

MILK-FED AND GRAIN-FED VEAL PRODUCERS WORKSHOP – JOINT SESSION

Draft Agenda

- 1. ACHIEVEMENTS AND ONGOING JOINT BUSINESS IN THE MILK-FED AND GRAIN-FED VEAL SECTORS**
 - 1.1 Analysis and actions to galvanize the veal cattle sector**
 - 1.2 Veal sector projects**
 - 1.3 Veal sector life cycle analysis**
 - 1.4 RegiVeau mobile app**
 - 1.5 Federal and provincial involvement**
 - **Canadian Veal Association**
 - 1.6 Market development and promotion**



1. ACHIEVEMENTS AND ONGOING JOINT BUSINESS IN THE MILK-FED AND GRAIN-FED VEAL SECTORS

1.1 ANALYSIS AND ACTIONS TO GALVANIZE THE VEAL CATTLESECTOR

In 2022, the veal cattle sector (which includes the milk-fed [MF] and grain-fed [GF] veal sectors) initiated a project to outline potential solutions to ensure the sector's long-term viability.

The project's final report was submitted on the sector's behalf by Forest Lavoie Conseil inc. early in the year and contains recommendations and an action plan focused on four central points around which to improve the sector's competitiveness:

- Increase production through a competitive pricing structure to ensure positive margins for producers and processors;
- Increase synergy between generic promotion led by the PBQ and the various processors;
- Adopt a strategy relating to the purchase of crossed dairy calves to help maintain producer and processor competitiveness;
- Closely follow production, consumption, and international commerce trends in the main competitor countries in order to adapt the province's veal cattle sector to support its competitiveness.

Find below the success factors associated with these four points in either the milk-fed or grain-fed veal sectors.

Action	Grain-fed veal	Milk-fed veal
Implementation of a slaughterhouse grain-fed veal grading system	√	
Economic opportunity study on the use of a milk by-product as a milk powder replacement		√
Veal sector life cycle analysis	√	√
Study on optimal diet based on findings from the recent back fat project	√	
Dashboard		√
Solution-finding to limit the prevalence of ulcers and abomasum lesions in milk-fed calves		√

1.2 VEAL SECTOR PROJECT

In 2023, the cull cattle and dairy calf sector, as well as the milk-fed and grain-fed veal sectors, worked together to improve the supply of beef-crossed dairy calves to be fattened as veal cattle. A three-part project was launched to help the stakeholders keep up with changes stemming from the growing number of beef-crossed dairy calves on the market:

- Perform a literature review on beef-crossed calves in the main veal meat-producing countries in Europe and Oceania.
- Identify the best beef bull breeds to cross with Jersey, Ayrshire, and Brown Swiss Brown.
- Establish if any, the relationship between back fat deposition and the sex or type of calf.

Analyses about back fat deposits have revealed that Angus-crossed females present higher deposits than male and female purebred Holstein calves at the start of the grain-based finishing stage and significantly so after the second month of their finishing diet. The second phase of the project will look at how back fat deposits can be reduced through dietary changes.

1.3 LIFE CYCLE ANALYSIS OF THE VEAL INDUSTRY

This life cycle analysis project aims to undertake an environmental assessment looking at direct and indirect greenhouse gas emissions (GHGs) in order to outline the environmental impact of a product from farm to retail. The analysis should allow for a distinct assessment of GHG emissions from raising operations and those from abattage and processing, and allow for priority actions to be proposed to make improvements.

1.4 REGIVEAU MOBILE APP

RegiVeau is a mobile data-collection app developed by Attestra for use by farm operations which helps reduce paper record keeping.

This smart phone app allows producers to enter husbandry data, update identification numbers, and record mortality and treatments. Linked to the extranet site, the app will allow data to be available on either platform regardless of where the data is entered. The app and the extranet site's registry are recognized by the Verified Veal certification program and the Quebec Grain-Fed Veal certification.

The RegiVeau app should be available in the spring of 2024.

1.5 FEDERAL AND PROVINCIAL INVOLVEMENT

Canadian Veal Association

The PBQ is a member of the Canadian Veal Association (CVA) which represents producers, slaughterhouses and other veal sector stakeholders from Quebec and Ontario. In 2023, the CVA worked on a number of projects:

- Monitoring the work of the National Farm Animal Care Council towards the amendment of codes of practice relating to veal production, including updates to the *Code of Practice for the Care and Handling of Veal Cattle*;
- Ongoing watch of all Health Canada regulations tied to medicines;
- Work with various associations surrounding the adoption of legal restrictions in different US states that could have major impacts on access to these markets for Canadian veal meat;

MILK-FED AND GRAIN-FED VEAL

- Monitoring trends in the prevalence of crossed dairy calves in husbandry operations;
- Support in Agriculture and Agri Food Canada's update of the *Veal at a glance* document.

1.6 MARKET DEVELOPMENT AND PROMOTION

Market promotion and development activities tied to the Quebec Milk-Fed Veal and Quebec Grain-Fed Veal markets take the form of advertising focused on Quebec Veal products and centred around the following messaging:

- A healthy and multiple use form of protein;
- An easy to prepare everyday meat;
- An affordable and accessible form of protein;
- Raised with pride and care by local producers.

The milk-fed veal marketing committee has asked the grain-fed veal sector to renew the agreement relating to the promotion of milk-fed veal and its part in the Quebec Veal program.

Strategies for 2023 were:

- Demonstrate how veal meat is accessible, affordable, and healthy;
- Improve the visibility and standing of Quebec Veal as an alternative to the traditional beef and chicken mainstays;
- Offer producers exposure and also frame their offer as being locally sourced;
- Deploy retail signage to help consumers find veal products;
- Continue successful web activations that attract consumers to view and use our recipes.

As part of its bio-food market development program, \$292,000 was received from MAPAQ to promote Quebec Veal from December 2020 to December 2023. These funds were used to support:

- An Omnibus survey led by Léger among 1,000 respondents from November 25 to 28, 2022, to help target and strengthen promotional messaging for 2023;
- A collaboration with Pratico Média and influencer Jérémie Latreille (aka *Le Fit Cook*) to promote a recipe in the March edition of the *5 ingrédients, 15 minutes* magazine and on the 5-15 website, newsletter, and Facebook page and on the *Fit Cook's* social media. An ad for veal was also featured in the magazine;
- The design and production of a retractable banner for the *Championnat du monde de Pâté-Croûte* championship and festival on October 17, 2022;
- Winter, spring and summer campaigns on all the *Salut Bonjour* and *5 chefs dans ma cuisine* platforms (TV, website, Facebook, and Instagram), digital campaigns on Yahoo!'s network, and Quebec Veal social media campaigns on Facebook, Instagram, and Pinterest;
- Facebook and Instagram advertising campaign visuals to promote grocery store specials;
- Winter and spring influencer marketing campaigns with *Folks and Forks*.

Other promotional activities were led throughout the year:

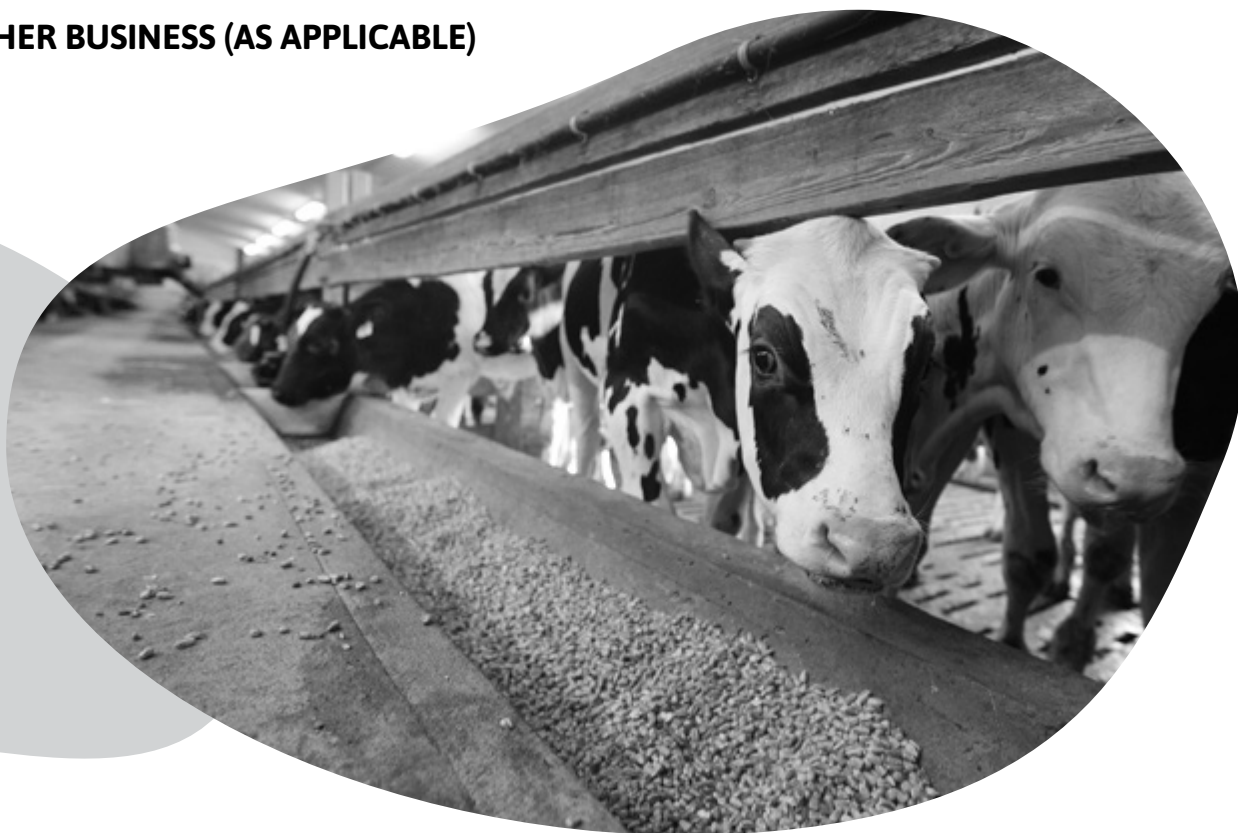
- Quebec Veal:
 - A summertime influencer marketing campaign with *Folks and Forks*;
 - The milk-fed and grain-fed veal meat cut guides were simplified and rebranded;
 - A contest launched on the Quebec Veal Facebook page;
 - A collaboration with Pratico Média and influencer Micael Béliveau (aka *Le Maître Fumeur*) to promote a recipe in the June edition of *5 ingrédients, 15 minutes* magazine and its website, newsletter, and Facebook page and on the *Maître Fumeur's* social media;
 - Collaborations with Montpak International and Famille Fontaine for the first edition of the *BBQ à la ferme* event as well as for the event with employees of Gordon Food Service.
- Quebec Grain-fed Veal:
 - A content-card campaign in collaboration with Famille Fontaine from April 20 to May 31 in front of the veal section in all Métro-brand grocery stores to promote an aged veal chop recipe;
 - Design of a grain-fed veal recipe booklet;
 - Two summertime influencer marketing campaigns with *Le Maître Fumeur*;
 - Sponsoring the BBQ recipe section of the *5 ingrédients, 15 minutes (5-15)* website, an ad in the 5-15 newsletter, and topical posts on the 5-15 Facebook page.
- Quebec Milk-fed Veal
 - A summertime influencer marketing campaign with Martin Goyette's *Guide de survie pour monoparental* recipe book.

GRAIN-FED VEAL

PRODUCERS WORKSHOP

Draft Agenda

1. STATE OF THE MARKET IN 2023
2. ACHIEVEMENTS AND ONGOING BUSINESS IN THE GRAIN-FED VEAL SECTOR IN 2023
 - 2.1 Restructuring of the marketing approach
 - 2.2 Expert network
 - 2022 group analysis exercise
 - 2.3 Historical production data
 - 2.4 Ongoing and completed projects
 - Development of an innovative commercial-scale classification system for veal carcasses using proven meat industry technologies
 - Impact of preslaughter management practices on the quality of grain-fed veal carcasses
3. SECTOR ORIENTATIONS FOR 2024
4. ELECTION OF THE COMMITTEE REPRESENTATIVE AND THEIR ALTERNATE
 - 4.1 Eligibility requirements
5. OTHER BUSINESS (AS APPLICABLE)



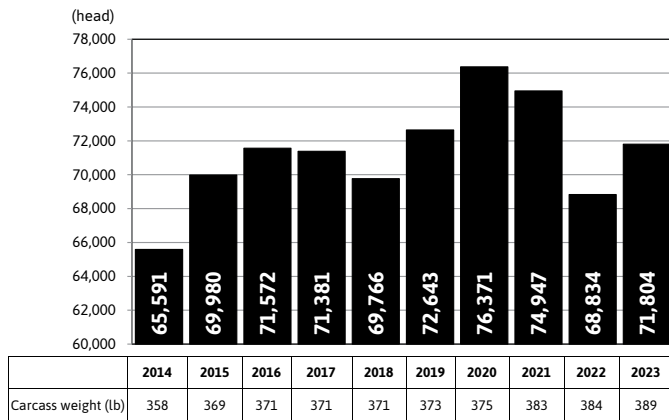
1. STATE OF THE MARKET IN 2023

Main observations and sector-specific issues

Grain-fed calf production had a strong start in 2023 with volumes higher than in 2022. These volumes met buyer demand until early March. In the months that followed, weekly supply was short by nearly 250 head. This shortage was more pronounced by the start of fall when demand is at its highest.

Due to the low volumes projected for the 2023 holiday period, the grain-fed veal marketing committee (CMMVG) and buyers agreed to add a premium to motivate producers to bring a portion of their calves to market a bit earlier for the November 15 to December 13, 2023, sales period.

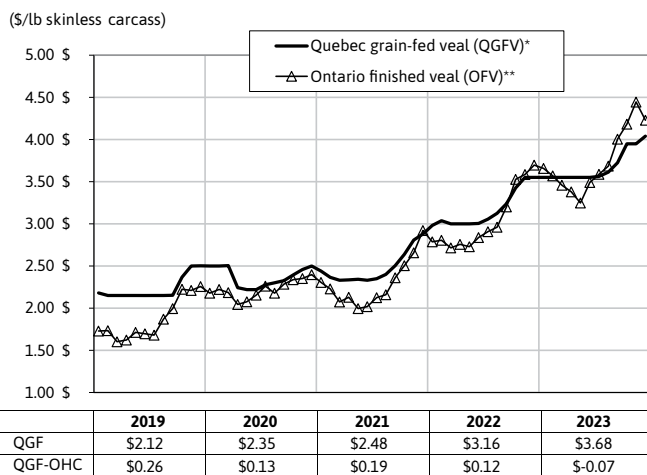
Figure 1: Quebec grain-fed calf production trends



Source:
• PBQ: Number and weight of Quebec-produced grain-fed calves

In 2023, grain-fed calf production rose by 4.3% compared to 2022, ending with a volume of 71,804 calves. The average carcass weight was 389 lb, representing a 5 lb increase compared to 2022.

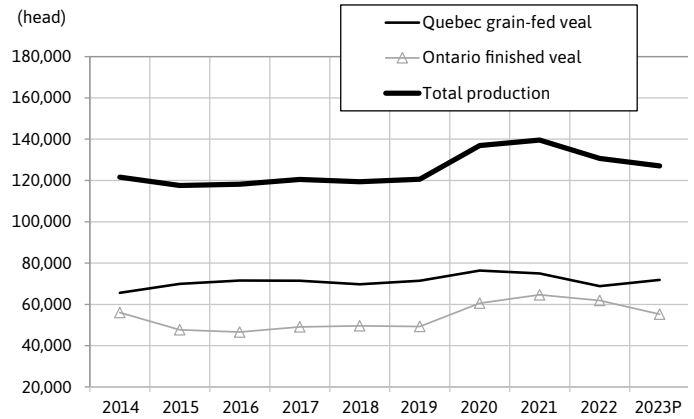
Figure 2: Price of Quebec and Ontario grain-fed calves



* Net price (auction price minus floor price support)
** Weekly price published by OCA live auction in the 600 lb and over category
Source:
• PBQ: Number of Quebec-produced grain-fed calves

The price of grain-fed calves rose in 2023 both on the Quebec and Ontario markets. Average prices in Quebec were established to \$3.68/lb cwt. Average prices in Ontario were \$3.74/lb in auctions and \$3.91/lb for direct sales to slaughterhouses for a weighted average of \$3.81/lb.

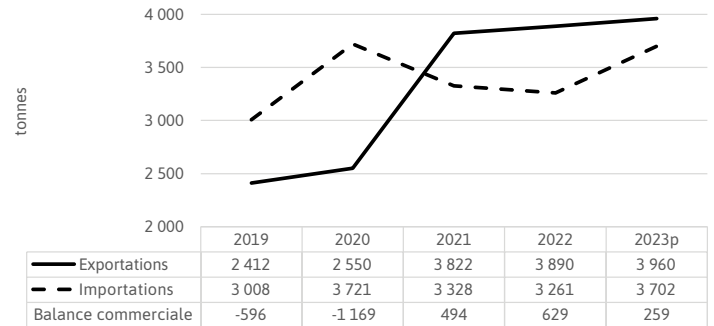
Figure 3: Grain-fed calf production comparison – Quebec versus Ontario



Sources:
• PBQ: Number of Quebec-produced grain-fed calves
• GBGA/Canfax: Number of grain-fed calves slaughtered in Ontario

Quebec grain-fed calf production rose by 4.3% in 2023 while Ontario production fell by 10.7%. Combined, production in both provinces rose to 127,000 calves, an estimated drop of more than 2.9%.

Figure 4: Canadian veal meat imports and exports – 2019 to 2023p



Sources:
• CFIA: Imports
• Statistics Canada: Exports

International trade

Canadian imports of veal meat are on the rise, 12% higher than 2022, while exports show a less substantial rise of 1.8%. Canada's trade balance nevertheless remains positive for a third consecutive year. New Zealand is the lead supplier with 58% of its exports going to Canada, following the Netherlands with 18% and the US with 16%. In terms of exports, 96% of Canadian veal meat is imported by the US.

GRAIN-FED VEAL

2. ACHIEVEMENTS AND ONGOING BUSINESS IN THE GRAIN-FED VEAL SECTOR IN 2023

2.1 RESTRUCTURING OF THE MARKETING APPROACH

At the end of 2022, buyers received a draft agreement centred on putting grain-fed calves to market (*Convention de mise en marché des veaux de grain*, or «Agreement»). Their feedback was collected in early 2023. Negotiations continued through the year.

A special general meeting of grain-fed veal producers took place on March 23, 2023, to consult with them about the restructuring of the grain-fed calf production and marketing regulations (*Règlement sur la production et la mise en marché des veaux de grain*, or «Regulations»). The meeting ultimately ended with a vote against the draft. Producers will be reconsulted at a later time.

The restructuring of the marketing approach will continue per the following steps:

- Signing of the new Agreement with buyers;
- Complete the Regulation's amendments and consult producers;
- Submit the new Agreement and Regulations to the provincial agricultural and food markets agency (RMAAQ).

2.2 EXPERT NETWORK

2022 group analysis exercise

This techno-economic analysis was led by VIA Pôle d'expertise en services-conseils agricoles and was based on financial information from farm operations. This allows producers to compare operating costs using data from other grain-fed calf producing operations.

This year, eleven operations participated in the group analysis exercise, a similar participation rate to the one seen in previous years.

2.3 HISTORICAL PRODUCTION DATA

Two calls were made by the CMMVG in 2023 for historical production data projects aimed at additional grain-fed calves:

- The first was in the spring and was open to operations already in production. Six producers submitted projects for a total of 4,600 calves.
- The second was in the fall and was open to all producers, including new and startup operations. A historical production data project for 872 calves was granted.

In 2023, eight such projects granted over the last three years were completed. Of the 6,870 calves involved, 91% were granted (i.e., 6,242 calves).

2.4 ONGOING AND COMPLETED PROJECTS

Development of an innovative commercial-scale classification system for veal carcasses using proven meat industry technologies

The ability to assess lean or sellable meat yield as part of carcass classification systems is essential for the meat industry. It allows market value to be determined and for carcasses to be sorted based on the market specifications.

A new system must ideally:

- Improve the classification system's exactness and objectivity;
- Ensure a just and predictable price for veal carcasses;
- Encourage producers to adopt husbandry practices that support good quality veal production that meets consumer demand.

The veal industry supports the development of a yield ruler. Yield rulers have already proven their effectiveness and ease of use in the beef industry.

Throughout 2023, research teams from Agriculture and Agri-Food Canada (AAC)'s Research and Development Centres in Sherbrooke, Quebec, and Lacombe, Alberta, began data analysis and development of a prototype.

In 2024 and in collaboration with the Canadian Beef Grading Agency (CBGA), one of these research teams will validate the yield ruler with participating slaughterhouses in an effort to assess the percentage of total lean meat yield from the current inventory of grain-fed calf carcasses. This validation step should allow for the establishment of yield classes based on yield distribution.

Impact of preslaughter management practices on the quality of grain-fed veal carcasses

Seeing as carcass quality is closely tied to market value, any depreciation translates into economic losses for producers. We estimate that nearly a third of depreciations are due to preslaughter management practices.

The project's aim was to determine the impacts of farm management, transport and slaughterhouse conditions on calf welfare and stress and on meat quality characteristics such as pH, water retention, and colour.

The project was concluded in fall 2023 and will inform the sector on the main preslaughter management conditions that impact meat quality.

3. SECTOR ORIENTATIONS FOR 2024

In 2024, the grain-fed veal sector intends to focus on the following:

- Continuing the implementation of the veal sector's strategic planning;
- Maintaining involvement in the Canadian Veal Association (CVA) and the federal working group on the competitiveness of veal to ensure the sector's priority issues are known to stakeholders, public decision-makers, and governments;
- Finding solution to address the increase in the number of crossbred calves in veal cattle operations in collaboration with the cull cattle and dairy calves sector and the CVA.
- Signing an agreement with grain-fed calf buyers as part of the marketing approach's restructuring initiative;
- Obtaining producer approval for the grain-fed calf production and marketing regulations (*Règlement sur la production et la mise en marché des veaux de grain*) and submit it to the RMAAQ;
- Improving the quality of dairy calves put to market in collaboration with the cull cattle and dairy calves marketing committee and being actively involved in the Forum Veau stakeholder forum;
- Continuing the «Development of an innovative commercial-scale classification system for veal carcasses using proven meat industry technologies» project including the tool validation phase made possible by the CBGA and the AAC's research teams;
- Undertaking the necessary regulatory efforts to implement a pan-Canadian classification system;
- Continuing the project surrounding exploratory measures on trends in grain-fed calf back fat thickness;
- Undertaking the life cycle analysis of veal industry project;
- Pursuing initiatives to enable the adaptation of the *Health of Animals Regulations - Part XII: Transport of Animals-Regulatory Amendment* in collaboration with the grain-fed veal sector and the cull cattle and dairy calf sector.
- Implementing the 2024 promotional plan.

4. ELECTION OF THE COMMITTEE REPRESENTATIVE AND THEIR ALTERNATE

4.1 ELIGIBILITY REQUIREMENTS

- Be in production at the time of their appointment;
- Reside or have an operation within the group's territory as outlined by the Joint Plan (*Plan conjoint des producteurs de bovins du Québec*);
- Be registered in the Joint Plan's grain-fed veal category;
- Having raised (on their own or another's behalf) or having produced and put to market at least 50 grain-fed calves over the past calendar year;
- In the case of a corporate body or corporation, the individual person receiving the mandate must also:
 - Be active in the cattle operation other than as a funder;
 - Hold at least 20% of its capital stock or issued shares;
 - Sit on its board of directors, if applicable, and having voting rights;
- Have paid the contributions outlined by the Joint Plan or, failing such, having taken legal action to contest them within 30 days of their invoice.

5. OTHER BUSINESS (AS APPLICABLE)

