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

Laying Hen Quota Order*

Regulation 128/98
Registered July 29, 1998

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* This Order is made under the *Manitoba Egg and Pullet Producers' Marketing Plan Regulation*, Manitoba Regulation 242/87 R, and is Order No. 2, 1998 of Manitoba Egg Producers.

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PART I
INTERPRETATION

Definitions

1 In this order,

"**annual utilization target**" of a registered producer during any calendar year will be established by multiplying the weekly average laying hen quota of that producer during a calendar year by the rate of lay multiplier;

"**aggregate provincial quota**" means the aggregate of all laying hen quotas allotted to registered producers by this Board;

"**facility**" means any building, structure, equipment or land used for raising or keeping laying hens;

"**global allocation**" means the number of laying hens the Board anticipates will be required to meet market demand for eggs produced in Manitoba at any point in time;

"**immediate family**" means an individual's spouse, parent, child, grandchild, or the spouse of the individual's child or grandchild;

"**laying hen**" means any class of hen that is 19 weeks of age or older;

"**laying hen quota**" means the maximum number of laying hens determined by the Board that may be kept at any point of time or in any place by a registered producer;

"**maximum permit**" means 125,000 laying hens;

"**maximum quota**" means 125,000 laying hens;

"**permit**" means a temporary laying hen permit or a laying hen permit;

"**Quality Assurance Program**" means the program approved by the Board and designated with that name, as same may be amended or varied from time to time;

"**quota**" means a laying hen quota;

"**rate of lay multiplier**" means 24.99;

"**registered producer**" means an egg producer who is duly registered with the Board and whose registration is in good standing;

"**Temporary Quota Leasing Program**" means the program approved by the Board and designated with that name, as same may be amended or varied from time to time.

M.R. 108/2007; 103/2008

PART II

ALLOCATION OF QUOTA

Application for quota

2 Any person may apply to this Board for an allotment of a laying hen quota at any time. Such application may be pursuant to clause 7(a), Part X, Schedule "A", or on the basis that such applicant was engaged in the production and marketing of eggs during the period commencing August 1, 1969 and terminating July 31, 1971 and has remained continuously engaged in such activities since August 1, 1971. Every application shall be in writing in a form prescribed by this Board and must be signed by the applicant and forwarded to the head office of this Board at Suite 18-5 Scurfield Boulevard, Winnipeg, Manitoba R3Y 1G3.

Criteria for allotment of quota

3 Each applicant for an allotment of a laying hen quota must be the registered owner or the sole operator of a facility that meets all of the requirements or standards for buildings, equipment, operation, egg storage, and animal care established by the Board from time to time.

M.R. 194/2004

Conditional allotment of quota

4 The Board may allot a laying hen quota conditional upon the acquisition of a facility within a specified period of time.

List to indicate quota

5 Subject to the provisions of this Order, a registered producer's laying hen quota shall be equal to the number of laying hens shown opposite his name on the list of registered producers approved by the Board on February 3, 1999, as same may be amended by resolution of the Board from time to time to reflect alterations or additions or deletions to same.

M.R. 35/99

Amendments to list

6(1) Subject to subsection (2) and to section 8, the Board may also, by resolution, amend the list referred to in section 5 from time to time to increase or decrease the laying hen quota of registered producers

(a) on a pro rata basis to reflect each registered producer's share of the global allocation at any point in time; and

(b) as provided under section 7 and Parts IV and XI; and

(c) as otherwise provided in this Order.

6(2) A producer may ask that the Board not increase the laying hen quota allotted to him as provided under subsection (1), section 7, or section 11 of Schedule "A", until further notice to the Board.

M.R. 9/99

Allocation to new entrants

6.1 From time to time the Board may select an individual or a Hutterite Colony to become a registered producer and may offer to allot a laying hen quota to such person. In selecting such persons the Board may establish a system for receiving applications from such persons and a method of selecting such persons from among the applicants. Each application shall be in writing in a form prescribed by the Board, must be signed by the applicant and accompanied by the processing fees established by the Board, and must be forwarded to the head office of the Board.

In the event the Board offers to allot a laying hen quota to a person, and such person does not accept the terms and conditions proposed by the Board in making such offer within the time specified by the Board, or in the event a person fails to comply with any term or condition established by the Board in making such offer or allotment to the person, the Board may withdraw such offer and allotment.

No individual and no Hutterite Colony shall be eligible to be selected for an allocation under this section if that individual or that Colony is or at any time has been a registered producer or has had an interest, direct or indirect, in a registered producer. For the purpose of this provision any person who is or was a partner or a shareholder of an entity that is or was a registered producer at a point in time shall be deemed to have an interest in that registered producer at that time.

The fact that

(a) the parent of an individual is or at any time has been a registered producer or has had an interest, direct or indirect in a registered producer; or

(b) a Hutterite Colony was established from the membership of a Hutterite Colony which is or at any time has been a registered producer or has had an interest, direct or indirect in a registered producer;

shall not in itself disqualify an individual or a Hutterite Colony from being eligible to be selected under this section.

M.R. 194/2004

Allocation of overbase

7 If the global allocation is estimated to be in excess of 54.189 million dozen eggs in any calendar year, after any adjustments under Part IV, such excess (the "Overbase") shall be allocated using the rate of lay multiplier to registered producers and to other applicants in accordance with the following formula:

(a) allotting approximately one-half of the Overbase as laying hen quota to persons who are not registered producers at that time and who have applied for registration, certification of a facility, and the allotment of a quota (a "selected person"), subject to any other terms or conditions established by the board with respect to such allotment, on such basis as the board may deem proper, provided no selected person shall be entitled to a quota in excess of 10,000 laying hens under this provision; and

(b) allotting the balance of the Overbase to registered producers who have applied for an increase in their quota subject to any other terms and conditions established by the board with respect to such increase, on a pro rata basis.

Any allotment of the Overbase made pursuant to (a) or (b) will be conditional upon the selected person or the registered producer satisfying the board that such party is the registered owner or the sole operator a facility that meets all of the requirements and standards for buildings, equipment, operation, egg storage, and animal care, and any other terms and conditions established by the board for the purpose of producing such party's proposed allotment of the Overbase within 12 months of the date of the receipt of notice from the board of the proposed allotment.

M.R. 194/2004; 108/2007

Quota not to exceed maximum quota

8 The laying hen quota of a registered producer shall not exceed maximum quota.

PART III

LAYING HEN PERMITS

Temporary laying hen permits

9(1) Any registered producer whose laying hen quota is less than maximum quota may apply to the Board for a temporary laying hen permit.

9(2) If the Board estimates that Manitoba producers will not be able to meet marketing opportunities for eggs produced in Manitoba during any particular period of time and does not want to alter quotas in the manner set out in clause 6(1)(a) or section 7 because of special circumstances, it may issue temporary laying hen permits to selected registered producers for a term of not more than twelve months in an amount not to exceed, in aggregate, such anticipated shortfall.

Laying hen permits for the industrial market

10(1) Any registered producer may apply to the Board for a laying hen permit to produce eggs to be sold to the Board for marketing by the Board for use in processing.

10(2) The Board may issue a laying hen permit to a registered producer who has entered into a contract with the Board providing for the sale of all eggs produced pursuant to such laying hen permit to the Board for marketing by the Board for use in processing pursuant to any marketing arrangements made by the Board to supply eggs for use in processing.

10(3) The Board may cancel or reissue a laying hen permit at the same time and for the same reasons it cancels or reallocates a laying hen quota.

PART IV

REDUCTION OR CANCELLATION OF QUOTA

Probation for undermarketing

11 Where a producer fails to market a quantity of eggs equal to at least 100% of his annual utilization target in any calendar year, such producer shall be deemed to be on probation during the following calendar year.

Reduction for undermarketing while on probation

12(1) Where a producer fails to market a quantity of eggs equal to his annual utilization target during a calendar year in which he is on probation, his laying hen quota following such calendar year shall be reduced to the lesser of

(a) his laying hen quota at the conclusion of the year while he was on probation; and

(b) the amount calculated by applying the following formula:

	[	(	the percent-	the percent-)]
The	[The	(	age of such	age of such)]
Producer's	[Producer's	(	producer's	producer's)]
Laying Hen	[Laying Hen	(	annual util-	annual utili-)]
Quota at	[Quota at the	(100%	ization tar-	ization target)]
the concl-	[conclusion	(	get marketed	+ marketed dur-)]
usion of	[of the year	(Minus	during the	ing the year)]
the year	[while he was	(	year prior	in which he)]
while he	[on probation	(	to probation	was on pro-)]
was on	[	(		bation)]
probation	[(_____)]
	[	(	2)]
Minus	[Times	()]
	[()]
	[()]

12(2) The Board may modify the formula set out in subsection (1) above in calculating a producer's laying hen quota following a calendar year in order to take into account changes in laying hen quota as a result of allocations or cancellations made pursuant to Schedule "A", on such terms as the Board deems appropriate.

Cancellation for undermarketing for three years

13 Where a registered producer fails to market a quantity of eggs equal to his annual utilization target in any calendar year, for three consecutive calendar years, the quota allotted to such producer may be cancelled by the Board.

Stand downs and relief from reductions and cancellations

14 The Board may exempt from the provisions of sections 11, 12, or 13 or any part thereof, any producer who:

(a) received permission from the Board in writing, because of major repairs and/or renovations to his facility, to temporarily curtail egg production, provided a written application for such permission has been received by this Board at least one month in advance of the commencement of such major repairs and/or renovations; or

(b) is allotted a quota pursuant to clause 7(a) or clause 13(1)(b) of Schedule "A"; or is reallocated a quota pursuant to section 37 or section 38; or is allotted an increase in a quota as a result of being a successful bidder in a Retirement and Quota Reallocation Program; provided that such producer applies to the Board for such exemption within 30 days of such allotment or reallocation, such exemption to be for a period not to exceed twelve months from the date of the allotment or reallocation of such quota, and following such exemption period, such producer's annual utilization target for the then current calendar year shall be reduced to a lesser amount, based upon the portion of the calendar year remaining at the end of such twelve month period; or

(c) was unable to market his annual utilization target because his facility was lost due to fire or other causes beyond his control, provided such producer applies to the Board in writing as soon as reasonably possible following such event, but in any event no later than three months following the end of the year in which such event occurred; or

(d) received permission from the Board in writing, to reduce or close down his facility as a result of a notification to the Board in writing that he plans to apply for a payment from the Retirement and Quota Reallocation System, subject to such terms and conditions as the Board may establish at the time such permission is granted; or

(e) has otherwise obtained permission from the Board in writing to reduce or close down his facility for a period of time, subject to such terms as the Board may establish at the time such permission is granted.

Cancellation of quota on retirement, death, winding up, etc.

15(1) The Board may cancel the quota allotted to a registered producer in the event of the death of the registered producer, the winding up or dissolution of the registered producer that is a corporation, or the dissolution of the registered producer that is a partnership.

15(2) The Board may also cancel the quota allotted to a registered producer in the event the registered producer receives permission from the Board under clause 14(d), and fails to meet the terms or conditions established by the Board in granting such permission.

Cancellation of quota on cancellation of registration

16 The quota allotted to a person shall be automatically cancelled in the event he ceases to be a registered producer.

Other reduction or cancellation of quota

17 The Board may suspend, reduce or cancel, either on a temporary basis or on a permanent basis, a quota:

(a) as set out in this Order; or

(b) where a producer has failed to comply with any regulation, order, or directive of the Board; or

(c) where the producer has failed to meet the requirements or standards for buildings, equipment, operation, egg storage, or animal health established by the Board; or

- (d) where a producer becomes insolvent or bankrupt or applies for a receiving order or has such an order made against it or takes a benefit from any Act for the time being in force for the relief of insolvent debtors, or if a receiver is appointed with respect to facilities used by a producer; or
- (e) where a producer has entered into a contract or agreement that would
- (i) deprive him of his right to the proceeds from the marketing of eggs produced by his laying hens, or
 - (ii) deprive him of his right to a payment or an entitlement to a payment or an anticipated payment from the Retirement and Quota Reallocation System to another person without the prior written consent of the Board, or
 - (iii) require him to purchase a product or a service in connection with the marketing of eggs by him, or
 - (iv) obligate him in any way with respect to the marketing of eggs by him in connection with the acquisition of a product or a service by him; or
- (f) where the Board has determined that the producer has failed to comply with the Quality Assurance Program; or
- (g) if the Board has reasonable grounds for believing that such action is in the interests of Manitoba producers, consumers or the egg industry.

M.R. 103/2008

PART V

OWNERSHIP OF QUOTAS AND PERMITS

Quotas and permits owned by the board

18 Quotas and permits are owned by the Board.

Quotas and permits non-transferable by producer

19 No person shall

- (a) transfer, assign, or sell a quota or permit to another person; or
- (b) offer to transfer, assign, or sell a quota or permit to another person, or receive payment for a quota or permit, or offer to buy a quota or permit from a producer or make payment to a producer for a quota or permit.

Retirement and quota reallocation system payments non-transferable

20 No person shall offer to assign or assign a payment or an entitlement to a payment or an anticipated payment from the Retirement and Quota Reallocation System to another person without the prior written consent of the Board.

PART VI
PROHIBITIONS

Prohibitions

21(1) No person shall raise or keep laying hens unless he has been allotted a laying hen quota or a laying hen permit by this Board.

21(2) No person to whom this Board has allotted a laying hen quota shall raise or keep laying hens in excess of the laying hen quota allotted to him by this Board.

21(3) No person to whom this Board has issued a laying hen permit shall raise or keep laying hens in excess of the number of laying hens specified on such permit.

21(4) No person shall raise or keep laying hens other than in or on a facility that has been certified by this Board for such purpose.

21(5) No person shall raise or keep laying hens in or on a facility at any point in time in excess of the number of the laying hens comprising the laying hen quota, or the portion of the laying hen quota, or the laying hen permit allotted or issued to him by this Board for that facility for that point in time.

21(6) No person shall raise or keep laying hens unless he has been issued a Laying Hen Certificate by this Board.

21(7) No person shall raise or keep laying hens other than in or on the facility specified on the current Laying Hen Certificate issued to such person by this Board.

PART VII
GENERAL

Effect of sharing

22 Where two or more persons keep laying hens in partnership, or in circumstances where there is a sharing by them whether familial, communal, or otherwise, of facilities, equipment, labour or services provided directly or indirectly by all or any of them, or pursuant to a contract jointly or severally with the same corporation, firm, or individual, for the purpose of this Order, the laying hens kept by one of those persons shall be deemed to have been kept by the other or others.

Acquisitions of interests in excess of maximum prohibited

23 Notwithstanding anything contained in this Order, but subject to section 25, the Board will take appropriate action to prevent a person from acquiring a direct or indirect interest in:

- (a) laying hen quotas in excess of maximum quota;
- (b) permits in excess of maximum permit.

Interest expanded

24(1) For the purpose of section 23, a person shall be considered to have a direct or indirect interest in the quota or the permit allotted to an egg producer if that person has an interest in an employment arrangement, a management arrangement or a loan or a guarantee involving that egg producer; provided however that the lending of money to an egg producer in the ordinary course of business by a bank, credit union, trust company, the Farm Credit Canada, the Manitoba Agricultural Services Corporation, or any other commercial lender recommended by the board and approved by the Manitoba Council, shall not be considered a direct or indirect interest in the quota allotted to or the permit issued to that egg producer for the purpose of this section.

24(2) For the purpose of section 23, a membership or share interest in a cooperative corporation engaged in the production of eggs will not be considered a direct or indirect interest by a registered producer in laying hen quotas or permits allotted to that cooperative corporation, provided such cooperative corporation has at least 50 other members who are also registered producers.

M.R. 108/2007

Exception for financial assistance to children

25 Notwithstanding section 23, the Board may approve the provision of financial assistance by a registered producer to one or more children of the registered producer or of a shareholder of a registered producer or of a partner of a registered producer for the purpose of enabling such child or children to acquire facilities and to become a registered producer. Any such approval will be subject to the applicants' satisfying the Board that

(a) the egg production business of the child or children will be completely separate from and independent of the egg production business of such registered producer (i.e. the businesses will be carried on on separate parcels of land, in separate facilities; there will be no sharing on a day-to-day basis of labour; there will be no commingling of supplies or feed; there will be no mutual ownership of any assets used in the businesses on a day-to-day basis; there will be no sharing of profits or losses, the parties keep and maintain separate financial statements and file income tax returns as separate entities); and

(b) such financial assistance is unsecured, directly or indirectly, with respect to the facilities and laying hens owned by the child or children; and

(c) the egg production business to be carried on by the child or children of the registered producer will operate completely independent of the parent.

The applicants shall provide the Board with an Undertaking in a form acceptable to the Board with respect to the matters set out in clauses (a) to (c) above.

Step-transactions prohibited

26 Notwithstanding anything contained in this Order, the Board will take appropriate action to prevent a person from acquiring control of, or acquiring a direct or indirect interest in quotas through a process:

(a) that involves more than one application to the Board; or

(b) that does not disclose to the Board, in conjunction with an application to the Board for any reallocation of quota, particulars of all contemplated or proposed future transactions which may involve

- (i) a subsequent reallocation of quota, or
- (ii) a future change in the legal or beneficial ownership of an entity, or
- (iii) an application to transfer quota from one facility to another facility.

PART VIII

CHANGES IN BENEFICIAL OWNERSHIP OF REGISTERED PRODUCERS

Special definitions

27 In this Part,

"controlling party" means a person who directly or indirectly is the legal or beneficial owner of an aggregate of more than 50% of any class of the issued shares of, assets of, or interest in an entity;

"entity" includes an association, partnership, body corporate, trust or other organization;

"substantial holder" means a person who directly or indirectly is the legal or beneficial owner of an aggregate of 10% of any class of the issued shares of, assets of, or interest in an entity;

"transfer" includes a sale, assignment, gift, bequest, devolution, purchase, mortgage, declaration of trust, or change in legal or beneficial rights.

M.R. 17/2013

Transfers by a substantial holder

28 In the event all or part of the beneficial or legal ownership of an interest in a substantial holder in an entity that is a registered producer is transferred by the legal or beneficial owner of such interest, the Board may cancel or reduce the quotas of such registered producer unless the parties to such transfer have requested in writing that the Board waive this provision and have each provided the Board, by Statutory Declaration and Certificate in a form acceptable to the Board, with full particulars of the proposed transfer, and any other information with respect to the assets and liabilities of the entity at the effective date of such transfer, and the Board has in its discretion waived this provision either conditionally or unconditionally.

The registered producer and the parties to the transfer will each be required to provide to the board a written undertaking, in a form satisfactory to the board, stating that such party will not apply

- (a) for a retirement payment under the Retirement and Quota Reallocation Program;
- (b) for the approval of a change in the beneficial ownership of the registered producer pursuant to Part VIII;
- (c) for the approval of an association of the registered producer with another registered producer pursuant to Part IX;

(d) for the reallocation of the quotas allotted to the registered producer pursuant to Part X; or

(e) to relocate the facilities of the registered producer under section 52;

for a minimum of five years following such waiver unless such party has first received the approval of the Manitoba Council to such application.

M.R. 108/2007

Grounds for non-waiver re transfers

29 The provisions of section 28 will not be waived by the Board if the Board has reasonable grounds for believing that as a result of such transfer a person would have a direct or indirect interest in a quota or quotas which aggregate in excess of maximum laying hen quota.

Bankruptcy or receivership of a controlling party

30 In the event a controlling party in an entity that is a registered producer becomes bankrupt or applies for a receiving order or has a receiving order made against it or takes the benefit of an Act for the time being in force for the relief of insolvent debtors, or if a receiver is appointed with respect to any interest of the controlling party in such registered producer, the Board may cancel or reduce the quotas of such registered producer unless the registered producer or the trustee or receiver requests in writing that the Board waive this provision and provides the Board, by Statutory Declaration and Certificate in a form acceptable to the Board, with full particulars of such happening and the Board has in its discretion waived this provision either conditionally or unconditionally, provided however that the Board will only waive such discretion on a temporary basis, and on terms and conditions, in order to allow the Trustee in Bankruptcy or Receiver reasonable time to dispose of such interest in the controlling party.

False or misleading information re transfers

31 In the event that the Board has reasonable grounds for believing that any information provided to it by Statutory Declaration or Certificate is false or misleading, or that any conditions established by the Board in waiving the provisions of section 28 or section 30 have not been met by the parties, the Board may cancel or reduce the quotas of the registered producer whether or not the provisions of section 28 or section 30 have been previously waived by the Board.

Reduction of requirements re certain transfers

32 The Board may establish policies from time to time reducing its requirements under section 28

1. with respect to a change in the membership of a Hutterite Colony where that Hutterite Colony is a registered producer or is the sole legal and the sole beneficial owner of all of the issued shares of a corporation that is a registered producer;
2. with respect to the transfer of shares of a corporation that is a registered producer

(a) from an individual to a member of that individual's immediate family, or

(b) listed on a public stock exchange unless 10% or more of the total outstanding shares of that class of the corporation are transferred, provided that this clause does not apply in respect of a series of transfers of shares within a period of 18 months by or to any one person that in the aggregate total 10% or more of the outstanding shares of that class of the corporation.

(c) from a shareholder of the corporation (the "departing shareholder") to another shareholder of the corporation (the "continuing shareholder") provided that:

(i) the continuing shareholder is the legal and beneficial owner of at least $66 \frac{2}{3}\%$ of the issued voting shares of the corporation prior to the proposed transfer, or

(ii) the shares being transferred by the departing shareholder represent 50% or less of the total issued voting shares of the corporation, and the shares being acquired by the continuing shareholder do not represent more issued voting shares of the corporation than are already held by the continuing shareholder,

and further provided this clause (c) does not apply unless

(A) the continuing shareholder and the departing shareholder have each held such shares for a minimum period of five years prior to the date of the proposed transfer,

(B) the Board has obtained the approval of the Manitoba Council to waive the requirements under section 28 without the necessity for the applicants to submit to the Board information relating to the consideration paid and received with respect to the proposed transfer.

For the purpose of this clause (c) the voting shares of the corporation must include a pro rata right, with all other voting shares issued by the corporation, to any and all dividends declared by the corporation and to a pro rata share of the assets of the corporation upon winding up of the corporation;

3. with respect to a change in the beneficial or legal ownership of an interest in a partnership that is a registered producer

(a) where the legal or beneficial ownership of an interest of such partnership is transferred to by an individual to a member of that individual's immediate family, or

(b) where a partnership interest is transferred from a partner of the partnership (the "departing partner") to another partner of the partnership (the "continuing partner") provided that

(i) the partnership interest of the continuing partner immediately prior to the transfer entitles the continuing partner to at least $\frac{2}{3}$ of the profits of the partnership and makes the continuing partner responsible for at least $\frac{2}{3}$ of the losses of the partnership, or

(ii) the partnership interest of the departing partner being transferred represents 50% or less of the entitlement of the partners to the profits of the partnership and 50% or less of the responsibilities of the partners for losses of the partnership, and the partnership interest being acquired by the continuing partner does not represent a larger entitlement to the profits of the partnership or a larger responsibility for the losses of the partnership than the partnership interest possessed by the continuing partner immediately prior to the transfer,

and further provided this clause (b) does not apply unless

(A) the continuing partner and the departing partner of each held such partnership interests for a minimum period of five years prior to the date of the proposed transfer, and

(B) the Board has obtained the approval of the Manitoba Council to waive the requirements under section 28 without the necessity for the applicants to submit to the Board information relating to the consideration paid and received with respect to the proposed transfer.

M.R. 17/2013

PART IX

ASSOCIATION OF REGISTERED PRODUCERS

Allotments to associated producers

33(1) If two or more producers are associated, the Board may treat the quotas allotted or the permits issued to one of them as having been allotted or issued to any of them.

Deemed association

33(2) For the purpose of this Order, a person is deemed to be associated with another person if:

- (a) one person is an entity of which the other person is an officer, director or substantial holder;
- (b) one person is an entity of which the other person is a partner;
- (c) one person is an entity that is controlled, directly or indirectly, by the other person;
- (d) both persons are entities and one entity is controlled, directly or indirectly, by the same individual or entity that controls, directly or indirectly, the other person;
- (e) both persons are members of a voting trust where the trust controls or operates or has an interest in the other person; or
- (f) both persons are associated within the meanings of clauses (a) to (e) with the same person.

Association of producers

33(3) For the purpose of this Order, a producer shall be deemed to be associated with another producer if one person has a direct or indirect legal or beneficial interest in the producer, and a person associated with that person has a direct or indirect interest in the other producer.

M.R. 170/2008

Association of registered producers

34 In the event that a registered producer is or becomes associated with another registered producer, the Board may cancel or reduce the quotas or permits of such registered producers unless the registered producers have requested in writing that the Board waive this provision and have each provided the Board, by Statutory Declaration and Certificate, in a form acceptable to the Board, with full particulars of all persons having a direct or indirect interest in such registered producers and the Board has in its discretion waived this provision either conditionally or unconditionally.

M.R. 108/2007; 170/2008

Grounds for non-waiver re association

35 The provisions of section 34 will not be waived by the Board if the quotas allotted or permits issued to such registered producers aggregate more than maximum quota or more than maximum permit, or if the Board has reasonable grounds for believing that a person would directly or indirectly have a legal or beneficial interest in a quota or quotas which aggregate more than maximum quota or in a permit or permits which aggregate more than maximum permit.

M.R. 170/2008

False or misleading information re association

36 In the event that the Board has reasonable grounds for believing that any information provided to it by Statutory Declaration or Certificate is false or misleading, or that any conditions established by the Board in waiving the provisions of section 34 have not been met by the parties, the Board may cancel or reduce the quota of the registered producers whether or not the provisions of section 34 have been previously waived by the Board.

PART X

REALLOTMENT OF QUOTA

Complete farm sales

37 In the event a registered producer sells the land, buildings, and equipment used by him for raising or keeping laying hens, the Board may reallocate the quotas used in association with such facility to any purchaser provided it is satisfied that no value has been attributed to such quotas and that no more than appraised value has been paid for such facility.

In applying this provision the Board may require an appraisal of the facility by a qualified appraiser to ascertain the appraised value of the facility using an appraisal method or methods approved by the Manitoba Council, such costs to be borne by the applicant(s).

The applicants will each be required to provide a Statutory Declaration in a form acceptable to the Board confirming the sale and purchase consideration (both direct and indirect). All agreements between the registered producer and the purchaser (including a detailed listing of all assets included in such sale) shall be appended to such Statutory Declaration.

Continue on page 17.

In the event that the Board has reasonable grounds for believing that any information provided in a Statutory Declaration is false or misleading, the Board may reduce or cancel the quotas in question, whether or not such quotas were reallocated.

The purchaser will be required to provide to the board a written undertaking, in a form satisfactory to the board, stating that the purchaser will not apply

- (a) for a retirement payment under the Retirement and Quota Reallocation Program;
- (b) for the approval of a change in the beneficial ownership of the registered producer pursuant to Part VIII;
- (c) for the approval of an association of the registered producer with another registered producer pursuant to Part IX;
- (d) for the reallocation of the quotas allotted to the registered producer pursuant to Part X; or
- (e) to relocate the facilities of the registered producer under section 52;

for a minimum of five years following such reallocation unless such party has first received the approval of the Manitoba Council to such application.

M.R. 108/2007

Sale of moveable buildings and equipment

38 In the event a registered producer sells a building used by him in raising or keeping laying hens, the Board may reallocate the quotas used in association with such building (and any equipment included in such sale) to such purchaser provided it is satisfied that:

- (a) the condition of such building allows for the moving of the building to a new foundation on property owned by the purchaser; and
- (b) the condition of such building and any such equipment included in such sale is such that same is capable of being used for the balance of the estimated useful life of such building and equipment after relocation and installation on the new foundation; and
- (c) no more than the appraised value has been paid for such building and equipment.

In applying this provision the Board may require an appraisal of the building and equipment by a qualified appraiser to ascertain the appraised value of the building and such equipment using an appraisal method or methods approved by the Manitoba Council, such costs to be borne by the applicant(s). In ascertaining whether no more than appraised value has been paid for the building and such equipment, the costs of removing such building and equipment and relocating same on a new foundation on property owned by the purchaser shall be borne by the purchaser and shall be deducted from the appraised value of such building and equipment.

The applicants will each be required to provide a Statutory Declaration in a form acceptable to the Board confirming the sale and purchase consideration (both direct and indirect) and any of the matters set out above. All agreements between the registered producer and the purchaser (including a detailed listing of all assets included in such sale) shall be appended to such Statutory Declaration.

The purchaser will be required to provide to the board a written undertaking, in a form satisfactory to the board, stating that the purchaser will not apply

- (a) for a retirement payment under the Retirement and Quota Reallocation Program;
- (b) for the approval of a change in the beneficial ownership of the registered producer pursuant to Part VIII;
- (c) for the approval of an association of the registered producer with another registered producer pursuant to Part IX;
- (d) for the reallocation of the quotas allotted to the registered producer pursuant to Part X; or
- (e) to relocate the facilities of the registered producer under section 52;

for a minimum of five years following such reallocation unless such party has first received the approval of the Manitoba Council to such application.

In the event that the Board has reasonable grounds for believing that any information provided in such Statutory Declaration is false or misleading, the Board may reduce or cancel the quotas in question, whether or not such quotas were reallocated.

M.R. 108/2007

Lease of complete farm

39 In the event a registered producer leases the land, buildings, and equipment used by him for raising or keeping laying hens for a term not to exceed two (2) years in length, the Board may temporarily reallocate the quota used in association with such land, buildings, and equipment to any lessee for the term of the lease provided it is satisfied that no value has been attributed to such quota and that no more than fair market rental for such facility is being paid under the lease arrangement directly or indirectly for the lease of such facility, or any other assets included in such lease (including any transaction with respect to laying hens).

In applying this provision the Board may require an appraisal of the facility to ascertain the fair market rental of the facility using an appraisal method or methods approved by the Manitoba Council, such cost to be borne by the applicant(s).

The applicants will each be required to provide a Statutory Declaration in a form acceptable to the Board confirming the rent consideration (both direct and indirect) and any of the matters set out above. All agreements between the registered producer and the lessee (including a detailed listing of all assets included in such lease) shall be appended to such Statutory Declaration.

In the event that the Board has reasonable grounds for believing that any information provided in such Statutory Declaration or any requested Certificate is false or misleading, the Board may reduce or cancel the quota in question, whether or not the quota was temporarily reallocated.

At the end of the lease term such quota shall automatically be reallocated by the Board back to the lessor. Any extension or renewal of a term under a lease will be treated as a new lease.

Temporary quota leasing

39.1 The Board may, upon application in a form acceptable to the Board, temporarily reduce the quota allotted to an applicant and simultaneously temporarily allot an equal quota to an applicant in accordance with the procedures set out in the Temporary Quota Leasing Program and subject to such terms and conditions as the Board may establish at the time of approving such temporary reduction and temporary allotment.

The applicants shall each be required to provide such acknowledgments and undertakings as may be acceptable to the Board as well as the particulars which may be specified in such acknowledgments and undertakings.

No temporary reduction or temporary allotment under this section shall be valid for a period of time extending beyond December 31, 2012.

At the end of any temporary reduction and temporary allotment, under this section the temporary reduction and the temporary allotment shall automatically be cancelled by the Board.

This section 39.1 shall cease to have effect as of January 1, 2013.

M.R. 103/2008

Bankruptcy or receivership of a registered producer

40 Notwithstanding clause 17(d), where a person who is a registered producer becomes a bankrupt or applies for a receiving order or has such an order made against him or takes the benefit of any Act for the time being in force for the relief of insolvent debtors, or if a receiver is appointed with respect to facilities of a registered producer, the Board may, upon written request of the Trustee in Bankruptcy or the Receiver, temporarily reallocate to the Trustee in Bankruptcy or Receiver the quota allotted to such producer upon terms and conditions as may be established by the Board at the time of such temporary reallocation.

Reallocation of quota and dispensing with financial information on death, disability or retirement

41 In the event of the death, disability or retirement of an individual who is a registered producer, the Board may, on written request of such registered producer or of the personal representative of such deceased registered producer, reallocate the quota allotted to such registered producer to the heir or designated member of such registered producer's immediate family

(a) who becomes the owner of the egg production business carried on by the registered producer and of the land, buildings and equipment used by the registered producer for keeping laying hens; or

(b) who becomes the owner of the egg production business carried on by the registered producer and of any assets owned by such registered producer in connection with such business, and becomes entitled to possession of the land and buildings used by such registered producer in connection with such business as the successor in possession to such registered producer;

without the necessity to provide the Board with an appraisal of the facility or confirmation of any sale and purchase consideration.

Reallotment of quota and dispensing with financial information on establishment of family partnership

42 Where an individual who is a registered producer enters into a partnership with a member of his immediate family, the Board may, on written request of such registered producer, reallocate the quota allotted to such registered producer to such partnership

(a) which becomes the owner of the egg production business carried on by the registered producer and of the land, buildings and equipment used by the registered producer for keeping laying hens; or

(b) which becomes the owner of the egg production business carried on by the registered producer and of any assets owned by such registered producer in connection with such business, and becomes entitled to possession of the land and buildings used by such registered producer in connection with such business as the successor in possession to such registered producer;

without the necessity to provide the Board with an appraisal of the facility or confirmation of any sale and purchase consideration.

Reallotment of quota and dispensing with financial information on establishment of a corporation

43 Where an individual who is a registered producer incorporates a corporation controlled by himself and/or members of his immediate family, or where the partners who are registered producers incorporate a corporation owned by themselves in the same proportion as they owned interests in the partnership, or where a registered producer which is a corporation incorporates a wholly owned subsidiary, the Board may, on written request of such registered producer, reallocate the quota allotted to such registered producer to such corporation or subsidiary

(a) which becomes the owner of the egg production business carried on by the registered producer and of the land, buildings and equipment used by the registered producer for keeping laying hens; or

(b) which becomes the owner of the egg production business carried on by the registered producer and of any assets owned by such registered producer in connection with such business, and becomes entitled to possession of the land and buildings used by such registered producer in connection with such business as the successor in possession to such registered producer;

without the necessity to provide the Board with an appraisal of the facility or confirmation of any sale and purchase consideration.

Partial and complete reallocation of quota to related persons

44 The Board may, upon application of a registered producer in writing, (herein called "the applicant") reallocate all or a portion of the quota allotted to such applicant to another person (herein called "the recipient") in the following circumstances:

- (a) with respect to an individual applicant, where the recipient is a member of such applicant's immediate family;
- (b) with respect to a partnership applicant, where all partners in the partnership are members of the same immediate family and where the recipient is a member of that immediate family;
- (c) with respect to a corporation applicant, where all legal and beneficial shareholders in such applicant are members of the same immediate family and where the recipient is a member of such immediate family;
- (d) with respect to a Hutterite Colony applicant (or a corporation applicant which is a wholly owned subsidiary of a Hutterite Colony) where the recipient is a wholly owned subsidiary of such applicant, or a daughter-Hutterite Colony, or a corporation wholly owned by a daughter-Hutterite Colony. For the purpose of this provision a daughter-Hutterite Colony shall mean a Hutterite Colony recently created as a result of the division of the assets and the membership of a Hutterite Colony;

provided that no such reallocation will be made until the recipient has established a separate facility owned and operated solely by him in which to keep laying hens, and further provided that the Board is satisfied that no value has been attributed to such quota.

The applicants will each be required to provide a Statutory Declaration in a form acceptable to the Board setting out the information specified therein and in the event that the Board has reasonable grounds for believing that any information provided in such Statutory Declaration or an Application is false or misleading, the Board may cancel or reduce the quotas in question, whether or not such quotas were reallocated.

The applicant and the recipient will each be required to provide to the board a written undertaking, in a form satisfactory to the board, stating that such party will not apply

- (a) for a retirement payment under the Retirement and Quota Reallocation Program;
- (b) for the approval of a change in the beneficial ownership of the registered producer pursuant to Part VIII;
- (c) for the approval of an association of the registered producer with another registered producer pursuant to Part IX;
- (d) for the reallocation of the quotas allotted to the registered producer pursuant to Part X; or
- (e) to relocate the facilities of the registered producer under section 52;

for a minimum of five years following the reallocation unless such party has first

received the approval of the Manitoba Council to such application.

M.R. 108/2007

Consolidation of existing laying hen operations

44.1 Any two or more registered producers (the "applicants") may apply to the Board to have all of the quotas allotted to the applicants reallocated to a single entity (the "intended recipient") for use in connection with a single facility as a single business operation.

The intended recipient may be a corporation or a partnership which is wholly owned, both legally and beneficially, by the applicants in such manner as may be satisfactory to the Board.

The applicants will each be required to provide a Statutory Declaration in a form acceptable to the Board confirming such information as may be requested by the Board. All agreements between the applicants and with the intended recipient must be appended to such Statutory Declaration.

In the event the Board has reasonable grounds for believing that any information provided in a Statutory Declaration is false or misleading, the Board may reduce or cancel the quotas in question, whether or not such quotas were reallocated.

The applicant and the intended recipient will each be required to give to the board a written undertaking, in a form satisfactory to the board, stating that such party will not apply

- (a) for a retirement payment under the Retirement and Quota Reallocation Program;
- (b) for the approval of a change in the beneficial ownership of the registered producer pursuant to Part VIII;
- (c) for the approval of an association of the registered producer with another registered producer pursuant to Part IX;
- (d) for the reallocation of the quotas allotted to the registered producer pursuant to Part X; or
- (e) to relocate the facilities of the registered producer under section 52;

for a minimum of five years following the reallocation unless such party has first received the approval of the Manitoba Council to such application.

M.R. 108/2007

Reallocation and maximum quota

45 No quota will be reallocated to an applicant corporation or partnership if:

- (a) any beneficial shareholder of such applicant corporation or any beneficial owner of the assets of such applicant partnership is
 - (i) a registered producer, or

(ii) a beneficial shareholder in a corporation which is a registered producer, or

(iii) a beneficial owner of the assets of a partnership which is a registered producer that has been allotted a quota or quotas which are equal to or aggregate in excess of maximum quota; or

(b) the Board has reasonable grounds for believing that as a result of such reallocation a person would directly or indirectly control or have an interest in quotas which aggregate more than maximum quota.

PART XI

RETIREMENT AND QUOTA REALLOCATION SYSTEM

Allotment and reallocation of quotas under system

46 Laying hen quotas may be cancelled and reallocated, and may be allotted and increased by the Board in accordance with the procedures set out in Schedule "A" hereto.

Acceptance of applications discretionary

47 The Designated Staff referred to in Schedule "A" may refuse to accept or may postpone the processing of any application to participate in the Retirement and Quota Reallocation System for such reasons or on such terms as they deem appropriate.

PART XII

FACILITIES

Quota and permit to be allotted for a facility

48 In allotting a quota or a permit to a registered producer, the Board may specify the facility in which the producer's laying hens, or any portion of such laying hens, must be raised or kept.

Standards for equipping and operating facilities

49 It is a condition of the allotment of a quota or a permit to a registered producer that such registered producer

(a) equip and operate the facility in or on which such producer raises or keeps laying hens in such a manner as to provide adequate space, proper ventilation, temperature control, feed, water, lighting and sanitation for the laying hens kept in such facility and in accordance with the applicable provisions of the Quality Assurance Program;

(b) maintain at all times a policy of insurance providing the type of coverage specified under the applicable provisions of the Quality Assurance Program, in such amounts as may be specified by the Board;

(c) otherwise care for and handle laying hens raised or kept by such producer in

accordance with the applicable provisions of the Quality Assurance Program; and

(d) allow representatives of the Board to enter such facility, measure the exterior and the internal space in the facility as well as cage floor area, inspect such facility and take samples from such facility as well as observe and monitor production and marketing activities within such facility.

M.R. 137/99; 103/2008

49.1 Repealed.

M.R. 137/99; 108/2007; 103/2008

Egg storage room

50 It is a condition of the allotment of a quota or a permit to a registered producer that such registered producer

(a) maintain, either in the facility specified for use in connection with such quota or a permit, or in close physical proximity thereto, an egg storage room that is capable of

(i) maintaining a controlled temperature of 10°C to 13°C (50°F to 55°F) at all times of the year, and

(ii) accommodating such producer's egg production until such time as such producer markets such production;

(b) utilize at all times such egg storage room to cool and store all of his egg production;

(c) operate such egg storage room in a manner as to ensure proper cooling of his egg production and non-contamination of such egg production by any product that may affect such eggs;

(d) keep such egg storage room clean and free of insects and rodents at all times; and

(e) allow representatives of the Board to enter such egg storage room, inspect such egg storage room, and take samples from such egg storage room as well as observe and monitor activities within such egg storage room.

M.R. 108/2007; 103/2008

Capacity limitations for facilities

51 The laying hen quota or permit allotted to a registered producer will not exceed the certified capacity of the facility specified for use in connection with such laying hen quota or permit. Such certified capacity shall only include useable production space, and shall be calculated by the Board using the applicable guidelines in the "Recommended Code of Practice for the care and handling of pullets, layers and spent fowl (Poultry - Layers)" distributed by Canadian Agri-Food Research Council (2003 and updates).

M.R. 137/99; 108/2007; 103/2008

Relocation and consolidation of facilities

52(1) Subject to section 53, in the event that a registered producer has been allotted a portion of the quotas or permits allotted to him for one facility and a portion for another facility or facilities, he may apply to the Board to transfer all or part of such quotas or permits from one facility to another facility or facilities, on a temporary or permanent basis. A registered producer may make application to relocate his laying hen production facilities to a new location.

Creditor consent for relocation

52(2) In conjunction with an application under subsection (1), such registered producer shall provide the Board with such information as the Board may require and such consents which the Board may request from any creditor who has been given security on the facilities used by the registered producer.

No application for change of facility for five years

53 In the event the board

- (a) approves a change in the beneficial ownership of a registered producer pursuant to Part VIII;
- (b) approves an association of persons who are registered producers pursuant to the provisions of Part IX; or
- (c) reallocs the quotas allotted to a registered producer pursuant to Part X;

it shall be a condition of such reallocation or such approval that the applicants for such approval or reallocation must acknowledge that only in the event of an unforeseen contingency acceptable to the Manitoba Council will a party be permitted to apply to transfer such quotas from the facility specified for use in connection with such quotas at the time of the change, association or reallocation, to a facility located on another property for a period of at least five years following the approval of such change, association or reallocation.

M.R. 108/2007

Exception to five year moratorium on applications

54 The Board may exempt a person from the provisions of section 53 with respect to a transfer or a change of the nature outlined in section 32, or with respect to reallocation of quota pursuant to sections 41 to 43 inclusive.

Emergency relocation

55 The Board may allow a registered producer to temporarily relocate his laying hens to another location in the event of an emergency even if the registered producer is not the registered owner or the sole operator of the facility on that new location.

Examination of facilities

56 It is the condition of the allotment of quota or the issuance of a permit to a registered producer that such registered producer allow any duly authorized representative of the Board to examine and measure the interior and exterior dimensions of his facility and to calculate minimum space requirements per laying hen from time to time for the purpose of certification or re-certification of such facility by the Board and to examine his facility to ensure compliance of same with the provisions of sections 49 to 51 inclusive. Prior to such examination, the Board will give reasonable notice to such registered producer of its intention to conduct such examination.

PART XIII

THE PLAN AND NON-APPLICATION

Extract from plan

57 This order is subject to the provisions of section 28 and subsection 29(2) of the Plan which presently read as follows:

"Association

28. Where two or more persons keep laying hens or pullets in partnership, or in circumstances in which there is a sharing by them whether familial, communal or otherwise, of facilities, equipment, labour or services provided directly or indirectly by all or any of them, or pursuant to a contract jointly or severally with the same corporation, firm or individual, for the purposes of this Plan and the regulations and orders made by the producer board, the laying hens or pullets kept by one of those persons shall be deemed to have been kept by the other or others.

Exemptions

29.(2) This regulation does not apply to eggs produced and sold for use by the producer of such eggs for hatching purposes."

Non-application of order

58 This order does not apply to:

(a) laying hens kept by the University of Manitoba, provided the eggs produced by such laying hens are consumed on the Campus of the University of Manitoba;

(b) laying hens kept by the Rockwood Institution, provided the eggs produced by such laying hens are consumed by the employees and inmates of the Rockwood Institution or Stony Mountain Penitentiary on the site of such Institution or Penitentiary.

**Repeal
59**

The *Laying Hen Quota Order*, Manitoba Regulation 176/90 is repealed.

July 7, 1998 MANITOBA EGG PRODUCERS:

Harold Froese
Chairman

Penny Kelly
Secretary

APPROVED

July 27, 1998 THE MANITOBA NATURAL PRODUCTS
MARKETING COUNCIL:

Howard Motheral
Chairman

Gordon H. MacKenzie
Secretary

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SCHEDULE "A"
(PART XI)

RETIREMENT AND QUOTA REALLOCATION SYSTEM

Quotas owned by Board

1 Notwithstanding the terms and provisions in this Schedule or of any forms or materials used in connection with this Schedule, as stated in section 18 of this Order, quotas are the property of the Board, and any quotas allotted pursuant to the procedure set out in this Schedule may be suspended, reduced or cancelled in accordance with this Order.

No assignment of payment

2 As stated in section 20 of this Order, no person shall offer to assign or assign a payment or an entitlement to a payment or an anticipated payment under the Retirement and Quota Reallocation System to another person without the prior written consent of the Board.

Definitions

3 In this Schedule,

"**Bid**" means a request to be allotted a quota unit upon payment of an administration fee pursuant to the procedure set out in this Schedule;

"**bidder**" means a registered producer or an eligible person who in the opinion of Designated Staff has submitted a Bid in an acceptable form;

"**Designated Staff**" means those employees of the Board designated from time to time to operate the Retirement and Quota Reallocation System;

"**eligible person**" means a person who is not a registered producer and who has met the criteria set out in section 3 of this Order;

"**Offer**" means an application to have quota units cancelled upon receipt of a retirement payment pursuant to 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 units allocated to such registered producer by the Board;

"**quota**" means laying hen quota;

"**quota unit**" means a quota equal to one laying hen;

"**program clearing amount**" ("PCA") on a Retirement and Quota Reallocation Program means the least amount, expressed in dollars and cents per quota unit, at which the cumulative volume (in an ascending order of amounts) of quota units offered for cancellation equals or most closely equals the cumulative volume (in a descending order of amounts) of quota units requested for allotment;

"**Reallocation Day**" means the day on which a Retirement and Reallocation Program is operated;

"Reserve" means an account established by the Board to which any quota acquired to balance a Retirement and Quota Reallocation Program in the manner contemplated by clause 8(12)(b) is credited; and to which any monies received for quota added to balance a Retirement and Quota Reallocation Program in the manner contemplated by clause 8(12)(a) are credited;

"Retirement and Quota Reallocation Program" means the procedure operated from time to time pursuant to this Schedule, whereby a registered producer may offer to have the whole or a portion of the quota allotted to such registered producer cancelled in the manner provided in this Schedule, and a registered producer or an eligible person may request that quota units be allotted to such person in the manner provided in this Schedule.

Retirement and quota reallocation system administration

4 The Retirement and Quota Reallocation System shall be operated by the Designated Staff. The Designated Staff shall be responsible for receiving and processing Offers, establishing the date of each Reallocation Day, publishing such dates, receiving and processing Bids, operating each Retirement and Quota Reallocation Program, and reporting the results to the Board.

The Manitoba Council may appoint Members of its Staff to act as observers and auditors of each Retirement and Quota Reallocation Program.

Except as provided in subsection 8(13) and to the extent necessary to provide notices required under subsection 8(5) or as otherwise required in this Schedule, all particulars with respect to an individual Offer or to an individual Bid shall be kept confidential by the Designated Staff and Manitoba Council observers and auditors, and shall not be disclosed to the Members of the Board, Board staff who are not Designated Staff, or any other person whatsoever.

The Board may prescribe forms to be used in the operation of a Retirement and Quota Reallocation Program from time to time. The Designated Staff may accept a Bid or an Offer, or an amendment or a withdrawal of a Bid or an Offer which is not in a prescribed form, as long as same is in writing and in the opinion of the Designated Staff substantially complies with any such prescribed form.

Application fees

5 The Board may by Resolution from time to time establish a non-refundable application fee for Offers under this Schedule. Each Offer must be accompanied by any necessary application fee. All application fees shall be credited to an operating account of the Board.

Retirement fund

6 All administration fees paid by successful bidders shall be credited to a trust fund established by the Board (the Retirement Fund). All retirement payments made to successful offerors shall be debited from the Retirement Fund.

Administration fees and retirement payments

7 In this Schedule, and in all forms and materials used in connection with the Retirement and Quota Reallocation System, all references to administration fees, and all references to retirement payments shall be expressed or shall be assumed to be expressed on a quota unit basis.

Each administration fee paid by a successful bidder must be paid on each quota unit allocated to such person.

Each retirement payment paid to a successful offeror will be paid on each quota unit cancelled.

Retirement and quota reallocation program procedures

8(1) The Designated Staff shall operate a Retirement and Quota Reallocation Program on or before the 5th day of the month following the month in which notification of receipt of an Offer is given by the Board to registered producers and eligible persons.

8(2) Designated Staff may cancel, or may postpone, for up to 7 days at any time, the operation of any Retirement and Quota Reallocation Program for any reason they deem advisable.

8(3) A person wishing to submit an Offer must do so in writing, either by letter, fax or e-mail, in a form satisfactory to the Designated Staff, to the Board's head office.

8(4) Each Offer must include any necessary application fee established by the Board for processing an Offer, together with the following information:

- (a) the name, address and signature of the offeror;
- (b) the Producer Registration Number of the offeror;
- (c) the amount of quota, expressed in quota units, offered for cancellation;
- (d) the retirement payment, to the nearest cent per quota unit, which the offeror is willing to accept upon cancellation of the quota units offered for cancellation;
- (e) the Retirement and Quota Reallocation Program (month) to which the Offer applies; and
- (f) an undertaking that the Offer will not be withdrawn by the offeror once a notice has been given to a registered producer of the Offer pursuant to subsection 8(5).

The Designated Staff may require an offeror to provide proof of the consent of any secured creditor of the offeror to the submission of such Offer.

8(5) Upon receipt of an Offer in an acceptable form, the Designated Staff shall cause a notice to be mailed, faxed or e-mailed to each registered producer and each eligible person indicating the fact that an Offer has been received; the number of offerors; the retirement payment per quota unit which each offeror is willing to accept upon cancellation of the quota units offered for cancellation by that offeror; the number of quota units offered for cancellation by each offeror at the proposed retirement payment level; the total number of quota units offered for cancellation; and the Reallocation Day. The notice may contain such other information with respect to the Offer and the options available to the registered producer as the Designated Staff deems appropriate.

8(6) A registered producer or an eligible person wishing to submit a Bid on a Retirement and Quota Reallocation System must do so in writing, either by letter, fax or e-mail to the Board's head office, in a form satisfactory to the Designated Staff, which Bid must be received by the Designated Staff prior to 4:00 p.m. of the last working day before the month in which the proposed Retirement and Quota Reallocation Program is to be held.

Each Bid on a particular Retirement and Quota Reallocation Program must include the following information:

- (a) the name, address and signature of the bidder;
- (b) the Producer Registration Number of the bidder, where applicable;
- (c) the amount of quota, in quota units, requested for allotment;
- (d) the administration fee, which the bidder is willing to pay upon allotment of the quota requested for allotment; and
- (e) the Retirement and Quota Reallocation Program (month) to which the Bid applies.

In order for a Bid to be eligible to be processed on a Program, the bidder must submit a separate bank draft or credit union primary order (or other method of payment acceptable to the Designated Staff) payable to the Board representing the full amount of the administration fee such bidder proposes to pay in connection with that Bid no later than 4:00 p.m. of the working day before the day on which the Retirement and Quota Reallocation Program is to be held.

8(7) In the case of an omission or defect in a Bid or in an Offer the Designated Staff may not make changes or additions to such Bid or Offer, and the Bid or Offer will be rejected. A member of the Designated Staff shall attempt to contact the bidder or offeror and to advise him/her of such rejection. The fact that a Bid or an Offer is rejected shall not preclude the bidder or offeror from submitting a subsequent Bid or Offer.

8(8) A Bid may be amended or withdrawn, provided such withdrawal or amendment is in writing and in the form of a letter, fax or e-mail satisfactory to the Designated Staff, sent by the bidder, and is received at the head office of the Board prior to 4:00 o'clock in the afternoon of the last working day before the month in which the proposed Retirement and Quota Reallocation Program is to be held. Such withdrawal or amendment must be clear and unambiguous and must identify the bidder by name and the Producer Registration Number, where applicable, and must specify the Bid that is to be withdrawn or amended.

Any Bid which is received after any deadline for submission for that Program will be rejected by the Designated Staff.

8(9) As provided in section 47 of this Order, the Designated Staff may refuse to accept or may postpone processing of any Bid or any Offer. Any decision to postpone the processing of a Bid or an Offer, or to reject a Bid or Offer made by the Designated Staff shall be final. The Designated Staff may also establish terms and conditions before a Bid or an Offer will be processed in the future. Any person who is not satisfied with the terms and conditions established by the Designated Staff before a Bid or Offer will be processed in the future may appeal such decision in writing to the Board.

8(10) On each Reallocation Day, the Designated Staff shall qualify all valid Bids and proceed to match as closely as possible the cumulative volume, in an ascending order of quota units offered, in the Offer(s) with the cumulative volume, in a descending order of quota units submitted, in the Bids. This procedure shall be known as "clearing" the Retirement and Quota Reallocation Program. The program clearing amount (PCA), as determined by clearing the Retirement and Quota Reallocation Program, shall be the least amount at which the cumulative volumes most closely match, and shall be the amount of the administration fee payable to the Board by a successful bidder and the amount of the retirement allowance payable by the Board to a successful offeror under that Retirement and Quota Reallocation Program.

8(11) Subject to subsection (12) herein and to the acceptance of the results by the Board under subsection (13),

(a) if a bidder has submitted a Bid with an administration fee equal to, or higher than, the PCA, then that Bid shall be deemed successful and the Board may negotiate the bank draft or primary order representing the full amount of the administration fee submitted by the bidder as payment for the quota units bid;

(b) if an offeror has submitted an Offer at a retirement allowance equal to or lower than, the PCA, then that Offer shall be deemed successful and the offeror shall be entitled to receive from the Board a retirement allowance equal to the PCA for such quota units offered upon cancellation of the quota.

8(12)(a) Upon the clearing of a Retirement and Quota Reallocation Program

(i) if it is determined by the Designated Staff that, at the PCA, the cumulative volume of quota units in the Offers are less than 75% of the cumulative volume of quota units in the Bids, the Designated Staff may cancel the Program, and

(ii) if it is determined by the Designated Staff that, at the PCA, the cumulative volume of quota units in the Offers are equal to 75% or more of the cumulative volume of quota units in the Bids, the Designated Staff may add to the Offers, on behalf of the Reserve, additional quota units, at the PCA, in an amount not to exceed the deficiency, or alternatively may deem the successful bidders to have Bid, at the PCA, a percentage of their Bid based on the ratio of the quota units comprising the successful Offers to the quota units comprising the successful Bids, in which case, the bidder shall be entitled to a refund of that portion of the administration fee submitted by the bidder in excess of the fee payable under the deemed Bid.

8(12)(b) Upon the clearing of a Retirement and Quota Reallocation Program, if it is determined by the Designated Staff that, at the PCA, the cumulative volume of quota units in the Bids is less than the cumulative volume of quota units in the Offers, the Designated Staff may:

(i) bid, on behalf of the Reserve, at the PCA, a number of quota units equal to the deficiency, or

(ii) cancel the Program.

8(13) Following the conduct of a Retirement and Quota Reallocation Program, the Designated Staff shall report to the Board the number of Offers received, particulars of the Offers as set out in subsection 8(5), the number of Bids received, the number of quota units and the amounts bid or offered in each Bid or Offer, together with the PCA and particulars of the successful Bids and successful Offers. The Board will review such report and if satisfied, in its sole discretion, that there have been no irregularities or deficiencies in the operation of the Retirement and Quota Reallocation Program, the Board may pass a resolution to accept such results.

Following the acceptance of the results of a Retirement and Quota Reallocation Program, the Board will pass a resolution to allot quotas to successful bidders and to cancel quota of successful offerors in order to implement such results.

Such allotment and cancellation of quotas will be effective as of the first day of the month following the month in which the Retirement and Quota Reallocation Program was conducted.

8(14) Following the Board's consideration of the results of a Retirement and Quota Reallocation Program, each participant in the Retirement and Quota Reallocation Program will be advised in writing by the Designated Staff whether his Offer or Bid was successful, and if the Bid or the Offer was successful, the effective date of the allotment or cancellation.

8(15) All funds submitted by unsuccessful bidders as proposed administration fees will be returned to such bidder.

Limits on bids and offers

9(1) A successful bidder will not subsequently be eligible to receive a retirement allowance in connection with the cancellation of the equivalent number of quota units under the System if all quota units allotted to such producer are cancelled within five years of such successful Bid. In the event such person subsequently submits an Offer of all quota units allotted to such person during such five-year period, an equivalent number of quota units shall be debited against the number of quota units offered, so that the offeror will only be entitled to receive a retirement payment with respect to the balance of such quota units, and the quota units so debited shall be credited to the Reserve.

A person who has been allocated an increase in laying hen quota under section 7 of this Order shall not be entitled to submit an Offer which would result in the laying hen quota allotted to such person being reduced below the level established prior to such allotment for a minimum of five years following the effective date of such allotment.

9(2) No Bid, when aggregated with any other Bids submitted by that bidder on that Reallocation Day, shall be processed if the number of quota units comprising the Bid, when aggregated with the quota units allocated to such bidder, would exceed maximum quota.

An offeror shall not be allowed to be a bidder on the same Retirement and Quota Reallocation Program and only the Offer will be processed.

Retirement fund

10(1) All administration fees paid to the Board by successful bidders will be allocated to the Retirement Fund.

10(2) All retirement payments made by the Board to successful offerors will be paid from the Retirement Fund.

Allocation from the Reserve

11 The Board may, from time to time, allocate quota units from the Reserve to registered producers in equal numbers (except to those registered producers who have asked the Board not to increase the laying hen quota allotted to such producers as provided in subsection 6(2) of this Order), and further provided that the quota units allocated to a registered producer shall not be increased above maximum quota.

Limitation re new producers

12 In the event a person is allotted a laying hen quota (the "initial allotment") and becomes a registered producer pursuant to an application to the board under section 6.1 of this Order, such person shall not be entitled to submit an Offer which would result in the remaining quota allotted to that person being reduced below the initial allotment to such person for a minimum of five years from the date of such initial allotment and thereafter the general limitations in section 9 of this Schedule will continue to apply to such person.

Information

13 The Board will make available to each registered producer, on request and in a form approved by the Manitoba Council, within 10 days following such Board approval, the results of the Retirement and Quota Reallocation Program.

M.R. 9/99; 56/2002; 108/2007