



# REALLOCATION OF QUOTA

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## **POLICY:**

Quota units may be reallocated from one authorized producer to another eligible producer providing the provisions of the Alberta Chicken Producers Marketing Regulation 3/2000 are complied with, and the Board has approved the Reallocation of Quota.

## **DEFINITIONS:**

1. Reference Alberta Chicken Producers Marketing Regulation 3/2000:
  - a. Section 2(3): Ownership Interest – a change in Ownership Interest occurs when there is:
    - i. A change in the individual quota holder;
    - ii. A change in the individuals of a partnership; or
    - iii. A change in the shareholders of a corporation
  - b. Section 18: Requires the Reallocation of Quota application be submitted to the Board for approval.
  - c. Section 32: Provides for a reduction and cancellation of quota due to varying circumstances.
2. Reallocation of Quota may occur between an/a:

|                             |                              |                              |
|-----------------------------|------------------------------|------------------------------|
| ✓ Individual to Individual  | ✓ Individual to Partnership  | ✓ Individual to Corporation  |
| ✓ Partnership to Individual | ✓ Partnership to Partnership | ✓ Partnership to Corporation |
| ✓ Corporation to Individual | ✓ Corporation to Partnership | ✓ Corporation to Corporation |

Statutory Declarations are available from the Board office for the following transactions:

- ✓ Corporate Buyer
- ✓ Individual Buyer
- ✓ Partnership Buyer
- ✓ Transfer of Ownership Interest
- ✓ Transfer or Ownership Interest to Spouse
- ✓ Transfer or Ownership Interest to a Family Member

★ The Statutory Declaration must be notarized by a *Commissioner of Oaths*

## **GUIDELINES:**

Quota units will be reallocated when: (1) all documentation is provided to the Board office; (2) the Seller and the Buyer meet the requirements and are in compliance with Alberta Marketing Regulation 3/2000; and (3) Board approval is granted.

1. A Statutory Declaration must be submitted for each Reallocation of Quota and for each time there is a Change in Ownership Interest.

NOTE: It is the Producer's responsibility to report to the Board any change in 'share structure' within a Corporation or Partnership.

2. Approval in Principle will take place by the Board when all documentation is provided to the Board office and any outstanding fees and levies are paid in full. Upon approval by the Board, the Seller's quota units will be removed and reallocated to the Buyer after the Seller has fully utilized his/her quota units in their final production cycle.

3. Following the Board’s approval of the Reallocation of Quota, if the Seller is selling all quota units, the Over/Underproduction balance forwards will be assumed by the Buyer; kilograms will be applied to the Buyer in the next six(6) cycles and/or may be adjusted in cycles where provincial allocation has not been set.
4. The Board will communicate to the Seller and the Buyer the effective start date of the Reallocation of Quota to correspond with the final production cycle of the Seller. The Seller will disengage any further production of the sold quota units when those quota units are reallocated to the Buyer. The Buyer then has the option to Lease Out the newly acquired quota units back to the Seller or other interested producers should the Buyer not be poised to assume production on the effective start date provided by the Board.

**PROCEDURES:**

The authorized producer (Seller) must make an application to the Board for approval to reallocate quota units prior to completion of the sale of any authorized quota.

1. If you are a NEW producer purchasing quota for the first time, or if you are an existing producer purchasing another facility, you are required to complete an *ACP New Producer/Stakeholder Information Form* to be set up as a Licensed producer with an authorized producer number. The Board will cancel and issue new Producer Licenses; A limit of one(1) Producer License per Legal Land Location will be issued.
2. The application for Board approval must include the following documentation:

| SELLER   | BUYER   |
|--|---|
| <ul style="list-style-type: none"> <li>✓ Written notice to reallocate X quota units, with or without facilities</li> <li>✓ <i>ACP Sales Agreement</i> (signed by both parties)</li> <li>✓ \$300 (plus GST) Reallocation Administration Fee (fee is usually paid by the Seller, but the Buyer may also agree to pay, or the amount can be split 50/50; fee is waived if transaction is within family members)</li> <li>✓ <i>ACP Processor Notification of Quota Reallocation Form</i> (signed by Seller &amp; Processor)</li> <li>✓ A letter addressed to Alberta Chicken Producers Board requesting <i>Approval in Principle</i></li> <li>✓ <i>Financial Institution Release Letter:</i><br/>(If a producer has a registered Financial Interest or Appointment of Attorney on file, the Financial institution must release the assignment on the quota and facilities by providing a Release letter to the Board office)</li> <li>✓ On the day, the final payment is received from the Buyer, the Seller must send a letter addressed to Alberta Chicken Producers Board requesting <i>Final Approval</i></li> </ul> | <ul style="list-style-type: none"> <li>✓ <i>ACP Sales Agreement</i> (signed by both parties)</li> <li>✓ \$300 (plus GST) Reallocation Administration Fee (fee is usually paid by the Seller, but the Buyer may also agree to pay, or the amount can be split 50/50; fee is waived if transaction is within family members)</li> <li>✓ Send your Processor the <i>ACP Processor Acceptance of Quota Reallocation Form</i> for signature and provide to ACP office</li> <li>✓ <i>Statutory Declaration;</i> notarized by a Commissioner of Oaths</li> <li>✓ Site Plan of your property outlining where your barns are located in proximity to your house and yard layout</li> <li>✓ Legal Land Location Certificate</li> <li>✓ APIEMT – 4 page document &amp; Premise ID</li> <li>✓ If you are a new producer entering the chicken industry, has the Producer Programs Manager been in contact with you to set up an appointment for a farm visit; must be done prior to placement</li> </ul> |

NOTE: Blank document templates are available from the Producer Services Coordinator at the Board office or ACP’s website [www.chicken.ab.ca](http://www.chicken.ab.ca)

3. The Board will notify the Financial Institution if the Seller has a registered Financial Interest or Appointment of Attorney is on file requesting a discharge of assignment on the quota and/or facilities before Approval in Principle is granted.
4. The Board will consider the Seller's application for Reallocation of Quota; a decision will be rendered via a Board Non-Controversial Motion or a Board resolution.
5. The Board will notify the Seller and the Buyer of the Board's decision to ensure timely execution of closing documents.
6. The Board will notify Hatcheries and Processors of the approved Reallocation of Quota by means of the *ACP Producer Cycle Summary Weekly Report*.
7. The Board will cancel and/or issue new producer Licenses reflecting the approved Reallocation of Quota; a limit of one(1) producer License per Legal Land Location will be issued.
8. Following the Board's Approval in Principle of the Reallocation of Quota, when an authorized producer sells the remainder of his/her quota, the Over and Under-production Balance Forwards are assumed by the Buyer.

An accurate 'Balance Forward' of kg must be confirmed with the Board office once the Seller's 'final marketings' are received i.e. the current Balance Forwards at the time of sale plus the Balance Forward from the final marketing cycle are added together to be applied to the Buyers next six(6) cycles.

The Buyer must notify the Board office within fourteen(14) days of chick placement, of the kilogram credit (Balance Forward) to be used in any future six(6) cycles where provincial allocation has not been set; however, if provincial allocation has been set and reported to CFC, the Balance Forward will be applied as per the Seller's original cycle.

9. If there is non-activity for two months on any application from an authorized producer for Reallocation of Quota, the file will be considered in-active.
10. Prior to approval from the Board, the Buyer and the Seller are to allow the Board office 4 weeks for processing the paperwork for a Reallocation of Quota. Following the Board's Approval in Principle, the Seller provides the Board Office with a request for Final Approval.

Allow the Board office two(2) weeks to: (1) Transfer the Quota from the Seller to the Buyer; (2) Transfer the Balance Forwards from the Seller to the Buyer of the remainder of his/her Balance Forwards (this may be split via percentage of total Quota Units purchased if more than one Buyer); and (3) Confirmation letter is sent to the Seller with a cc: to the Buyer and other parties involved.

Reference Minutes of:

|                  |                 |                  |                   |                   |
|------------------|-----------------|------------------|-------------------|-------------------|
| March 22, 1993   | October 7, 1999 | November 9, 1999 | December 10, 1999 | February 22, 2017 |
| October 10, 2018 | July 5, 2000    | August 28, 2002  | November 19, 2003 | December 2, 2011  |
| July 5, 2023     |                 |                  |                   |                   |