

CULL CATTLE AND DAIRY CALF PRODUCERS WORKSHOP

Proposed Agenda

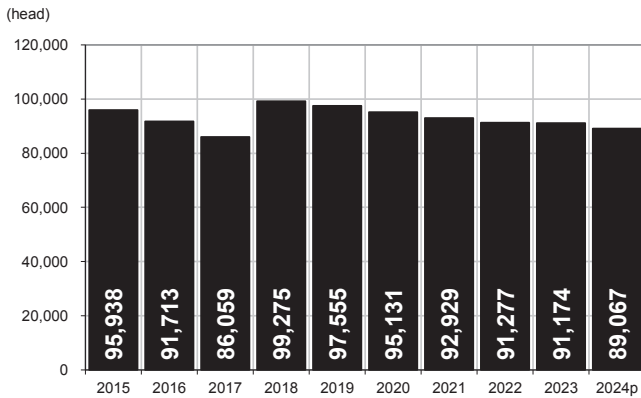
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CULL CATTLE AND DAIRY CALF

1. STATE OF THE MARKET IN 2024

Figure 1: Number of culled cattle in Quebec

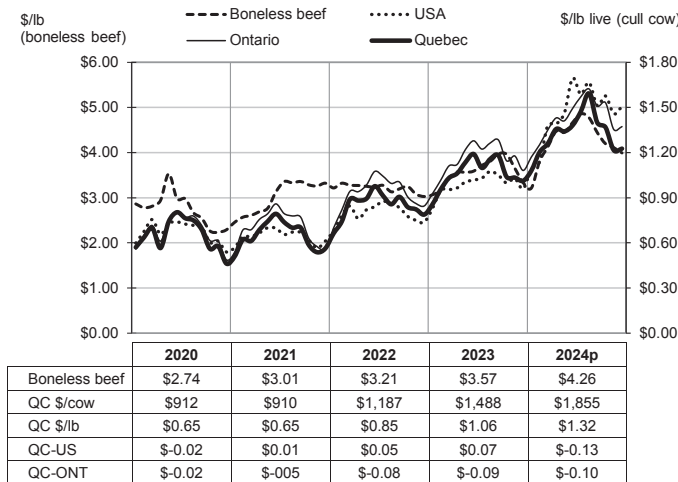


Source:
• PBQ: Number of cull cattle put to market in Quebec

In 2024, an average of 1,713 cull cattle were put to market on a weekly basis by producers through Quebec-based auctions. The volume of cull cattle put to market has fallen by 2.4% compared to 2023.

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

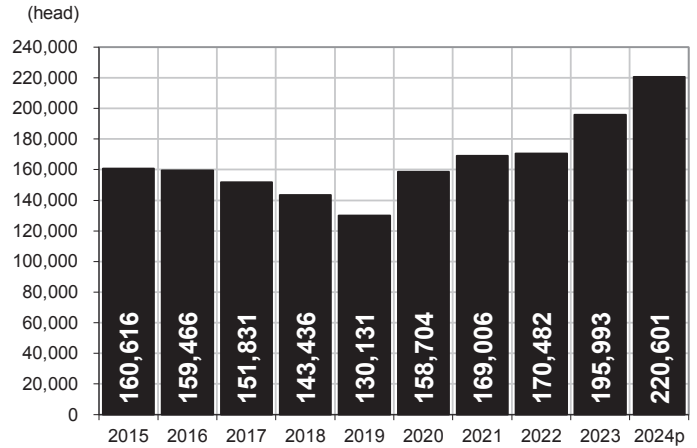


Sources:
• PBQ: Selling price of cull cattle sold in Quebec auctions, CC QC (\$/lb)
• PBQ: Revenue per 1,400 lb head of live cull cattle, CC QC (\$/head)
• Canfax: Selling price of cull cattle of all categories sold in Ontario auctions, CC ON
• USDA: Selling price of lean cull cattle sold at auction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

In 2024, the average live weight price of cull cattle rose to \$1.32/lb compared to \$1.06/lb in 2023. This increase is due to high North American market demand for beef protein.

The average benchmark price of boneless beef was \$4.26/lb in 2024, compared to \$3.57 in 2023.

Figure 3: Number of Quebec dairy calves put to market



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

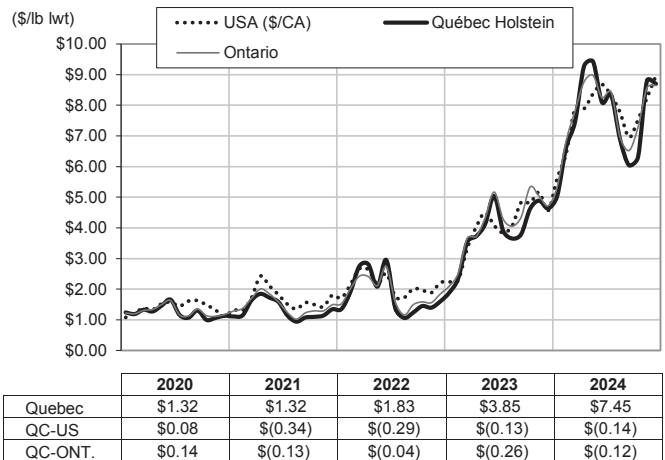
On average, 4,242 dairy calves were put to market on a weekly basis by producers in Quebec auctions in 2024.

The forecasted total annual volume of dairy calves put to market for 2024 is 220,601, representing a 11% increase compared to 2023.

The share of cross-bred dairy calves born from beef sire semen and put to market in Quebec auctions reached 57% in 2024.

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.

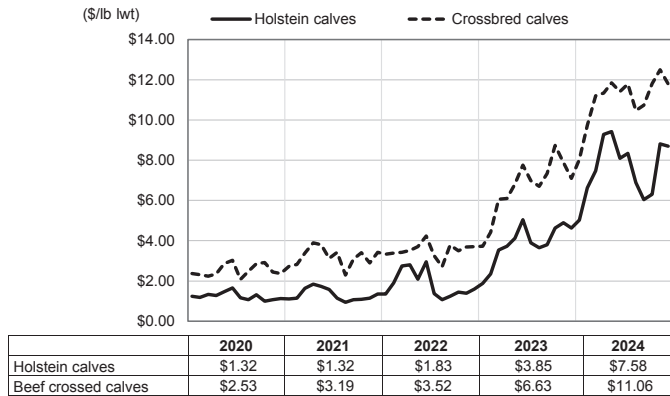
Figure 4: Price of good male dairy calves in Quebec, Ontario, and the US



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 Can\$, USA

Male dairy calves were put to market at an annual average live weight price of \$7.58/lb in 2024, i.e., \$3.73/lb more than 2023. 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.

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



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

In 2024, good male Holstein calves sold at a live weight price of \$7.58/lb compared to \$11.06 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 2024

2.1 UPDATE OF BIOSAFETY PRACTICES AT QUEBEC AUCTION SITES

The PBQ launched a special biosafety protocol development project for Quebec auctions. The project aims to reduce biosafety hazards associated with farm-to-farm transportation and assembly of cattle, notably for cull cattle and dairy calves. Putting rigorous measure in place is essential to ensure health and safety throughout the entire marketing process. This project is an important step in improvement biosafety practices across the industry and strengthen health and safety while also supporting producers in their risk management processes.

The project aims to establish a shared biosafety protocol that accounts for the realities of individual auction sites as well as create an assessment checklist, support auctions throughout the protocol implementation process, and offer training to all relevant actors.

This project was funded by the MAPAQ as part of the 2023–2026 territorial and sectoral development program (Programme de développement territorial et sectoriel 2023-2026).

2.2 DAIRY CALVES

2.2.1 Veal quality

Results of the project to develop a certification program for operations putting high-quality calves to auction were presented to the Cull Cattle and Dairy Calves Marketing Committee (internally known as CMMBR). This R&D project was led in collaboration with the University of Montréal’s faculty of veterinarian medicine and was funded by the MAPAQ as part of the 2018–2023 sectoral development program (Programme de développement sectoriel 2018-2023). The project aimed to identify good dairy farm practices and improvements needed to optimize the quality of dairy calves produced in Quebec.

The quality of dairy calves put to market is an important concern for this sector. It was concluded that the context did not allow for the implementation of a certification program for farming operations, but project work will continue to identify the best means to promote the value of quality calves and reduce the number of lesser quality calves going to auction.

2.2.2 Beef crossed dairy calves

For a number of years now, the sector has monitored trends in the beef crossed dairy veal market. Angus-Holstein breeds are the most frequently seen, and demand has been maintained despite the increase in the number of calves at auction. That said, in an effort to offer producers complete information, potential crosses with Jersey, Ayrshire, and Brown Swiss breeds were also looked at. Working with the Jersey Québec association, French-language data sheets and a webinar were produced for raisers of coloured breeds and presented to each of the breed associations (<https://cutt.ly/taureau-boucherie>). A trip to the State of Idaho was arranged to visit several operations and abattoirs to learn more about the use of Charolais breed sires to inseminate Holstein and Jersey cows.

The dairy-crossed veal market was a topic of discussion during the event Le marché nord-américain de la viande bovine held in La Mauricie and in Outaouais. The cull cattle and dairy calf sector continues its work to offer dairy producers information they need to respond to questions from buyers and maximize their revenues.

CULL CATTLE AND DAIRY CALF

2.3 CULL CATTLE

2.3.1 Promoting *Bœuf du Québec*

A two-part advertising campaign was led from July 16 to December 15, 2024, on the Mangez le Bœuf du Québec Facebook page. Its goal was to support product sales for Viandes de l'Est (a Group ADEL brand) and promote the Bœuf du Québec sourcing certification logo. The first part of the campaign promoted ground beef as part of the BBQ season while the second part promoted it as part of everyday meals. Videos of a Quebec City-area butcher shop were also shared.

In 2025, Trois-Rivières will be host to the Jeux du Québec from July 25th to August 2nd. Its 3,500 athletes aged 12 to 17 along with all event volunteers will be sponsored by the Bœuf du Québec brand during the event.

2.3.2 Bœuf solidaire project

Inspired by the Viande solidaire du Syndicat des producteurs de bovins de l'Estrie project, and in collaboration with the Coaticook volunteer action centre Centre d'action bénévole de la MRC de Coaticook, the sector put together a Bœuf solidaire committee to promote similar initiatives across the province. The purpose of the Bœuf solidaire project is to promote the value of meat sourced from unfit or compromised cattle and supply beef products to food banks by supporting actors from the province's food bank association (Banque alimentaires du Québec, or BAQ) and from Moisson Québec. Project coordination was led by BAQ and pilot projects were initiated in a number of regions. The project also simultaneously promotes the value of cattle that would not otherwise be valued and the value of not wasting thousands of pounds of meat.

3. SECTOR ORIENTATIONS FOR 2025

3.1 DAIRY CALVES

3.1.1 Quality dairy calves

Working the milk-fed and grain-fed veal sectors, the dairy calf sector is taking part in discussion and coalition work tied to 2025–2029 strategic planning for the veal sector. Improving the welfare, health, and quality of dairy calves put to market in auctions is one of the sector's priorities. Work to come will focus mainly on improving information displayed in sales arenas and on raising producer awareness about the importance of bringing healthy calves to auction.

3.2 CULL CATTLE

The cull cattle sector wants to ensure that all marketable cattle are marketed in keeping with current legislation and regulations. Over the coming year, the selling agency will perform a careful review of regulations on the production and marketing of Quebec-produced cull cattle and dairy calves (Règlement sur la production et la mise en marché des bovins de réforme et des veaux laitiers du Québec) in an effort to improve conditions for marketing and ensure they are better organized and efficient, particularly in terms of unfit or compromised cattle.

3.2.1 Promoting *Bœuf du Québec*

The cull cattle and dairy calf sector continues its involvement in developing the collective *Bœuf du Québec* certification and establishing of new partnerships. A consultant was hired to help increase the use of the certification by abattoirs and processors as well as increase visibility of this new certification among distributors and retailers in an effort to promote sales across the province.

3.3 CULL DAIRY CATTLE BREEDER-FINISHERS PROJECT

A hybrid (in-person and virtual) information day will be held on April 7, 2025, in Drummondville, for dairy producers looking to finish their dairy calves into fed cattle. Presented in collaboration with the fed cattle sector, this event will include a panel discussion featuring producers, and talks from professionals from the fields of marketing, nutrition, sire selection, and fed dairy cattle health.

4. CONSULTATION ON RAISING THE SPECIAL CONTRIBUTION FOR THE PRODUCTION AND MARKETING OF DAIRY CALVES

Despite the increase in the number of dairy calves, the cull cattle and dairy calves selling agency finds itself at a critical financial crossroads. Revenues from contributions tied to dairy calves represent but a small portion of the agency's annual budget. The overall inflationary increase across all expense-side line items also adds pressure, along with expenses needed to improve IT security.

The volume of cull cattle put to market has dropped by about 11% since 2020 whereas the volume of dairy calves has increased by nearly 50% over the same period. The volume of cull cattle is projected to stay steady whereas the volume of dairy calves could fall, especially if the market price should fall over the coming years.

CULL CATTLE AND DAIRY CALF

The following table shows the agency’s revenues and expenses for the next five years if no changes are made to the special contribution for the production and marketing of dairy calves (the “Contribution”). Under these conditions, the selling agency’s asset/expense ratio will fall under 50% by 2028. The adopted 2025 budget includes no expenses tied to studies or special projects.

Projected budgets in absence of a contribution increase

	2025	2026	2027	2028	2029
Total Revenues	\$375,400	\$369,000	\$355,500	\$355,500	\$355,500
Cull Cattle	\$294,400	\$288,000	\$288,000	\$288,000	\$288,000
Dairy Calves	\$81,000	\$81,000	\$67,500	\$67,500	\$67,500
Total Expenses*	\$375,519	\$434,907	\$445,780	\$456,924	\$468,347
Surplus (Deficit)	\$(119)	\$(65,907)	\$(90,280)	\$(101,424)	\$(112,847)
Change in Asset Level	\$437,570	\$371,663	\$281,383	\$179,959	\$67,112
Asset/Expense Ratio	117%	85%	63%	39%	14%

Annual production figures used for projection:

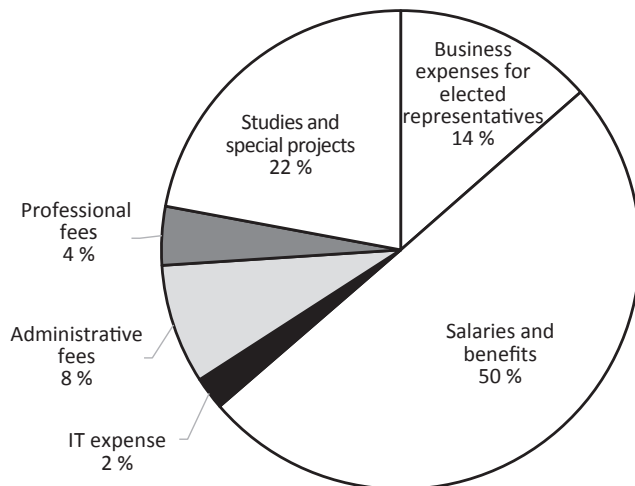
- Cull cattle: 92,000 in 2025 then 90,000 for subsequent years
- Dairy calves: 180,000 in 2025 and 2026 then 150,000 for subsequent years

\$50,000 was added to 2026 expenses and subsequent year expenses

*Based on a 2.5% inflation rate

The CMMBR reviewed the agency’s financial standing to establish how to maintain its engagement in the veal and beef sectors and improve budgetary equity between the cull dairy cattle, cull beef cattle, and dairy calf sectors. In the pie chart showing the share of the selling agency’s 2023 expenses, 74% of expenses tied to studies and special projects were geared towards improving production and marketing of dairy calves.

Share of the Selling Agency’s 2023 Expenses



An increase in funding through a contribution increase is needed. The proposed increase should allow the selling agency to maintain services offered to producers and should support participation in the work surrounding the two strategic planning exercises.

CULL CATTLE AND DAIRY CALF

Dairy calf marketing projects will be proposed as part of the veal sector’s 2025–2029 strategic planning exercise. IT expenses to support a sales arena display program for auction sites could also be foreseen in the coming years to help improve dairy calf marketing. Similarly, the beef sector is looking to rethink how unfit and compromised cattle are put to market in an effort to make the process more orderly and efficient.

For these reasons, the CMMBR recommends the Contribution be increased from \$0.45 to \$1.50, representing a \$1.05 increase per dairy calf put to market, effective November 1, 2025. Of note, the current \$0.45 contribution rate has been in place since May 1, 2008.

The following table shows how the selling agency’s projected budgets would look with a contribution increase of \$1.05 per dairy calf put to market.

Projected budgets with a \$1.50 contribution

	2025	2026	2027	2028	2029
Total Revenues	\$375,400	\$558,000	\$513,000	\$513,000	\$513,000
Cull Cattle	\$294,400	\$288,000	\$288,000	\$288,000	\$288,000
Dairy Calves	\$81,000	\$270,000	\$225,000	\$225,000	\$225,000
Total Expenses*	\$375,519	\$434,907	\$445,780	\$456,924	\$468,347
Surplus (Deficit)	\$(119)	\$123,093	\$67,220	\$56,076	\$44,653
Change in Asset Level	\$437,570	\$560,663\$	\$627,883	\$683,959	\$728,612
Asset/Expense Ratio	117%	129%	141%	150%	156%

Annual production figures used for projection:

- Cull cattle: 92,000 in 2025 then 90,000 for subsequent years
- Dairy calves: 180,000 in 2025 and 2026 then 150,000 for subsequent years

\$50,000 was added to 2026 expenses and subsequent year expenses

*Based on a 2.5% inflation rate

Do you agree with the Cull Cattle and Dairy Calves Marketing Committee’s recommendation to increase, effective November 1, 2025, the special contribution for dairy calf production and marketing by \$1.05 per dairy calf put to market?



YES



NO

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 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 have voting rights;
- Have paid the contributions outlined by the Joint Plan or, failing such, have taken legal action to contest them within 30 days of their invoice.

6. OTHER BUSINESS (AS APPLICABLE)