

ANNUAL GENERAL MEETINGS of producers groups covered
by the Quebec cattle producer's Joint Plan

January-February 2024



GRAIN-FED
veal



FEEDER
calf



MILK-FED
veal



CULL CATTLE
and dairy calf



FED
cattle

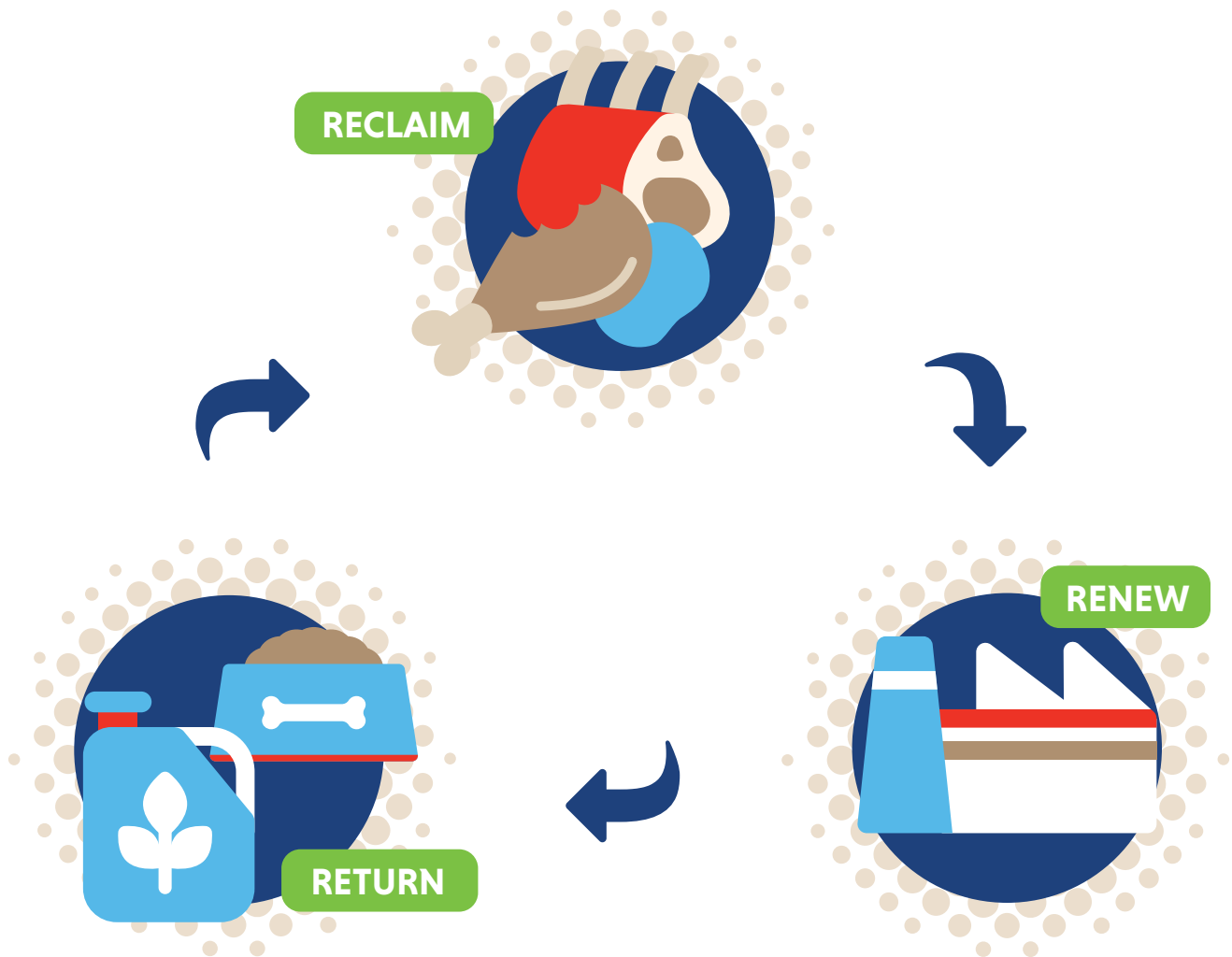
Les Producteurs
de bovins du
Québec

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Every day, thanks to Sanimax, nothing is lost, nothing is created, **everything is transformed.**



- **Two million tons** of organic by-products are renewed annually
- **17 modern** processing sites
- **2500 employees** in America

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SECTION 1

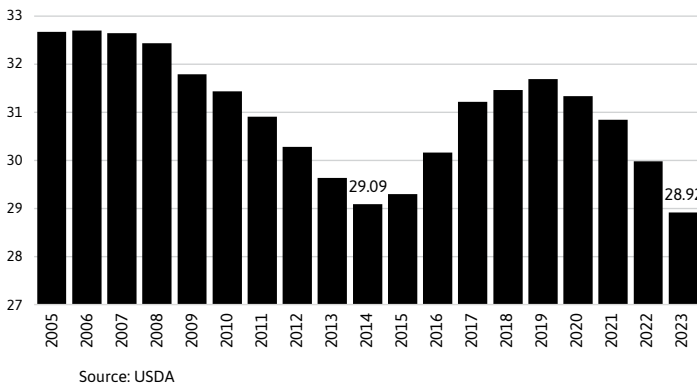
ACTIVITIES IN 2023



1. MARKET

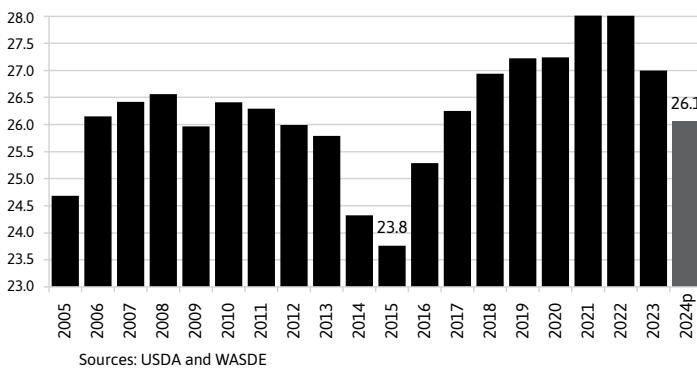
North American beef cattle inventory has been in contraction since 2019. Droughts ongoing since 2020 have forced producers to reduce the size of their herds more than had been forecasted. According to statistics from the USDA (United States Department of Agriculture), cow-calf inventory is estimated to be at 28.9 million as of January 1, 2023, down by 2.8 million compared to 2019 and the lowest reported by the USDA since 1962. Similarly in Canada for the same time point, Statistics Canada reported a total inventory of 3.5 million beef cows, representing a 2% and 5% drop compared to 2022 and 2019 respectively.

Figure 1. Beef cow inventory in the US (in millions of heads)



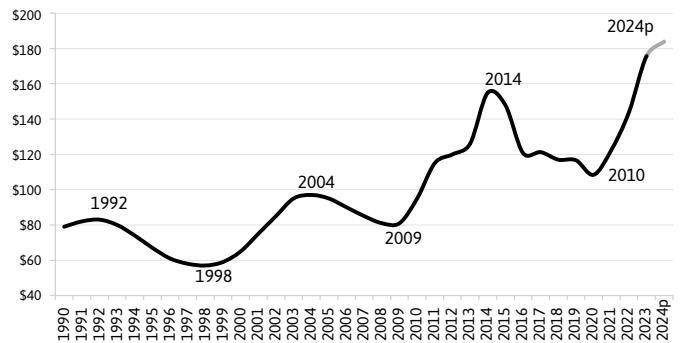
Following three years of liquidation, the sector is beginning to feel the impacts of this drop in inventory. In 2023, beef production fell by 5% in the US and in Canada compared to 2022. The drop in production will persist in 2024. In 2024, beef production in the US is expected to represent around 26.1 billion lb, a 3% drop compared to 2023.

Figure 2. US beef production (in billions of lb)



Over the last year, North American demand, particularly in the US, remained outstanding despite high inflation. Measures tied to the economic downturn and the high price of cuts have not deterred beef consumers from buying. With this level of local demand, the drop in North American beef exports has had little impact on the sector.

Figure 3. US beef price cycle (\$US/100 lb)



Sources: USDA and estimates from CattleFax

The past year is the first to see a drop in cattle production in the current beef cycle. The drop in production is expected to continue in 2024 and beyond. After three years of liquidation marked by an abundance of beef for slaughter, processing plants are now faced with the opposite challenge: their processing capacity outweighs the limited supply of beef for slaughter. Saturday work shifts, once indispensable to support oversupply, have been cut to every extent possible. For producers, this drop has turned the tables on the leverage they hold over abattoirs. Producers' share on the retail price has therefore greatly increased, from 40% in 2022 to 48% in 2023 (USDA).

In 2024, the drop in beef supply is expected to continue. Continued droughts in many regions make it difficult to forecast any rapid rebuilding of inventory. At the same time, local demand has begun to show signs of slowdown. Measures tied to the economic downturn are still in effect. Inflation has yet to be reined in and the unemployment rate has begun to climb. For many analysts, this hike in the unemployment rate forecasts a recession for 2024. In any case, a high unemployment rate signals very bad news for local beef demand. What's more, the high price of beef cuts and the strength of the American dollar should ultimately continue to limit exports. That said, the anticipated drop in production should be enough to compensate any slight downturn in demand and maintain the high price of beef cuts. The imbalance between beef for slaughter supply and processing plant capacity should support the leverage producers currently enjoy. Barring any major constraints (stemming from climate or abattoir closures), producers should be able to obtain a greater share of the consumer's dollar.

ACTIVITIES IN 2023

2. INCOME SECURITY

Income security programs try to maintain business revenues and support producers in periods when the market bottoms. A more stable and predictable business environment offers conditions that allow them to pursue and develop their operations and ultimately contributes positively to Quebec's economy as a whole.

New Indexes for Sectors Covered by the ASRA

At the PBQ's request and to better account for the price-level changes reported by farm operations, three new indexes were established by the FADQ (La Financière agricole du Québec) as part of the final indexation of the Farm Income Stabilization Program (known as the ASRA program). The new contractual work index, building maintenance index, and machinery and equipment maintenance and repair index now apply to the three beef sectors covered by the ASRA program.

Since 2023, the purchase of small calves in the grain-fed veal sector is indexed to the price of calves bought in Quebec auctions to be raised by eligible grain-fed veal producers.

ASRA Program Changes for the Feeder Calf Sector

As of January 1, 2024, the insurable volume will be limited to in-inventory beef-breed breeding cows that are **at least 22 months old and no older than 16 years old**. By removing cows 16 years and older, the program's typical farm size will now go from 116.2 to 112.7 cows. The rest of the program's parameters remains the same. **Whereas there are now restrictions on the age of insurable cows, all calves—including those born from cows over the age of 16—are eligible at 75% of the total compensation paid per kilogram of calves sold.**

Farm Operator Remuneration Adjustment

Despite efforts deployed by the UPA (the province's agricultural producers union, *Union des producteurs agricoles*) jointly with the province's specialized federations whose operations are covered by the ASRA program, the farm operator remuneration adjustment did not ultimately come through. In response, delegates of the 2023 UPA conference have asked that demands tied to this adjustment initiative remain a priority action.

Importantly, the farm operator remuneration adjustment initiative is founded on two elements, endorsed by the FADQ:

- Number of work hours;
- Management hours.

Priority Actions for 2024

In the coming year, the PBQ will be focused on the following priority issues:

- Campaigning the Quebec government in support of a provincial fed cattle production revitalization program;

- Sitting on the sectoral working committee to study the costs of grain-fed calf sector production for the ASRA program;
- Continuing discussions with the FADQ on ways to improve the ASRA program for its three insured cattle products.

3. PUBLIC AND GOVERNMENTAL RELATIONS

As part of its sustainability plan, the PBQ launched its LESFAITSBOEUF.COM | VEAUFAITS.COM website in June 2023 (available in French). Using the latest available scientific data, it features educational clips and information to promote the positive aspects of beef production in relation to different environmental questions. It frames beef production in Quebec as being as sustainable as it can possibly be. The digital marketing campaign led over the summer was a resounding success with the public.

LESFAITSBOEUF.COM | VEAUFAITS.COM.



In fact, the LESFAITSBOEUF.COM | VEAUFAITS.COM website earned itself a Josée-de-Grandmont Prize for Small Business Website. This PBQ-led project also received an honourable mention in the Best Microsite category at the Canadian Agri-food Marketers Alliance's Best of CAMA gala. Both prizes recognize the best marketing and communication initiatives in the agri-food industry.

In terms of governmental relations, the PBQ regularly met with the team from the Quebec Ministry of Agriculture, Fisheries and Food (MAPAQ), a joint initiative both parties have engaged in since 2021. These meetings allow both sides to maintain ongoing dialogue and diligently stay abreast of a variety of government-related issues relevant to beef and veal producers.

At the federal level, the PBQ continues to participate formally in the Canadian Cattle Association (CCA), which works to expand the industry's lobbying efforts on a variety of issues before the Canadian government.

4. CANADIAN AFFAIRS

The PBQ continues to take part and represent its views within a number of Canadian organizations:

- Agricultural Credit Corporation
- Canadian Cattle Association
- Canadian Cattle Identification Agency
- Canadian Beef and Cattle Research, Market Development and Promotion Agency
- Canadian Beef Grading Agency
- The Verified Beef Production Plus Program's national committee
- Beef Cattle Research Council
- Canadian Roundtable for Sustainable Beef
- Canadian Animal Protein Sector Engagement Table

Through their involvement with fed cattle, milk-fed calves, and grain-fed calves sales agencies, the PBQ also formally participate in the following organizations:

- National Cattle Feeders' Association
- Canadian Veal Association

5. ANIMAL WELFARE AND THE ENVIRONMENT

Conditioning Cull Cattle and Transport

The beef industry was impacted in many ways when animal transportation regulations came into effect in February 2020. Most significantly among the impacts are that cull animals are now partly barred from entry into auction. The new regulations state that animals deemed unfit must be transported directly to their final destination and can no longer pass through other points of transit. Being at the end of their careers, cull cattle are often deemed unfit.

Producers have two options for their unfit animals: keep them until they have recovered or transport them directly to their final destination.

A number of training opportunities and information were shared to help producers with this choice and help them better understand the regulations. One of these training opportunities, developed in partnership with the Canadian Food Inspection Agency (CFIA), focused on how best to assess an animal's health prior to transport. A research project was also spearheaded by the PBQ in partnership with Université de Montréal's faculty of veterinarian medicine to audit the health of Quebec's cull cattle and identify simple farm management practices to better prepare and augment the value of cull cattle. In 2024, the results of this study will offer producers information with which to better meet their needs and meet regulatory requirements.

Alternative Forms of Nutrition

The second category of animal significantly impacted by these new regulations are unweaned calves which cannot go for more than 12 consecutive hours without food, water, or rest (with a seasonal tolerance of 4 excess hours). If the final destination is more than 12 hours away, transporters must stop and give calves an 8-hour rest, water, and nourishment. In the case of unweaned calves, nourishment must be in the form of a milk replacement. Given that milk replacements must be handled with care and that its preparation and distribution require specific know-how, the sector has concerns about the health of calves in light of transporters being charged with the distribution of this nourishment. As such, the PBQ's transportation committee has recommended that a research project be led on a possible non-milk form of nourishment for use during transport. The project was launched in January 2022 and is ongoing, and results are expected by winter 2024. The project is partly funded by the grain-fed veal and milk-fed veal sectors and well as the cull cattle and dairy calf sectors, with additional funding from the CFIA.

PBQ's Involvement in the Modernization of the REA

The Agricultural Operations Regulation (*Règlement sur les exploitations agricoles*, or REA) was adopted in 2002 and remains unchanged. In collaboration with the MAPAQ and the provincial Ministry of Municipal Affairs and Housing, the Quebec Ministry of the Environment, the Fight Against Climate Change, Wildlife and Parks (MELCCFP) has chosen to modernize the REA for adoption in 2025. The revisions aim to:

- Improve the health of streams on agricultural lands by reducing the impact of the agricultural sector;
- Increase regulations relating to agricultural and aquacultural waste;
- Increase observance and engagement across the sector through a simplified regulatory framework.

The MELCCFP first consulted different organizations impacted by the REA through an online survey for the purpose of outlining the most important issues. It then organized co-creation workshops to which organizations were invited to discuss specific aspects of the REA.

The PBQ took part in the online survey and co-creation workshops to ensure that the interests of producers, such as those relating to stockpiling manure and wintering pens, are upheld in the new REA.

Following these consultations, comments and potential solutions identified in the workshops should be integrated by the MELCCFP into a proposed draft of the new REA to be published in August 2024.

ACTIVITIES IN 2023

Biodiversity in Beef Production Program

The PBQ has received MAPAQ funding through the *Prime-Vert* program led as part of the province's sustainable agriculture plan (*Plan d'agriculture durable*). This funding is designed to help train and support beef producers in adopting practices that can help support wildlife habitats—notably for field birds and pollinating birds—while improving biodiversity on their farmlands. So far, a total of 12 training and demo activities have been organized and have been attended by nearly 400 attendees. Three testimonial videos have also been produced. In 2024, as part of this program, the PBQ is set to produce a total of seven new training and demo sessions and launch three new videos to be filmed during a panel event that will feature producers. It will also produce learning materials.

6. QUALITY PROGRAMS AND SUSTAINABLE BEEF PROGRAM

Certified Quebec Grain-fed Calf Program (VGQC)

The certified Québec grain-fed calf program (*programme Veau de grain du Québec certifié*, or VGQC) is a requirement for Québec-based operators wishing to produce grain-fed calves for market. It encapsulates the Canadian Verified Veal program, an on-farm food safety program for veal producers, and features additional requirements relating to how young calves are selected and fed as well as about the breeding site and animal welfare.

In an effort to promote the efforts of grain-fed calf producers in achieving certification, a number of operations were featured in 2023 in the PBQ's *La Minute bovine* newsletter and in its *Bovins du Québec* publication as well as on the Verified Veal and VGQC program websites.

Verified Veal Program

The Verified Veal Program covers the production of milk-fed calves. As of November 2, 2023, a total of 62 Verified Veal-only sites were in operation, representing 79% of the production volume. Nine other Verified-Veal-only sites that were in operation in 2022 have now also moved into grain-fed calf nursery production and have obtained additional VGQC certification.

Verified Beef Production Plus Program

The Verified Beef Production Plus (VBP+) Program covers fed cattle and cow-calf production. As of November 2, 2023, 158 VBP+-certified producers were in operation. The VBP+ certification is one of the eligibility requirements for cattle in the buyers' Sustainable Beef Program. View full statistics per sector in the Fed Cattle and Feeder Calves section of this report.

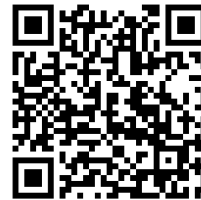
In 2023, the VBP+ Quebec team launched a number of promotional campaigns to encourage recruitment and showcase the added value of becoming a VBP+ operation. Profiles of certified farms were produced to help give VBP+ ambassadors exposure. All these campaign efforts were disseminated on the PBQ's and VBP+ Inc.'s social media, in the *La Minute bovine* newsletter and the *Bovins du Québec* publication, as well as through regional activities. Follow the PBQ's Facebook page and subscribe to its YouTube channel for the latest on VBP+'s campaigns, activities, and more.

New Webpages

In an effort to continue making the certification process simpler, the PBQ has created two new webpages about the VGQC, Verified Veal, and VBP+ programs. Producers can now download all the documentation they need in to undertake certification, and more, in just one click.

These webpages were published to promote transparency and promote the work of certified beef producers among the general public. Non-certified producers are also encouraged to visit these pages to browse materials of interest as well as tools to help them improve their operational efficiency.

VGQC-Veau vérifié



VBP+



Sustainable Beef Program

The Canadian Roundtable on Sustainable Beef is the body that establishes criteria for sustainable beef. It has also developed a framework to implement a traceability program for cattle from VBP+-certified farms, the goal being to guarantee sustainable beef supply along the value chain (cattle breeder producers, cattle feeder producers, slaughterhouses, retailers, the HRI sector, and grocers; www.crsbcertified.ca).

Since its launch in 2021, the Sustainable Beef Program has financially rewarded 118 producers whose cattle have been recognized as sustainable.

In 2022, the Sustainable Beef Program was supplemented by an additional monetary sum tied to certification. Farm Credit Canada (FCC) also continues to offer its sustainable practices incentives program for eligible VBP+-certified clients. The amount of the incentive is calculated proportionally based on FCC loans, up to a maximum annual payout of \$2,000 (www.fcc-fac.ca/en/financing/agriculture/sustainability-incentive-program.html).

7. COMMUNICATION AND UNION NEWS

Quebec Cattle Industry Symposium

Under the banner of durability and innovation, the Quebec cattle industry held its second in-person symposium (*Colloque de l'industrie bovine québécoise*). The 2023 event's organizational committee included representatives from PBQ, Montpak International, the provincial food processing council (*Conseil de la transformation alimentaire du Québec*), and MAPAQ.

The symposium took place in Drummondville on November 16, 2023, at Centrexpo Cogeco Drummondville and attracted a total of 183 attendees—an 11% increase from the 2022 event—which included producers, industry stakeholders, researchers, slaughterhouse representatives, and retailers. The PBQ took the opportunity to announce the launch of its Bœuf du Québec certification to attendees as well as partners and the media.

Webinars

In 2023, the PBQ presented Quebec beef producers six webinars produced in collaboration with the VBP+ program. All webinars broached the issues of climate change adaptation and greenhouse gas reduction. These webinars are available on the PBQ's YouTube channel. Approximately 250 people attended the PBQ's live Webinar Tuesday events.

The Environmental Stewardship Award (TESA)

For the third year running, Quebec prepared a submission for The Environmental Stewardship Award. The PBQ's selection committee nominated Ferme Sage enr. to represent the province. Ferme Ricard & Ass. (S.E.N.C.) received an honourable mention from the jury. The 2023 TESA was awarded to the Alberta-based operation Wray Ranch.

New INNOVEAU Prize

The PBQ launched the all-new INNOVEAU prize in 2023 to recognize leadership in animal welfare, innovation, and conservation among veal cattle producers. The yearly competition will honour a veal cattle operation for excellence, notably in improving production efficiency and adapting its operations to climate change. Winners will be selected based on their operational management practices, achievements, and objectives.

New Format for the 2023 Annual General Meeting

The PBQ's annual general meeting took place in Quebec City at Hôtel Le Concorde on March 28 and 29 mars. Organizers made efforts to make it accessible by livestreaming both plenary days in full on Facebook and YouTube as well as a portion of the event banquet. Each of the meeting's sectoral workshops were also converted to a webinar format to allow producers and stakeholders who were not able to come to take part virtually. The PBQ's sustainability plan, as well as its new LESFAITSBOEUF.COM | VEAUFAITS.COM website, were also presented during the meeting.

8. PROMOTION – BŒUF DU QUÉBEC CERTIFICATION

Following the work of the PBQ's Cull Cattle and Dairy Calves Marketing Committee in developing a certifying mark for Quebec-sourced beef products, distributors signalled their interest in applying for certification for ground beef and other beef cuts. A marketing committee was set up to include chairpersons from each of the PBQ's beef sector marketing committees (fed cattle, feeder calves, and cull cattle) as well as employees. The PBQ's top management team currently coordinates the Bœuf du Québec certification program.

On November 16, 2023, the PBQ officially launched its collective certification during the provincial *Colloque de l'industrie bovine québécoise* symposium. The Bœuf du Québec certification mark is available to any commercial initiative putting Quebec beef on the market. The process specifications outline that certified Quebec beef must be entirely sourced (100%) from cattle raised on Quebec farms with a minimum of 85% born in Quebec. Sobeys and Groupe ADEL were on hand during the launch to announce their commitment to offer certified products. Discussions are ongoing to establish agreements with other potential partners.

ACTIVITIES IN 2023

9. RESEARCH INITIATIVES

The PBQ invests in research through R&D funds for each beef production sector. The \$418,964 in total investment by producers for 2023 through to 2025 translate into projects valued at \$9,386,020, representing a 1-to-22 leveraging effect.

Find below a few of these ongoing projects:

2023-2028	Beef Research Cluster (FedC-FC-CC-PBQ)	Six research initiatives on the Canadian beef industry focused on animal health and welfare, forage and grasslands, feed conversion, and the environment, with a special focus on Quebec.	Total cost: \$7,114,795 PBQ: \$150,000 (over its 5 years)
2023-2024	Improving the management, health, and welfare of cull dairy cattle (CC)	Documenting of the condition and welfare of cull cattle passing through Quebec auctions to target management practices that improve their welfare and how they are put to market.	Total cost: \$188,122 PBQ: \$19,550
2023-2024	Development of an innovative commercial-scale classification system for veal carcasses using proven meat industry technologies (GFC)	Updating current veal carcass classification methodology used to determine their market value. Evaluating the bioimpedance classification method. Evaluating imaging-based classification.	Total cost: \$417,535 PBQ: \$81,591
2022-2023	Development of a tool to assess lesions of the abomasum in milk-fed calves (MFC)	Evaluating the reliability of abattoir abomasum lesion assessment tools for milk-fed calves.	Total cost: \$31,283 PBQ: \$4,104
2022-2023	Strategic Discussion (FedC)	Finding the best producer resilience strategies for the sector's best business development growth.	Total cost: \$19,790 PBQ: \$19,790
2022-2023	Economic impacts of proven sires (FC)	This project's main goal is to show the positive economic impacts of proven sires in an effort to increase their use and improve the profitability across all parts of Québec's beef cattle industry's production chain.	Total cost: \$79,387 PBQ: \$2,999

10. INTERNAL AFFAIRS

Following the cyberattack in August 2022 at the UPA, the PBQ submitted an insurance claim to cover the costs associated with the incident. The majority of these costs were duly reimbursed.

Technology updates and security upgrades on a number of the PBQ's IT systems and applications will be ongoing over the coming years.

SECTION 2

CONSULTATION ON THE JOINT PLAN BASE CONTRIBUTION INCREASE



CONSULTATION ON THE JOINT PLAN BASE CONTRIBUTION INCREASE

1. BACKGROUND

A review of the 2021-2025 five-year plan adopted in 2020 was needed following a hearing before the RMAAQ (Régie des marchés agricoles et alimentaires du Québec) at which the PBQ (Producteurs de bovins du Québec) was ordered to submit, no later than October 1, 2022, a new regulation concerning plan contributions to come into effect on January 1, 2023.

With an effective date of January 1, 2023, the new plan decreases per business and per head contributions thereby shortening the plan's duration by one year.

The five-year plan to be shared with you will cover the period spanning November 1, 2024, to October 31, 2029.

The PBQ board of directors struck an advisory committee in April 2023 on which sit the five marketing committee chairs, members of the executive committee, and a number of members of the management committee.

2. SELECTION OF CONCRETE OUTCOMES

- Establishment of an investment and sustainable growth program (*Programme d'investissement et croissance durable*) in collaboration with the Quebec Ministry of Agriculture, Fisheries and Food (MAPAQ) and the FADQ (La Financière agricole du Québec).
- Establishment of essential requirements for fed cattle and feeder calf producers to have their livestock recognized as sustainable.
- Withdrawal of the federal beef and veal labelling project identifying ground meat as being high in saturated fat.
- Launch of the sustainability awareness campaign, for which the PBQ was awarded the Josée-de-Grandmont prize.

- Honourable mention for this same campaign at the Canadian Agri-food Marketers Alliance's Best of CAMA gala.
- TV campaign to encourage consumers to buy Quebec beef.
- Livestreaming of regional general meeting plenary sessions.

3. PBQ'S PRIMARY DOMAINS OF ACTIVITY

The PBQ has several areas of interest that directly pertain to all Quebec cattle operations.

- Support for all five marketing sectors
- Income security measures
- Representation and lobbying (government and industry)
- Communication, information, and union affairs
- Support to regional unions
- Increased presence of the PBQ in non-urban centres
- Defence of the collective interests of cattle producers
- Environment (regulation drafting and monitoring, planned regulatory updates by MAPAQ)
- Animal health and welfare (including animal transportation)
- Quality programs and research projects
- Active representation on UPA committees
- Sustainability communication plan
- Increased media presence, including social media
- Involvement with Canadian organizations
 - Canadian Cattle Association
 - Canadian Beef Check-Off Agency
 - Canadian Beef Grading Agency
 - Canadian Cattle Identification Agency
- All other ad hoc business

4. CURRENT FINANCING PLAN

The following table outlines the current financing plan and shows rates adopted by the 2022 annual general meeting and in effect since January 1, 2023.

	2023		2024		2025	
	Plan 2023-2025	Budget	Plan 2023-2025	Estimated rate for 2023-2025	Plan 2023-2025	Estimated rate for 2023-2025
Revenus ¹	\$3,733,449	\$3,588,868	\$3,676,113	\$3,573,922	\$3,620,497	\$3,521,196
Expenses ²	\$4,013,247	\$4,312,165	\$4,133,644	\$4,506,212	\$4,257,654	\$4,708,992
Surplus (deficit)	\$(279,798)	\$(723,297)	\$(457,531)	\$(932,290)	\$(637,157)	\$(1,187,796)
Cumulative assets	\$2,909,581	\$2,466,082	\$2,452,050	\$1,533,792	\$1,814,893	\$345,996
Asset/Expense Ratio	72%	57%	59%	34%	43%	7%

¹ Revenues are based on a 3% drop in inventory of fed cattle and feeder calves and of milk-fed and grain-fed calves, on a stable inventory of cull cattle and dairy calves, and a 3% drop in the number of operations.

² Expenses were adjusted to reflect a 4.5% increase.

CONSULTATION ON THE JOINT PLAN BASE CONTRIBUTION INCREASE

The following table outlines the current financing plan as it would be if maintained until 2029 and shows rates adopted by the 2022 annual general meeting and in effect since January 1, 2023.

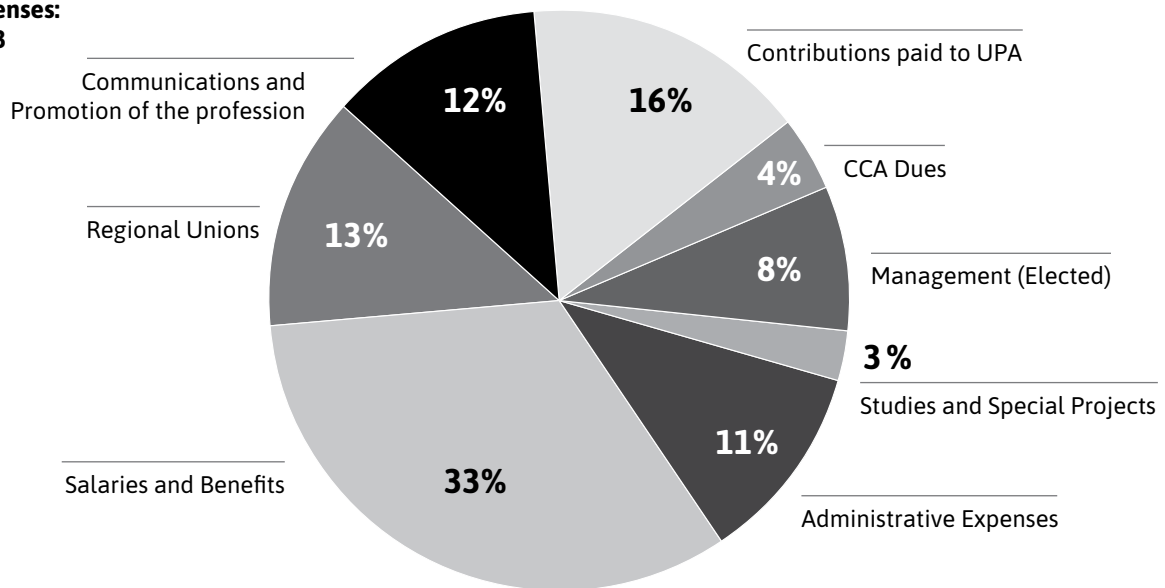
	2026	2027	2028	2029
	Estimated rate for 2023-2025	Estimated rate for 2023-2025	Estimated rate for 2023-2025	Estimated rate for 2023-2025
Revenues ¹	\$3,470,053	\$3,420,443	\$3,372,322	\$3,325,644
Expenses ²	\$4,920,897	\$5,142,337	\$5,373,742	\$5,615,561
Surplus (deficit)	\$(1,450,844)	\$(1,721,894)	\$(2,001,420)	\$(2,289,917)
Cumulative assets	\$(1,104,848)	\$(2,826,742)	\$(4,828,162)	\$(7,118,079)
Asset/Expense Ratio	(22)%	(55)%	(90)%	(127)%

¹ Revenues are based on a 3% drop in inventory of fed cattle and feeder calves and of milk-fed and grain-fed calves, on a stable inventory of cull cattle and dairy calves, and a 3% drop in the number of operations.

² Expenses were adjusted to reflect a 4.5% increase.

5. BREAKDOWN OF GENERAL ADMINISTRATION EXPENSES FOR 2022

Total Expenses:
\$4,160,953



6. WORKING ASSUMPTIONS

1. The financing plan is based on maintaining the services currently offered to producers.
2. The contribution increase schemes were developed in keeping as much as possible with the 2022 funding allocation percentages used for each sector.

	Milk-fed Veal	Grain-fed Veal	Fed Cattle	Feeder Calf	Cull Cattle and Dairy Calf	Total
Number of operations	35	121	223	2,448	4,522	7,349
Number of head	68,990	71,051	68,903	128,942	266,508	604,394
Financing	\$203,723	\$243,790	\$306,058	\$1,455,133	\$1,968,381	\$4,177,085
Percentage of financing based on actual figures from 2022	4.9%	5.8%	7.3%	34.8%	47.1%	100%

CONSULTATION ON THE JOINT PLAN BASE CONTRIBUTION INCREASE

3. The financing plan was developed to achieve a 50% assets/expenses ratio by 2029.
4. The financing plan was developed based on:
 - the 2023 budget
 - a 4.5% increase in expenses
 - a 3% decrease in the number of operations
 - changes in inventory
 - Stable inventory (in head): Cull cattle 97,000, dairy calves 158,000, grain-fed calves 70,000
 - 1.5% decrease (in head): Milk-fed calves 65,000 in 2023
 - 3% decrease (in head): Fed cattle 60,000 in 2023 and feeder calves 108,400 in 2023
5. The 2023 budget includes expenses for IT security, maintenance and modernization upgrades and earmarks these as recurring yearly expenses across the life of the plan.
6. The annual per business contribution was reduced for producers whose cattle volume is 12 or fewer. Custom operators will not be eligible for the reduced annual per business contribution rate.
7. The budgeting process folds in expenses analyses, efficient HR management, and prospecting for additional revenues.
8. Ongoing efforts to collect contributions from all cattle producers will be maintained.
9. Analyses of union representation structures will begin over the coming months.
10. UPA lobbying efforts will be maintained to ensure all sectors do their fair share.
11. The possibility and potential advantages of invoicing administrative fees to external (non-PBQ) organizations will be assessed.

7. SERVICES RECEIVED

Activity Descriptions

Finance and administration (per sector)

- Monthly financial statements and annual audit of financial statements
- Collection of producer contributions
- Payments to suppliers
- Administrator salaries and governmental remittances
- Regional union budget management
- Financing plan
- Monitoring of funded and special research projects

Union and corporate affairs (primarily by operation and by sector)

- Planning, organizing and coordinating the annual general and regional general meetings, board meetings, and executive committee meetings
- Funding support to the five production sectors
- Preparing meetings and document drafting and review
- Communications and union affairs
- Quebec cattle industry symposium (Colloque de l'industrie bovine québécoise)
- Regional union budgets
- Periodic evaluations
- Correspondence
- General representation
- Lobbying

Agronomic affairs (by sector)

- Animal health and welfare
- Environment
- Quality programs (VBP+, Quebec Certified Grain-Fed Veal, Verified Veal)
- Sustainable beef

Economic affairs (80% fed cattle, feeder calf and grain-fed veal sectors, 10% cull cattle sector, and 10% milk-fed veal sector)

- Production cost committees for the fed cattle, grain-fed veal, and feeder calf sectors
- Farm income stabilization insurance
- Agri program monitoring
- Income security program

CONSULTATION ON THE JOINT PLAN BASE CONTRIBUTION INCREASE

Inventory	266,508	128,942	68,903	71,051	68,990	604,394
Operations	4,522	2,448	223	121	35	7,349

	Cull cattle and dairy calf sector	Feeder calf sector	Fed cattle sector	Grain-fed veal sector	Milk-fed veal sector	Total
Support for all five marketing sectors	\$63,383	\$70,355	\$65,240	\$69,720	\$58,356	\$327,053
UPA dues	\$272,399	\$156,494	\$72,458	\$74,435	\$73,834	\$649,620
Subtotal – Direct Expenses	\$335,782	\$226,849	\$137,698	\$144,155	\$132,190	\$976,673
Finance and administration	\$93,641	\$93,641	\$93,641	\$93,641	\$93,641	\$468,207
Union and corporate affairs	\$1,111,178	\$693,288	\$184,329	\$91,423	\$71,751	\$2,151,969
Agronomic affairs	\$70,476	\$70,476	\$70,476	\$70,476	\$70,476	\$352,380
Economic affairs	\$21,172	\$56,460	\$56,460	\$56,460	\$21,172	\$211,723
Value of services received (\$)	\$1,632,249	\$1,140,714	\$542,604	\$456,155	\$389,230	\$4,160,952
Value of services received (%)	39.2%	27.4%	13%	11%	9.4%	100%
Share of financing by sector (\$)	\$1,960,225	\$1,449,676	\$304,998	\$243,000	\$203,054	\$4,160,953
Share of financing per sector (%)	47.1%	34.8%	7.3%	5.9%	4.9%	100%
Variance (\$)	\$327,976	\$308,962	\$(237,606)	\$(213,155)	\$(186,176)	
Variance (%)	7.9%	7.4%	(5.7)%	(5.1)%	(4.5)%	

8. PROPOSED 2025-2029 PLAN

	2025	2026	2027	2028	2029
Revenues ¹	\$5,533,794	\$5,461,126	\$5,390,580	\$5,322,094	\$5,263,749
Expenses ²	\$4,708,992	\$4,920,897	\$5,142,337	\$5,373,742	\$5,615,561
Surplus (deficit)	\$824,802	\$540,229	\$248,243	\$(51,648)	\$(351,812)
Cumulative assets	\$2,352,726	\$2,892,955	\$3,141,198	\$3,089,550	\$2,737,738
Assets/ expenses ratio	50%	59%	61%	57%	49%

¹ Revenues are based on a 3% drop in inventory of fed cattle and feeder calves and of milk-fed and grain-fed calves, on a stable inventory of cull cattle and dairy calves, and a 3% drop in the number of operations.

² Expenses were adjusted to reflect a 4.5% increase.

CONSULTATION ON THE JOINT PLAN BASE CONTRIBUTION INCREASE

9. RECOMMENDATION

	Cull cattle and dairy calf sector	Feeder calf sector	Fed cattle sector	Grain-fed veal sector	Milk-fed veal sector	Total
Annual per business contribution rate ¹	\$-	\$520	\$665	\$665	\$665	
Rate per head	CC: \$15.60 DC: \$8.15	\$6.50	\$3.95	\$3.95	\$3.95	
Financing (\$)	\$2,598,100	\$1,833,141	\$368,268	\$353,640	\$271,717	\$5,425,226
% of financing after amendment	47.89%	33.79%	6.79%	6.52%	5.01%	
% of financing based on actuals – October 31, 2022	47.12%	34.84%	7.33%	5.84%	4.88%	

The producer of a cattle farm with several categories of cattle pays only the highest annual contribution payable for that farm.

¹ The annual contribution rate for operations with a volume of 12 cattle or less is \$260.

10. IMPACT OF CHANGES TO THE JOINT PLAN'S BASE FUNDING

	Cull cattle and dairy calf sector	Feeder calf sector	Fed cattle sector	Grain-fed veal sector	Milk-fed veal sector	12 cattle or less
Current per business contribution	\$-	\$350	\$600	\$600	\$600	\$195
Proposed plan's per business contribution	\$-	\$520	\$665	\$665	\$665	\$260
Current per head contribution	CC: \$11.75 DC: \$4.75	\$3	\$2	\$2	\$2	\$-
Proposed plan's per head contribution	CC: \$15.60 DC: \$8.15	\$6.50	\$3.95	\$3.95	\$3.95	\$-
Per business contribution increase	\$-	\$170	\$65	\$65	\$65	\$65
Per head contribution increase	CC: \$3.85 DC: \$3.40	\$3.50	\$1.95	\$1.95	\$1.95	\$-

11. MOTION PUT TO PRODUCERS (PLENARY SESSION)

Do you agree with the recommendation proposed by the Producteurs de bovins du Québec (PBQ)'s board of directors regarding the 2025-2029 financing plan for the Cattle Producer's Joint Plan (*Plan conjoint des producteurs de bovins*) applicable starting November 1, 2024?



YES



NO

SECTION 3

MARKET ACTIVITIES IN 2023



FEEDER CALF PRODUCERS WORKSHOP

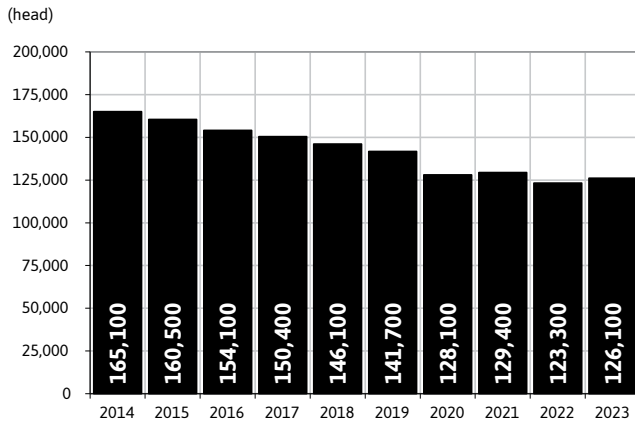
Draft Agenda

- 1. STATE OF THE MARKET IN 2023**
- 2. ACHIEVEMENTS AND ONGOING BUSINESS IN THE FEEDER CALF SECTOR IN 2023**
 - 2.1 Quebec Specialized Feeder Calf Auctions Circuit**
 - 2.2 Marketing options**
 - Electronic auctions
 - Marketing of fed cattle
 - 2.3 Increase in the number of feeder calves eligible as Sustainable Beef**
 - 2.4 Strategic planning for the beef sector**
 - 2.5 Promotion and advertising fund for Quebec feeder calf producers**
- 3. SECTOR ORIENTATIONS FOR 2024**
 - 3.1 Quebec Specialized Feeder Calf Auctions Circuit**
 - 3.2 Marketing options**
- 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

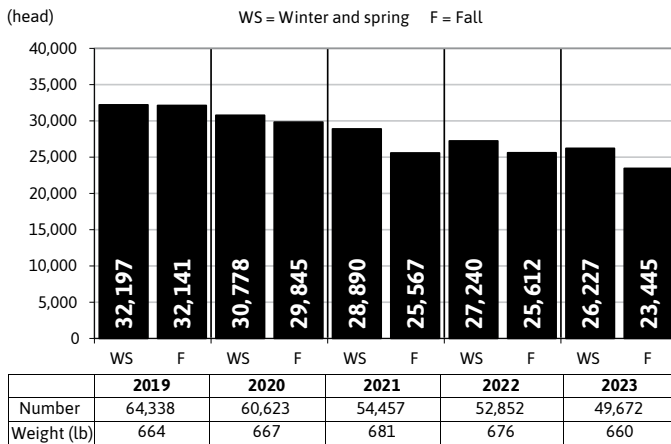
Figure 1: Number of beef cattle in inventory, 10 years



Source:
 • Statistics Canada: Table 32-10-0130-01 Number of cattle, by class and farm type (x 1,000), at January 1

According to Statistics Canada, the number of beef cattle in inventory on January 1, 2023, was 126,100 compared to 123,300 a year prior on January 1, 2022. This 2,800-cow increase marks a 2% growth in inventory. Since January 1, 2020, the volume of beef cattle in inventory in Quebec has remained relatively stable.

Figure 2: Feeder calves sold in specialized Quebec auctions, 2019-2023 (seasonal and annual volumes and average weight)



	2019	2020	2021	2022	2023
Number	64,338	60,623	54,457	52,852	49,672
Weight (lb)	664	667	681	676	660

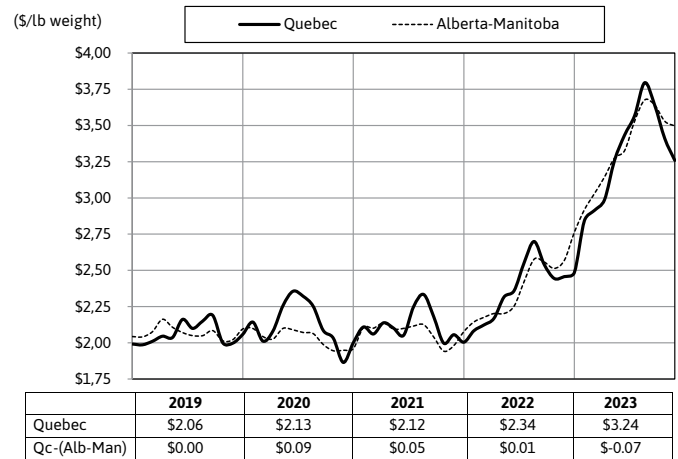
Source:
 • PBQ: Number and average weight of feeder calf sales in specialized Quebec auctions

In 2023, the number of calves put to market in specialized auctions fell by 6% compared to 2022. The average selling weight of feeder calves fell to 660 lb, compared to 676 lb in 2022.

In 2023, the number of feeder calves sold in regular auctions fell to 4,889 (compared to the 4,914 sold in 2022).

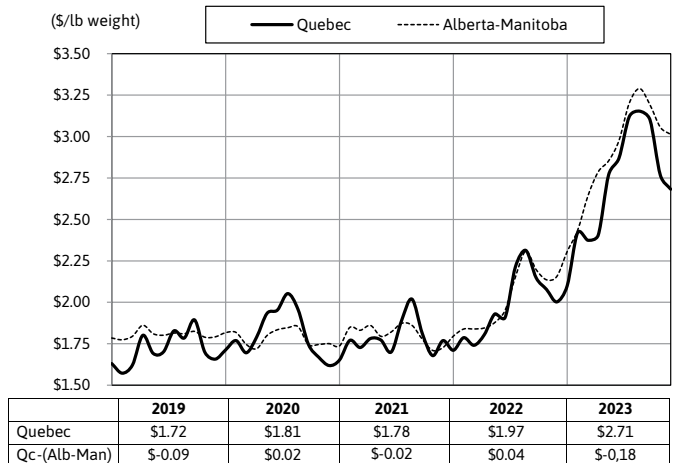
The volume of feeder calves put to market in 2023 through supervised sales, however, rose by 22% compared to 2022, with 3,905 sold in 2023 compared to 3,058 in 2022.

Figure 3: Price of 600-700 lb male feeder calves (Quebec versus Alberta-Manitoba)



Sources:
 • PBQ: Average price of 600 lb to 700 lb male feeder calves sold in specialized auctions in Quebec
 • Canfax: Average price of 600 lb to 700 lb male feeder calves sold in public auctions in Alberta and Manitoba

Figure 4: Price of 600-700 lb female feeder calves (Quebec versus Alberta-Manitoba)



Sources:
 • PBQ: Average price of 600 to 700 lb female feeder calves sold in specialized auctions in Quebec
 • Canfax: Average price of 600 to 700 lb female feeder calves sold in public auctions in Alberta and Manitoba

Average prices rose by \$0.90/lb for males and \$0.74/lb for females in 2023 compared to 2022.

In 2023, the average price differential between Quebec and Western Canada was -\$0.07/lb for 600 to 700 lb male calves and -\$0.18/lb for female calves of the same weight category.

FEEDER CALF

Figure 5: Price of male and female feeder calves by weight category, 2023

Weight (lb)	450	550	650	750	850
Price of males (\$/lb)	\$3.23	\$3.39	\$3.27	\$3.10	\$2.83
Revenues from males (head)	\$1,452	\$1,864	\$2,126	\$2,326	\$2,406
Price of females (\$/lb)	\$2.74	\$2.81	\$2.73	\$2.54	\$2.21
Revenues from females (head)	\$1,234	\$1,547	\$1,771	\$1,908	\$1,880

Males: Average weight of 666 lb and average revenue of \$2,133/head
 Females: Average weight of 643 lb and average revenue of \$1,723/head

Source:

- PBQ: Average price of male and female feeder calves, per weight category, sold in specialized auctions in Quebec

In 2023, the annual average price of castrated 600 lb to 700 lb males was \$3.27/lb with an average revenue of \$2,126/head. This is a significant increase compared to 2022.

The annual average price of 600 lb to 700 lb females was \$2.73/lb with an average revenue of \$1,771/head, again a significant increase compared to 2022.

2. ACHIEVEMENTS AND ONGOING BUSINESS IN THE FEEDER CALF SECTOR IN 2023

2.1 QUEBEC SPECIALIZED FEEDER CALF AUCTIONS CIRCUIT

The number of sales for the 2023-2024 season in Quebec specialized feeder calf auctions circuit (*Circuit des encans spécialisés de veaux d'embouche du Québec*, or «Circuit») remains the same as the previous season. The Circuit's partners deemed it appropriate to roll forward last year's adjustments, which explains the minor changes brought to the current season's calendar.

Since August 1, 2023, all feeder calves put to market on the Circuit must come from a breeder herd that is vaccinated for fetal protection. This significant new measure was met with the following actions by the selling agency:

- Transitional support and guidance for producers;
- Sample collections in specialized auctions.

Personnel from the selling agency was on site for the season's first auctions to ensure that the vaccination declaration forms were correctly filled out and that documented proof (copies of vaccine purchase receipts) was duly submitted. During fall 2023, the selling agency followed up with any producers whose paperwork was incomplete.

The feeder calf marketing committee (CMMVE) set aside a budget to ensure the breeder herd fetal protection vaccine protocol is being followed. Tissue samples collected from calves' ears were used to make this verification. Tissue was collected either a day prior to, or the morning of, the sale.

Specialized auctions held in Saint-Isidore's Réseau Encans Québec installation are expected to be livestreamed on the Quebec feeder calf producers' extranet during winter-spring 2024.

2.2 MARKETING OPTIONS

In 2022, the selling agency performed an analysis of the different diversified feeder calves marketing options for producers based in Quebec. The CMMVE and the selling agency continued to work in view of implementing these new marketing options.

Electronic Auctions

In 2022, the CMMVE determined that electronic auctions could offer transparent price setting and chose to make it a fully marketing option. Regulatory amendments were made to allow maximum flexibility in meeting the needs of sellers and buyers and to offer sellers guarantee of payment.

On April 24, 2023, the provincial agricultural and food markets agency (*Régie des marchés agricoles et alimentaires du Québec*, or RMAAQ) approved an amendment to the *Règlement sur la production et la mise en marché des veaux d'embouche* which folds electronic auctions into the regulatory framework. This regulatory amendment was published in the Government of Quebec's official journal, *Gazette officielle du Québec*, on May 17, 2023.

On June 27, 2023, the RMAAQ approved an amendment to the *Règlement sur la garantie de responsabilité financière des acheteurs de veaux d'embouche* that allows fed cattle producers to use authorization numbers to buy feeder calves in electronic auctions. This amendment was published in the *Gazette officielle du Québec* on July 12, 2023.

Alongside these changes, the CMMVE established financing to develop and adapt a Live Auctions Group platform in partnership with The Electronic Auction Market.

Thanks to adapted in-house software, the selling agency can now lead electronic auctions of feeder calves and ensure that:

- Guarantees of payment are properly applied;
- Buyers are invoiced;
- Producers are paid;
- Statistics are collected.

Originally, electronic auctions were strictly for VBP+-certified feeder calf operations. The aim had been to synchronize things as best as possible in an effort to increase the number of calves that could be certified as sustainable. In keeping this with aim, and to meet the ongoing supply needs of fed cattle producers, the selling agency tried to hold a first electronic auction in July 2023. A second attempt was made on October 3, 2023, to meet the fall's high demand for feeder calves. Unfortunately, in both cases, not enough calves from VBP+-certified operations were registered and both auctions failed to meet the required 200-calf volume minimum.

To maximize the success of electronic auctions, the CMMVE chose to open them to all sellers able to constitute lots that meet the main eligibility requirements, which are:

- Display of the operation's name;
- Lots with 10 calves of the same sex with a maximum weight variance of 100 lb;
- Calves that are dehorned and male calves that are castrated.

Putting fed cattle to market

Local slaughterhouses have signalled their interest in a supply of cattle born and fed within a single operation.

To help better understand the conditions tied to what slaughterhouses seek, feeder calf producers looking to put to market fed cattle were invited to an information session on the evening of March 16, 2023, in Drummondville. A total of 35 feeder calf producers were in attendance and obtained information about:

- Services offered to producers by the fed cattle selling agency, presented by PBQ Director of Operations Yannick Sauvé;
- Slaughterhouse needs and purchase conditions presented by Viande Richelieu's Director of Production Stéphane Bernier.

Sauvé also gave a talk in the Abitibi-Temiscamingue region on April 12, 2023, to help raise awareness among feeder calf producers about calf finishing options.

The presentation about the fed cattle selling agency's services for producers will be made available to view and download on the feeder calf producers' extranet site.

2.3 INCREASE IN THE NUMBER OF FEEDER CALVES ELIGIBLE AS SUSTAINABLE BEEF

In 2023, thanks to new VBP+ certified operations raising 2,500 head, the total number of feeder calves from certified operations rose to 17,422, a 15% increase compared to 2022. Recruitment campaigns will continue to be led actively in 2024. A summary of 2023's VBP+ activities are provided in the Quality Programs and Sustainable Beef Program section of the 2023 Activities portion of this document. Request any additional information by writing to pbqcertification@upa.qc.ca.

2.4 STRATEGIC PLANNING FOR THE BEEF SECTOR

Mario Hébert, Beef Sector Strategic Planning Coordination Agent, pursued the ongoing work in tandem with the members of the steering committee.

Four areas of work were outlined by representatives from across the sector:

- Stabilization of production and slaughterhouse processing;
- Development of a Sustainable Beef sector;
- Deployment and promotion of a brand image;
- Coordination and value chain.

Work is progressing and solid collaboration in ongoing.

In view of extending the mandate of the Beef Sector Strategic Planning Coordination Agent, a request for funding was submitted to the Quebec Ministry of Agriculture, Fisheries and Food (MAPAQ)'s 2023-2026 territorial and sectoral development program (*Programme de développement territorial et sectoriel 2023 2026, or «PDTs»*).

One of the main areas of work in 2024 will involve an analysis of the Coordination and value chain area. A request for funding was also submitted to the PDTs for this area of work.

2.5 PROMOTION AND ADVERTISING FUND FOR QUEBEC FEEDER CALF PRODUCERS

The 8th season of the TV series *Arrive en campagne* featured an episode on the production of feeder calves that was aired on May 17, 2023. A portion of funds will also help finance a portion of expenses associated with the deployment of Bœuf du Québec collective certification mark.

3. SECTOR ORIENTATIONS FOR 2024

3.1 QUEBEC'S SPECIALIZED FEEDER CALF AUCTIONS CIRCUIT

The selling agency will continue to guide feeder calf producers through the new requirement surrounding the fetal protection vaccination of breeding herds. Any producers whose paperwork is incomplete will be contacted before the end of the 2023-2024 season.

Starting in the 2024-2025 season, only feeder calves born from a breeder herd vaccinated for fetal protection or whose producers underwent a compliance process will be accepted in specialized auctions. Feeder calves that do not meet these requirements will have to be put to market through other venues.

FEEDER CALF

3.2 MARKETING OPTIONS

In the coming months, the selling agency will pursue its work on electronic auctions with the goal of increasing the number of producers using it to put feeder calves to market. Work on the finishing of feeder calves will also continue in collaboration with the fed cattle selling agency.

An information session on the production of fed cattle is planned on March 14, 2024, at Hôtel et Suites Le Dauphin in Drummondville. Feeder calf producers looking to fatten finished cattle will have an opportunity to:

- Attend a panel discussion between cattle breeders and finishers and other sector players;
- Obtain info sheets to help guide their production and marketing of this product.

Info sheets on feeder calves will be made available on the feeder calf producers' extranet site.

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 feeder calf category;

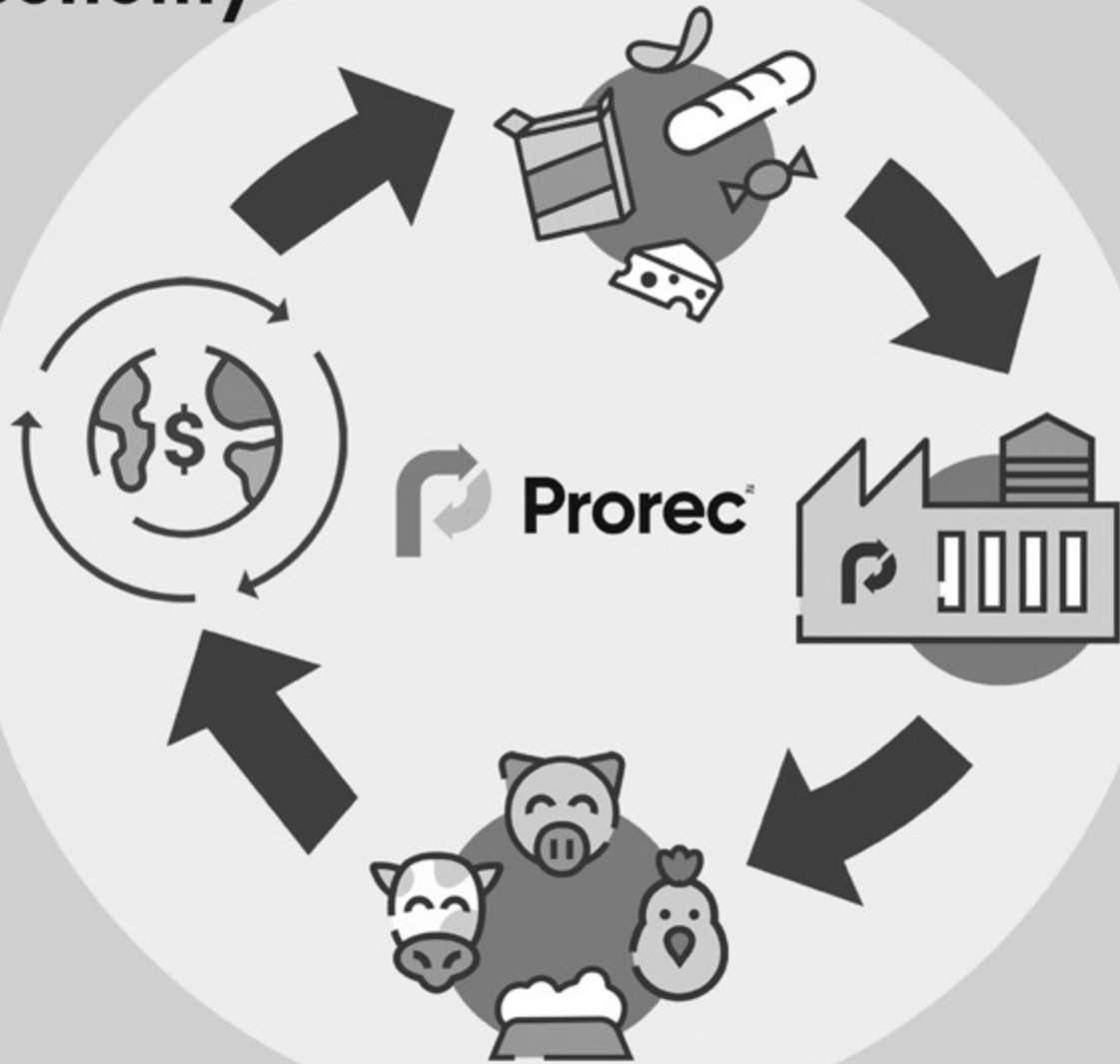
- Having owned, on average throughout the year, at least 25 beef cows or otherwise having raised (on their own or another's behalf) or having produced and put to market for the purposes of fattening at least 25 feeder calves, including semi-finished feeder calves;
- In the case of a corporate body or 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.

Should no such producer having owned, on average throughout the year, at least 25 beef cows or otherwise having raised (on their own or another's behalf) or having produced and put to market for the purposes of fattening at least 25 feeder calves, including semi-finished feeder calves, nominate themselves as a candidate, a feeder calf producer meeting all eligibility criteria other than those pertaining to volume can be eligible to serve as a member (or alternate) of the marketing committee as an observer, that is, with speaking rights but no voting rights.

5. OTHER BUSINESS (AS APPLICABLE)



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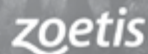
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FED CATTLE

PRODUCERS WORKSHOP

Draft Agenda

1. STATE OF THE MARKET IN 2023
2. ACHIEVEMENTS AND ONGOING BUSINESS IN THE FED CATTLE SECTOR IN 2023
3. SECTOR ORIENTATIONS FOR 2024
4. CONSULTATION ON AMENDING THE SPECIAL CONTRIBUTION FOR FED CATTLE PRODUCTION AND MARKETING
5. ELECTION OF THE COMMITTEE REPRESENTATIVE AND THEIR ALTERNATE
 - 5.1 ELIGIBILITY REQUIREMENTS
6. OTHER BUSINESS (AS APPLICABLE)



FED CATTLE

1. STATE OF THE MARKET IN 2023

In the spring of 2023, the price of cattle in the US hit a record high. The same happened here in Quebec and elsewhere in Canada. The outlook on prices in the coming years looks relatively promising. These kinds of market conditions have not been seen since 2015.

Between 2021 and 2023, there was a significant drop in American cattle inventory. This drop is largely explained by major droughts in the leading cattle producing states over the last two years. The price of cattle in 2023 experienced a sharp rise and was highly volatile.

Currently, there are fewer beef cows on pasture in the US meaning that there will be fewer calves and cattle being fattened. We expect a yearly 1 to 3% drop in this inventory over at least the next two years. The potential outcome is a drop in beef meat supply. Further pressure on supply should be expected when herds begin being reconstituted and heifers are put to grazing rather than fattening.

The long-term outlook for cattle production and the supply of beef meat is that both will be limited in the US, likely more so than it was in 2014-2015.

What will be the consequences of this on the price of cattle and beef meat in the US and in Western and Eastern Canada? They will undoubtedly be very favourable. However, such optimism should be tempered in light of other economic factors such as competition in relation to other animal proteins, domestic demand, and beef meat export demand.

In Quebec, the average price of fed cattle rose significantly —by \$0.73/lb carcass weight (cwt)— going from \$2.98/lb cwt in 2022 to \$3.71/lb cwt in 2023. This represents an increase in value of fed cattle, that is, \$657 for a 900 lb steer. The average price at the start of 2023 was \$3.21/lb cwt. Prices continued on an upward trend and peaked around \$4.07/lb cwt in June and August.

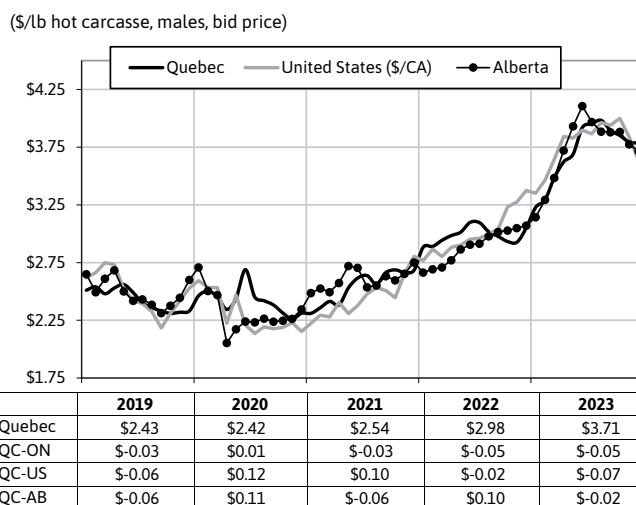
Selling prices of Quebec fed cattle were on average \$0.02/lb lower than those in Western Canada (Figure 1). They were more balanced than in 2022 which had seen a \$0.10/lb difference. That said, the differential between the average price of Quebec fed cattle versus US fed cattle has grown significantly since 2021. The US benefited from a \$0.07/lb cwt advantage compared to \$0.02/lb cwt in 2022 and Quebec benefited from a \$0.10/lb cwt advantage in 2021, which represents a \$0.17/lb cwt difference over two years. This has helped once more stoke exports of Canadian fed cattle to the US. The hike in US prices and the more favourable exchange rate largely explain this.

The increase in the costs of production, market uncertainty, and the low profitability of the past few years in the fed cattle sector ultimately led to another drop in production volume compared to the previous year (Figure 2). In total, 59,165 head were produced in 2023, excluding sales paid directly to producers.

In 2023, the average weight of fed cattle carcasses in Quebec was slightly lower than it was in 2022 (Figure 3), with a 2 lb drop bringing the average weight down to 892 lb. In Western Canada, the average weight of carcasses was 880 lb in 2023, compared to 896 lb in 2022. This is a 7 lb drop, explained in part by food supply problems due to the drought experienced in Western Canada as well as highly favourable prices pushing producers to sell their fed cattle a bit more rapidly.

In terms of carcass quality, Figure 4 shows trends in the share of carcasses based on their marbling score. The share of AAA or prime steer carcasses produced in Quebec is 65%, which is 13% lower than in Ontario and 8% lower than in Western Canada.

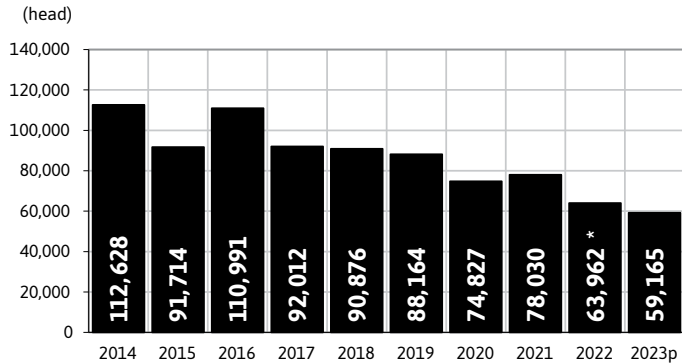
Figure 1: Price of fed cattle (A1-A2) in Quebec, Western Canada, and the US (spot market only)



Sources:

- PBQ: Bid price of A1-A2 male steer, full loads, sold to Canada and the US, spot market, from the farm, Quebec
- OCA: Sale price of A1-A2 male steer, direct sales, Ontario
- Canfax: Sale price of A1-A2 male steer, direct sales, Alberta
- USDA: Sale price of male steer, direct sales, Five Area, USA

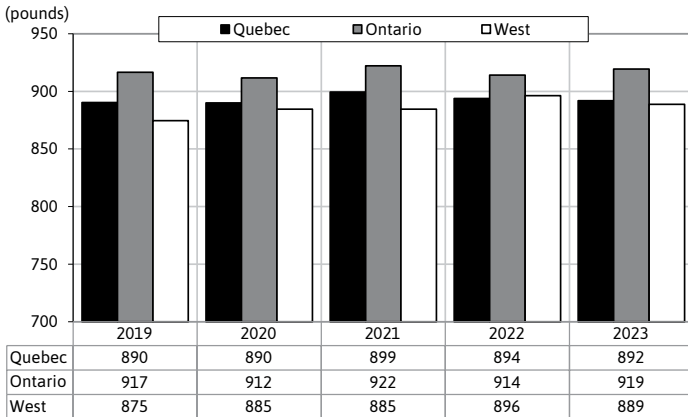
Figure 2: Quebec fed cattle production



* As of 2022, volumes do not include sales paid directly to producers.

Source:
• PBQ: Number of fed cattle put to market by producers in Quebec

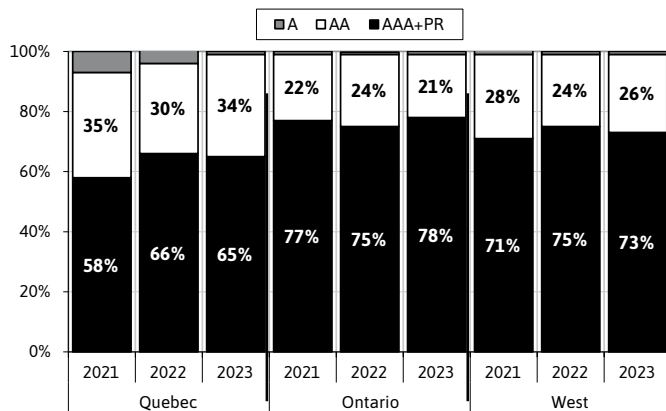
Figure 3: Average weight of steer* carcasses (Quebec, Ontario, and Western Canada)



* Slaughtered in Canada

Sources:
• PBQ: Selling weight of steer slaughtered in Canada (weighted 65% male, 35% female), Quebec
• CBGA: Selling weight of steer slaughtered in Ontario (weighted 65% male, 35% female)
• CBGA: Selling weight of steer slaughtered in Western Canada (weighted 65% male, 35% female)

Figure 4: Marbling of steer* carcasses (Quebec, Ontario, and Western Canada)



* Slaughtered in Canada

Sources:
• PBQ: Grading of fed cattle produced in Quebec and slaughtered in Canada
• CBGA: Grading of fed cattle slaughtered in Ontario
• CBGA: Grading of fed cattle slaughtered in Western Canada

2. ACHIEVEMENTS AND ONGOING BUSINESS IN THE FED CATTLE SECTOR IN 2023

VBP+ Certification

As of January 1, 2025, new regulations on the production and marketing of fed cattle will require operations putting to market more than 20 head per week to be VBP+ certified. The importance of working towards sustainability is, in the committee's view, essential to Quebec's fed cattle production.

Increase in the number of VBP+-certified steers

VBP+-certified operations had capacity for 1,820 additional head of fed cattle in 2023, for a total of 38,270. This is a 5% increase over 2022, that is, an approximate annual production of 53,578 steers based on a 1.4 inventory rotation rate.

Active recruitment efforts will be deployed in 2024. To learn more, contact pbqcertification@upa.qc.ca.

Fed cattle production and marketing regulation

This regulation lay out terms for production and marketing by producers.

Following the rejection of the draft presented to the 2023 fed cattle producers' special general meeting (SGM), the fed cattle marketing committee (CMMBA) redrafted the regulation in view of a new vote to be put to producers at the 2024 SGM.

Fed cattle marketing agreement

The marketing agreement lays out the terms for marketing fed cattle to buyers.

The selling agency is currently drafting a proposed agreement to be approved by the CMMBA and then negotiated with buyers.

Collaboration with the feeder calf sector

The CMMBA has signalled its support to the feeder calf sector for the development of a proposed electronic auction option for the sales of feeder calves.

The CMMBA has also developed a project aimed at feeder calf producers to offer them information on fattening and finishing of feeder calves as fed cattle.

Promotion of Bœuf du Québec

Developed in partnership with the feeder calf sector and Montpak International Inc., the Bœuf du Québec promotional initiative was completed in 2023. Funding from MAPAQ's bio-food market development program (*Programme de développement des marchés bioalimentaires*) enabled a number of marketing activities to promote Bœuf du Québec.

FED CATTLE

3. SECTOR ORIENTATIONS FOR 2024

The CMMBA and the fed cattle selling agency will be focusing on the following business in 2024:

- Improve the financial standing of the selling agency;
- Ensure the adoption and implementation of the marketing regulations;
- Negotiate and develop marketing agreements with buyers;
- Continue supporting the development of VBP+ certification within the sector;
- Collaborate with the feeder calf sector on various projects;
- Continue analyzing involvement in Bœuf du Québec certification project
- Continue strategic planning for the beef sector.

4. CONSULTATION ON AMENDING THE SPECIAL CONTRIBUTION FOR FED CATTLE PRODUCTION AND MARKETING

The selling agency is currently in deficit, due largely to the drop in revenues stemming from reduced volumes of steers going to market as well as the overall increase in most expenditure line items due to inflation and necessary increases tied to IT security upgrades.

The volume of fed cattle put to market fell by nearly 30% in the period between 2015 and 2022, that is, since the last amendment made to the special contribution in 2015 (see Figure 2). It is forecasted that the volume of fed cattle put to market will continue to fall in the coming years.

The table below shows the evolution of income and expenses at the selling agency since 2014.

The producer of a cattle farm with several categories of cattle pays only the highest annual contribution payable for that farm.

The budget adopted for 2023 showed an anticipated deficit of \$237,429. As such, the accumulated sums in the selling agency's fund is anticipated to be \$379,417 by the end of the financial year.

The CMMBA has looked into the agency's financial standing in an effort to maintain the level of service offered to producers over the next five years. Proposed cost-reduction solutions include:

- Making CMMBA meetings more efficient;
- Negotiating a decrease in annual dues to the National Cattle Feeders' Association

For its part, the selling agency will continue to deploy efforts to support and improve the revenues of fed cattle producers and the profitability of fed cattle production.

This being said, increasing funding through a special contribution for fed cattle production and marketing remains a must. As such, the proposed increase should allow the selling agency to maintain services offered to producers. These services notably include:

Marketing

- Administrating the province's fed cattle marketing regulations (*Règlement sur la mise en marché des bouvillons du Québec*);
- Running electronic auctions;
- Managing sales to the US (e.g., transport, customs, contract oversight);
- Negotiating sales with Canadian and US slaughterhouses;
- Managing exchange rates for US sales;
- Collecting payments from buyers, paying producers, and collecting transports fees;
- Validating buyer information and revising it as needed;
- Developing new markets;
- Monitoring benchmark market trends.

Internal income statement - Evolution of results for financial years 2014 to 2023

	2023 Budget	Oct. 2022	Oct. 2021	Dec. 2020	Dec. 2019	Dec. 2018	Dec. 2017	Dec. 2016	Dec. 2015	Dec. 2014
	(4 months)	(12 months)	(12 months)	(12 months)	(10 months)	(12 months)	(12 months)	(12 months)	(12 months)	(12 months)
Income (\$)	195,278	507,741	538,247	561,337	556,738	716,786	899,914	766,994	546,777	589,115
Expenses (\$)	204,821	567,462	569,588	560,742	442,498	490,020	657,713	644,348	1,574,939	735,890
Excess (shortfall) (\$)	(9,543)	(59,721)	(31,341)	595	114,240	226,766	242,201	122,646	(1,028,162)	(146,775)
Net assets, beginning of year (\$)	616,846	676,567	707,908	707,313	593,073	366,307	(363,492)	(665,147)	343,015	489,790
Interfund transfers (\$)	0	0	0	0	0	0	487 598	179 009	20 000	0
Net assets, end of year (\$)	607,303	616,846	676,567	707,908	707,313	593,073	366,307	(363,492)	(665,147)	343,015

Information for Producers

- Keeping the extranet site content up to date (e.g., slaughterhouse data, payments to producers, sales and pounds of gain statistics, and information and analysis documents).

Other Services

- Developing and managing the Bovitrace tracing software;
- Inspecting the main slaughterhouses in Ontario and the Maritimes notably in terms of regulatory observance (e.g., preparing and cutting carcasses);
- Supporting producers in their various activities.

Representation

- Participating as a member of the National Cattle Feeders' Association, a pan-Canadian fed cattle lobby group.

The reasons above support the CMMBA's recommendation to increase the special contribution amount for fed cattle production and marketing by \$3.50 per steer put to market starting November 1, 2024, bringing it from \$6.25 to \$9.75.

Do you agree with the fed cattle marketing committee's recommendation to increase the special contribution amount for production and marketing by \$3.50 per steer put to market, effective November 1, 2024?

5. ELECTION OF THE COMMITTEE REPRESENTATIVE AND THEIR ALTERNATE

5.1 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 fed cattle category;
- Having raised (on their own or another's behalf) or having produced and put to market at least 50 steers 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.

Should no such producer having raised (on their own or another's behalf) or having produced and put to market at least 50 steers over the last calendar year nominate themselves as a candidate, a fed cattle producer meeting all eligibility criteria other than those pertaining to volume can be eligible to serve as a member (or alternate) of the marketing committee as an observer, that is, with speaking rights but no voting rights.

6. OTHER BUSINESS (AS APPLICABLE)



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.

MILK-FED VEAL PRODUCERS WORKSHOP

Draft Agenda

1. STATE OF THE MARKET IN 2023
2. ACHIEVEMENTS AND ONGOING BUSINESS IN THE MILK-FED VEAL SECTOR IN 2023
 - 2.1 Ongoing and completed projects
 - Milk-fed calf ulcers and abomasum lesions: prevalence, associated factors, and potential solution to limit their prevalence
 - 2.2 Verified Veal quality program
 - 2.3 Quebec Veal promotion
3. SECTOR ORIENTATIONS FOR 2024
4. ELECTION OF THE COMMITTEE REPRESENTATIVE AND THEIR ALTERNATE
 - 4.1 Eligibility requirements
5. OTHER BUSINESS (AS APPLICABLE)

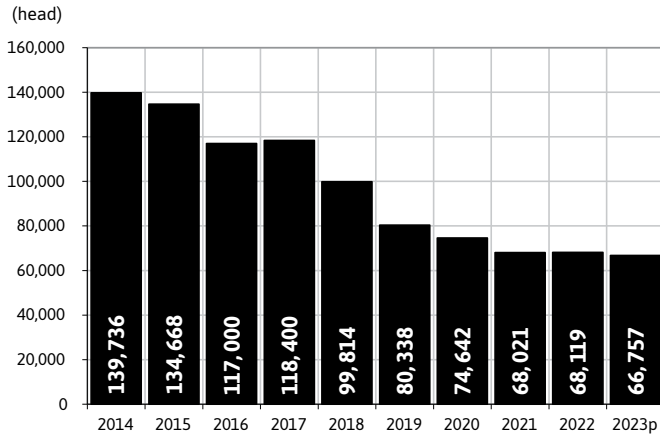


MILK-FED VEAL

1. STATE OF THE MARKET IN 2023

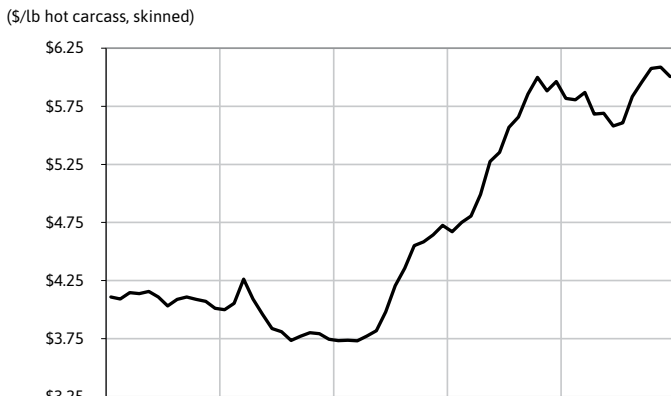
Production of milk-fed calves for 2023 is projected to be around 66,757 head. This represents a 2% drop compared to 2022.

Figure 1: Quebec milk-fed calf production



Source:
• PBQ: Milk-fed calf production volume - Quebec

Figure 2: Price of milk-fed calves in the US

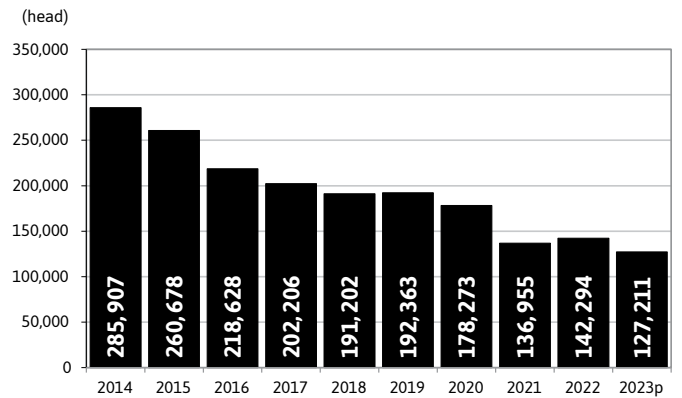


Note: Price are excluding customs and veterinarian fee for calf delivery to the US, and any weight loss during transport

Source:
• USDA: USDA converted to Can\$. Price f.o.b.

Following the steady increase seen throughout 2022, the growth of the price of milk-fed calves on the American market plateaued in 2023 at around Can\$5.83/lb hot carcass. Overall, the average price is 8% higher than the average price seen in 2022.

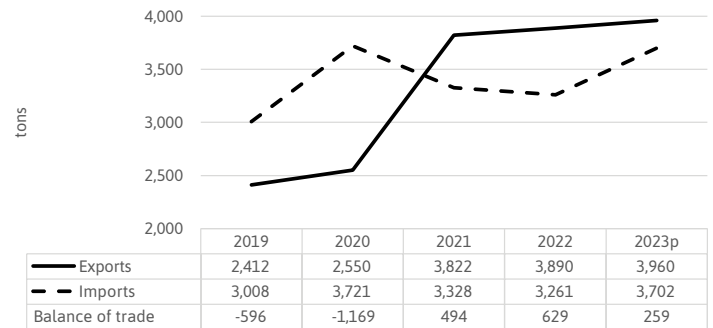
Figure 3: US production of milk-fed calves



Source:
• USDA: Number of slaughtered milk-fed calves in the northeastern and north-central United States.

American milk-fed calf production shows a drop of 10.6% compared to 2022, resulting with a total of 127,211 head.

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.

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

2.1 ONGOING AND COMPLETED PROJECTS

Milk-fed calf ulcers and abomasum lesions: prevalence, associated factors, and potential solution to limit their prevalence

Following a 2022 project to develop an assessment tool for milk-fed calf abomasum lesions, the milk-fed veal marketing committee felt it was appropriate to pursue a second phase project with the Université de Montréal's faculty of veterinarian medicine.

In December, an application for project funding was submitted to the MAPAQ's territorial and sectoral development program (PDTs). The project will be led over 24 months starting in 2024. Its objectives are:

- Assess the prevalence of abomasum lesions in Quebec milk-fed calves;
- Confirm the diagnostic value of serum pepsinogen in blood samples from a subset of calves in correlating abomasum lesions detected at the slaughterhouse;
- Assess fattening characteristics using a questionnaire during a farm site visit;
- Evaluate specific risk factors potentially tied to this issue in individual animals, lots, and farms;
- Study a subset of abomasum from calves having died during the fattening stage in order to characterize the proportion of those with ulcers.

2.2 VERIFIED VEAL QUALITY PROGRAM

The Canadian Food Safety Program for on-farm production of Verified Veal calves offers producers a way to respond to consumer demand for proof of food safety. The program allows us to offer our clients a guarantee of first quality veal meat. Details about this program can be found in the Quality Programs and Sustainable Beef Program section of the 2023 Activities portion of this document.

2.3 QUEBEC VEAL PROMOTION

The milk-fed veal marketing committee stopped contributing to the Quebec Veal promotional fund as of November 1, 2023. Details of promotional activities led between January 1 and October 31 can be found in the section entitled Achievements and Ongoing Joint Business in the Milk-fed and Grain-fed veal Sectors.

3. SECTOR ORIENTATIONS FOR 2024

In 2024, work tied to the milk-fed veal sector will focus on:

- Continuing the implementation of the veal sector's strategic planning and of the actions outlined in the Analysis and Actions to Galvanize the veal cattle sector project report;
- Maintaining involvement in the Canadian Veal Association 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;
- Improving the quality of dairy calves in collaboration with the cull cattle and dairy calves marketing committee and being actively involved in the *Forum Veau* stakeholder forum;
- Pursuing initiatives to support 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.
- Following up on the study about the impacts of different rest period nourishment distributed to unweaned calves during transport;
- Upon receiving funding from the PDTs, leading the second phase of the milk-fed calf abomasum lesion project in order to identify the causes and understand farm practices that can support prevention.

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 milk-fed veal category;
- Having raised (on their own or another's behalf) or having produced and put to market at least 100 milk-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.

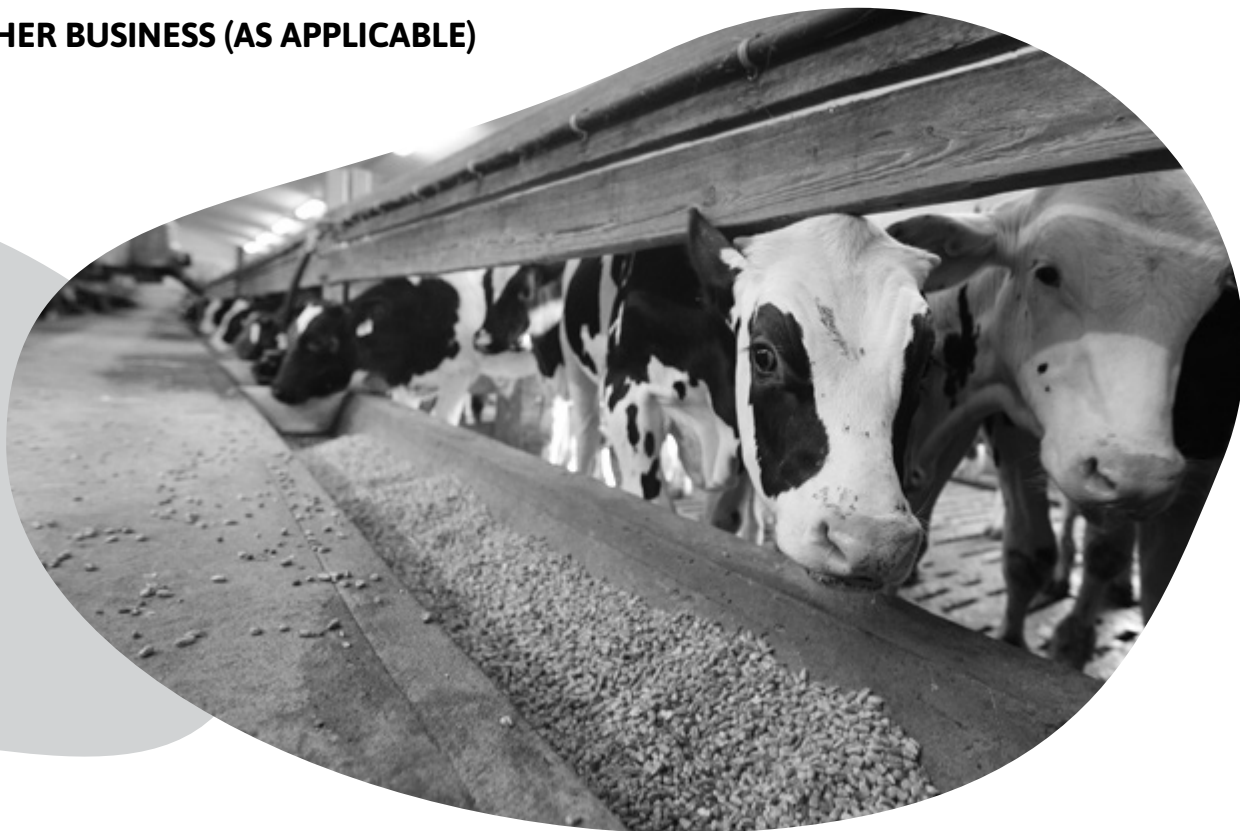
5. OTHER BUSINESS (AS APPLICABLE)

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)



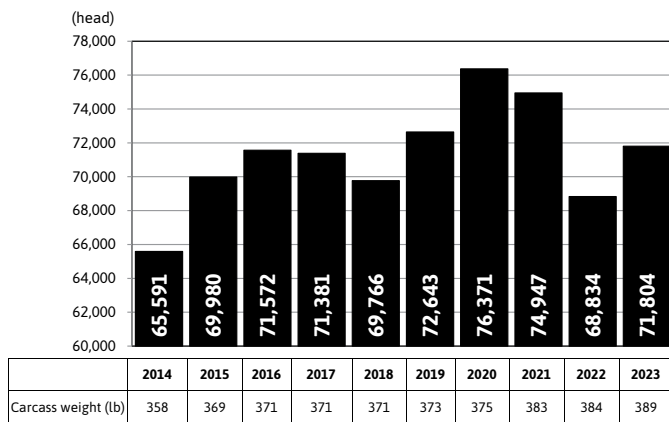
1. STATE OF THE MARKET IN 2023

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.

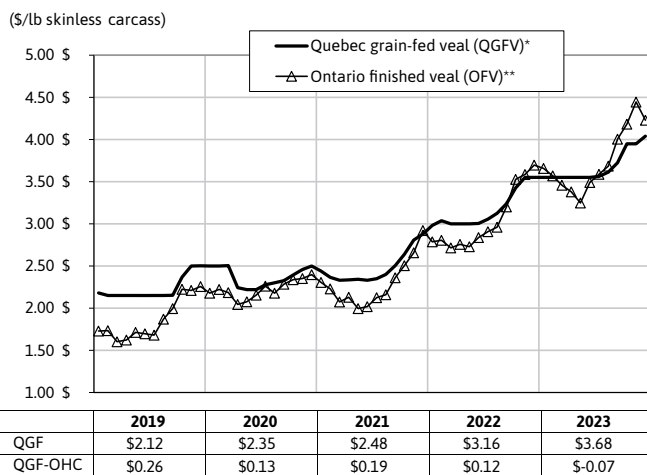
Figure 1: Quebec grain-fed calf production trends



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.

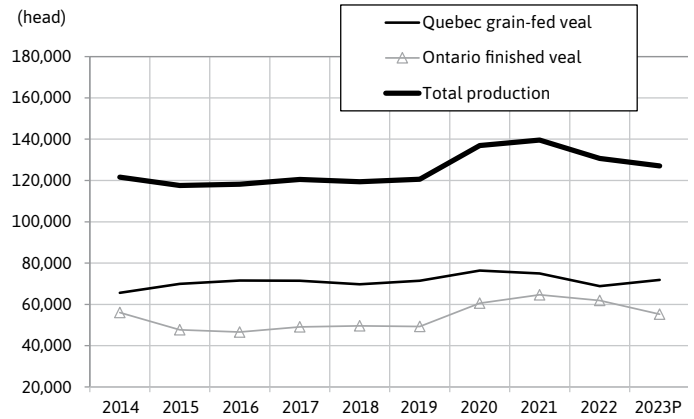
Figure 2: Price of Quebec and Ontario grain-fed calves



* 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.

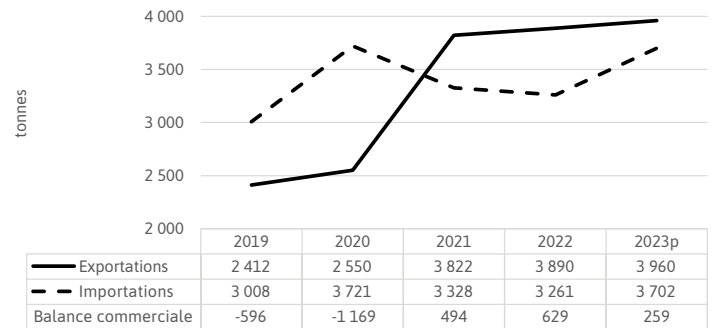
Figure 3: Grain-fed calf production comparison – Quebec versus Ontario



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)



CULL CATTLE AND DAIRY CALF PRODUCERS WORKSHOP

Draft Agenda

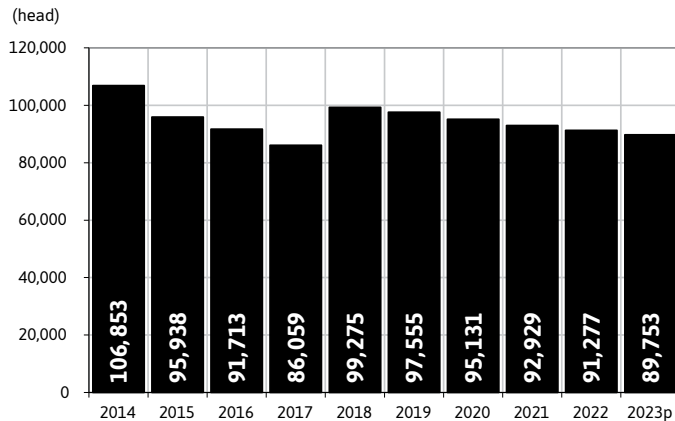
1. STATE OF THE MARKET IN 2023
2. ACHIEVEMENTS AND ONGOING BUSINESS IN THE CULL CATTLE AND DAIRY CALF SECTOR IN 2023
 - 2.1 Market development
 - 2.2 Beef crossed dairy calves
 - 2.3 Veal sector project
 - 2.4 Improvements in the management, health, and welfare of cull dairy cows
 - 2.5 Opportunity study for the development of a Quebec-based dairy beef sector – Techno-economic study including commercial scale-up
3. SECTOR ORIENTATIONS FOR 2024
 - 3.1 Deployment of the Bœuf du Québec certification
 - 3.2 Establishment of Veal POD program criteria
 - 3.3 Veal sector
 - 3.4 Cull cattle
 - 3.5 Member involvement
4. CONSULTATION ON ALLOCATING THE CULL CATTLE MARKETING DEVELOPMENT FUND TOWARDS SUSTAINABLE DEVELOPMENT AND GREENHOUSE GAS EMISSION REDUCTION PROJECTS
5. ELECTION OF THE COMMITTEE REPRESENTATIVE AND THEIR ALTERNATE
 - 5.1 Eligibility requirements
6. OTHER BUSINESS (AS APPLICABLE)



CULL CATTLE AND DAIRY CALF

1. STATE OF THE MARKET IN 2023

Figure 1: Number of culled cattle in Quebec

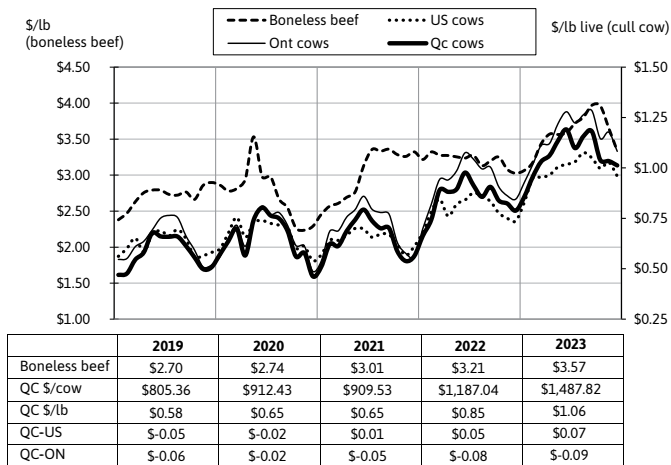


Source:
• PBQ: Number of cull cattle put to market in Quebec

In 2023, an average of 1,726 cull cattle were put to market on a weekly basis by producers through Quebec-based auctions. The volume of cull cattle put to market fell by 1.7% compared to 2022.

This data includes cull cattle sold at Quebec auctions and sold outside of Quebec under the Canadian Beef Check-Off Agency's national allocation agreement.

Figure 2: Price of Quebec, Ontario and US cull cattle and 85% lean boneless beef in Canada

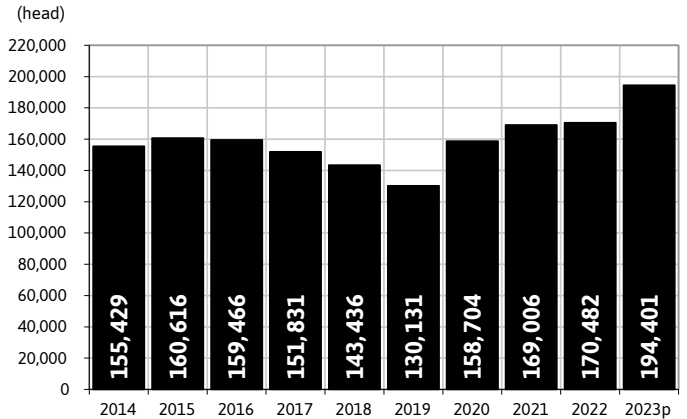


Sources:
• PBQ: Selling price of cull cattle sold in Quebec auctions, CC QC (\$/lb)
• PBQ: Revenue per 1,400 lb head of live cull cattle, CC QC (\$/head)
• Canfax: Selling price of cull cattle of all categories sold in Ontario auctions, CC ON
• USDA: Selling price of lean cull cattle sold at auction in New Holland, PA, converted to equivalent CAD\$, CC USA
• Canfax: Selling price of 85% lean boneless beef sold in Canada, boneless beef

In 2023, the average live weight price of cull cattle rose to \$1.06/lb compared to \$0.85/lb in 2022. This increase is due to high North American market demand for beef protein.

The average benchmark price of boneless beef was \$3.57/lb in 2023, compared to \$3.21 in 2022.

Figure 3: Number of Quebec dairy calves put to market



Source:
• PBQ: Number of dairy calves put to market in Quebec

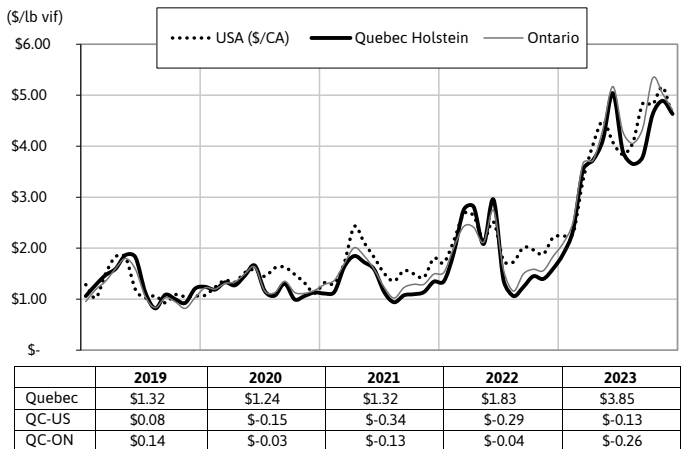
On average, 3,738 dairy calves were put to market on a weekly basis by producers in Quebec auctions in 2023.

The forecasted total annual volume of dairy calves put to market for 2023 is 194,401, representing a 14% increase compared to 2022.

The share of cross-bred dairy calves born from beef sire semen reached 53% in 2023.

This data includes dairy calves sold at Quebec auctions and sold outside of Quebec under the Canadian Beef Check-Off Agency's national allocation agreement.

Figure 4: Price of good male dairy calves in Quebec, Ontario, and the US

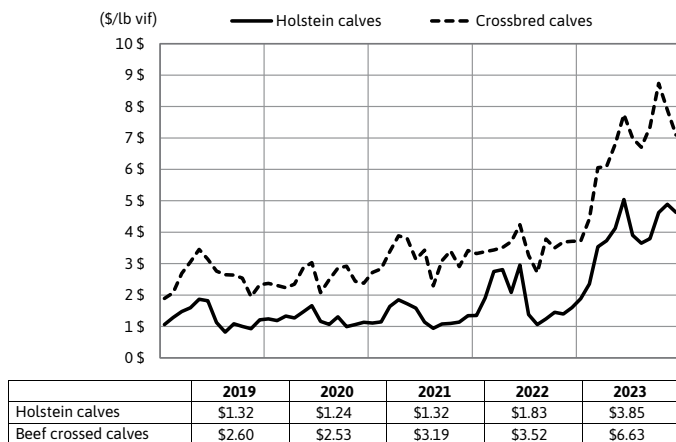


Sources:
• PBQ: Selling price of male dairy calves sold in Quebec auctions
• OCA: Selling price of male dairy calves sold in Ontario auctions
• USDA: Selling price of male dairy calves sold in auctions in New Holland, PA, converted to equivalent CAD\$, USA

The average live weight price of dairy calves peaked at \$5/lb in June 2023. Dairy calves were put to market at an annual average live weight price of \$3.85/lb in 2023, i.e., \$2.02/lb more than 2022. This price variance is due namely to the US market's very high demand for fattened cattle and the favourable exchange rate for the export of calves to the US.

CULL CATTLE AND DAIRY CALF

Figure 5: Comparison of prices of male dairy calves versus beef crossed calves



Source:
 • PBQ: Selling price of male dairy calves and beef crossed calves sold in Quebec auctions

In 2023, good male Holstein calves sold at a live weight price of \$3.85/lb compared to \$6.63 for good male beef crossed dairy calves. The increase in the number of beef crossed dairy calves ultimately reduces the supply of Holstein calves which increases their price at auction.

2. ACHIEVEMENTS AND ONGOING BUSINESS IN THE CULL CATTLE AND DAIRY CALF SECTOR IN 2023

2.1 Market Development

The market development project spearheaded by the cull cattle and dairy calf marketing committee (CMMBR) led to the launch of Bœuf du Québec certification in November 2023. A number of operations signed the license agreement and discussions are ongoing with other potential partners.

The special promotion and marketing contribution for cull cattle producers initiated in 2023 will enable the funding of initiatives such as the development and deployment of a promotional communication strategy for the sector. This represents a major initiative for all three sectors of the beef pipeline (fed cattle, feeder calves, and cull cattle).

2.2 Beef crossed dairy calves

For a number of years, the sector has been vigilantly watching beef cross dairy calf market trends. A guide on the use of beef sire semen in dairy herds was published in 2020 and can be found in the Publications section of the PBQ website (bovin.qc.ca). This guide helps producers in their choice of bull based on breed and expected progeny differences (EPDs) to suit their target market.

Crossed dairy calf sector activities over the last year include:

- An information campaign tour aimed at employees of Centre d'insémination artificielle du Québec (CIAQ);

- Production of a podcast for STGenetics;
- Participation in information days designed for the CIAQ's cattle improvement forums (*Cercles d'amélioration du bétail*);
- Presentations for Dairy Days held in a number of regions in the province.

The sector continues to deploy efforts to share information with dairy producers to meet the needs of buyers and maximize producer revenues.

2.3 Veal Sector Project

In 2023, the veal sector engaged in a collaborative project to improve the supply of beef crossed dairy calves for veal cattle production. The first part of the project established a measure between back fat deposits, sex, and crossing. This part of the project sought to better understand the back fat deposition on different types of veal in order to address sector concerns. Analyses revealed that Angus-crossed female veal had increased back fat deposits compared to male and female purebred Holstein veal at the start of their grain-based finishing diet, particularly after the second month. The project's next phase will look at how to reduce back fat deposits through diet modifications.

2.4 Improving the management, health, and welfare of cull dairy cows

In 2019, the sector proposed a project to document the condition and welfare of cull cows passing through Quebec auctions. The goal was to identify management practices that can improve their welfare and maximize producer revenues. The project was led in conjunction with Université de Montréal's faculty of veterinarian medicine and is nearly complete. It allowed the committee to produce a short video to promote best practices in the management of cull cattle both at the farm and at the time of their departure. The video is available on the PBQ's YouTube channel. The sector hopes to share the results of this project with producers in the coming year through a variety of initiatives.

2.5 Opportunity study for the development of a Quebec-based dairy beef sector – Techno-economic study including commercial scale-up

This project sought to document herd performance for Holstein steers in the context of Quebec market. Over 1,000 Holstein steers and 800 Angus-Holstein steers were tracked as they were fattened. Market trends present the beef sector with an opportunity in terms of beef crossed dairy calves. The results of the dairy steers fattening project are available through a series of videos and a producer's guide at <https://bovin.qc.ca/la-production/bovin-de-reforme-et-veau-laitier/publications/>. The project was funded by the province's sectoral development program (*Programme de développement sectoriel*) thanks a Canadian Agricultural Partnership between the Canadian and Quebec governments.

3. SECTOR ORIENTATIONS FOR 2024

3.1 Deployment of the Bœuf du Québec certification

The cull cattle and dairy calf sector will continue to develop markets for cull cattle produced in Quebec. It will also continue its involvement in the development of the collective Bœuf du Québec certification as well as the establishment of new partnerships.

3.2 Establishment of Veal POD program criteria

Improving the welfare, health, and quality of dairy calves put to market at auction remains a priority for this sector. The goal of the POD (plan-observe-decide) project is to establish criteria for the development of a recognition program for dairy farms that follow best dairy calf care practices.

The project was led in tandem with Université de Montréal's faculty of veterinarian medicine and funded by the province's agri-food program *Innov-Action agroalimentaire*. The sector's goal is to launch a program that traces, on behalf of buyers, calves raised following best husbandry practices in order to maximize producer revenues in the sale of these calves in Quebec's auctions.

The best performing dairy producers in Quebec identified using the project's criteria were contacted and surveyed about their dairy calf care practices. Using survey results and the scientific literature, best practices will be shared with dairy producers alongside an opportunity to be recognized as a POD calf producer, i.e. recognized by buyers as producing high-quality calves.

3.3 Veal sector

Contributions from different sectors of the veal sector will aim to improve the supply of crossed calves for veal cattle production. In 2022, the cull cattle and dairy calf sector, as well as the milk-fed and grain-fed veal sectors, took on a three-part project to allow the stakeholders to adapt to changes stemming from the growing presence of beef crossed dairy calves on the market. These three parts consist of:

- Performing a literature review on beef-crossed calves in the main veal meat-producing countries in Europe and Oceania.
- Identifying the best beef bull breeds to cross with Jersey, Ayrshire, and Brown Swiss.

Establish if any, the relationship between back fat deposition and the sex or type of calf.

The conclusions generated by the back fat deposit study in grain-fed calves will allow the sector to plan the project's second phase focused on calf diet.

The cull cattle and dairy calf sector will also continue to deploy efforts to support the adaptation of the *Health of Animals Regulations - Part XII: Transport of Animals-Regulatory Amendment* in collaboration with the grain-fed and milk-fed veal sectors.

3.4 Cull Cattle

The cull cattle sector will continue to offer resources to producers to help them adapt to the *Health of Animals Regulations - Part XII: Transport of Animals-Regulatory Amendment*. Priority will be given to the management and transport of cattle that cannot be taken to assembly points. The sector hopes to ensure that all marketable cattle can be exploited in keeping with current laws and regulations.

3.5 Member Involvement

In 2024, the sector hopes to promote the involvement of cull cattle and dairy calf producers in a number of projects. The CMMBR will consult members over the course of the year in an effort to involve them more in the sector's ongoing business. The methods used to consult members will be determined on a case-by-case basis.

4. CONSULTATION ON ALLOCATING THE CULL CATTLE MARKETING DEVELOPMENT FUND TOWARDS SUSTAINABLE DEVELOPMENT AND GREENHOUSE GAS EMISSION REDUCTION PROJECTS

The cull cattle marketing development fund, known as the *Fonds pour le développement de la mise en marché des bovins de réforme* (FDMMBR) was created in 2004 by the Producteurs de bovins du Québec (PBQ) to fund the establishment or operation of a commercial enterprise, i.e., Levinoff-Colbex, and hold share capital or any other form of capital within such enterprise (Decision 8089 of the Régie des marchés agricoles et alimentaires du Québec (RMAAQ)).

At this same time, the *Règlement sur la contribution spéciale pour le développement de la mise en marché des bovins de réforme* was adopted by the PBQ and approved by the RMAAQ, whereby said contributions were to be allocated to the FDMMBR.

On August 17, 2005 (RMAAQ Decision 8407), the RMAAQ exempted the PBQ from articles 60 and 128 of the Act Respecting the Marketing of Agricultural, Food and Fish Products (Law) per article 37 of said Law, allowing PBQ to invest the FDMMBR's funds into a commercial enterprise.

Additionally, on or around August 31, 2005, the Government of Quebec authorized Investissement Québec (IQ) to offer the PBQ funding assistance in the form of a loan in the maximum amount of \$19M to fund the establishment and operation of a commercial enterprise, under the terms of Order no. 805-2005.

CULL CATTLE AND DAIRY CALF

A special contribution of \$53.86 per cull cattle put to market was collected from producers of the cull cattle sector starting August 1, 2008, to refinance the operation of the commercial enterprise and reimburse some of the loans taken out by the PBQ from a financial institution, i.e., National Bank of Canada (NBC) to this end.

The NBC loans were paid back by the PBQ and the collection of the special contribution was discontinued in 2014.

As of November 30, 2023, the FDMMBR has a positive balance of approximately \$2.6M.

The PBQ's debt towards IQ amounts to approximately \$19.5M (including compound interest).

For a number of months now, the PBQ has been holding discussions with the Quebec Ministry of Economy, Innovation and Energy (MEIE), IQ, and the Quebec Ministry of Agriculture, Fisheries and Food (MAPAQ) for the purpose of conclusively settling this undertaking, namely the radiation of the PBQ's debt.

The discussions have proven fruitful seeing as PBQ with MEIE, IQ and MAPAQ have confirmed their willingness to put forward a proposal to the government in 2024 to write off the PBQ's \$19.5M debt (including compound interest) with IQ.

Given this debt forgiveness, the PBQ must resolve to invest the FDMMBR's balance of funds, i.e., approximately \$2.6M, in projects geared towards sustainability, such as namely reducing greenhouse gas (GHG) emissions.

Remember that producers have committed to making the shift to more sustainable beef production, and in particular to reducing their GHG emissions by 30% by 2030, which means developing and making available to producers, concrete and proven solutions to achieve this.

The various projects to be funded by the FDMMBR will be determined jointly by the PBQ (including a representative from the cull cattle and dairy calves marketing committee (CMMBR)) and MAPAQ.

Further, MAPAQ and PBQ have agreed that said projects shall benefit the producers of the cull cattle sector and more generally in the interest of all cattle producers.

In order to use the balance of funds from the FDMMBR to these ends, the PBQ must seek the approval of producers during a general meeting called for this purpose.

Recommendation

The CMMBR and the PBQ board of directors recommend that producers approve the use of FDMMBR funds for purposes other than those for which the funds were initially collected, i.e., to fund the commercial enterprise, to support the producers of the cull cattle sector in funding and implementing collectively beneficial sustainable development and greenhouse gas emission reduction projects pertaining to their production.

Motion put to producers

Do you agree with the recommendation from the cull cattle and dairy calf marketing committee and the Producteurs de bovins du Québec's board of directors to amend the mandate of the Fonds pour le développement de la mise en marché des bovins de réforme as to now allocate its funds towards funding and establishing sustainable development and greenhouse gas emission reduction projects, conditional on the write-off of Producteurs de bovins du Québec's debt to Investissement Québec in the approximate amount of \$19.5 million?



YES



NO

5. ELECTION OF THE COMMITTEE REPRESENTATIVE AND THEIR ALTERNATE

5.2 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 cull cattle category;
- 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;
- Having paid the contributions outlined by the Joint Plan or, failing such, having taken legal action to contest them within 30 days of their invoice.

6. OTHER BUSINESS (AS APPLICABLE)

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SAINT-ISIDORE

Mr Edoardo Maciocia
Director

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Toll-free: 1 866 839-9475
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maeq@globetrotter.net

REGULAR SALES

Cull Cattle and Dairy Calf
Monday and Wednesday

Feeder Calf
Friday

SAINT-HYACINTHE

Mr Mario Maciocia
Director

5110, Rue Martineau,
St-Hyacinthe (Québec) J2R 1T9
Telephone: 450 796-2612
Toll-free: 1 877 796-2612
Fax: 450 796-2298
reseauencanquebec@cgocable.ca

REGULAR SALES

Cull Cattle and Dairy Calf
Monday and Wednesday

DANVILLE

Mr Edoardo Maciocia
Director

1451, Rte 116,
Danville (Québec) J0A 1A0
Telephone: 819 839-2781
Fax: 819 839-3849
encan@qc.aira.com

REGULAR SALES

Cull Cattle and Dairy Calf
Tuesday

Les Producteurs
de bovins du
Québec



LES PRODUCTEURS DE BOVINS DU QUÉBEC

555 Roland-Therrien Blvd., suite 305, Longueuil (Québec) J4H 4G2
Phone: 450-679-0530 • pbq@upa.qc.ca

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