

DFPEI 2017-03
DAIRY FARMERS OF PRINCE EDWARD ISLAND

BOARD ORDER: DFPEI 2017-03

EFFECTIVE: 01 February 2017

Under the *Natural Products Marketing Act*, R.S.P.E.I.1988, Cap. N-3, and the Dairy Farmers of Prince Edward Island Regulations thereunder, Dairy Farmers of Prince Edward Island makes the following Order:

CREDIT TRANSFER ORDER

Application

1. This order establishes a system for the transfer of production credits between quota holders that are allotted quota by DFPEI.

Definitions

- 2(1) In this order
 - (a) “credit” means an unused unit of milk production, equal to 1 Kg of butterfat quota, that is created when daily quota is not filled to its maximum potential, including any flexibility granted by DFPEI to manage milk production, as permitted by the quota credit system.
 - (b) “credit purchaser” means a producer who has obtained credits from other producers;
 - (c) “credit transfer” is the assignment of one or more credits from one producer to another, which may be for a fee.
 - (d) “credit transfer exchange” means an exchange established, controlled and operated by DFPEI for the transfer of credits between producers;
 - (e) “credit vendor” means a producer who has transferred credits to other producers;
 - (f) “DFPEI” means Dairy Farmers of Prince Edward Island
 - (g) “milk” includes whole milk and such products of milk that are supplied, processed, distributed or sold in any form;
 - (h) “producer” means a person, partnership or company that produces milk for sale;

(i) “quota” means a dairy producer’s share of the market for milk as fixed and allotted by DFPEI;

(j) “quota credit system” a mechanism established by DFPEI that allows milk producers to over ship up to a maximum of ten (10) times their daily quota on a cumulative basis, referred to as over quota production credits, or to under ship up to a maximum of thirty (30) times their daily quota on a cumulative basis, referred to as under quota production credits.

(2) The words herein shall have the meanings as found in the *Natural Products Marketing Act*, the *Dairy Farmers of Prince Edward Island Regulations* under that Act.

Credit Transfer

3. Any credit transfer conducted between producers shall be transacted under the conditions established by this order.

Credit Transfer Quantities and Limits

4. Credits may be transferred in quantities expressed in kilograms of butterfat rounded to zero decimal places. The quantity of credits an individual producer may transfer at any one time shall be limited to an amount specified from time to time by a DFPEI Order. The specified maximum number of credits a producer may purchase or sell each month, effective 1 February 2017, shall be equal to not more than twenty-five percent (25%) of the production permitted by the producer’s quota for the calendar month in which the transfer occurs. For the purpose of this calculation, the production permitted for the calendar month the credit transfer occurs is calculated by multiplying the producer’s current daily quota allocation by the number of days in the calendar month.

Credit Transfer Exchange

5. DFPEI shall operate a credit transfer exchange for facilitation of credit transfers between producers.

Direct Producer to Producer Transfers

6. A producer is permitted to transfer credits directly to or from another producer, without participation in the credit transfer exchange.

Producer to Producer Contracts

7. All producer-to-producer credit transfers shall be registered with DFPEI using a Credit Transfer Contract Form provided by DFPEI. Contracts must be delivered to the Board office by 4 PM on the twenty-fifth day of the month of transfer. Where the twenty-fifth of a month falls on a weekend or a statutory holiday, the board shall accept producer-to-producer contracts until 4 PM on the next business day.

Contract Registration Fee

8. A registration fee of \$20.00 shall be paid to DFPEI to administer all direct producer-to-producer credit transfer contracts.

Payment for Transfers

9. All payments for credit purchases, regardless whether the transfer was made through credit transfer exchange or by a producer-to-producer credit transfer agreement, shall be payable to Dairy Farmers of Prince Edward Island and payments shall be disbursed to credit vendors by DFPEI. Payments must be received at the DFPEI office by 4PM on the second business day following the deadline for contract submission. Failure to deliver the required payment as ordered in this section shall result in cancellation of the contract.

Default of Payment

10. In the event of default of a payment for credit transfer, DFPEI shall require the credit purchaser to remit guaranteed payment, by bank draft or comparable payment method, within 2 business days of notice to the credit purchaser that their payment has been dishonoured. The guaranteed payment remitted shall be sufficient to pay the cost of the purchase, contract registration fee and any service charges related to the default that are levied by third parties.

Right of Offset

11. In the event of a default of payment for a transfer for which a producer is unable to provide guaranteed payment within 2 business days, as outlined in section 10, DFPEI shall retain the right to offset the indebtedness created by the default of payment against future revenues for milk sales, credit sales or quota sales, and shall withhold the required funds from future payments to the credit purchaser for settlement of the account.

Assignment prohibited

12. Credits may not be assigned to lenders. A producer's obligation created by an assignment of quota to a lender is not relieved by any credit transfer transaction.

Transition

13. Quota leases for the Month of February 2017 created under the authority of orders DFPEI 2007-02, Quota Leasing Order, and DFPEI 2005-06, Quota Leasing Exchange Order, for the month of February 2017 shall be executed as agreed.

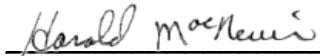
Revocation

14. Dairy Farmers of Prince Edward Island Orders DFPEI 2007-02, dated the 29th day of May 2007 and DFPEI 2005-06 dated 26 May 2005 are hereby revoked.

Commencement

15. This Order comes into force on the first day of February 2017.

DATED at Charlottetown, Prince Edward Island, this 31st day of January 2017.



Harold MacNevin, Chair



Ronald Maynard, Secretary