credit exchange clearing price" (CECP) of a monthly quota credit exchange system means the least amount, expressed in dollars and cents per kilogram of 1/100 of a kilogram of butterfat of quota credit, at which the cumulative volume (in an ascending order of amounts) of kilogram or 1/100 of a kilogram of butterfat offered for cancellation equals or most closely equals the cumulative volume (in a descending order of amounts) of kilogram or 1/100 of a kilogram of butterfat of quota credit requested for allotment.

"designated staff" means the employees of Dairy Farmers of Manitoba and other individuals designated by the board from time to time to operate the monthly quota credit exchange system.

"eligible amount" means

- (a) an amount of up to 12 days of daily quota in quota credits in kilograms of butterfat annually for an eligible bidder;
- (b) an amount of up to 24 days of daily quota in quota credits in kilograms of butterfat annually for an eligible bidder merit; or
- (c) an amount of up to 36 days of daily quota in quota credits in kilograms of butterfat annually for an eligible bidder gold.

"eligible bidder" means a registered producer who has not had a contravention in the latest 12-month period.

"eligible bidder merit" means an eligible bidder whose milk quality meets or exceeds the following criteria:

- (a) all monthly SCC tests must be less than 400,000 with the best 11 out of 12 month SCC average being less than 200,000;
- (b) all monthly IBC tests must be less than 40,000 with the best 11 out of 12 month IBC average being less than 30,000.

"eligible bidder gold" means an eligible bidder whose milk quality has met the following criteria:

- (a) all monthly SCC tests must be less than 300,000 with the best 11 out of 12 month SCC average being less than 150,000;
- (b) all monthly IBC tests must be less than 30,000 with the best 11 out of 12 month IBC average being less than 20,000.

"monthly quota credit exchange system" means the procedure operated from time to time for quota credit in accordance with this Schedule, under which a registered producer may offer to have the whole or a portion of the quota credit allotted to a registered producer cancelled in the manner provided in this Schedule, and a registered producer or an eligible person may bid to have quota credit allotted to a registered producer in the manner provided in this Schedule.

"offer" means an application to have quota credit cancelled under a monthly quota credit exchange system under the procedure set out in this Schedule.

"offeror" means a registered producer who in the opinion of designated staff has submitted an offer in an acceptable form with respect to quota credit allotted to him or her by the board.

"reallocation day" means the day on which a monthly quota credit exchange system is operated.

Quotas belong to the board

2 Despite the terms and provisions in this Schedule or of any forms or materials used in connection with this Schedule, as stated in section 6 of the Order, quotas belong to the board and any quota credits allotted under the procedure set out in this Schedule may be suspended, reduced or cancelled in accordance with the Order.

No assignment of payment

3 As stated in section 8 of the Order, a person may not offer to assign or assign payment or an entitlement to a payment or an anticipated payment from a monthly quota credit exchange system to another person without the prior written consent of the board.

Monthly quota credit exchange system administration

4 The monthly quota credit exchange system will be operated by the designated staff who are responsible for

- (a) establishing and publishing the date of each reallocation day;
- (b) receiving and processing offers and bids;
- (c) operating each monthly quota credit system; and
- (d) reporting the results of each monthly quota credit exchange system to the Board.

Additional administration provisions

5(1) Manitoba council may appoint members of its staff to act as observers and auditors of each monthly quota credit exchange system.

5(2) Except as provided in this Schedule, all particulars with respect to an individual offer or individual bid

(a) must be kept confidential by designated staff and Manitoba council observers and auditors; and

(b) must not be disclosed to

(i) the members of Dairy Farmers of Manitoba,

(ii) Dairy Farmers of Manitoba staff who are not designated staff, or

(iii) any other person.

Board may prescribe forms

6 The board may prescribe forms to be used in the operation of a monthly quota credit exchange program.

Program fees and program payments

7 In this Schedule, and in all forms and materials used in connection with the monthly quota credit exchange system

(a) all references to program fees and program payments are based on a kilogram or 1/100 of a kilogram of butterfat of quota credit basis;

(b) each program fee paid by a successful bidder must be paid on each kilogram or 1/100 of a kilogram of butterfat allocated; and

(c) each program payment paid to a successful offeror must be paid on each kilogram or 1/100 of a kilogram of butterfat of quota credit cancelled.

Monthly quota credit exchange system procedures

8(1) Designated staff may operate a monthly quota credit exchange system on the first regular business day after the 19th day of each month. At least one bid and at least one offer must have been received by the designated staff in accordance with subsection (3) before a monthly quota credit exchange system is operated in a month.

8(2) Designated staff may cancel, or may postpone for up to seven days at anytime, the operation of any monthly quota credit exchange system for any reason they consider advisable.

8(3) A person wishing to participate in a monthly quota credit exchange system must submit either an offer or a bid in writing, either by letter, fax or electronic mail, in a form satisfactory to the designated staff to the board's head office. The offer or bid must be received by the designated staff before 4:00 p.m. of the last working day before the 20th day of the month in which the proposed monthly quota credit exchange system is held.

8(4) Each offer on a particular monthly quota credit exchange system must include the following information:

- (a) the amount of quota credit expressed in kilograms or 1/100 of a kilogram of butterfat offered for cancellation;
- (b) the program fee, to the nearest cent per kilogram of butterfat, which the offeror is willing to accept upon cancellation of the quota offered for cancellation;
- (c) the date of the monthly quota credit exchange system (the month) to which the offer applies;
- (d) the name, address and signature of the offeror; and
- (e) the producer registration number of the offeror.

8(5) Each bid on a particular monthly quota credit exchange system must include the following information:

- (a) the amount of quota credit in kilograms or 1/100 of a kilogram of butterfat requested for allotment;
- (b) the program fee to the nearest cent per kilogram of butterfat which the bidder is willing to pay upon allotment of the quota credit requested for allotment;
- (c) the date of the monthly quota credit exchange system (the month) to which the bid applies;
- (d) the name, address and signature of the bidder; and
- (e) the producer registration number of the bidder where applicable.

8(6) In the case of an omission or defect in a bid or offer, the designated staff may not make any changes or additions to it, and the bid or offer must be rejected, unless the bid or offer is amended as set out in subsection (7). The fact that a bid or offer is rejected does not preclude the bidder or offeror from submitting another bid or offer.

8(7) An offer or bid may be amended or withdrawn, if the withdrawal or amendment

- (a) is either
 - (i) in writing and in the form of a letter, fax or electronic mail sent by the bidder or the offeror, or
 - (ii) by a telephone call received by at least two of the designated staff prior to the deadline;
- (b) is received by the designated staff at the head office of the board before 4:00 p.m. of the last working day before the 20th day of the month in which the monthly quota credit exchange system is to be held;

(c) is clear and unambiguous;

(d) identifies the bidder or offeror by name and if applicable producer registration number, and

(e) specifies the offer or the bid that is to be withdrawn or amended.

8(8) An offer or bid that is received after any deadline for submission for the system is to be rejected by the designated staff.

8(9) As provided in subsection 37(2) of this Order, the designated staff may refuse to accept or may postpone the processing of a bid or offer. A decision to postpone the processing of a bid or offer, or to reject a bid or offer made by the designated staff is final.

8(10) The designated staff may also establish terms and conditions before a bid or offer will be processed in the future. A person who is not satisfied with the terms and conditions established by the designated staff may appeal the decision in writing to Dairy Farmers of Manitoba.

8(11) On reallocation day, the designated staff are to proceed to match as closely as possible the cumulative volume (in an ascending order of amounts) of quota credits offered in the offers with the cumulative volume (in a descending order of amounts) of quota credits submitted in the bids. This procedure is to be known as "clearing" a monthly quota credit exchange system.

8(12) The credit exchange clearing price (CECP) as determined by clearing a monthly quota credit exchange system is the least amount at which the cumulative volumes most closely match and is

(a) the amount of the program fee payable to Dairy Farmers of Manitoba by a successful bidder; and

(b) the amount of the program payment payable by Dairy Farmers of Manitoba to a successful offeror under that monthly quota credit exchange system.

8(13) If a bidder has submitted a bid at an amount equal to, or higher than, the credit exchange clearing price on a system, the bid is successful, and the bidder shall pay to Dairy Farmers of Manitoba an amount equal to the credit exchange clearing price.

8(14) If an offeror has submitted an offer at an amount equal to, or lower than, the credit exchange clearing price on a system, the offer is successful and the offeror is entitled to receive from Dairy Farmers of Manitoba a program payment equal to the credit exchange clearing price.

8(15) Designated staff must

(a) contact each successful bidder; and

(b) advise the bidder of the amount to be paid to Dairy Farmers of Manitoba on or before the 15th day of the following month of the monthly quota credit exchange system.

8(16) If the designated staff determine, during clearing of a monthly quota credit exchange system, that the cumulative amount of the bids and offers does not balance, the higher amount is to be pro-rated to the lower amount.

8(17) After the operation of a monthly quota credit exchange system, the designated staff must report to Dairy Farmers of Manitoba the number of bids received, the number of offers received, the number of kilograms of butterfat and the amounts bid or offered in each bid or offer, together with the credit exchange clearing price and particulars of the successful bids and successful offers.

8(18) The allotment and cancellation of quota credits is effective as of the first day of the month in which the monthly quota credit exchange system was conducted.

8(19) Each participant in the monthly quota credit exchange system is to be advised in writing by the designated staff whether his or her offer or bid was successful.

Limits on bids and offers

9(1) No registered producer may offer or bid for quota credits that exceed 10% of the producers rolling 12-month daily quota in a 12-month rolling period or 36 days daily quota annually, whichever is less.

9(2) More than one bid or more than one offer may be made on the same monthly quota credit exchange system by the same person.

9(3) A person may not be both a bidder and an offeror on the same monthly quota credit exchange system. If a person submits one or more bids and one or more offers on the same monthly quota credit exchange system, the designated staff must not process any of them.

Program fees

10(1) All program fees paid to Dairy Farmers of Manitoba by successful bidders will be deducted from the bidder's final monthly milk cheque.

10(2) All program payments made by Dairy Farmers of Manitoba to successful offerors will be added to the offeror's final monthly milk cheque.

Information

11 Designated staff are to notify all registered producers in a format approved by the board of the results of each monthly quota credit exchange.

Effective date of Schedule

12 This Schedule takes effect for the first quota credit exchange that is at least 31 days after subsections 37(5) and (6) of this Order come into force.