



Les
Producteurs
de lait
du Québec



1983 • 2023

Toward the Future

ANNUAL REPORT 2022

Thank you to the producers who sent us photos
for the mosaic on our cover page.



10

40 Years



24

Collective Tools



30

Major Battles



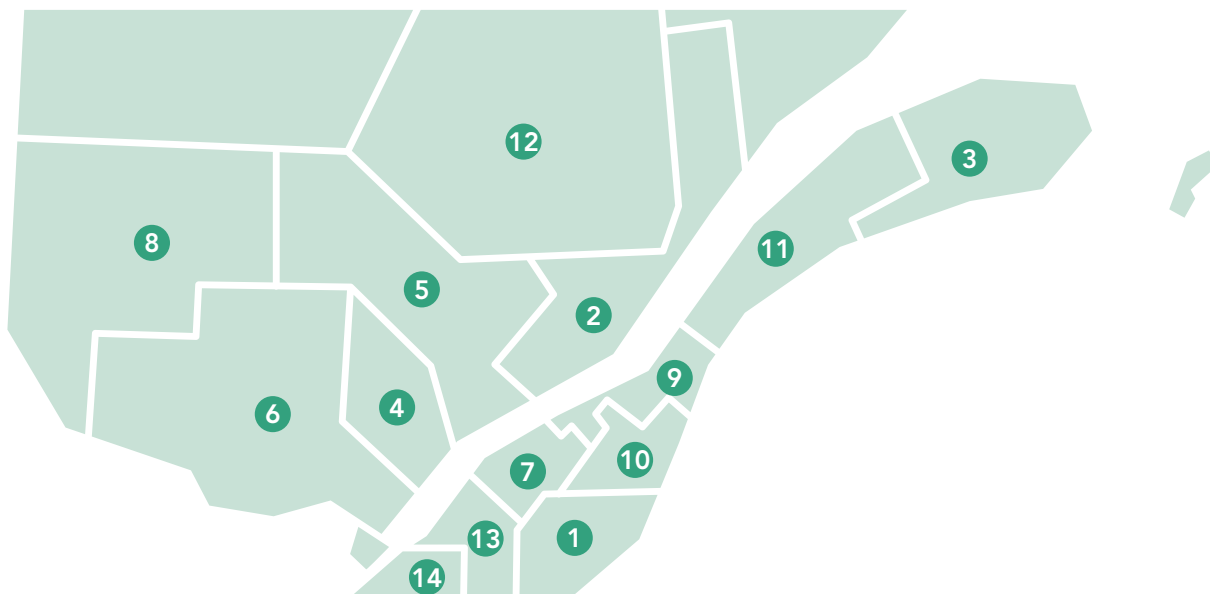
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Toward the Future

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Regions



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* Secretary

Quebec milk production in 2022, in numbers



4,498
dairy farms



3.47
billion
litres of milk



\$3.25
billion
in milk sales



65,998
jobs* generated by
the dairy industry

* Includes direct, indirect and induced jobs.

GDP

\$6.1
billion
contributed
to the GDP



More than
1 million
litres of milk donated by
producers to the Food Banks
of Quebec



300
tank trucks



118
processing plants,
including **59** artisanal dairy
product plants



136
certified organic farms
producing more than
67 million litres of milk



Les
Producteurs
de lait
du Québec

**Mission adopted by resolution of the Annual General Meeting of
Les Producteurs de lait du Québec on April 15 and 16, 2015**

To bring together Quebec milk producers by providing leadership in marketing high-quality milk, which meets the expectations of society, and to ensure sustainable development of dairy farms.

Message from the Chair

2022 will be a memorable year thanks to the end of the mobilization to obtain compensation for the trade agreements and the progress made in important projects that will position us for the future.



2022 marked the end of a long chapter of our history: After many years of demanding compensation for our market shares that were ceded in recent trade agreements, the Trudeau government kept its promise to provide us with full and fair compensation for the Canada–United States–Mexico Agreement (CUSMA). This announcement came as a result of the many concerted efforts made by our organization, but also by Dairy Farmers of Canada (DFC) and partners in other provinces. I would like to point out that a lot of technical work, communication efforts and political representations went into these efforts over the last few years to get our voices heard.

In addition to the direct payment program for producers, a portion of the compensation amounts will support innovation and investment in large-scale projects with the goal of increasing the value of solids non-fat (SNF) and improving the efficiency of processing plants. This is a step in the right direction. Surplus SNF is growing and will continue to grow in the coming years. Right now, we need to consider all potential avenues for increasing the value of SNF while at the same time maintaining the dairy industry's growth and meeting consumer demands.

As concerns the price of milk, 2022 was a special year when it came to adjustments. Due to huge increases in the cost of inputs on farms in 2021, the Canadian Dairy Commission triggered the exceptional circumstances process, which led to an 8.4% increase in February 2022. But the result was clear: This increase would not succeed in covering producers' costs. That is why we requested and obtained a second adjustment during the year, i.e. a 2.5% adjustment in September.

This was an advance on the regular increase scheduled for February 2023, an exceptional situation related to much higher production costs. From a longer-term perspective, the pressure on prices will come from the changing sales structure, with growing surplus SNF, lower fluid milk sales and growth in fat-rich products.

To ensure better revenue, we, as producers, must continue our efforts to improve our production costs. Because there will always be other factors that might influence our price, such as the sales structure and fluctuating world prices. As a marketing board, we will keep working to develop better paying markets and find every potential opportunity for surplus SNF, while still meeting consumer expectations.

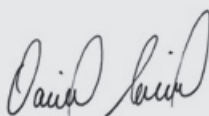
Incidentally, that is exactly what we are doing in our efforts to develop a sustainable development strategy. This process, which began in 2021 with the initial steps, will allow us to present current and future efforts on farms and offer solutions and sustainable prospects for our sector. In 2022, we completed an organizational analysis that took into account the actions that have already been taken. We also began to identify aspects of our performance that can be improved so that we can continue to meet the public's growing expectations. The project will continue in 2023 in parallel to efforts to reach DFC's net-zero carbon emissions goal by 2050.

Another major project during the year was the work done on our organization's strategic plan for 2023 to 2030. Producers were at the heart of this initiative because a survey was conducted in the summer of 2022 to find out our members' opinions and identify their exact concerns. Key partners of Les Producteurs de lait du Québec were also consulted during the process to find out their opinions about our organization and its future potential.

The adoption of a new strategic plan is a major step in the life of our organization. With this plan, we will be able to determine the strengths, weaknesses, threats and opportunities of the coming years. It is an opportunity to make projections about the future and steer our efforts along those lines. We will finish this work in 2023 when our organization celebrates its 40th birthday.

This anniversary is an opportunity to remember just how far we have come in these past four decades and use this experience to tackle our current and future challenges more effectively. By adopting the joint plan, we combined our strengths and began to speak with one united voice to other stakeholders in the industry, governments and producers in other provinces. We developed collective tools that make our organization strong and are the envy of many other sectors. We have joined forces to fight major battles over the years and defend our collective marketing model and our supply management system.

This is our history. It is a source of pride, but also inspiration for the future. I encourage you to read the thematic pages of this annual report, which will take you on a journey through our achievements and make you think about the future. We should be proud of our achievements. We should be confident about the future.



Daniel Gobeil, Chair



Board of Directors



Michel Frigon, Observer Member, Saguenay–Lac-Saint-Jean • **Pascal Leduc**, Member, Outaouais-Laurentides • **Peter Strebel**, Member, Montérégie-Ouest • **Normand Barriault**, Member, Gaspésie-Les Îles • **Vincent Rainville**, Member, Montérégie-Est • **Jean-François Morin**, Executive Member, Chaudière-Appalaches-Nord • **Jacques Lafortune**, 2nd Vice-Chair, Lanaudière



Daniel Gobeil, Chair, Saguenay–Lac-Saint-Jean • **Alain Brassard**, 1st Vice-Chair, Centre-du-Québec • **Marcel Blais**, Executive Member, Estrie • **David Poulin**, Member, Chaudière-Appalaches-Sud • **Martin Auclair**, Member, Capitale-Nationale–Côte-Nord • **Michel Robert**, Member, Abitibi-Témiscamingue • **Gabriel Belzile**, Member, Bas-Saint-Laurent • **Pierre Lampron**, Member, Mauricie

Message from the General Manager

After two years marked by the COVID-19 crisis and its effects on our industry, 2022 allowed us to focus on planning and development so that we could position ourselves for the coming years. Once our organization's strategic plan has been updated, we will concentrate our efforts on the goals that were identified as most important to achieving the producers' vision for 2030.

This vision includes the sustainable development of our farms. Toward that end, we began in 2021 to assess our actions in the area of sustainable development, which shed light on our social, environmental and economic actions. In 2022, we moved on to the action plan development stage so that we could focus our efforts, rally our partners and pursue the ambitious goals of producers. One of these goals is net-zero carbon emissions by 2050. To reach this target, the team is working together with our partners, including our three affiliated organizations (CIAQ, Valacta, Novalait), to implement critical projects in research, knowledge transfers and data intelligence. Our marketing campaign for the Lait brand was also designed to promote our actions, which will be increasingly part of our approach.



With the goal of ensuring growth for our products, we worked on several fronts to lay the foundations for greater investment in additional processing capacities. We worked at the national level on developing a growth program that is scheduled to be launched in 2023 and at the provincial level on regulations, financing and even negotiating our marketing agreements. The strike at a large plant and the statutory holidays in 2022 showed us once again how vulnerable we are because of our insufficient processing capacities. These events, which have accumulated in step with changing consumer choices, require action. The federal government announced a \$300 million fund in a new program to support innovation and investment into large-scale projects to add value to solids non-fat, which will most certainly contribute to the investments that are expected in the industry.

As for our marketing results, 2022 marks an all-time high in terms of milk sales at \$3.250 billion. Milk production remained fairly stable at 3.472 billion litres, i.e. up 0.5% from 2021. This weak growth was influenced by a 31% increase in imports linked to the trade agreements. The effects are very real on our farms and the announcement of the compensation program for the concessions granted under the Canada–United States–Mexico Agreement (CUSMA) marked the end of many years of work and mobilization. Therefore, these higher sales are primarily the result of regular class prices that were adjusted by 8.4% by the Canadian Dairy Commission on February 1, 2022, before the 2.5% adjustment was made on September 1, 2022, in order to reflect the huge rise in costs. The COVID-19 crisis and the geopolitical context caused the cost of inputs to explode, which is why it was essential to adjust prices and ensure the viability of our farms. Cattle feed, the main input required for milk production, rose by 20%. Other expense items also increased, such as fuel (53%) and fertilizer (35%). Finally, higher world prices, including an average price for solids non-fat in Class 4a that jumped 27%, also had a positive impact on revenue.

Meanwhile, Quebec's sales structure remained stable: 18% of the milk produced on farms was used for milk and cream, 11% for yogurt, 43% for cheese, and finally, 28% for butter and ingredients. Quebec continues to be a leader in processing cheese and yogurt, thanks to tools like our marketing agreements, which have helped keep our processors active in recent decades, but also thanks to our investments in research, by Novalait, which help enhance our expertise and knowledge.

In closing, I would like to mention that it is the 40th anniversary of our organization. The last four decades have demonstrated milk producers' desire to work together, be resilient, support young farmers and develop their sector. The tools developed during this period are the basis not only for the actions that our team takes every day to market our producers' milk, but also for our union activities. I would like to thank our current employees, but also all those who came before them, both in Longueuil and our regions, for working every day to apply the conditions that are negotiated, the rules that are adopted and the decisions that are made by our bodies.

2023 will be a year that is focused on the future, where development initiatives will be implemented at both the provincial and national levels in keeping with the values that have guided the last 40 years.



Geneviève Rainville, General Manager



40 years

Les Producteurs de lait du Québec is celebrating its 40th anniversary this year. The organization was first founded under the name Fédération des producteurs de lait du Québec and took its current name in 2014. Obviously, Quebec dairy producers were not without representation before that. They were represented by the Fédération des producteurs de lait du Québec, which had represented unprocessed milk producers since the 1950s, and the Fédération des producteurs de lait industriels du Québec, which was founded in 1966. They also had four joint plans.



Forts et Unis
pour la
Gestion de l'offre!





40 Years

At the turn of the 80s, producers merged their joint plans into one single plan: the Quebec milk producers' Joint Plan (1980). A marketing board would administer this joint plan until the Fédération des producteurs de lait du Québec was set up in 1983, as a result of a merger between the two previous federations. Since then, the organization has created collective tools that are necessary for the development of the dairy sector and taken actions to preserve its unique model: supply management and collective marketing.

It has continued to tackle major issues in succession. In Quebec, it had to negotiate the first marketing agreement (1985) and the first transportation agreement (1991) and then work on milk component payments (1992) and on making it possible for all producers to share all markets (1996). In Canada, the eastern provinces (P5) would pool revenue and markets (1995) and all provinces would pool the special classes (1995). All of these provincial and national efforts would ensure greater equity between producers, protect the supply management model and guarantee a favourable environment for the development of Quebec's dairy industry.

As Quebec's dairy sector became more structured, others had a different, less collective and more globalized vision of what Quebec's dairy production should be. Whether they did so for ideological or economic reasons, Quebec producers had to defend their model and raise awareness among both decision-makers and the general public about the importance of collective marketing and supply management. In fact, during the negotiations for the GATT¹ (1989-1993), NAFTA² (1994-1997), the WTO³ (2005-2008), the AIT⁴ (2009), CETA⁵ (2012-2013), the CPTPP⁶ (2015-2016) and CUSMA⁷ (2018), and even in the context of the Quebec Commission on the Future of the Agriculture and Agri-Food Sectors, producers had to form a common front to get their points of view heard, win over allies and obtain compensation for the losses incurred.

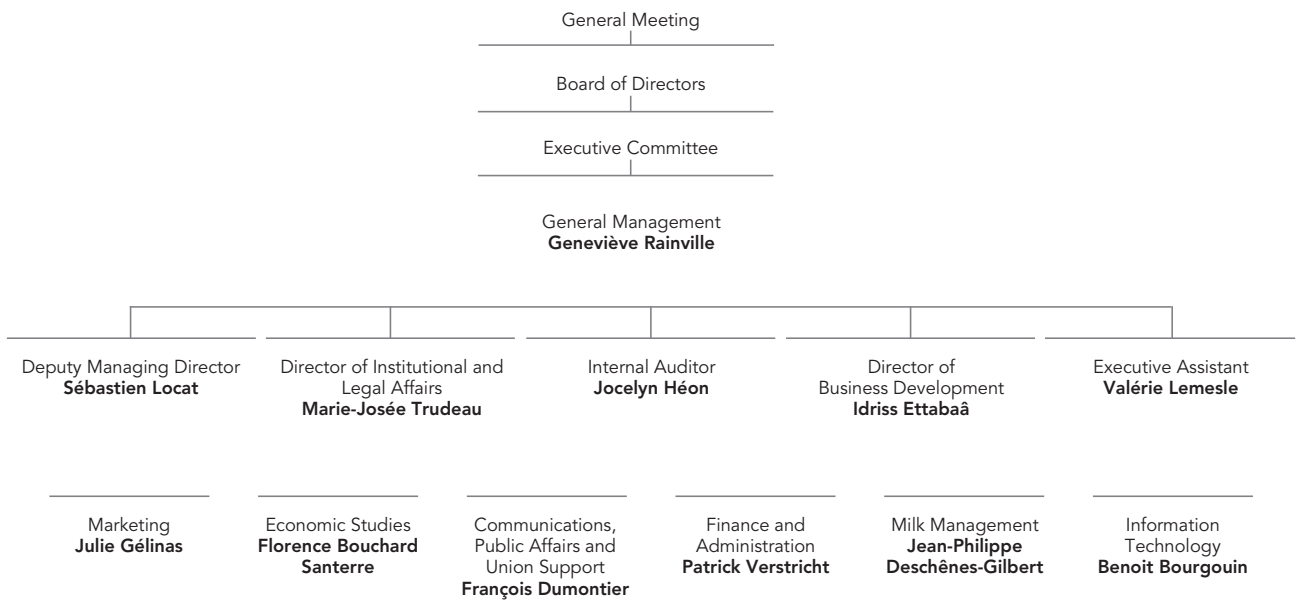
Yet, it can be safely stated that all of these innovations, collective tools and battles paved the way for the future. The last forty years have laid solid foundations for the continuous development of the sector and sustained public support. As the issues continue to change, we will need to keep setting the example in the area of animal care and achieve even more in the area of sustainable development. In the coming years, farms and the whole industry will continuously be asked to adapt to consumer choices and markets. Fortunately, Quebec milk producers can rely on four decades of expertise and achievements to guide them toward the future.

- 1 General Agreement on Tariffs and Trade
- 2 North American Free Trade Agreement
- 3 World Trade Organization
- 4 Agreement on Internal Trade

- 5 Comprehensive Economic and Trade Agreement
- 6 Comprehensive and Progressive Trans-Pacific Partnership
- 7 Canada-United States-Mexico Agreement



Organizational Chart



Jocelyn Héon, Internal Auditor
Marie-Josée Trudeau, Director of Institutional and Legal Affairs
Idriss Ettabaâ, Director of Business Development
Geneviève Rainville, General Manager
Chantal Durocher, Administrative Assistant
Valérie Lemesle, Executive Assistant
Sébastien Locat, Deputy Managing Director



National Milk Policy and Marketing

AT THE NATIONAL LEVEL

Dispute under the Canada-United States-Mexico Agreement (CUSMA)

In January 2022, the CUSMA special dispute resolution panel filed its report on Canada's administration of its dairy tariff rate quota policies. The panel concluded that Canada could not reserve tariff rate quotas for processors while recognizing Canada's sovereignty over its quota allocation policy. In May, the Canadian government announced the implementation of a new dairy tariff rate quota distribution mechanism pursuant to the Agreement.

New demands concerning tariff quotas

In May and December 2022, the United States made new requests for consultations with the Canadian government that once again concerned measures taken by Canada as part of its dairy tariff rate quota policy under CUSMA. In May, New Zealand also demanded consultations on the distribution of tariff quotas in connection with the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). A special group was formed in November.

Growth in butterfat demand and structural surpluses

In 2022, the Canadian Dairy Commission (CDC), in collaboration with the provinces, continued to develop and update simulation models to predict growth in demand for butterfat in the Canadian market. They also began work on developing a strategy for adding value to structural surpluses, specifically by estimating requirements for additional solids non-fat (SNF) processing capacities. As a result, steps were taken to develop a national market growth program. The goal is to foster investments in additional processing capacities for surplus SNF at a time when there is growth in the demand for butterfat.

Daily national dairy production

Daily milk production over the 12-month period ending in December 2022 reached 1.09 million kg of BF per day in Canada, which is a decrease of 0.13% compared to 2021.

P5 provinces
0.813 million kg
of BF per day
+ 0.7%

WMP provinces
0.270 million kg
of BF per day
- 2.6%

TOTAL PRODUCTION AND NUMBER OF PRODUCERS IN CANADIAN PROVINCES – 2021-2022¹

	Total production (kg of BF)	%	Number of producers ²	%
Newfoundland and Labrador	1,982,062	0.50	25	0.26
Prince Edward Island	5,114,618	1.29	154	1.58
Nova Scotia	8,558,636	2.16	202	2.07
New Brunswick	6,676,019	1.69	167	1.72
Quebec	146,389,651	36.97	4,548	46.70
Ontario	128,348,675	32.42	3,298	33.86
Total P5³	295,087,599	74.53	8,369	85.93
Manitoba	17,149,371	4.33	239	2.46
Saskatchewan	12,285,490	3.10	157	1.61
Alberta	34,847,874	8.80	488	5.01
British Columbia	34,595,137	8.74	461	4.73
Total WMP⁴	98,877,872	24.97	1,345	13.81
Total Canada	395,947,533	100.00	9,739	100.00

¹ Source: Canadian Dairy Commission

² As at August 1, 2022

³ Agreement on the Eastern Canadian Milk Pooling

⁴ Western Milk Pooling Agreement

Retail sales of dairy products in Canada

Fluid milk: **- 0.7%**

Cream: **+ 2.9%**

Yogurt: **+ 1.7%**

Ice cream: **+ 1.3%**

Cheese: **+ 1.0%**

Butter: **- 0.6%**

Compound annual
growth rate for the
period from
January 4, 2020 to
December 31, 2022



National programs

The Canadian Milk Supply Management Committee (CMSMC) activated Plan C, a cheese purchasing-repurchasing program, on a few occasions. The Market Committee continued its work on better aligning this program's impact with the industry's needs. Also, a thought process was initiated to assess the potential for developing additional programs to handle the challenge of orders from plants.

VARIATIONS IN QUEBEC'S TOTAL QUOTA ALLOCATION – 2022

	Total quota allotted to Quebec (kg of BF)
2021	
December	146,607,476
2022	
January	146,386,597
February	146,932,514
March	146,495,453
April	145,926,456
May	146,451,595
June	146,731,131
July	146,797,465
August	147,642,620
September	147,558,566
October	147,779,148
November	148,027,653
December	147,426,544
Total variation for the year	819,068
Quota variation in percentage	0.56%



Quota allocated to Quebec
in December 2022:

147.4 million kg of BF

**Net increase of
819,068 kg of BF**

PROVINCES THAT SIGNED THE AGREEMENT ON EASTERN CANADIAN MILK POOLING (P5)

Market and production needs analysis

The P5 provincial boards continued to work together to send the right market signals. P5 Quota Committee meetings were held regularly to analyze the market and react rapidly to needs.

Review of the component payment policy

In 2022, the P5 Quota Committee began to review the parameters of the component payment policy to ensure that revenue distribution is still aligned with the initial objectives. The objectives of the component payment policy are to better reflect market revenue and components that contribute to yield, limit the growth of surplus SNF, and maintain the quality of dairy components, while aiming to ensure greater equity between producers.

Other decisions and initiatives

- Further efforts were made to promote the processing of all dairy components and proactively manage situations where not all components are required by dairy enterprises.
- Work wrapped up on rolling out the component payment policy on farms, including changing the maximum ratio from 2.3 to 2.25, starting on August 1, 2022.
- Work also wrapped up on reducing the quota flexibility of -30 to -15 days, starting on August 1, 2022.

IN QUEBEC

Collective marketing agreements

All price adjustments resulting from decisions of the P5 Supervisory Body and the CMSMC are integrated into the milk marketing agreements (MMAs) approved by the Régie des marchés agricoles et alimentaires du Québec (RMAAQ).

The MMA signatories began to negotiate the agreements and filed their respective statements. Les Producteurs de lait du Québec wants to review the supply rules so as to enhance the value of SNF and ensure that milk is managed in a more effective and organized fashion, which guarantees that all components will be processed.

As concerns supplying dairy plants during the holidays, appendix 9, which deals with the obligations surrounding the receipt of milk from enterprises during this more difficult season owing, in particular, to the statutory holidays, was approved by the RMAAQ on September 26, 2022.

Strategic industry planning

Work continued within various committees toward achieving the industry's strategic planning objectives.

After the first forum was held on dairy product market growth and SNF value enhancement in 2021, Les Producteurs de lait du Québec invited participants to submit projects in answer to the issues raised. Work also continued with milk buyers. A second edition of the forum was held in 2022. Other industry partners joined the event where discussions centered on dairy protein value enhancement. Work on this issue has already started and will continue in 2023.

Steering committee for the organic sector strategic plan

Les Producteurs de lait du Québec continued to actively participate in the activities of the steering committee for Quebec's organic sector strategic plan with the goal of developing the organic milk market in Quebec.

SOME FIGURES AND DATA

Canadian market development

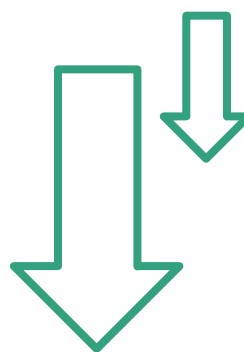
The calculation of total requirements takes all imports from the various trade agreements into account. **From December 2021 to December 2022, total Canadian demand rose by 4.50 million kilograms of butterfat (kg of BF) per day, or a net increase of 1.1%.**

Market needs served by Canadian milk increased by 0.15% compared to December 2021, a lower growth level than in total requirements, given the increase in Canadian imports.

National Milk Marketing Plan

Since 2018, the national continuous quota policy has been accompanied by a flexibility limit of 2% for underproduction and a flexibility limit of 1.25% for overproduction in the interest of restoring disciplined production.

Production in the 10 provinces posted -2.05% in September, -2.05% in October and -2.07% in November, which resulted in a lost opportunity to produce a total of 4.98 million kg of BF. The P5 provinces' share of this total is 2.51 million kg of BF. When the pools generate lost production opportunities, production credits are not transferred and are withdrawn from the system. Lower levels are normal in the fall due to the seasonality of production and demand, which are reversed.



Solids non-fat/fat ratio (SNF/F)

The SNF/F ratio decreased in the country in 2022. It went from 2.1851 in 2021 to 2.1784 in 2022.

P5 provinces

2.1806

WMP provinces

2.1716



Production flexibility December 2022

P5 provinces

- 0.99%

WMP provinces

- 2.45%

Butter stocks

December 2022

20,874 tonnes



34,641 kg

of additional
imports for 2022



Milk Management

The Milk Management Department is responsible for carrying out and coordinating all milk marketing operations for Quebec farms. It oversees enforcement of various regulations and programs based on the rules of the milk marketing agreements and the Milk Transportation Agreement.

HIGHLIGHTS OF THE YEAR

Negotiation of the Milk Transportation Agreement

The new Milk Transportation Agreement was approved on October 31, 2022 by the Régie des marchés agricoles et alimentaires du Québec. This agreement is the result of negotiations that began in February 2020 and concluded with an agreement in principle signed in July 2022. Agreement negotiations cover the normative sections, for the period ending in October 2024, and the monetary sections, which must be renegotiated every year.

Main changes

- Implementation of a protocol for managing violations involving the provision of grader and transportation company services;
- Establishment of a billing mechanism for a surcharge when the delivery time to certain plants exceeds 4 hours;
- Update of certain technical parameters of the formula used to set transportation rates, including a review of the formula used to establish travel times as well as the method for determining the value of equipment;
- Adjustment of certain financial parameters to the pricing formula in order to reflect the cost increases of past years, resulting in the overall indexations of 8.4% for the period from November 2020 to October 2021 and 4.7% for the period of November 2021 to October 2022. These indexations exclude the amounts for diesel fuel, which are indexed according to variations in the data provided in the monthly report of the Régie de l'Énergie du Québec (REQ).



Another year of challenges and agility in supplies

At the end of June 2022, a strike lasting several weeks at a large dairy processing plant posed huge challenges for the supply and transportation of milk in Quebec and the P5 provinces. From the beginning, Les Producteurs de lait du Québec took every action necessary to curb the impacts. First, it asked for assistance from other plants in Quebec, but also from eastern Canada. Donations were also made based on the intake capacities of food banks and the pledges made by processors. Since the quantities of milk associated with the plant closure were too large to be fully processed at other plants, it was necessary during the peak of the crisis to dispose of whole milk and by-products from the processed dairy products. The plant gradually resumed its operations in August. In total, milk shipments were suspended for 44 days.

Holiday season

It is often more difficult to supply dairy plants during the holiday season, particularly due to statutory holidays. This was the case at Christmas in 2022 when snow storms and power outages made it impossible to pick up and process all the milk produced.

Action plan for improving milk analysis programs

Work on improving the milk analysis programs continued this year. In collaboration with the Milk Quality Committee, certain steps of the action plan were taken to improve rejected sampling times and processes. Some work advanced, such as the validation of prototypes for a new sampling bottle and the technical analysis of sample transportation tools, including the coolers used by the transporters/graders. Daily data monitoring was also implemented to ensure faster tracking of non-compliant samples.

NUMBER OF PRODUCERS AND TOTAL ANNUAL PRODUCTION

Year	Number of producers	Litres
2022	4,498	3,472,474,298
2021	4,643	3,456,115,866
2020	4,732	3,364,433,306
2019	4,877	3,330,619,653
2018	5,050	3,366,911,646
2017	5,308	3,290,911,845
2016	5,473	3,115,879,980
2015	5,624	3,001,700,432
2010	6,353	2,881,365,225
2005	7,376	2,845,524,892
2000	9,193	2,879,594,829
1995	11,394	2,768,340,717
1990	14,078	2,854,838,790

Jean-Philippe Deschênes-Gilbert,
Milk Management Director

Marc-André Gravel, Development and
Special Projects Coordinator

Mario Guertin, Regulatory and Inspection
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Technical Controls, Allocation and Transportation Coordinator

Gabriel Nault, Officer

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Georges Demers, Officer

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Quality Controls, Quality Assurance and Quota

Stéphane Fournier, Officer

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Julie Lanthier, Officer

Julie Malo, Officer

Katherine Laroche, Officer



Quota

The Quota Section of the Milk Management Department is responsible for administering the By-law respecting quotas for milk producers, which sets the quotas for milk production in Quebec. To that end, the Department controls quota transfers, administers the assistance programs for young dairy farmers and dairy enterprise startups, and adjusts production entitlement.

Amendments to the By-law respecting quotas for milk producers

On June 1, 2022, the Régie des marchés agricoles et alimentaires du Québec (RMAAQ) accepted an application for amendments to the By-law respecting quotas for milk producers aimed at reducing the quota flexibility from -30 to -15 days on August 1, 2022. This change had been announced in 2019 by recommendation of the P5 Quota Committee.

In April, after RAAMQ decision 12164 was published in the *Gazette officielle du Québec*, certain amendments were made to the By-law respecting quotas for milk producers. Some of the most relevant that should be mentioned include the correction of certain items related to the Young Dairy Farmers Assistance Program, the introduction of a definition for the “transferrable quota” concept, and the update of one of the two parameters used to establish the maximum quantity allowed when making an offer to purchase in the Centralized Quota Sale System, i.e. from 6 to 7 kilograms of butterfat (kg of BF) per day.

Number of producers

As at December 31, 2022, Quebec had 4,498 licensed producers, compared to 4,643 on the same date the previous year. During the year, 35 producers purchased quota from an existing farm, for a total of 2,760.01 kg of BF per day. An additional 11 enterprises started up thanks to the startup assistance program. Of these 11, 1 had been admitted in 2019 under the program’s 2016 terms and conditions.

PRODUCERS – QUOTA BY REGION – 2022¹

Region	Number of producers	Quota (kg of BF/day)	Young farmers ²			
			Before August 1, 2002		After August 1, 2002	
			Number of producers	Quota (kg of BF/day)	Number of producers	Quota (kg of BF/day)
01 – Estrie	440	43,542.13	117	120.90	73	223.70
02 – Capitale-Nationale–Côte-Nord	125	9,863.04	50	51.00	24	72.30
03 – Gaspésie-Les Îles	12	726.11	3	2.70	1	2.00
04 – Lanaudière	160	12,463.11	53	56.90	22	62.80
05 – Mauricie	179	15,221.23	68	71.50	28	84.20
06 – Outaouais-Laurentides	180	15,987.60	59	60.00	28	83.50
07 – Centre-du-Québec	648	68,560.27	205	212.40	125	351.80
08 – Abitibi-Témiscamingue	90	6,204.31	25	26.70	13	41.20
09 – Chaudière-Appalaches-Nord	561	49,413.00	210	217.20	81	215.60
10 – Chaudière-Appalaches-Sud	473	38,988.60	164	166.40	69	194.90
11 – Bas-Saint-Laurent	535	44,813.33	175	185.90	102	298.90
12 – Saguenay–Lac-Saint-Jean	244	20,262.42	76	84.80	40	121.90
13 – Montérégie-Est	493	48,911.63	186	191.60	55	175.90
14 – Montérégie-Ouest	358	32,612.37	134	138.00	42	108.90
Total	4,498	407,569.15	1,525	1,586.00	703	2,037.60

¹ The data in the table represent the situation as at December 31, 2022.

² The Young Dairy Farmers Assistance Program was created in 1987. It was replaced in 2002 by a new program. In 2020, the terms and conditions of the 2002 program were amended.

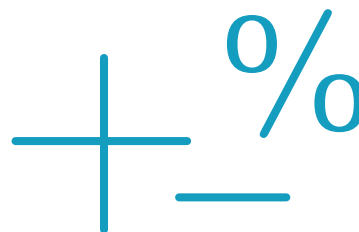
³ The loans awarded under the Dairy Farm Startup Assistance Program were increased from 10 kilograms (kg) of butterfat (BF) per day in 2006 to 12 kg of BF per day in 2010. Since the new program was implemented in June 2016, loans are a minimum of 12 kg and a maximum of 16 kg of BF per day. In 2021, under the new terms and conditions, loans went to 20 kg of BF per day.

Production adjustment

The main objective of provincial organizations is to meet demand as quickly and effectively as possible, which is why production adjustment measures were taken during the year. Thus, to ensure a better balance between production and demand and in consideration of the lower butter stock projections for 2022 and 2023, quota was increased by 2% for April and October. A total of 16 additional days were also announced throughout the year.

Startup assistance

In 2022, Les Producteurs de lait du Québec granted a startup assistance loan to 11 enterprises that were deemed eligible for the Dairy Farm Startup Assistance Program. Loans were granted in the following regions: Outaouais-Laurentides, Centre-du-Québec, Abitibi-Témiscamingue, Chaudière-Appalaches-Nord, Chaudière-Appalaches-Sud and Bas-Saint-Laurent.



Saleable quota

+ 2% April

+ 2% October

Non-saleable quota related to events beyond the control of producers

January to June = **0.90%**

July and December = **1.00%**

The percentage issued is reviewed on January 1 and July 1 of every year. It is determined based on the average quota available in the underproduction reserve for circumstances beyond the control of producers during the six previous months.



Young dairy farmers assistance

Under the Young Dairy Farmers Assistance Program:

Loan for **6 kg** of BF per day

18 compliant applications

Total of 108 kg of BF per day

Loan for **8 kg** of BF per day

47 compliant applications

Total of 376 kg of BF per day

Loan for **10 kg** of BF per day

66 compliant applications

Total of 660 kg of BF per day

After May 1, 2020		Dairy farm startup ³	
		Since August 1, 2006	
Number of producers	Quota (kg of BF/day)	Number of producers	Quota (kg of BF/day)
41	352.00	6	77.40
9	74.00	3	39.89
1	10.00	2	29.93
14	122.00	0	0.00
17	146.00	2	28.53
10	78.00	5	72.16
55	472.00	12	181.18
4	38.00	10	109.00
64	556.00	16	185.36
41	358.00	9	109.03
50	428.00	11	133.08
24	216.00	7	72.35
51	446.00	5	40.67
31	276.00	2	22.14
412	3,572.00	90	1,100.72

Quota transfer rules

Producers may apply to the RMAAQ to request a review of a decision rendered by Les Producteurs de lait du Québec or to be exempted from provisions of the By-Law respecting quotas for milk producers. **In 2022, the RMAAQ received 21 applications for exemption.** They concerned the rules that apply to relocating, transferring quota, temporary transfers, and the assistance programs for young dairy farmers and dairy enterprise startups.

Quota maintenance

In 2022, Les Producteurs de lait du Québec authorized 48 producers to keep their quota or transfer it temporarily in whole or in part (4 due to disease among their dairy cows, 33 due to the disability or death of a farmer, 11 due to an event beyond their control that caused damage to animal housing). These authorizations brought the number of producers who were granted this exception to 100 on December 31, 2022.



ADDITIONAL PRODUCTION DAYS – 2022

Month	Regular milk	Organic milk
January	0	0
February	0	0
March	1	1
April	1	1
May	1	1
June	1	1
July	0	0
August	1	1
September	3	3
October	3	3
November	3	3
December	2	2
Total	16	16

CENTRALIZED QUOTA SALES SYSTEM (SCVQ) – 2022

Month	Quota price (\$/kg of BF/day)	Bids to buy (kg of BF/day)	Offers to sell (kg of BF/day)
January	24,000.00	20,066.14	411.21
February	24,000.00	20,653.37	414.45
March	24,000.00	21,565.57	868.54
April	24,000.00	21,946.14	750.15
May	24,000.00	21,328.24	898.37
June	24,000.00	20,594.93	489.23
July	24,000.00	20,368.43	672.58
August	24,000.00	19,734.41	238.21
September	24,000.00	19,526.26	403.33
October	24,000.00	19,328.95	770.46
November	24,000.00	18,888.32	1,436.39
December	24,000.00	17,690.24	783.68

The quota price ceiling in effect during the year is \$24,000 per kilogram (kg) of butterfat (BF) per day.

SCVQ – QUOTA TRANSACTIONS PER REGION – 2022

Region	Quantity bought (kg of BF/day)	Quantity sold (kg of BF/day)
01 – Estrie	869.18	873.39
02 – Capitale-Nationale-Côte-Nord	188.76	220.54
03 – Gaspésie-Les Îles ¹	16.95	1.00
04 – Lanaudière	241.98	288.63
05 – Mauricie	295.74	410.57
06 – Outaouais-Laurentides	344.66	481.68
07 – Centre-du-Québec	1,386.56	1,378.84
08 – Abitibi-Témiscamingue ¹	222.09	126.02
09 – Chaudière-Appalaches-Nord	946.46	772.04
10 – Chaudière-Appalaches-Sud	791.58	676.67
11 – Bas-Saint-Laurent	981.18	917.73
12 – Saguenay-Lac-Saint-Jean	467.54	620.54
13 – Montérégie-Est	841.78	783.46
14 – Montérégie-Ouest	543.03	585.49
Total²	8,137.49	8,136.60

¹ For the Gaspésie-Les Îles and the Abitibi-Témiscamingue regions, the purchased quantities include the maximum quantities allocated for their priority of purchase, which are 2.66 and 169.54 kilograms (kg) of butterfat (BF) per day respectively.

² To balance the offers to buy with the offers to sell, the adjustment reserve bought 0.89 kilograms of butterfat per day.

Milk Allocation and Transportation

The Milk Allocation and Transportation Section of the Milk Management Department oversees the administration of the rules and programs associated with the transportation and supply of milk to plants. It receives the orders from the plants, creates the daily allocation plan, and distributes the plan to transporters. It is responsible for annually updating milk transportation contracts in accordance with the Milk Transportation Agreement between Les Producteurs de lait du Québec, the Association des transporteurs de lait du Québec, Prolait Transport, Agropur Cooperative and Nutrinor Cooperative.



Quebec's contribution to the transportation pool

2022 = \$3.58 million,
or the equivalent of **\$0.103 per hectolitre**

2021 = \$7.58 million,
or the equivalent of **\$0.220 per hectolitre**

Transportation cost pooling

This was the 24th year that transportation costs were pooled by the provinces who signed the Agreement on Eastern Canadian Milk Pooling (P5). The cascading delivery model (from east to west) continues to be applied in an effort to optimize transportation costs associated with interprovincial milk transportation requirements. The P5 Transportation Committee works to improve movement coordination and share statistics that help explain and control the transportation costs of each province.

Transportation contract transfers and changes

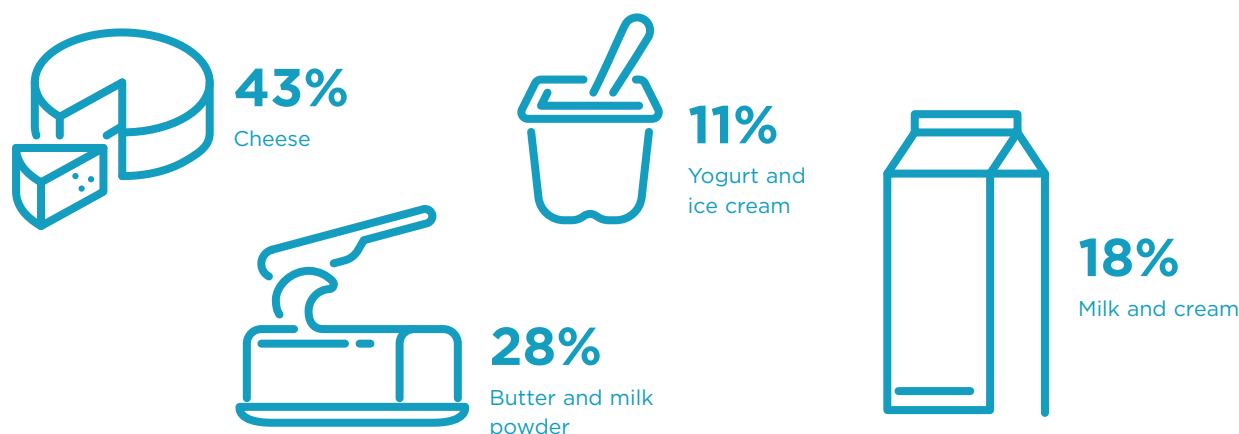
Every year, the Department performs and approves transfers between transportation contracts to ensure that optimum equipment use objectives are met. **Changes included transfers between three contracts.**

TRANSPORTATION COST – AVERAGE COST PER HECTOLITRE

	P5 Pool \$/hl	Quebec \$/hl
2022	3.364	3.259
2021	2.836	2.617
2020	2.749	2.572
2019	2.781	2.578
2018	2.697	2.499
2017	2.619	2.427
2016	2.566	2.451
2015	2.625	2.522
2014	2.736	2.623
2013	2.708	2.626

Although transportation costs rose in every province in 2022, Quebec saw a substantial increase compared to previous years. A portion of this increase can be attributed to amounts that were paid retroactively to transporters due to amendments made to the Milk Transportation Agreement. These higher costs in Quebec have a downward effect on the contribution to transportation cost pooling.

Milk use in Quebec - 2022



STATISTICS ON MILK TRANSPORTATION CONTRACTS

STATISTICS ON INTER-TRANSFORMATION CONTRACTS										
Vehicule type	Number	Route	2022			Number	Route	2021		
			Volume subject to rate formula		Annual kilometres			Volume subject to rate formula		Annual kilometres
			Litres	%				Litres	%	
Tank truck, 12 wheels	34	102	292,889,732	8.69	2,534,159	34	103	298,498,983	8.85	2,235,114
Tank, 3 axles	23	47	225,214,822	6.68	1,935,668	23	48	229,000,170	6.80	1,727,052
Tank, 4 axles	243	490	2,853,533,908	84.63	28,262,388	242	485	2,842,490,881	84.35	26,533,456
Total	300	639	3,371,638,462	100.00	32,732,215	299	636	3,369,990,034	100.00	30,495,622

MILK PROCESSING PROFILE IN QUEBEC^{1, 6}

	2022		2021		2020		2019		2018	
	Number	% of milk	Number	% of milk	Number	% of milk	Number	% of milk	Number	% of milk
Large dairy enterprises ²	3	79.43	3	79.72	3	80.06	3	80.97	3	81.42
Medium dairy enterprises ³	38	20.11	37	19.84	35	19.45	37	18.55	37	18.12
Small dairy enterprises ⁴	59	0.47	57	0.45	58	0.49	54	0.48	53	0.46

PROCESSING BY REGION

	2022		2021		2020		2019		2018	
	Number of plants	% of milk	Number of plants	% of milk	Number of plants	% of milk	Number of plants	% of milk	Number of plants	% of milk
Central regions	91	91.28	88	91.29	85	91.30	84	91.23	84	91.37
Outlying regions ⁵	27	8.72	28	8.71	28	8.70	27	8.77	26	8.63
Quebec	118	100.00	116	100.00	113	100.00	111	100.00	110	100.00

1 Dairy enterprises in operation during the year.

2 Dairy enterprises with daily milk purchases exceeding 900,000 litres.

3 Dairy enterprises purchasing more than 1,000,000 litres annually and less than 700,000 per day.

4 Dairy enterprises purchasing less than 1,000,000 litres annually.

5 The outlying regions include Abitibi-Témiscamingue, Saguenay-Lac-Saint-Jean, Gaspésie-Les Îles and Bas-Saint-Laurent, as defined in the milk marketing agreements.

6 Among all dairy enterprises, 25 are producer-processors who processed 8.4 million litres of milk in 2022. A producer-processor is defined as follows: a producer with a permit to operate a dairy plant who uses the milk from his own herd for this purpose.

Niche markets and organic milk

Les Producteurs de lait du Québec organizes special milk pickup routes to encourage the development of niche markets, such as the organic milk market.

Other smaller routes meet specific needs: kosher milk, milk from dry-hay-fed herds, and milk from Jersey or Canadienne herds.

Partial shipments and road network

Les Producteurs de lait du Québec pays the first \$60 of the cost of a partial load. These costs are in addition to the rates set out in the transportation contracts and are covered by the transportation pool. These operations are meant to fill orders by small dairy enterprises. **The cost of partial shipments totaled \$308,138 in 2022.**

Transporters billed \$242,191 for detours not covered in milk transportation contracts. All detours were checked based on the start and end dates of construction sites that were sent by the Ministère des Transports du Québec.

Diesel fuel

The rates paid to transporters varied according to the fuel price indexation clause set out in the Milk Transportation Agreement. Indexing is based on a monthly survey conducted by the Régie de l'énergie du Québec. **It shows that the average price of diesel increased by 64% in 2022.**

Thaw period

The thaw period on Quebec's road network, which usually ends in May, has a statutory period of 61 days in three different geographical zones. In 2022, the thaw period effectively lasted 47 days in zone 1, 54 days in zone 2, and 54 days in zone 3. **This represents around \$524,000 in savings compared to the budgeted cost.**

Organic milk

136 certified organic milk producers

produced **67.2 million** litres of milk. Of this number, 125 producers form group A and 11 producers group B. The milk produced by group B producers is not marketed in the organic market due to insufficient demand. In addition, 6 producers are on the no-premium waiting list. Just over **81%** of the milk that received a premium was processed for organic market needs. The milk was picked up by **15 transporters** and brought to **18 Quebec plants**, including 6 producer-processors.



New plants

Les Producteurs de lait du Québec organizes and plans the supply of milk to new plants. In 2022, **5 plants** launched their operations and began to receive supplies of cow's milk.

Three producer-processors:

- **Lait Charbonneau**
(La Ferme Vachalé SENC)
- **Microlaiterie Riverin du lac**
(9436-1334 Québec Inc.)
- **Fromagerie Deschaillons**
(Cansuisse Inc.)

Two new cheese plants:

- **Fromagerie Nouvelle-France**
- **Fromagerie Allen Inc.**



40 *years*

In the last forty years, Quebec dairy producers have succeeded in making the most of the advantages of collective action by developing tools that are now considered essential in the dairy sector, both on farms and for all producers.

The sector's general structures, such as the milk marketing agreement and the transportation agreement, provide a normative framework for interactions between industry partners. These agreements have been continuously improved since they were signed, not only based on the needs of the parties, but also in keeping with the changing realities of the sector and markets.



Collective Tools

There are more collective tools available to producers than what these agreements provide. When the Fédération des producteurs de lait du Québec was founded, its members chose to develop the tools that it would need to fulfill its responsibilities. For instance, unique expertise was created in studying and making predictions about markets. To administer the joint plans and agreements, a dedicated team had to be formed to ensure that the sector was organized and operating effectively. In addition, producers chose to create a robust promotional program for their products, which has left a positive impression on generations of Quebecers thanks to its very memorable campaigns.

The same can be said for the external organizations that producers have chosen to acquire or have helped found. By becoming the main shareholder of the Quebec Dairy Herd Analysis Service (DHAS) (1995), the predecessor of Valacta, Les Producteurs de lait du Québec became involved in developing expertise specifically to help dairy enterprises succeed. By founding Novalait (1995) with its processing partners, Les Producteurs de lait du Québec took a real step toward developing knowledge and expertise in production and processing. The solutions uncovered by researchers continue to provide answers to current and future problems. The acquisition of the CIAQ (1999) consolidated the proactive role taken by Les Producteurs de lait du Québec in providing expertise aimed at making dairy herds and farms increasingly more productive.

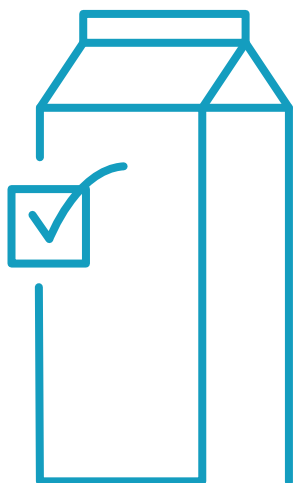
Finally, producers showed their solidarity by creating the young farmers assistance (1987) and startup assistance (2006) programs. In founding these programs, Quebec producers chose to provide support to those who want to become producers, whether they are continuing a family tradition of dairy production or want to start up a new enterprise. These programs help enterprises remain sustainable across Quebec.

The advantages of these collective tools cannot be overlooked. They are an incredible asset when addressing future problems because they have solid foundations, offer consolidated expertise, and boast a potential that makes many other economic sectors jealous. The challenges ahead will be different than those of the last 40 years, but to overcome them, producers will be able to rely on even more tools, as others are now ready to use or in the works. When looking toward the future, the past efforts and vision of the last four decades of producer cohorts give us an undeniable edge.



Quality Control

The Quality Control Section of the Milk Management Department ensures the application of the standards set out in the milk marketing agreements and the improvement of the quality of milk delivered by dairy producers.



Total bacteria (TB)

Milk that met the standard:

97.55% in 2022

97.69% in 2021

Somatic cells (SC)

Milk that met the standard:

99.51% in 2022

99.49% in 2021

Milk adulteration by water

Milk that met the standard:

99.78% in 2022

99.79% in 2021

New grader training

Les Producteurs de lait du Québec participated 4 times in the complete training of 57 new milk graders at the Institut de technologie agroalimentaire de Saint-Hyacinthe.

Quality premiums

1. Les Producteurs de lait du Québec premium

Results equal to or lower than 20,000 TB and 200,000 SC per millilitre

- **3,811 producers received the \$0.50 per hectolitre premium at least once**

2. Organic premium

Results equal to or lower than 15,000 TB and 250,000 SC per millilitre

- **77.6% of certified organic milk producers received the specific quality premium for organic milk, the \$0.50 per hectolitre, at least once**

3. Premium set out in the milk marketing agreements

Results equal to or lower than 15,000 TB and 150,000 SC per millilitre

- **2,842 producers received the \$0.1523 to \$0.2358 per hectolitre premium at least once**

The premium is funded equally by producers and processors (3¢/hl each). It is paid on a monthly basis to each qualifying producer when Quebec's average has been equal to or lower than 250,000 SC per millilitre during the reference period. The premium will continue in 2023 because Quebec's weighted average for the reference period from December 2021 to November 2022 was 172,201 SC per millilitre.

Suspension of pickup

Pickup was suspended for 25 producers who accumulated four or more penalties for total bacteria or somatic cells over a rolling 12-month period, and more than once for some, for a total of 31 suspensions.

Intervention protocol

Les Producteurs de lait du Québec hires Lactanet and its milk quality advisors to guide producers with milk quality problems on their farms in their search for solutions. **In 2022, 672 farm visits were made, in addition to telephone calls, for the purpose of providing advisory services.**

STRATIFICATION OF MILK QUALITY

	Analysis results	2022 % volume	2021 % volume	2022 % analyses	2021 % analyses
Total bacteria count	1 to 15,000/ml	57.55	58.49	56.12	57.49
	15,001 to 50,000/ml	33.69	33.16	34.82	34.15
	50,001 to 121,000/ml	6.31	6.04	6.54	6.06
	more than 121,000/ml	2.45	2.31	2.52	2.30
Somatic cell count	1 to 100,000/ml	15.76	14.28	14.67	13.24
	100,001 to 200,000/ml	53.14	51.83	50.14	48.94
	200,001 to 300,000/ml	24.83	27.07	26.81	28.67
	300,001 to 400,000/ml	5.78	6.31	7.42	8.17
	more than 400,000/ml	0.49	0.51	0.96	0.98

AVERAGE ANALYSIS RESULTS

	2022 Weighted average	2021 Weighted average	2022 Arithmetic mean	2021 Arithmetic mean
Total bacteria count/ml	24,626	23,974	25,218	24,342
Somatic cell count/ml	172,527	177,072	180,799	185,199

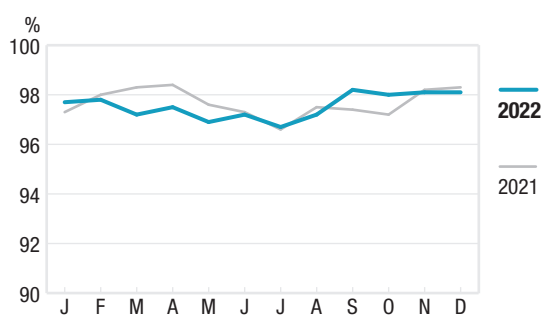
QUALITY REQUIREMENTS – 2022

Analysis	Standard
Total bacteria count	121,000 IBC ¹ /ml – Notice at 50,000 IBC/ml
Bacteria after pasteurization	7,000 CFU ² /ml
Somatic cell count	400,000 SC/ml – Notice at 350,000 SC/ml
Adulteration by antibiotics	Negative
Adulteration by water	Freezing point with limit of -0.507°C
Adulteration by antiseptics	Negative
Sediments	No sediments
Smell	No bad smell
Temperature	4°C maximum
Taste	No bad taste
Falsification (fraudulent alteration of composition or quality of raw milk)	No falsification allowed

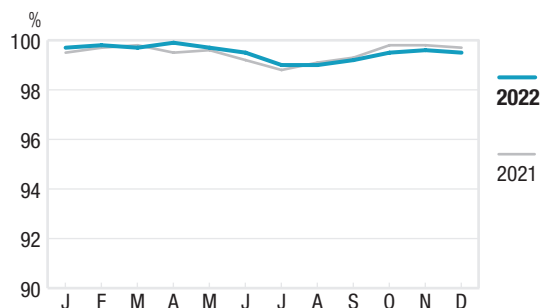
1 Individual bacteria count

2 Colony forming units

MILK CONFORMING TO STANDARD – TOTAL BACTERIA COUNT



MILK CONFORMING TO STANDARD – SOMATIC CELL COUNT



Lait'xcellent recognition program

The Lait'xcellent program recognizes the work and commitment of producers who have succeeded in consistently delivering the best quality milk. Every year, Les Producteurs de lait du Québec awards trophies and cash prizes to Quebec's three winners and three winners in each region. Certificates are also presented in recognition of producers who attain outstanding milk quality goals over the course of the year.



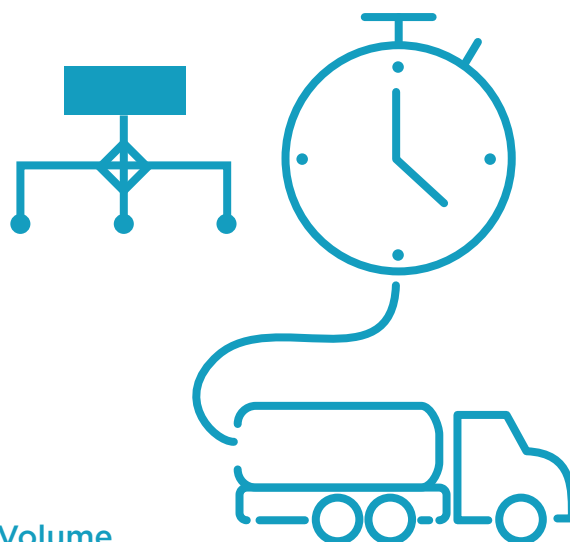
1 Average less than 10,000 TB and no result greater than 30,000 TB
Average less than 150,000 SC and no result greater than 250,000 SC

2 Average less than 25,000 TB and no result greater than 40,000 TB
Average less than 200,000 SC and no result greater than 250,000 SC

3 Certificates for producers whose milk quality results improved by at least 20% compared to 2021

Technical Controls

The Technical Controls Section of the Milk Management Department is responsible for ensuring that composition tests and volume measurements are consistent with the milk shipped by producers and paid for by the plants.



Volume

96% of the milk volume received by plants was measured by an approved meter.

Milk composition (butterfat, protein, lactose and other solids)

96% of the milk was sampled at plants, for the purposes of their milk payments, using an approved sampler.

Difference between the volumes measured at the farm and at the plant

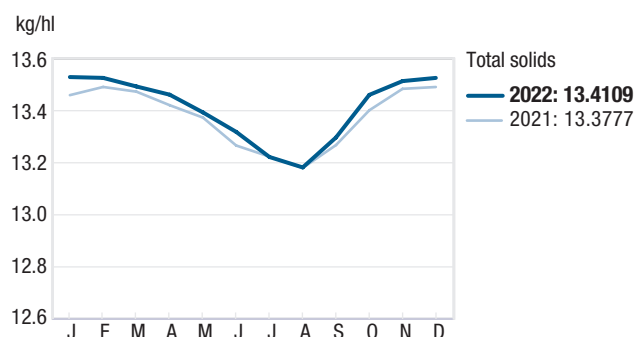
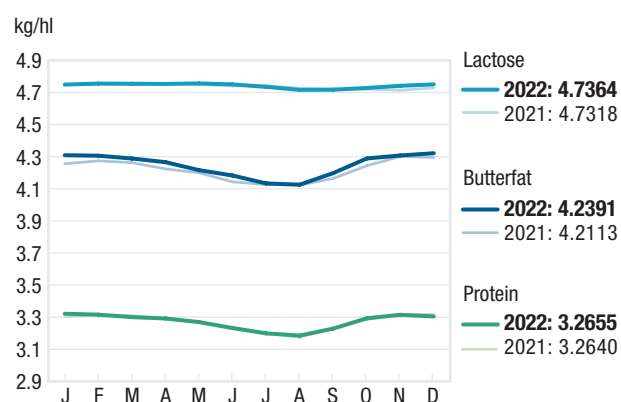
A number of measures are implemented to enable staff members, in collaboration with milk transporters, to keep the difference as low as possible between the volume measured on farms and the volume received at plants according to the meter. Some of these measures include regular visits to inspect the meters and automatic samplers during calibrations at plants. Calibration checks are also conducted on the bulk tanks of producers who request them or on pickup routes that show significant variations. **In 2022, the difference was 0.12%, compared to 0.11% in 2021.**

Management of sampling and analysis program results

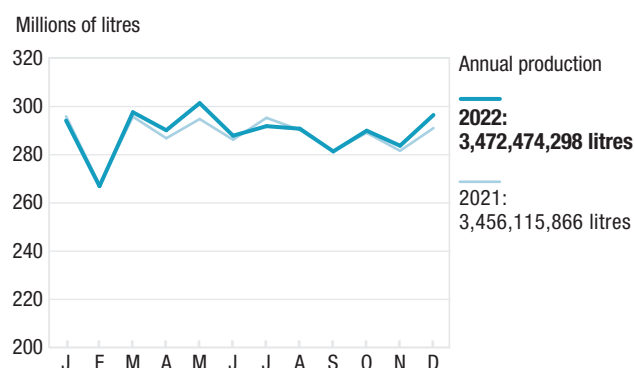
Throughout the year, follow-ups were carried out on an ongoing basis with milk transporters, dairy plants and the laboratory to ensure that sampling programs were operating smoothly.

In 2022, **835,333 test results**, i.e. 810,841 official results and 24,492 rejections (2.9%), **and 112,663 tank results** were validated for the purposes of milk payments and billing. Also, **212,979 milk quality (bacteria) samples** were processed. Of that number, 13,831 were canceled because of a rejection code, i.e. 6.49% of the samples were rejected. Efforts were made to lower this rejection rate, especially through pilot projects and improved coordination between the parties involved.

MONTHLY TEST – WEIGHTED AVERAGE



MONTHLY MILK PRODUCTION VOLUME



10 years

Our supply management and collective marketing model is the only one of its kind on the planet. Many states have adopted organized marketing systems in the past for certain agricultural products, but very few are still in operation today. Quebec and Canada can be proud that they have successfully preserved their supply-managed sectors and protected them from repeated attacks by actors with specific ideological or economic interests.





Major Battles

To preserve a model that works in the interest of the majority and ensures better equity between producers, you have to be ready and willing to mobilize and defend it, and that is exactly what Quebec producers have done many times in their history. Before the free trade movements of the 90s, it was often recognized that food production should be excluded from most trade agreements, according to the concept that economists call “the agricultural exemption,” but this situation would change in time.

Producers were right to be concerned during the discussions about the GATT agreement and took more and more public actions to demand that supply-managed products be exempted from the agreements. In 1992, over 40,000 producers demonstrated in Ottawa for that reason. Unfortunately, the agreements signed by participating countries, including Canada, opened the markets for supply-managed agricultural products. Even though supply-managed products were spared by NAFTA upon its signing, a new round of negotiations at the WTO in Doha in 2001 caused producers to fear that additional concessions would be made.

As the world became increasingly focused on the concept of free markets, the WTO negotiations broke down in 2008. After a few internal political battles to protect collective marketing, especially in the context of the Quebec Commission on the Future of the Agriculture and Agri-Food Sectors, between 2006 and 2008 and during the Agreement on Internal Trade (AIT) in 2009, we moved from the era of large global multilateral agreements to regional bilateral and multilateral agreements. As a result, in quick succession, the Canadian government sacrificed dairy sector market segments in order to conclude agreements with Europe (CETA – 2013) and countries in the Pacific zone (CPTPP – 2016). The Trump administration would force NAFTA to be renegotiated, and supply management was one of the U.S. President’s targets. Canada had to make new concessions when it signed CUSMA (2018), but the model remained intact.

Through their supply management system, the aim of local producers has always been to produce milk that meets the needs of the local market. This system is ideal for sustainable development, because it strikes a better balance between supply and demand and prevents food waste. It also balances producer revenue with the cost of milk. When the government permanently conceded these market segments, it put a damper on the local dairy industry’s growth and quickly realized that this would create losses for producers. That is why compensation programs were announced in 2019 for CETA and the CPTPP, and in 2022 for CUSMA.

Despite these assaults, collective marketing and supply management are still intact in Quebec and Canada. Producers have stood together and shown their strong convictions to maintain this model. Major battles are potentially still looming in the coming years, which is why producers will definitely need to keep showing these strong convictions and their ingenuity as they look toward the future to make sure that they come out victorious.



ProAction

The Milk Management Department implements and coordinates the proAction program in Quebec. It follows up the validations and ensures that producers are registered. It informs producers of the program requirements through training sessions, by updating the **proaction.quebec** website and by drafting articles for *Le producteur de lait québécois* magazine.



As at December 31, 2022:

14 validators were accredited in Quebec

This year, during the on-farm validations:

8 validators were supervised by Les Producteurs de lait du Québec

Validation process

The validation cycle takes place over two years: A full validation is performed in the first year and a self-declaration form is submitted in the second. To keep the registration process compliant, a random sample of the producers who submitted a self-declaration form during the year receives an on-farm validation. Furthermore, a new pilot project was created in 2022 to monitor the proper application of corrective measures and should continue in 2023.

The amount for the on-farm validation, which is covered by funds allocated to the proAction program, went from \$230 to \$240 in 2022.

Management of unregistered producers

In April 2021, the delegates of Les Producteurs de lait du Québec decided to stop marketing the milk of any producer who is not registered with the proAction program on August 1, 2023. To enforce this request, amendments had to be made to the milk marketing agreements (MMAs), which were approved by the Régie des marchés agricoles et alimentaires on November 28, 2022. The required amendments to the By-Law respecting the proAction® program for milk producers were adopted by the Board of Directors in December 2022.

Penalties

Producers who do not have a proAction certificate or are deregistered because they do not meet the requirements of an implemented module are subject to penalties, in accordance with the milk marketing agreements. **As at December 31, 2022, 29 producers were not registered, compared to 27 in the previous year.**

Validators

Each provincial organization is responsible for organizing and providing registration services for the proAction program. Les Producteurs de lait du Québec hires Lactanet to carry out on-farm validations. **In 2022, seven new validators were trained.**

Les Producteurs de lait du Québec also makes sure to follow up with validators in view of helping them obtain and keep their accreditation with Dairy Farmers of Canada.

Animal assessments by Holstein Canada

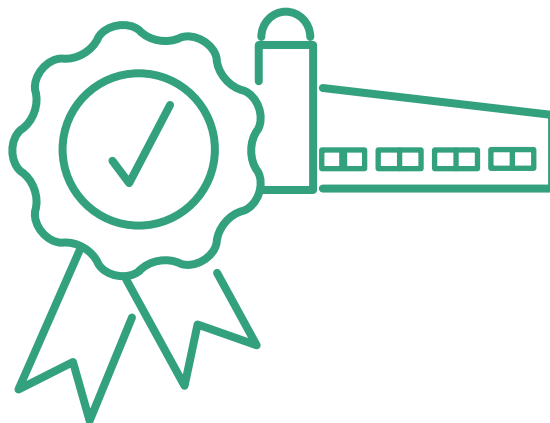
Les Producteurs de lait du Québec continued to work with Holstein Canada on the assessment of the body condition, injuries (hock, knees and neck) and lameness of animals. This assessment is a requirement of the animal care module and must be carried out prior to the on-farm validation. The fund allocated to the proAction program covers the costs of Holstein Canada's animal assessment.

ProAction Guidance service

Lactanet continued to offer the proAction Guidance service to producers who wanted to receive assistance in completing the pre-requisites for their registration. Les Producteurs de lait du Québec covers the cost of the first two hours of this service. **In 2022, the organization covered 912 hours of assistance for 674 producers.**

Third party audit

In 2022, Les Producteurs de lait du Québec, as the provincial administrator of the proAction program, was subject to an audit process by a third party. The objective was to verify the efficiency of the registration system and the consistency of the individuals who administer and coordinate the program in Quebec. The audit results confirmed that the proAction program was soundly managed by the organization.



1,799 enterprises were visited for a full validation

2,229 enterprises were subject to a self-declaration by form

As at December 31, 2022:

4,469 active dairy enterprises were **registered with the proAction program.**

99% of producers represented 99% of the volume of milk produced

WHY PROACTION?

Thanks to the proAction program, milk producers can be sure that they meet the needs of buyers and avoid multiple programs and various on-farm audits. ProAction certifies that producers apply best practices on their farms in the areas of milk quality, animal care, food safety, biosecurity, traceability and protection of the environment.

This registration program is an ideal way to guarantee buyers and consumers that every effort is being made to meet their demands and to remind them that all milk produced in Canada is subject to strict standards. This continuous improvement process is recognizable in the "Quality Canadian Milk" logo with the blue cow, which conveys the message that a lot of work has been done to comply with these high milk production and quality standards. This image reminds consumers that milk producers are helping to ensure a healthy and sustainable future and calls for their solidarity in encouraging local milk producers.



HIGHLIGHTS OF THE YEAR

2023-2027 Sustainable Development Strategy

In 2022, Les Producteurs de lait du Québec continued its efforts to roll out a sustainable development strategy by working together with the Chair in Eco-Consulting at the Université du Québec à Chicoutimi. On the basis of this strategy, we will develop an action plan and performance indicators to improve the sustainability of dairy production in Quebec. In the fall, a webinar was held for producers to better define sustainable development and present the organization's analysis of the situation. Producers were also asked to answer a survey in order to develop the action plan and ensure that it takes their needs and concerns into consideration as much as possible.

Net-zero emissions and an improved environmental footprint on farms

In 2022, Dairy Farmers of Canada unveiled its goal of net-zero carbon emissions on dairy farms by 2050. To better understand the process and the ways that this goal can be achieved, Les Producteurs de lait du Québec developed a guide with questions and answers about net-zero carbon emissions for producers.

The organization also obtained a grant to develop a net-zero milk living laboratory project, in which a network of pilot farms will be set up to test practices and technologies aimed at storing carbon and lowering greenhouse gas emissions in connection with milk production. Several other major environmental and sustainable development-related research and technology transfer projects were also in progress this year. One of them, a project aimed at measuring the methane emissions of herds from milk samples, is currently under development with a view to obtaining funding for its completion.

In addition, several national and provincial committees meet regularly with the ultimate goal of being able to assist producers in making continuous improvements, both individually and collectively.



Economic Studies

The Economic Studies Department advises the officers of Les Producteurs de lait du Québec on policies and issues concerning the dairy industry. To fulfill this mandate, the Department must conduct studies and analyses and draft explanatory documents to guide the organization's various bodies and strategies. The Department represents the organization on a number of committees at both the Quebec and Canadian levels.



Chantal Fleury, Assistant Director,
Economic Studies, Agronomy

Florence Bouchard Santerre, Director,
Economic Studies

Rock Éric Hounhouigan, Agroeconomist

Jérôme St-Pierre, Economist

Myriam Falcon, Agronomy Advisor

Revenue on farms

The 8.4% price adjustment on February 1, 2022, which was announced in October 2021, increased on-farm revenue at a time of higher costs.

Due to the major increase in production costs on farms during the year, especially those associated with animal feed, energy and fertilizer, the Canadian Dairy Commission (CDC) announced at the end of June that the farm gate price of milk would be subject to an exceptional mid-year 2.5% increase on September 1, 2022. The decision was made after consultations were held by the CDC with stakeholders, including Dairy Farmers of Canada.

During the annual price indexation process, the CDC announced a 2.2% adjustment, effective on February 1, 2023. This increase was calculated using the national pricing formula, which takes into account the cost of milk production and the consumer price index. The higher farm gate price of milk, which took effect on September 1, 2022, was deducted from the result of the pricing formula.

Review of the Code of Practice for the Care and Handling of Dairy Cattle

The review of the Code of Practice for the Care and Handling of Dairy Cattle (Code) continued in 2022. The 60-day public consultation, which finished at the end of January 2022, was the result of efforts to set preliminary requirements for the Code's upcoming edition; two Quebec representatives participated in these efforts. Of all the codes published, the consultation on dairy cattle had the highest number of participants, totalling 5,884 people, many of whom were from Quebec. Thanks to the participation and involvement of producers, partners, employees and various other stakeholders, milk producers' expertise was definitely taken into consideration. As a result of these efforts, Les Producteurs de lait du Québec qualified as a finalist in the Solidarity category of the 2022 Union Awards.

The results of the consultation period were then integrated into the Code's final requirements over the entire year until the work wrapped up in December 2022.



Price of milk adjusted

February 1, 2022

- **8.4%** for Classes 1 to 4, excluding ingredients
- estimated effect of around **\$6.31/**hectolitre
- **75%** on butterfat and **25%** on solids non-fat

September 1, 2022

- **2.5%** for Classes 1 to 4, excluding ingredients
- estimated effect of around **\$1.92/**hectolitre
- **60%** on butterfat and **40%** on solids non-fat

February 1, 2023

- **2.2%** for Classes 1 to 4, excluding ingredients
- estimated effect of around **\$1.74/**hectolitre
- **50%** on butterfat and **50%** on solids non-fat

Sustainable Development Strategy

Aims to provide the organization and producers with effective individual and collective tools to reach our targets and continuously improve our performance



Bulk tank testing for bovine leukosis

893 producers received a low prevalence result



Code of Practice for the Care and Handling of Dairy Cattle

Public consultation statistics

5,884 respondents
2,312 milk producers
1,667 from Quebec, which represents **35%** of producers

OTHER ISSUES AND ACCOMPLISHMENTS

Pooling agreements and national issues

At the national level, the Department continued to work closely with General Management on monitoring and advancing the pooling agreements and managing the National Milk Marketing Plan. In 2022, several analyses and projections were performed to better understand the market and its prospects; efforts were specifically aimed at making projections about surplus solids non-fat and better understanding developments in markets and imports.

P5 Quota Committee

The committee uses the market and production development analyses to adjust producers' production entitlement to Canadian needs. Monthly committee meetings continued in 2022, in particular to ensure a proper balance between production and demand at a time of lower butter stocks.

Research and transfers

The Department continues to be involved in research and development, particularly by sitting on the board of directors of Novalait Inc. and its various project management committees. As far as knowledge transfers are concerned, the Department works closely with Lactanet and helps hold events related to technology transfers. The team also participates in various committees and in activities resulting from the strategic planning initiative for the dairy industry, especially in the areas of market development and the environment.

In addition, the Department helps monitor and steer other projects involving knowledge transfers and applied research. These projects are supported because of their relevance to the organization and the dairy sector, either through financial participation, collaboration in development and monitoring or a combination of the two.

The Department is also responsible for the Les Producteurs de lait du Québec committee mandated to monitor and steer agronomic issues and initiatives, such as proAction. It participates in various national development and implementation committees for the program.

Finally, work was done to ensure that updates were obtained on a number of agronomic topics based on the latest science. This included evaluating projects for the Dairy Research Cluster 4 and developing transfer projects for the purposes of the Sustainable Agriculture Plan of the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation du Québec. The Economic Studies team collects the most recent data and studies to answer various questions about dairy production practices.

Provincial issues

Bulk tank testing for bovine leukosis

With the goal of detecting the prevalence of leukosis on farms, milk samples from all producers were tested in 2017. After this activity, Les Producteurs de lait du Québec committed to track the prevalence of leukosis so that it could determine how much progress has been achieved, which it did in 2022. All producers received their results. Those who obtained a low prevalence result also received a certificate of recognition.

PRODUCTION AND PRODUCERS, BY REGION, AS AT DECEMBER 31, 2022

Region	Total production		Producers	
	Litres	%	Number	%
01 – Estrie	375,386,358	10.81	440	9.78
02 – Capitale-Nationale–Côte-Nord	83,858,793	2.42	125	2.78
03 – Gaspésie-Les Îles	6,242,614	0.18	12	0.27
04 – Lanaudière	106,325,115	3.06	160	3.56
05 – Mauricie	127,806,322	3.68	179	3.98
06 – Outaouais-Laurentides	132,528,108	3.82	180	4.00
07 – Centre-du-Québec	592,515,317	17.06	648	14.41
08 – Abitibi-Témiscamingue	51,781,289	1.49	90	2.00
09 – Chaudière-Appalaches-Nord	415,994,101	11.98	561	12.47
10 – Chaudière-Appalaches-Sud	329,576,263	9.49	473	10.52
11 – Bas-Saint-Laurent	382,092,517	11.00	535	11.89
12 – Saguenay–Lac-Saint-Jean	168,953,607	4.87	244	5.42
13 – Montérégie-Est	417,162,636	12.01	493	10.96
14 – Montérégie-Ouest	282,251,258	8.13	358	7.96
Total	3,472,474,298	100.00	4,498	100.00

Les Producteurs de lait du Québec is also involved in various Quebec committees that deal with agronomic aspects of dairy production. It regularly collaborates with various institutional, professional service and knowledge transfer partners on developing critical projects. In 2022, the organization participated in developing a campaign for Quebec's comprehensive animal health program (PISAQ) entitled *Euthanasie à la ferme des bovins*, which will be available in 2023. In collaboration with Les Producteurs de bovins du Québec, it continued to develop a contingency plan for the industry.

Dairy Research Cluster 4

Financing program for multidisciplinary national research projects on dairy production and human health and nutrition projects.

Partners of



Agriculture and
Agri-Food Canada



Novalait





Information Technology Department

The Information Technology Department oversees the development, implementation, evolution, standardization, and management of architectures, information technology tools and systems, infrastructures, telephone systems as well as the availability of the systems in service. It works closely with the other departments to continuously improve and update administrative processes and systems. A number of external consultants are helping the team carry out the major project of overhauling the operating system.

HIGHLIGHTS OF THE YEAR

Application development and operating system

The beginning of 2022 was marked by a slowdown in activities in the system overhaul project, commonly known as "Goutte 2.1." When a new director took office in April, the activities were divided up differently and the entire project was re-evaluated. After a dedicated project manager was added, a more detailed project plan was developed and the first roadmap for a number of deliveries was produced, which will ensure continued development in the coming years. The year ended with the partial overhaul of the "Goutte 2.1" architecture, the migration of pocket computers (PDA¹) and their rollout for external clients. Analytical activities also continued in view of future deliveries and the extranet upgrade. Operating system maintenance operations continue to be carried out in parallel to the overhaul project.

Priority given to system security and data protection

An IT risk assessment project was launched this year to review all components and configurations. As part of this project, actions required to further secure environments will be listed and prioritized. This project will continue in the coming years because its impact goes beyond system updates.



Infrastructure and office automation

Les Producteurs de lait du Québec continues to invest in and improve its computer systems. New solutions were evaluated specifically to increase Internet connections, modernize workstations with the goal of giving users greater mobility and enhance the infrastructure for “Goutte 2.1” development.

Other projects and accomplishments

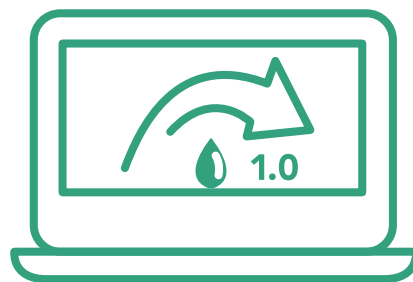
- Support and maintenance of service agreements with clients and external providers.
- Finalization of an organic milk marketing pilot project to track certification statuses and match data with operating sites.
- Development of an environmental questionnaire, in the form of a web application, so that producers can answer questions for the Agri-Environmental Support Plan (ASP) that is required as part of the proAction program. The application then exports the results of the environmental questionnaire so that they can be sent to Dairy Farmers of Canada.
- Completion of an analysis to assist Lactanet in billing for the new analytical service in connection with the milk fat acid profile – Profilab.
- Programming the new terms and conditions for the startup assistance program, which grants a quota loan of 20 kg of butterfat and allows an equivalent quantity to be purchased, on a priority basis, in the Centralized Quota Sales System.

¹ Personal Digital Assistant.

Richard Tremblay, Database and Application Support Administrator
Yacine Kébir, Development Coordinator
Isaac Beaudry, Network and User Support Officer
Sébastien Richard, Main System Administrator
Mona Ouellet, Programmer Analyst
Benoit Bourgouin, Director, Information Technology
Claude Daigneault, Programmer Analyst
Philip Arseneault, DevOps Developer
Frédéric S. Lebrun, Technical Support

Goutte 2.1

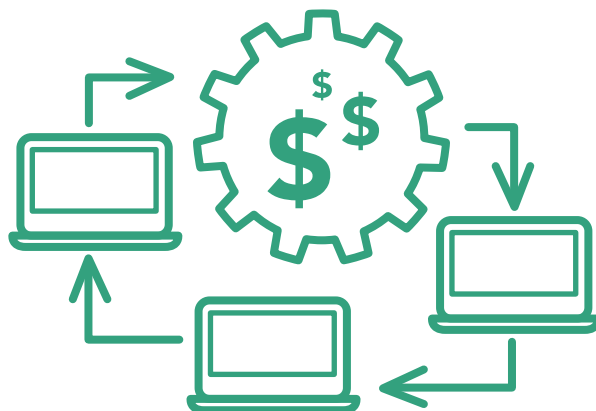
A large-scale project aimed at overhauling the operating system



Continuous efforts to **improve system security and data protection**



Invest in and improve the computer systems



Milk Donations

The Quebec dairy industry's milk and dairy product donation program provides a continuous supply that is planned on an annual basis. Quebec milk transporters and processors also contribute to the program by transporting and processing the donated milk for free, so that the milk and dairy products can be given to community organizations by the Food Banks of Quebec network for distribution to people in need across Quebec.

In addition to the quantities of regular milk donated in the program, Les Producteurs de lait du Québec made special donations of dairy products together with certain processors to meet the specific needs of our communities.

Finally, as the holiday season approached, Les Producteurs de lait du Québec also made donations for Christmas baskets. Food aid is always in high demand at this time of year, but especially this year because of inflation and the higher cost of food.

In addition to these efforts, Les Producteurs de lait du Québec is providing a total of \$50,000 in financial support over 5 years to Food Banks of Quebec's food recovery in supermarkets (PRS) program. This program is designed to reduce food insecurity and waste by rescuing unsold food at supermarkets and bringing it to people who suffer from food insecurity.



The Quebec dairy industry's milk and dairy product donation program

327 producers for a total of **781,524 litres** of milk



Special donations of dairy products

169,720 litres of milk



Holiday season donations

49,531 litres of milk to **113 organizations** across Quebec



TOTAL FOR 2022

1,000,775 litres of milk were donated to the Food Banks of Quebec



Communications, Public Affairs and Union Support

The Communications, Public Affairs and Union Support Department is responsible for the organization's internal and external communications and public affairs. It also coordinates and conducts training and union support activities. In this role, it works closely with the other departments and elected officials to support and advise them in these areas.

HIGHLIGHTS OF THE YEAR

Compensation program announced for CUSMA

On November 14, 2022, the federal government announced \$1.7 billion in compensation to supply-managed producers for the impacts of the Canada-United States-Mexico Agreement (CUSMA). This amount includes \$1.2 billion in direct payments to producers over 6 years starting in March 2024, \$300 million for the development of solids non-fat and \$105 million to support processors.

The huge efforts yielded results. Thanks to our public relations initiatives, political representations and technical expertise, producers' demands were heard.

Strategic Plan

As part of the process of renewing its strategic plan, which will cover the period from 2023 to 2030, Les Producteurs de lait du Québec assessed in 2022 the strengths, weaknesses, threats and opportunities of the organization, Quebec dairy producers, and their business environment. To obtain the most comprehensive overview possible of the state of the situation, a producer survey was conducted during the summer; 982 producers answered it. Additional consultations, studies and external assessments were carried out, which led to a proposal to revise the mission, vision and strategic priorities that will be presented to producers in 2023.



Yanick Grégoire, Assistant Director,
Communications, Public Affairs and
Union Support

Sandie Charmeteau, Digital
Communications Officer

François Dumontier, Director,
Communications, Public Affairs
and Union Support

Marlène Rancourt, Senior Advisor,
Communications, Public Relations
and Digital Media

Audrey Gendron, Editorial Assistant

Alexandra Perron, Communications
Advisor

Meetings with federal MPs
February 3-8, 2022, virtual meetings
40 meetings • 61 MPs



Government relations

Les Producteurs de lait du Québec defends producers' interests with elected officials, authorities and public servants in the Quebec and Canadian governments. In 2022, meetings were held with federal MPs in conjunction with the Annual Dairy Policy Conference of Dairy Farmers of Canada. Efforts were also made to publicize and advance various issues in connection with dairy production during the electoral campaign in Quebec. Some of these efforts included sending a questionnaire to the different party leaders asking them to clarify several of their electoral promises to producers.

New agreements under negotiation, including Mercosur, the Pacific Alliance and the Canada-United Kingdom Free Trade Agreement, were monitored and followed up. Finally, government relations actions were carried out to ensure that Bill C-282, which seeks to exclude supply management from current and future international negotiations, would be tabled. In Quebec, Les Producteurs de lait du Québec submitted various comments to the government during the process of drafting and passing Bill 99, which amends the Food Products Act.

OTHER ISSUES AND ACCOMPLISHMENTS

Reputation management and updates on issues

Les Producteurs de lait du Québec monitors and documents a wide range of issues. From dairy cattle feed, animal care and the environment to social and political issues, a number of subjects are monitored and researched on an ongoing basis to highlight the most recent scientific knowledge. The organization also belongs to a pan-Canadian issue management group that focuses on dairy production and dairy product issues. This group monitors media coverage of these issues and performs crisis management, where necessary.

Media relations

As part of its media relations activities, Les Producteurs de lait du Québec replies to requests from journalists on an ongoing basis, prepares press releases and holds media activities, when necessary, to draw the media's attention to our priority issues.

Communication plans

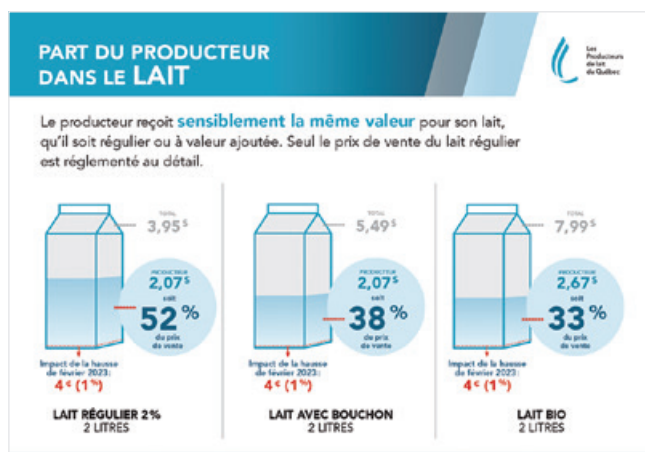
A number of plans were carried out in 2022 to support the various communication efforts of the organization. These included plans for the sustainable development strategy, the review of the Code of Practice for the Care and Handling of Dairy Cattle, the review of the price paid to producers and the milk testing programs.



Questionnaire sent to the political parties during the electoral campaign in Quebec



Fact sheet on how the price of milk works



Communication about the price of milk and producers' share in dairy products



Instagram and Facebook stories by Les Producteurs de lait du Québec

Promotion of the profession

In January, the organization participated in the second virtual edition of the Salon de l'agriculture, de l'alimentation et de la consommation, due to the COVID-19 pandemic. In the summer, after a two-year break, the Quebec farm open house returned with a new design that was inspired by the eat local movement (*Mangeons local plus que jamais!*) promoted by the Union des producteurs agricoles (UPA). Nine dairy farms opened their doors to the public over a period that spanned from the end of July to mid-September. Les Producteurs de lait du Québec also participated in the initiatives of the Union des producteurs agricoles to promote buying local, by collaborating in the development of the *Mangeons local plus que jamais!* mobile application. Finally, work on updating the *Milk's Path* activity, which is designed to promote and demystify dairy production for elementary students, was completed this year. The new program should be offered in schools in 2023.

Le producteur de lait québécois magazine

One of the main tasks in communicating with producers is to produce *Le producteur de lait québécois* magazine. The magazine can be consulted during the month in progress, and previous issues can be accessed on the producers' extranet site and at lait.org. Work on adding a digital component to the magazine continued in 2022.



Visual for the new Milk's Path educational activity



One of the ten 2022 editions of *Le producteur de lait québécois* magazine



Poster display showing the economic benefits of dairy production in Quebec

Communication tools

- lait.org website
- Producers' extranet
- *Laitb'do* weekly newsletter
- Annual report
- Supply management brochure

Social Media

- Facebook: @ProdLaitQc
- Facebook Daniel Gobeil: @DanielGobeilPLQ
- Instagram: @ProdLaitQc
- Twitter: @ProdLaitQc, @RevueLPLQ
- YouTube, LinkedIn

These platforms are intended to meet information needs, explain the organization's work, shed light on the profession and promote supply management and collective marketing. A great deal of attention was paid to visuals and interactivity by giving priority to exciting, exclusive and original content, including videos.

Number of followers

Facebook
Les Producteurs
de lait du Québec
18,050
Daniel Gobeil
1,200



Twitter
2,650
Instagram
1,700
LinkedIn
1,150



Posts on the Facebook page of Daniel Gobeil, President of Les Producteurs de lait du Québec



Communication about the milk donation program and its 2022 results

Training and union support

Training activities are offered to newly elected officials and the organization's Board members every year. Meetings with the secretaries of regional groups concerning issues related to their duties are held periodically. The Department works closely with General Management on preparing the organization's brainstorming days and General Meetings. The material developed and updated to train new producers on their milk marketing system was also reworked in 2022.



Visual for the 2022 brainstorming days



Visual for the training given to new producers



Questions and answers for producers on net-zero carbon emissions



Example of exciting content created for social media

Coordination of communications from the Supply Management Movement

The Department continues to perform its task of coordinating the communication activities of the Supply Management Movement (movementgo.ca) with its partners, the UPA and other supply-managed groups.

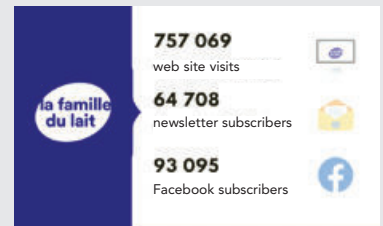


Marketing

The Marketing Department is responsible for all French-language advertising programs and promotional activities for the entire family of dairy products across Quebec. Nutrition-related representative activities with health professionals as well as specific research into consumer trends and performance reports for the various dairy product categories are the responsibility of Dairy Farmers of Canada.

Milk

In September, the first advertising campaign dedicated to the goal of net-zero carbon emissions was kicked off by Les Producteurs de lait du Québec. Featuring a junior version of spokesperson Laurent Duvernay-Tardif, the *On élève la barre* campaign introduced the organization's efforts to pursue sustainable development goals and reduce the environmental impact of dairy farms. This campaign was executed in a number of ways, including one 60-second and four 15-second ads, digital versions, outdoor displays and print ads. The familledulait.com website, a hub of information on the dairy sector, was updated in an effort to enliven the communication tool. According to the post-advertisement survey, 91% of respondents claimed that the campaign made them aware of the actions taken by producers to lower their environmental footprint and 52% stated that these ads made them want to consume more cow's milk.



The traditional holiday season advertising campaign provided a humorous reminder of the labour shortage problems by bringing back the union of *cute* kids in Lait de Noël (SECPLN) ads. This lovely group celebrated the Lait brand once again, while also helping out three other brands in the family of dairy products: butter, Quebec cheeses and cream. All of these ads turned out to be engaging, as they generated more than 14,800 comments, 29,800 shares, and 98,100 "likes" on Facebook. To boost the momentum, several digital and magazine ads, displays and Web banners were also released. For a seventh consecutive year, the Famille du lait brand partnered with the 40th edition of Télé-Québec's Ciné-Cadeau series, the popular series of family television programs shown during the holiday break in Quebec.

To end the year on a high note, the Lait brand created *Operation White Nose*, an ad that pays homage to the similarly-named service for adults. However, in this version, the "safe rides home" are instead given to little ones,



Sara Bujold, Senior Marketing Advisor
Alyssa Chapleau, Digital Marketing Agent
Julie Gélinas, Marketing Director
Marie-Ève Lalonde, Senior Sponsorship Advisor
Élyse Papillon, Marketing Technician
Lucy Royer, Administrative Technician



On élève la barre du Lait campaign



Laitvénement bio



Holiday season advertising campaign for the Famille du lait brand



Holiday season advertising campaign for the Famille du lait brand

who rest comfortably on the shoulders of “volunteers” (i.e. their parents). The advertisement, which was unveiled during Radio-Canada’s *Bye Bye* show, reached a record audience of 4.7 million viewers. Les Producteurs de lait du Québec signed over a cheque for \$25,000 to Operation Red Nose as part of this special campaign.

Sponsorships

When the health measures were lifted in the spring, events returned without restrictions, which was great news for festival-goers. In addition to continuing its association with regional events such as the Saint-Tite Country Western Festival or the H2O Festival in Abitibi, among others, the Lait brand partnered with the FADOQ (Fédération de l’âge d’or du Québec) by sponsoring its Games across Quebec.

Organic milk

Advertising and relational marketing were combined in a springtime campaign dedicated to demystifying the term “organic” as it applies to dairy products. The slogan *Bio de la tête au pis* resonated throughout a multiplatform campaign, which included a tour of five Laitvénement organic public markets, where producers and consumers had the pleasure of mingling. Additionally, as part of marketing support activities for organic processors, a joint project was created with 4 Quebec dairy processors and 21 promotional projects were rolled out to boost organic milk orders.

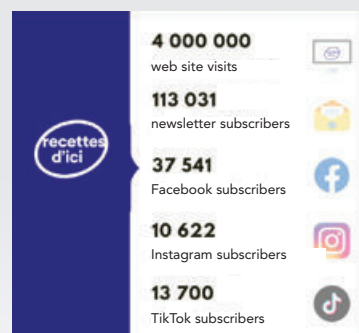
Milk-School Program

Over 8.5 million milk cartons were served at 575 elementary schools in Quebec during the school year from September 2021 to June 2022. Thus, this joint initiative between Les Producteurs de lait du Québec, the Ministère de l’Éducation and the Fédération des centres de services scolaires du Québec remained a priority. Its aim is to highlight milk’s value to the many parent committees that want to keep their children eating healthy foods.

Our recipes

Advertising campaigns

The culinary platform **recettesdici.com**, which includes over 1,324 recipes celebrating dairy products, including 77 new recipes this year, focused its efforts on digital media placements to reach its targeted young clientele. Engagement on social media increased by nearly 20% compared to 2021. In September, the Recettes d’ici brigade, which is made up of four *foodie* influencers, joined Tik Tok social media network to share appetizing and trendy suggestions.



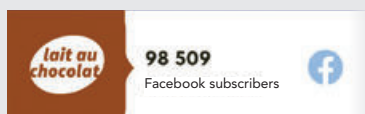
Sponsorships

The Quebec City Summer Festival and the Francos de Montréal festival offered full programs on their stages and created digital content on their respective platforms. There were many festival-goers at these events and the Recettes d'ici brand heightened their enthusiasm at its gourmet terraces, where dairy products were served. Personalized digital campaigns featured a number of well-known artists associated with the Recettes d'ici brand, such as Salomé Leclerc, Lydia Képinsky, Marième and Jay Scott.

Chocolate milk

Advertising campaigns

The springtime Lait au chocolat campaign took advantage of the beautiful weather to connect with outdoor family and sports activities and repeat the message that it is an ideal beverage. Both in its advertising and at event sites, the Lait au chocolat brand reminded people that this beverage will satisfy them, not only because it tastes great, but also because it has 15 essential nutrients. The *C'est mérité* ad drew viewers' attention to the fact that all these moments are perfect for drinking chocolate milk! Digital advertisements, television banners in sports environments, ad displays, radio spots, web banners and advertisements in LaPresse + daily newspaper expanded the campaign's reach. 69% of the respondents who were exposed to the campaign mentioned that it made them want to drink more chocolate milk.



^ Our recipes: peanut butter ice cream pie



< The Our Recipes terrace at the Francos de Montréal festival

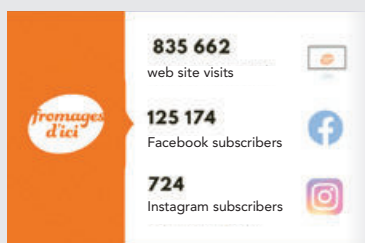
Sponsorships

The Lait au chocolat brand was present at 36 hockey and ringette tournaments, despite an interruption in these activities during the winter of 2022 due to the COVID-19 pandemic. It was also featured at Vélo Québec cycling events and 12 foot races across the province. The Quebec Games and the Quebec Capitales baseball team also made good use of their winning partnerships with Lait au chocolat.

Our cheeses

Advertising campaigns

In February, Metro grocery stores in Quebec hosted the first in-store promotional activity for Our Cheeses. By showing their *Métro et moi* loyalty card at the cash register when buying Quebec cheese, consumers were automatically registered for a contest and earned a chance to win one year of Quebec cheeses delivered in thematic sampling boxes. During the four weeks of the event, over 400,000 Quebec cheeses were sold.



The Lait au chocolat brand and the Quebec Capitales



Advertising display for the Our Cheeses *Juste trop bons* campaign

The spring campaign entitled *Juste trop bons* celebrated the delicious and distinctive taste of Quebec cheeses through three television and digital ads, which referenced scenarios that were as exaggerated as they were irresistible. For instance, this campaign made a reference to one of La Fontaine's well-known fables, featuring the singer Corneille in the role of the crow. Characters from the popular *Passe-Partout* series also showed that they still have a profound love of cheese. After this campaign, 80% of consumers stated that Quebec cheeses were worth the price.

The **fromagesdici.com** website, which currently has over 1,000 cheeses, was updated and now offers several new features, including a classification system for unflavoured fine cheeses. The improvement of the filter system and the new "Art of Presentation" section rounded out the continuous improvement efforts.

Sponsorships

Around thirty regional cheese tastings were also held across Quebec to benefit various charitable causes. Jean-Duceppe Theater, the Montreal Symphony Orchestra, the National Bank Roger's Cup and the Selection Caseus competition, which celebrates the best cheeses in Quebec, were some of the other beneficial partnerships. Les Producteurs de lait du Québec also renewed its partnership with the Centre d'expertise fromagère du Québec and the Institut de tourisme et d'hôtellerie du Québec (ITHQ). The ITHQ inaugurated its Lobby Bar (Blanc bec) this year, which features a superb Quebec cheese cellar. Finally, the Quebec Cheese Tour crisscrossed Quebec to encourage clients to discover Quebec cheeses at around fifty grocery stores.

Cream

For an eleventh year of cooperation with the Association des producteurs de fraises et framboises du Québec, 17.3 million containers were printed with the **recettes dici.com** reference to encourage consumers to cook with cream, of course, but also with all other categories of dairy products. From June to October, this promotional identity was also frequently honoured in numerous grocery store circulars in Quebec, thereby maximizing the impact of this longstanding partnership. In addition, Recettes d'ici became a gourmet partner of the first edition of Festifraîche, an event celebrating fall strawberry and raspberry harvests.



Advertising campaign for the Our Cheeses *Juste trop bons* campaign



The Our Cheeses tour

Butter

The Beurre brand renewed its association with the Regroupement des pêcheurs professionnels du sud de la Gaspésie for the tenth year. The usual tagline *J'aime le beurre* was attached to over 5.7 million lobster claws sold at grocery stores and seafood shops in Quebec.

Yogurt

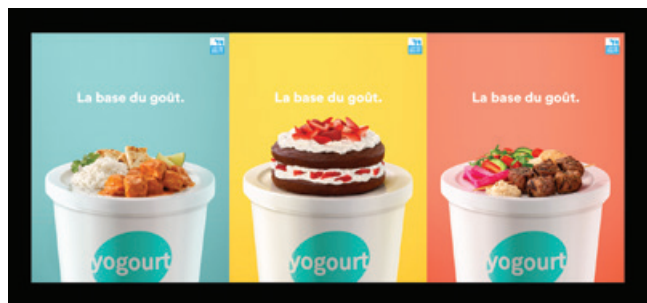
In February, an advertising campaign was launched to feature yogurt, an excellent ingredient for thickening sauces, enhancing flavours and adding protein. This new radio, television and web-based campaign highlighted many culinary traditions while affirming that yogurt is a simple and nutritious food that can be used in many different ways in the kitchen and deserves to be better known. The campaign proposed a whole series of inspiring recipes on the Famille du lait recipe site: recettesdici.com. After this campaign, 75% of consumers claimed that they wanted to include yogurt more often in their recipes.

Promotion of the profession

To complement the advertising efforts of Dairy Farmers of Canada (DFC), which are aimed at keeping consumers confident in the "Lait de qualité" seal, Les Producteurs de lait du Québec used a number of different approaches to boast about its members' efforts to continuously improve the industry. The fall campaign for the Lait brand starred Laurent Duvernay-Tardif and dedicated a specific ad to Quebec producers' expertise. The lafamilledulait.com site now offers testimonial documentary videos as well as educational and entertaining content that encourage visitors to discover Quebec farms. A Frequently Asked Questions section also directly answers consumer questions on their topics of concern. Finally, as partners of the *Arrive en campagne* television series hosted by Bob the chef, Les Producteurs de lait du Québec helped produce and broadcast two episodes dedicated to Quebec producers' desire to outdo themselves.

Sponsorships

Les Producteurs de lait du Québec took advantage of its partnership with the Association des expositions agricoles du Québec (AEAQ) to maximize its presence at 28 regional events. The organization also supported Agriculture, Food and Consumption Week (SAAC), the Centre de référence en agriculture et agroalimentaire du Québec (CRAAQ), the McGill University Community Engagement Centre, the Laurent Duvernay-Tardif Foundation, the St. Justine Foundation, the Food Banks of Quebec and 113 charities by providing dairy products for their Christmas baskets.



Advertising campaign for the Yogourt brand



Visual for Quebec's agricultural expositions



The Lait brand, sponsor of Vélo Québec events

40 *years*

The coming years will be just as important for dairy producers as the last forty. Issues and society are evolving. Consumer demands and public concerns are changing in step with a new and modern reality. While general economic issues and globalization were topics that everyone was talking about in the 90s and 2000s, it is clear that future challenges will be of a different kind, especially given the concerns about animal care and sustainable development.





Toward the Future

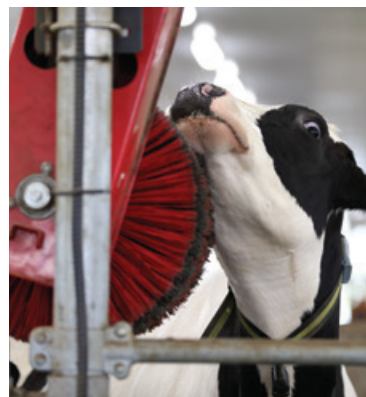
Fortunately, Les Producteurs de lait du Québec can celebrate its 40th anniversary because it has created tools to ensure that these new challenges will be successfully overcome. Actions are already being taken to prepare the sector for future challenges on the basis of our solid and effective collective marketing system and understanding of market developments. The strategic plan of Les Producteurs de lait du Québec will be a key instrument in the coming years in efforts to effectively and agilely market exceptional quality milk.

The work being done to adopt a sustainable development plan will enable dairy producers to keep showing their initiative and be proactive in meeting society's expectations. By setting an ambitious goal of net-zero carbon emissions by 2050 and taking a structured approach, producers are putting their shoulder to the wheel and becoming part of the solution. Through its actions and vision, Les Producteurs de lait du Québec is rallying partners in the industry to conduct research, transfer knowledge and provide services to farms that bolster this vision.

While the major battles of the last four decades have not prevented concessions from being made in the Canadian dairy market, supply management and collective marketing are still intact. The public and members of parliament, both in Quebec City and Ottawa, still support this model. The legacy of these battles is not only present in the preservation of this model so dear to dairy producers, but also in the general sympathy that consumers have for producers. This is a meaningful asset for future challenges.

Our past gains and current collective tools will not only serve as leverage for dairy producers who want to launch future projects, but also as a means for further reflection and innovation. They make it possible for the organization to develop an ambitious vision of the coming years, whose success will benefit all producers.

This vision will be firmly focused on the future.





Finance and Administration

The Finance and Administration Department is responsible for processing accounting transactions and producing the financial reporting for the various funds of Les Producteurs de lait du Québec, including the regional groups. It also performs the financial transactions of the Pool Fund for marketing milk produced in Quebec, which includes payments to producers, transporters and service providers, as well as plant billing. In addition, the Department records quota purchase and sales transactions by Quebec milk producers in the Centralized Quota Sales System (SCVQ). Finally, it provides administrative support and financial advice to the organization's bodies and General Management.



HIGHLIGHTS OF THE YEAR

Review of the maximum eligible payment ratio

After analyzing the market requirements for solids non-fat (SNF), the P5 marketing boards agreed to reduce the maximum eligible SNF/BF payment ratio from 2.30 to 2.25 starting on August 1, 2022. The market ratio remained unchanged at 2.00.

The component payment policy, which has been in force since August 1, 2021 in Quebec, sets two price levels, depending on the SNF/BF ratio. SNF under the market ratio are paid on the basis of a separate price than those that fall between the market ratio and the maximum ratio. The latter SNF are compensated based on the price paid monthly for SNF in Class 4a. The goal of these changes to the component payment policy is to better reflect the market revenue and ensure greater equity between producers, at a time when there is a structural surplus of SNF in the market.

Audit services for milk utilization declarations

In 2022, the Canadian Dairy Commission audited the milk utilization declarations of 108 dairy enterprises in Quebec that were concerned by milk marketing agreements, for a total of 1,445 periods that were verified and processed by Les Producteurs de lait du Québec.

As concerns the financial statements for 2022

The results of the General Operating Fund, excluding those allocated to the Milk Quality Programs and proAction program, show a deficiency of revenue over expenses of \$122,529, in contrast to 2021. The unallocated fund balance amounts to \$11.35 million, when taking into account the transfer from the Advertising and Promotion Fund.

As in previous years, the cost of activities involved in improving milk quality was covered by the General Operating Fund. The net result thus allocated to the fund in 2022 was \$206,579, while the Milk Quality Programs posted a deficiency of revenue over expenses of \$86,807 in 2021. Although quality deductions increased, they were not enough to support the costs of the quality improvement program and the technical assistance provided to producers who were having difficulty meeting the standards.

Nancy Noiseux, Milk Payment Officer

Cesar Perez Huanca, Accounting Clerk

Elaine Pellerin, Pool Service Coordinator

Martine Bédard, Accounting Technician

Patrick Verstricht, Director, Finance and Administration

Nazgul Lim, Accounting Technician

Claudia Larouche, Management Accountant

Geneviève Bordeleau, Accounting Technician

QUEBEC SALES BY MANUFACTURING CLASS – 2022

Class	Description	% Total solids	% Receipts
1a	Milk and milk-based beverages	14.44	18.11
1b	Cream	3.98	5.26
2a	Yogurt	8.93	8.32
2b	Ice cream, sour cream, milk shakes and nutritional drinks	1.64	1.82
3a	Fine cheeses and cheeses not listed in classes 3b or 3c	10.14	10.44
3b	Cheddar	13.24	14.21
3c	Asiago, Brick, Colby, Farmer, Feta, Gouda, Havarti, Jack, Monterey Jack, Mozzarella, Munster, Paneer, Parmesan and Swiss	19.19	17.38
4a	Butter and milk powder	26.31	21.87
4b	Concentrated milk for retail sales and unusual losses	2.03	2.48
4d	Inventories and rejected fluid milk returns	0.10	0.11
Total		100.00	100.00

FINANCING OF OPERATIONS – 2022

	January to April	May to July	August to December
	\$ /kg of TS ¹		
Administration of the Joint Plan and Defence Fund	0.02855	0.02855	0.02881
Contribution to the UPA	0.00765	0.00765	0.00739
Subtotal	0.03620	0.03620	0.03620
Advertising and Promotion	0.10120	0.10090	0.10090
Development Fund	0.00080	0.00080	0.00080
Total	0.13820	0.13790	0.13790

¹ Total solids

PAYMENTS TO PRODUCERS – 2022

	Within-quota milk price						Quality premium MMAs ¹
	Butterfat \$/kg	Tier 1 Protein \$/kg	Tier 1 Lactose and other solids \$/kg	Tier 2 Protein \$/kg	Tier 2 Lactose and other solids \$/kg	Value of average ² \$/hl	Volume \$/hl
January	11.2535	9.7160	0.9000	3.6631	3.6631	85.71	0.1637
February	12.4107	10.1385	0.9000	3.9223	3.9223	92.08	0.1523
March	12.6200	10.0992	0.9000	4.0870	4.0870	92.59	0.1596
April	12.6971	10.2863	0.9000	4.1753	4.1753	93.17	0.1585
May	12.5693	10.4022	0.9000	4.2036	4.2036	92.15	0.1599
June	12.7786	10.3766	0.9000	4.2057	4.2057	92.16	0.1770
July	12.6469	10.4080	0.9000	4.2127	4.2127	90.74	0.1932
August	12.9183	10.9293	0.9000	3.8317	3.8317	92.81	0.2358
September	13.1205	10.8271	0.9000	3.7174	3.7174	94.71	0.2279
October	13.0955	10.7969	0.9000	3.8549	3.8549	96.53	0.2068
November	13.3252	10.4836	0.9000	3.5382	3.5382	96.84	0.1975
December	13.1709	10.1509	0.9000	3.4400	3.4400	95.20	0.1826

	Within-quota milk price				Quality premium MMAs ¹
	Butterfat \$/kg	Protein (weighted prices) \$/kg	Lactose and other solids (weighted prices) \$/kg	Value of average ² \$/hl	Volume \$/hl
Average annual price 2022	12.7150	9.8945	1.1293	92.88	0.1808
Average annual price 2021	10.7995	8.7306	1.3656	81.97	0.1893

1 Premium applied when the provincial annual weighted average somatic cell count stipulated in the milk marketing agreements has been reached. This premium is funded equally by the producers and dairy enterprises.

2 The composition of an average hectolitre varies annually. In 2022: Butterfat: 4.2391 kg/hl Protein: 3.2655 kg/hl Lactose: 5.9063 kg/hl. In 2021: Butterfat: 4.2113 kg/hl Protein: 3.2584 kg/hl Lactose: 5.8919 kg/hl.

As at December 31, 2022, the net cost associated with the proAction program showed a deficiency of revenue over expenses of just over \$1.5 million. The balance of the fund allocated to the program is exhausted and \$142,750 will have to be covered by the General Operating Fund. This can be explained by a major decrease in the penalties collected from producers who do not hold a proAction certificate and the continued expenses incurred for program validation, animal assessments for the animal care module, and leukosis testing for the biosecurity module.

Furthermore, the Advertising and Promotion Fund generated a deficiency of \$1.45 million. In accordance with the resolution of the 2021 Annual General Assembly, the amount of \$2,410,439 was transferred to the General Operating Fund in order to fund the organization's IT system modernization work, thereby reducing the balance of the unallocated fund to \$17.88 million.

As for Pool Fund receipts from milk sales, they amounted to just over \$3.25 million in 2022. Transportation costs and the cost of pooling transportation costs increased significantly, going from \$99 million in 2021 to just over \$120 million in 2022. This situation was mainly attributable to a rapid spike

in the price of diesel, the negotiation of a new agreement for the Milk Transportation Agreement, and the review of the pricing formula, which includes retroactive dates that span several previous years.

The value of the transactions in the Centralized Quota Sales System rose considerably. In 2022, the quantities transacted through the system were more than 54% higher than they were in 2021.

Finally, a reminder concerning the Fund for the Defence of Milk Producers' Economic Interests, whose results are presented to delegates behind closed doors at the Annual General Meeting. This fund is used to support the costs of defending producers' economic interests, especially those incurred by the Supply Management Movement (SMM), whose administrative aspects are coordinated by the Department. In 2022, expenses were almost exclusively allocated to the conduct of specific studies and research for the Movement.



Financial Statements 2022

For the sake of consistency,
the financial statements are
presented in their original
French version.

RAPPORT DE LA DIRECTION

La responsabilité des états financiers non consolidés et de tous les renseignements présentés dans le rapport annuel relève de la Direction des Producteurs de lait du Québec (ci-après l'« Organisation »). Les états financiers non consolidés ont été dressés conformément aux Normes comptables canadiennes pour les organismes sans but lucratif, à l'exception du fait qu'ils n'incluent pas les comptes du Fonds de défense des intérêts économiques des producteurs de lait qui sont présentés distinctement lors de l'assemblée annuelle, et ils ont été approuvés par le conseil d'administration.

Dans le cadre de ses responsabilités, la Direction maintient des systèmes de contrôles internes comprenant des politiques et des procédures et la séparation des tâches et des responsabilités. Ces systèmes sont conçus en vue de fournir l'assurance que l'actif de l'Organisation est bien sauvegardé, que toutes les opérations sont dûment autorisées, correctement inscrites et présentées et que nous pouvons nous fier aux registres comptables pour la préparation des états financiers non consolidés. Aux systèmes de contrôles internes s'ajoutent un programme de vérifications internes ainsi que des revues appropriées effectuées par la Direction.

L'auditeur indépendant Raymond Chabot Grant Thornton S.E.N.C.R.L., nommé par l'assemblée générale, a audité les états financiers non consolidés de l'Organisation conformément aux normes d'audit généralement reconnues du Canada et a présenté le rapport qui suit.

Le président du Conseil,

A handwritten signature in black ink, appearing to read 'Daniel Gobeil'.

Daniel Gobeil

Le 1^{er} vice-président,

A handwritten signature in black ink, appearing to read 'Alain Brassard'.

Alain Brassard

Le 21 février 2023

RAPPORT DE L'AUDITEUR INDÉPENDANT

Aux producteurs visés par le Plan conjoint (1980) des producteurs de lait du Québec

Opinion avec réserve

Nous avons effectué l'audit des états financiers non consolidés des Producteurs de lait du Québec (Plan conjoint (1980) des producteurs de lait du Québec) (ci-après l'« Organisation »), qui comprennent le bilan non consolidé au 31 décembre 2022 et les états non consolidés des résultats, de l'évolution des soldes de fonds et des flux de trésorerie ainsi que de l'évolution du solde à percevoir des producteurs du Fonds de pool et de l'évolution de la réserve d'ajustements du Système centralisé de vente des quotas pour l'exercice terminé à cette date, ainsi que les notes complémentaires, y compris le résumé des principales méthodes comptables.

À notre avis, à l'exception des incidences du problème décrit dans la section « Fondement de l'opinion avec réserve » du présent rapport, les états financiers non consolidés ci-joints donnent, dans tous leurs aspects significatifs, une image fidèle de la situation financière de l'Organisation au 31 décembre 2022, ainsi que des résultats de ses activités et de ses flux de trésorerie pour l'exercice terminé à cette date, conformément aux Normes comptables canadiennes pour les organismes sans but lucratif.

Fondement de l'opinion avec réserve

Les comptes du Fonds de défense des intérêts économiques des producteurs de lait ont fait l'objet d'un audit d'états financiers distinct et n'ont pas été inclus dans les états financiers non consolidés ci-joints. Cela résulte d'une décision prise par la Direction il y a plusieurs années. À cet égard, ces états financiers non consolidés ne sont pas conformes aux Normes comptables canadiennes pour les organismes sans but lucratif. Les incidences de cette dérogation sur les états financiers non consolidés pour les exercices terminés les 31 décembre 2022 et 2021 n'ont pas été définies. Nous avons exprimé une opinion d'audit modifiée sur les états financiers non consolidés pour l'exercice terminé le 31 décembre 2021 en raison des incidences de cette dérogation aux Normes comptables canadiennes pour les organismes sans but lucratif.

Nous avons effectué notre audit conformément aux normes d'audit généralement reconnues du Canada. Les responsabilités qui nous incombent en vertu de ces normes sont plus amplement décrites dans la section « Responsabilités de l'auditeur à l'égard de l'audit des

états financiers non consolidés » du présent rapport. Nous sommes indépendants de l'Organisation conformément aux règles de déontologie qui s'appliquent à notre audit des états financiers non consolidés au Canada et nous nous sommes acquittés des autres responsabilités déontologiques qui nous incombent selon ces règles. Nous estimons que les éléments probants que nous avons obtenus sont suffisants et appropriés pour fonder notre opinion avec réserve.

Responsabilités de la Direction et des responsables de la gouvernance à l'égard des états financiers non consolidés

La Direction est responsable de la préparation et de la présentation fidèle des états financiers non consolidés conformément aux Normes comptables canadiennes pour les organismes sans but lucratif, ainsi que du contrôle interne qu'elle considère comme nécessaire pour permettre la préparation d'états financiers non consolidés exempts d'anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs.

Lors de la préparation des états financiers non consolidés, c'est à la Direction qu'il incombe d'évaluer la capacité de l'Organisation à poursuivre son exploitation, de communiquer, le cas échéant, les questions relatives à la continuité de l'exploitation et d'appliquer le principe comptable de continuité d'exploitation, sauf si la Direction a l'intention de liquider l'Organisation ou de cesser son activité, ou si aucune autre solution réaliste ne s'offre à elle.

Il incombe aux responsables de la gouvernance de surveiller le processus d'information financière de l'Organisation.

Responsabilités de l'auditeur à l'égard de l'audit des états financiers non consolidés

Nos objectifs sont d'obtenir l'assurance raisonnable que les états financiers non consolidés pris dans leur ensemble sont exempts d'anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs, et de délivrer un rapport de l'auditeur contenant notre opinion. L'assurance raisonnable correspond à un niveau élevé d'assurance, qui ne garantit toutefois pas qu'un audit réalisé conformément aux normes d'audit généralement reconnues du Canada permettra toujours de détecter toute anomalie significative qui pourrait exister. Les anomalies peuvent résulter de fraudes ou d'erreurs et elles sont considérées comme significatives lorsqu'il est raisonnable de s'attendre à ce qu'elles, individuellement ou collectivement, puissent influencer sur les décisions économiques que les utilisateurs des états financiers non consolidés prennent en se fondant sur ceux-ci.

Dans le cadre d'un audit réalisé conformément aux normes d'audit généralement reconnues du Canada, nous exerçons notre jugement professionnel et faisons preuve d'esprit critique tout au long de cet audit.

En outre :

- nous identifions et évaluons les risques que les états financiers non consolidés comportent des anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs, concevons et mettons en œuvre des procédures d'audit en réponse à ces risques, et réunissons des éléments probants suffisants et appropriés pour fonder notre opinion. Le risque de non-détection d'une anomalie significative résultant d'une fraude est plus élevé que celui d'une anomalie significative résultant d'une erreur, car la fraude peut impliquer la collusion, la falsification, les omissions volontaires, les fausses déclarations ou le contournement du contrôle interne;
- nous acquérons une compréhension des éléments du contrôle interne pertinents pour l'audit afin de concevoir des procédures d'audit appropriées aux circonstances, et non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne de l'Organisation;
- nous apprécions le caractère approprié des méthodes comptables retenues et le caractère raisonnable des estimations comptables faites par la Direction, de même que des informations y afférentes fournies par cette dernière;
- nous tirons une conclusion quant au caractère approprié de l'utilisation par la Direction du principe comptable de continuité d'exploitation et, selon les éléments probants obtenus, quant à l'existence ou non d'une incertitude significative liée à des événements ou situations susceptibles de jeter un doute important sur la capacité de l'Organisation à poursuivre son exploitation. Si nous concluons à l'existence d'une incertitude significative, nous sommes tenus d'attirer l'attention des lecteurs de notre rapport sur les informations fournies dans les états financiers non consolidés au sujet de cette incertitude ou, si ces informations ne sont pas adéquates, d'exprimer une opinion modifiée. Nos conclusions s'appuient sur les éléments probants obtenus jusqu'à la date de notre rapport. Des événements ou situations futurs pourraient par ailleurs amener l'Organisation à cesser son exploitation;
- nous évaluons la présentation d'ensemble, la structure et le contenu des états financiers non consolidés, y compris les informations fournies dans les notes, et apprécions si les états financiers non consolidés représentent les opérations et événements sous-jacents d'une manière propre à donner une image fidèle;

- nous obtenons des éléments probants suffisants et appropriés concernant l'information financière des entités et activités du groupe pour exprimer une opinion sur les états financiers non consolidés. Nous sommes responsables de la direction, de la supervision et de la réalisation de l'audit du groupe, et assumons l'entière responsabilité de notre opinion d'audit.

Nous communiquons aux responsables de la gouvernance notamment l'étendue et le calendrier prévus des travaux d'audit et nos constatations importantes, y compris toute déficience importante du contrôle interne que nous aurions relevée au cours de notre audit.

Raymond Chabot Grant Thornton S.E. N.C. R. L.¹

Brossard

Le 21 février 2023

¹ CPA auditeur, permis de comptabilité publique n° A117013

Bilan non consolidé

au 31 décembre 2022

	Fonds d'administration \$	Fonds de publicité et promotion \$	Fonds de développement \$	Fonds du pool \$	SCVQ \$	Élimination* \$	2022 Total \$	2021 Total \$
Actif								
Court terme								
Encaisse	2 611 848	10 776 284	—	27 562 300	18 414 602	—	59 365 034	53 616 346
Débiteurs (note 3)	339 488	325 345	—	287 601 759	987 427	—	289 254 019	251 922 123
Créances interfonds, sans intérêt	4 774 619	1 617 003	5 128	—	—	(6 396 750)	—	—
Placements (note 5)	3 500 000	1 200 000	—	—	4 500 000	—	9 200 000	9 700 000
Frais payés d'avance	214 013	671 633	—	34 894	—	—	920 540	1 739 595
Solde à percevoir des producteurs	—	—	—	1 871 356	—	—	1 871 356	—
	11 439 968	14 590 265	5 128	317 070 309	23 902 029	(6 396 750)	360 610 949	316 978 064
Long terme								
Sommes à percevoir des producteurs (note 4)	—	—	—	80 808	—	—	80 808	52 708
Placements (notes 5 et 14)								
Participations dans les sociétés satellites	119	—	—	—	—	—	119	119
Coentreprise	—	—	1 738 220	—	—	—	1 738 220	1 653 050
Autres placements	3 003 737	9 503 737	358 824	—	2 800 000	—	15 666 298	16 377 524
	3 003 856	9 503 737	2 097 044	—	2 800 000	—	17 404 637	18 030 693
Immobilisations (note 7)	2 907 734	33 262	—	—	—	—	2 940 996	2 622 233
Autres éléments d'actif	327 512	—	—	—	—	—	327 512	318 677
	17 679 070	24 127 264	2 102 172	317 151 117	26 702 029	(6 396 750)	381 364 902	338 002 375
Passif								
Court terme								
Créditeurs et charges à payer (note 8)	3 148 199	6 213 128	—	311 588 026	18 835 070	—	339 784 423	289 694 398
Créances interfonds, sans intérêt	509 116	—	100 629	5 563 091	223 914	(6 396 750)	—	—
Solde à verser aux producteurs	—	—	—	—	—	—	—	3 058 501
Réserve d'ajustements (note 6)	—	—	—	—	7 643 045	—	7 643 045	8 060 165
Revenus reportés (note 4)	195 107	—	—	—	—	—	195 107	142 124
	3 852 422	6 213 128	100 629	317 151 117	26 702 029	(6 396 750)	347 622 575	300 955 188
Long terme								
Revenus reportés (note 4)	99 575	—	—	—	—	—	99 575	116 882
	3 951 997	6 213 128	100 629	317 151 117	26 702 029	(6 396 750)	347 722 150	301 072 070
Soldes de fonds								
Investis en immobilisations	2 725 484	33 262	—	—	—	—	2 758 746	2 467 258
Grevés d'affectations externes								
Affectés aux Programmes- qualité du lait	(206 579)	—	—	—	—	—	(206 579)	(86 807)
Affectés au programme proAction	(142 750)	—	—	—	—	—	(142 750)	1 371 818
Affectés à Novalait inc. et au Fonds de développement de l'industrie laitière du Québec (en fidéicommiss)	—	—	2 097 043	—	—	—	2 097 043	2 023 100
Libres d'affectations	11 350 918	17 880 874	(95 500)	—	—	—	29 136 292	31 154 936
	13 727 073	17 914 136	2 001 543	—	—	—	33 642 752	36 930 305
	17 679 070	24 127 264	2 102 172	317 151 117	26 702 029	(6 396 750)	381 364 902	338 002 375

Engagements (note 13)

* Les créances interfonds présentées dans les fonds particuliers sont éliminées dans la colonne des totaux.

Les notes complémentaires font partie intégrante des états financiers non consolidés.

Résultats non consolidés

Exercice terminé le 31 décembre 2022

	Fonds d'administration \$	Fonds de publicité et promotion \$	Fonds de développement \$	2022 Total \$	2021 Total \$
Produits					
Prélèvements	16 295 500	47 024 112	372 468	63 692 080	62 706 951
Retenues-qualité	1 051 029	—	—	1 051 029	894 643
Pénalité proAction	373 508	—	—	373 508	373 675
Intérêts	665 434	427 415	—	1 092 849	707 981
	18 385 471	47 451 527	372 468	66 209 466	64 683 250
Charges					
Activités de promotion	—	4 020 494	—	4 020 494	2 524 938
Campagnes publicitaires	—	25 087 910	—	25 087 910	23 725 063
Contribution et cotisation aux Producteurs laitiers du Canada	993 095	19 002 990	—	19 996 085	23 644 962
Contribution à l'Union des producteurs agricoles	3 508 393	—	—	3 508 393	3 450 145
Exploitation	10 429 596	790 157	—	11 219 753	9 335 276
Formation, information et publications	194 502	—	—	194 502	67 980
Programme proAction	1 888 076	—	—	1 888 076	1 945 938
Programmes-qualité du lait	689 921	—	—	689 921	586 105
Quote-part de la perte de Novalait inc.	—	—	366 321	366 321	248 205
Recherche	481 296	—	—	481 296	539 272
Retenues-qualité versées aux entreprises laitières coopératives	567 687	—	—	567 687	395 345
Réunions des administrateurs et des membres	1 476 581	—	—	1 476 581	1 198 786
	20 229 147	48 901 551	366 321	69 497 019	67 662 015
Excédent (insuffisance) des produits par rapport aux charges	(1 843 676)	(1 450 024)	6 147	(3 287 553)	(2 978 765)

Les notes complémentaires font partie intégrante des états financiers non consolidés.

Évolution de la réserve d'ajustements du Système centralisé de vente des quotas

Exercice terminé le 31 décembre 2022

	2022 \$	2021 \$
Recettes provenant des producteurs de lait pour l'achat de quotas	194 861 280	126 439 680
Versements aux producteurs de lait pour la vente de quotas	195 278 400	126 693 600
Insuffisance des recettes par rapport aux versements	(417 120)	(253 920)
Réserve d'ajustements au début	8 060 165	8 314 085
Réserve d'ajustements à la fin (note 6)	7 643 045	8 060 165

Les notes complémentaires font partie intégrante des états financiers non consolidés.

Évolution des soldes de fonds non consolidés

Exercice terminé le 31 décembre 2022

	Fonds d'administration			
	Investi en immobilisations \$	Grevés d'affectations externes		Libre d'affectations \$
		Affecté aux Programmes-qualité du lait \$	Affecté au programme proAction \$	
Soldes au début	2 424 087	(86 807)	1 371 818	9 451 212
Excédent (insuffisance) des produits par rapport aux charges	(294 624)*	(206 579)	(1 514 568)	172 095
Acquisitions nettes d'immobilisations	596 021	—	—	(596 021)
Virement interfonds	—	86 807	—	2 323 632
Soldes à la fin	2 725 484	(206 579)	(142 750)	11 350 918

* Le montant de l'insuffisance des produits par rapport aux charges du solde de fonds investi en immobilisations du Fonds d'administration comprend un amortissement des immobilisations d'un montant de 419 874 \$ (437 052 \$ en 2021) et un amortissement des revenus reportés liés aux immobilisations d'un montant de 125 250 \$ (204 058 \$ en 2021).

Les notes complémentaires font partie intégrante des états financiers non consolidés.

Évolution du solde à percevoir des producteurs du Fonds du pool

Exercice terminé le 31 décembre 2022

	Ventes de lait \$	Frais de transport \$	Qualité – Fonds de compensation* \$	2022 Total \$	2021 Total \$
Recettes					
Provenant des ventes de lait (note 9)	3 250 598 148	—	—	3 250 598 148	2 863 804 778
Intérêts	437 064	—	—	437 064	88 299
	3 251 035 212	—	—	3 251 035 212	2 863 893 077
Distribution des recettes					
Versements nets aux producteurs	3 057 980 939	—	—	3 057 980 939	2 690 113 246
Déduction pour frais de transport	118 303 300	(118 303 300)	—	—	—
Prélèvements	63 692 080	—	—	63 692 080	62 706 951
Retenues-qualité	1 051 029	—	—	1 051 029	894 643
Pénalité proAction	373 508	—	—	373 508	373 675
Cession temporaire de quotas	7 473 565	—	—	7 473 565	6 946 366
Frais d'analyse des échantillons de lait	2 666 632	—	—	2 666 632	2 545 047
Frais d'analyse de dépistage des antibiotiques	1 626 753	—	—	1 626 753	1 650 569
Frais de transport et de mise en commun des frais de transport (note 10)	—	120 210 388	—	120 210 388	99 408 929
Programme de calibrage	184 892	—	—	184 892	257 676
Programme de lait-école	324 004	—	—	324 004	337 870
Vérification et analyses relatives au paiement du lait	381 279	—	—	381 279	297 509
	3 254 057 981	1 907 088	—	3 255 965 069	2 865 532 481
Excédent (insuffisance) des recettes sur la distribution des recettes	(3 022 769)	(1 907 088)	—	(4 929 857)	(1 639 404)
Soldes à verser aux producteurs au début	3 386 532	(478 031)	150 000	3 058 501	4 697 905
Soldes à verser (à percevoir) aux producteurs à la fin (note 11)	363 763	(2 385 119)	150 000	(1 871 356)	3 058 501

* Fonds de compensation constitué en vertu de l'article 7.11 des conventions de mise en marché du lait relativement à une contamination de lait d'un silo d'usine.

Les notes complémentaires font partie intégrante des états financiers non consolidés.

Fonds de publicité et promotion		Fonds de développement			
Investi en immobilisations \$	Libre d'affectations \$	Grevé d'affectations externes	Libre d'affectations \$	2022 Total \$	2021 Total \$
		Affecté à Novalait inc. et au FDILQ (en fidéicommis) \$			
43 171	21 731 428	2 023 100	(27 704)	36 930 305	39 909 070
(9 909)	(1 440 115)	73 943	(67 796)	(3 287 553)	(2 978 765)
—	—	—	—	—	—
—	(2 410 439)	—	—	—	—
33 262	17 880 874	2 097 043	(95 500)	33 642 752	36 930 305

Flux de trésorerie non consolidés

Exercice terminé le 31 décembre 2022

	2022 \$	2021 \$
Activités de fonctionnement		
Insuffisance des produits par rapport aux charges du Fonds d'administration, du Fonds de publicité et promotion et du Fonds de développement de l'industrie laitière	(3 287 553)	(2 978 765)
Éléments sans effet sur la trésorerie		
Amortissement des immobilisations	429 783	445 516
Perte de valeur relative aux actifs	1 892 936	—
Quote-part de la perte de Novalait inc.	366 321	248 205
	(598 513)	(2 285 044)
Variation nette des éléments hors caisse du fonds de roulement de fonctionnement, des autres éléments d'actif et des revenus reportés		
Insuffisance des recettes sur la distribution des recettes du Fonds du pool	(4 929 857)	(1 639 404)
Insuffisance des recettes par rapport aux versements du Système centralisé de vente des quotas	(417 120)	(253 920)
Autres (note 15)	13 604 025	21 504 452
	8 257 048	19 611 128
	7 658 535	17 326 084
Activités d'investissement		
Acquisitions de placements	(16 440 264)	(11 643 767)
Dispositions de placements	17 200 000	15 200 000
Acquisitions d'immobilisations	(2 641 483)	(1 788 250)
Sommes à percevoir des producteurs	(28 100)	11 632
	(1 909 847)	1 779 615
Augmentation nette de l'encaisse	5 748 688	19 105 699
Encaisse au début	53 616 346	34 510 647
Encaisse à la fin	59 365 034	53 616 346

Les notes complémentaires font partie intégrante des états financiers non consolidés.

1. STATUT ET OBJECTIF DE L'ORGANISATION

Les Producteurs de lait du Québec (l'« Organisation ») sont constitués en vertu de la *Loi sur les syndicats professionnels* et regroupent les producteurs de lait de la province. À titre d'administrateurs du Plan conjoint (1980) des producteurs de lait du Québec, ils réalisent la mise en marché collective du lait de vache produit au Québec en vertu de la *Loi sur la mise en marché des produits agricoles, alimentaires et de la pêche*.

Il s'agit d'un organisme sans but lucratif au sens de la *Loi de l'impôt sur le revenu* du Canada et de la *Loi sur les impôts* du Québec et est exempté des impôts sur le revenu.

2. MÉTHODES COMPTABLES

Base de présentation

Les états financiers non consolidés de l'Organisation sont établis selon les Normes comptables canadiennes pour les organismes sans but lucratif (NCCOSBL), à l'exception du fait que les comptes du Fonds de défense des intérêts économiques des producteurs de lait qui ont fait l'objet d'un audit distinct n'ont pas été inclus dans les présents états financiers non consolidés.

Actifs et passifs financiers

Évaluation initiale

Lors de l'évaluation initiale, les actifs et les passifs financiers de l'Organisation sont évalués à la juste valeur qui est, dans le cas des actifs financiers ou des passifs financiers qui seront évalués ultérieurement au coût après amortissement, majorée ou diminuée du montant des commissions et des coûts de transaction afférents. Les actifs et passifs financiers de l'Organisation provenant d'opérations entre apparentés sont évalués au coût. Les coûts de transaction relatifs aux actifs et aux passifs financiers provenant d'opérations entre apparentés sont comptabilisés aux résultats non consolidés au cours de l'exercice où ils sont engagés.

Évaluation ultérieure

À chaque date de clôture, les actifs et les passifs financiers de l'Organisation provenant d'opérations non conclues avec des apparentés sont évalués au coût après amortissement. Dans le cas des actifs et passifs financiers de l'Organisation provenant d'opérations entre apparentés, ceux-ci sont évalués selon la méthode du coût (incluant toute dépréciation dans le cas des actifs financiers).

En ce qui a trait aux actifs financiers évalués au coût après amortissement ou selon la méthode du coût, l'Organisation détermine s'il existe des indications d'une possible dépréciation. Dans l'affirmative et si l'Organisation détermine qu'il y a eu, au cours de l'exercice, un changement défavorable important dans le calendrier ou dans le montant prévu des flux de trésorerie futurs d'un actif financier, une réduction sera alors comptabilisée à l'état des résultats non consolidés à titre de moins-value. La reprise d'une moins-value comptabilisée antérieurement sur un actif financier évalué au coût après amortissement ou selon la méthode du coût est comptabilisée aux résultats non consolidés au cours de l'exercice où la reprise a lieu.

Trésorerie et équivalents de trésorerie

La politique de l'Organisation est de présenter dans la trésorerie et les équivalents de trésorerie les soldes bancaires ainsi que les placements dont l'échéance n'excède pas trois mois à partir de la date d'acquisition ou ceux qui sont rachetables en tout temps sans pénalité.

Comptabilité par fonds

Les états financiers non consolidés de l'Organisation comptent six fonds, dont cinq sont présentés et regroupés selon le secteur d'activité et le mandat qui lui est confié. L'Organisation distingue trois secteurs d'activité :

- administration du plan conjoint et services aux membres;
- mise en marché du lait;
- administration d'un système d'échange des quotas.

Le premier secteur d'activité, administration du plan conjoint et services aux membres, regroupe quatre fonds : le Fonds d'administration, le Fonds de publicité et promotion, le Fonds de développement de l'industrie laitière et le Fonds de défense des intérêts économiques des producteurs de lait (non présenté). Ce secteur d'activité est entièrement financé par les producteurs membres.

Les produits, les charges, les actifs et les passifs afférents à l'administration de l'Organisation et du plan conjoint, les produits, les charges, les actifs et les passifs destinés à mettre en application des programmes d'amélioration de la qualité du lait et d'aide technique aux producteurs qui éprouvent des difficultés à satisfaire aux normes ainsi que les produits, les charges, les actifs et les passifs relatifs à l'administration du programme proAction sont présentés dans le Fonds d'administration, notamment l'administration des différents règlements, la négociation et l'application des conventions de mise en marché du lait, de la Convention de transport du lait et des ententes nationales, ainsi que les différents services aux producteurs, sauf ceux couverts par d'autres fonds. Ces activités sont financées par le prélèvement pour l'administration du plan conjoint, par les retenues appliquées sur les versements des producteurs qui ne satisfont pas aux normes de qualité et par la pénalité proAction appliquée aux producteurs qui ne sont pas titulaires d'un certificat proAction pour faire suite à un manquement aux volets mis en œuvre. Les sommes recueillies pour les résultats positifs au dépistage des antibiotiques sont versées dans un fonds de compensation jusqu'à ce que celui-ci atteigne un montant maximum de 150 000 \$. Ces sommes sont conservées dans le Fonds du pool.

Les produits, les charges, les actifs et les passifs afférents aux activités de promotion du lait et des produits laitiers ainsi qu'au maintien et au développement des marchés sont présentés dans le Fonds de publicité et promotion. L'Organisation administre ces programmes sur le territoire québécois, à l'exception du secteur nutrition qui est administré par Les Producteurs laitiers du Canada. Ces activités sont financées par le prélèvement de publicité.

Les produits, les charges, les actifs et les passifs afférents à la recherche stratégique pour le secteur laitier sont présentés dans le Fonds de développement de l'industrie laitière. Ce fonds présente les placements détenus par les producteurs dans le Fonds de développement de l'industrie laitière du Québec (en fidéicomis) et la société Novalait inc., organismes formés en partenariat avec les transformateurs laitiers québécois. Les producteurs contribuent aux activités de ce fonds par le prélèvement pour le Fonds de développement de l'industrie laitière.

Le Fonds de défense des intérêts économiques des producteurs de lait a été constitué afin de donner aux producteurs de lait du Québec les moyens de financer des projets et des activités liés à la défense des intérêts économiques de ces producteurs. Ces activités sont financées par le prélèvement du Fonds de défense.

Le deuxième secteur d'activité, mise en marché du lait, présente les activités du Fonds du pool. Au moyen de leur plan conjoint, les producteurs ont délégué aux Producteurs de lait du Québec la responsabilité de la commercialisation de tout le lait produit et la négociation de toutes les conditions de vente.

Les actifs et les passifs afférents à la vente en commun de tout le lait produit au Québec ainsi que la mise en commun des frais de transport du lait sont présentés dans le Fonds du pool selon les modalités du Règlement sur le paiement du lait aux producteurs et du Règlement sur la mise en commun des frais de transport du lait. Ce fonds présente également les sommes recueillies afin de compenser toute usine du Québec ayant reçu du lait contaminé par un antibiotique, non détectable par une méthode rapide de détection à la réception à l'usine et qui aurait été entreposé dans un silo.

Le troisième secteur d'activité, administration d'un système d'échange des quotas, vise à faciliter les transactions entre les producteurs. Les actifs et les passifs, afférents aux transactions d'achat et de vente de quotas par les producteurs de lait du Québec réalisées par le Système centralisé de vente des quotas (SCVQ), sont présentés dans le fonds du Système centralisé de vente des quotas. Afin d'assurer le bon fonctionnement du système, le Fonds d'administration avance les liquidités nécessaires au besoin.

Participations dans les sociétés satellites

L'Organisation a choisi de comptabiliser les participations dans les sociétés satellites selon la méthode de la comptabilisation à la valeur de consolidation.

Participation dans la coentreprise

L'Organisation a choisi de présenter des états financiers non consolidés seulement et de comptabiliser la participation dans la coentreprise selon la méthode de la comptabilisation à la valeur de consolidation.

De plus, l'Organisation présente à la note 14 les informations additionnelles exigées dans les NCCOSBL.

Dépréciation des participations dans les sociétés satellites et la coentreprise

À chaque date de fin d'exercice, l'Organisation détermine, pour toute participation, s'il existe des indications d'une possible dépréciation. Dans l'affirmative et si l'Organisation détermine qu'il y a eu, au cours de l'exercice, un changement défavorable important dans le calendrier ou dans le montant prévu des flux de trésorerie futurs d'une participation, une réduction sera alors comptabilisée à l'état des résultats non consolidés à titre de moins-value. La reprise d'une moins-value comptabilisée antérieurement sur une participation est comptabilisée aux résultats non consolidés au cours de l'exercice où la reprise a lieu.

Immobilisations

Les immobilisations acquises sont comptabilisées au coût.

Amortissement

Les immobilisations sont amorties en fonction de leur durée probable d'utilisation selon la méthode de l'amortissement linéaire sur les périodes suivantes :

	Périodes
Matériel et systèmes informatiques	3 et 5 ans
Matériel roulant	8 et 10 ans
Équipement de bureau	5 ans

Réduction de valeur

Lorsque les circonstances indiquent qu'une immobilisation corporelle a subi une dépréciation, une réduction de valeur est comptabilisée pour ramener la valeur comptable nette de l'immobilisation corporelle à sa juste valeur ou à son coût de remplacement, selon le cas. La réduction de valeur est alors comptabilisée à l'état des résultats non consolidés et ne peut pas faire l'objet de reprises.

Constatation des produits

Les principaux produits de l'Organisation sont les produits de prélèvements, de retenues-qualité et la pénalité proAction. Les produits de prélèvements sont constatés conformément aux règlements selon le nombre de kilogrammes de solides totaux contenus dans le lait lorsque le montant est déterminable et lorsque le recouvrement est raisonnablement assuré. Les produits de retenues-qualité et la pénalité proAction sont constatés au moment où ils sont mesurables et lorsque le recouvrement est raisonnablement assuré.

Les intérêts proviennent des soldes excédentaires d'encaisse, des dépôts à terme, des placements garantis liés aux marchés et des prêts encaissables sur demande. Les intérêts sont comptabilisés selon la méthode de la comptabilité d'exercice.

L'Organisation applique la méthode du report pour comptabiliser les apports. Selon cette méthode, les apports affectés à des charges d'exercices futurs sont reportés et comptabilisés à titre de produits au cours de l'exercice où sont engagées les charges auxquelles ils sont affectés.

Les pénalités pour des livraisons de lait non déclarées sont constatés lorsque le montant est déterminé, que la Régie des marchés agricoles et alimentaires du Québec a rendu une décision favorable à une demande d'ordonnances sur acquiescement et que le recouvrement est raisonnablement assuré.

Régime de retraite

Le régime complémentaire de retraite de l'Organisation intègre un volet à cotisations définies et, depuis janvier 2010, un volet à prestations définies.

L'Organisation participe au régime interentreprises du Régime complémentaire de retraite des employés de l'Union des producteurs agricoles et ses partenaires. Les prestations du régime sont capitalisées dans une caisse de retraite au bénéfice de tous les participants du régime. Selon la dernière évaluation actuarielle du régime de retraite interentreprises effectuée le 31 décembre 2021, ce régime présente un déficit de solvabilité de 3 631 800 \$. Étant donné que les informations requises pour appliquer la comptabilité des régimes à prestations définies ne sont pas disponibles, l'Organisation applique la comptabilité des régimes à cotisations définies.

Au cours de l'exercice, l'Organisation a versé au régime complémentaire de retraite des cotisations s'élevant à 343 283 \$ (325 599 \$ en 2021) pour tout le personnel participant couvrant les volets à cotisations définies et à prestations définies.

Estimations comptables

Pour dresser les états financiers non consolidés, la Direction de l'Organisation doit faire des estimations et poser des hypothèses qui ont une incidence sur les montants présentés dans les états financiers non consolidés et les notes y afférentes. Ces estimations sont fondées sur la connaissance que la Direction possède des événements en cours et sur les mesures que l'Organisation pourrait prendre à l'avenir. Les résultats réels pourraient être différents de ces estimations.

3. DÉBITEURS

	Fonds d'administration \$	Fonds de publicité et promotion \$	Fonds du pool \$	SCVQ \$	2022 Total \$	2021 Total \$
Clients et autres	112 770	45 370	2 185	—	160 325	177 400
Entreprises laitières	—	—	286 576 574	—	286 576 574	249 451 008
Intérêts courus	107 710	223 104	91 563	150 161	572 538	300 444
Les Producteurs laitiers du Canada	—	874	—	—	874	1 035
Producteurs	—	—	294 583	771 520	1 066 103	962 506
Sociétés satellites	4 147	—	—	—	4 147	4 370
Subvention du MAPAQ	—	—	75 000	—	75 000	375 000
Taxes de vente	9 267	49 911	349 249	—	408 427	442 660
Transporteurs	—	—	212 605	—	212 605	91 897
Union des producteurs agricoles	105 594	6 086	—	65 746	177 426	115 803
	339 488	325 345	287 601 759	987 427	289 254 019	251 922 123

Les sommes à recevoir des entreprises laitières correspondent principalement aux montants à recevoir des transformateurs pour la valeur du lait de décembre ayant fait l'objet d'une facturation en janvier 2023, dont 83 % au 31 décembre 2022 (82 % au 31 décembre 2021) sont à recevoir de trois grandes entreprises laitières.

4. SOMMES À PERCEVOIR DES PRODUCTEURS ET REVENUS REPORTÉS

Ordinateurs de poche – Fonds d'administration et Fonds du pool

Pour la saisie des collectes de lait à la ferme, l'Organisation a acquis en 2022 des ordinateurs de poche pour 152 526 \$ (151 800 \$ en 2021). Ces sommes sont réparties dans les frais de transport selon la durée de vie utile estimative des investissements. Au cours de l'exercice, un montant de 137 925 \$ (242 083 \$ en 2021) a été porté aux frais de transport.

Au 31 décembre 2022, la somme à percevoir des producteurs et le solde des revenus reportés relatifs aux ordinateurs de poche s'élèvent à 182 250 \$ (167 650 \$ en 2021) dont 101 442 \$ (114 942 \$ en 2021) pour la partie à court terme imputable à l'année suivante et 80 808 \$ (52 708 \$ en 2021) pour la partie à long terme imputable aux années subséquentes.

5. PLACEMENTS

	Fonds d'administration \$	Fonds de publicité et promotion \$	Fonds de développement \$	SCVQ \$	2022 Total \$	2021 Total \$
Participations dans les sociétés satellites						
Parts sociales de Valacta, société en commandite, et actions de catégorie A de Valacta inc.	52	—	—	—	52	52
Parts sociales du Centre d'insémination artificielle du Québec (C.I.A.Q.), société en commandite, et actions de catégorie A de Gestion C.I.A.Q. inc.	67	—	—	—	67	67
	119	—	—	—	119	119
Participation dans la coentreprise						
Actions et souscriptions d'actions ordinaires de catégorie A de Novalait inc.	—	—	1 738 220	—	1 738 220	1 653 050
Autres placements						
Dépôts à terme ¹	3 000 000	8 000 000	—	2 800 000	13 800 000	15 000 000
Prêts à l'Union des producteurs agricoles encaissables sur demande ¹	2 000 000	1 200 000	—	4 500 000	7 700 000	7 700 000
Placements garantis liés aux marchés ²	1 503 737	1 503 737	—	—	3 007 474	3 007 474
Avance au Fonds de développement de l'industrie laitière du Québec (en fidéicomis), sans intérêt ³	—	—	358 824	—	358 824	370 050
	6 503 737	10 703 737	358 824	7 300 000	24 866 298	26 077 524
Placements échéant au cours du prochain exercice	3 500 000	1 200 000	—	4 500 000	9 200 000	9 700 000
	3 003 737	9 503 737	358 824	2 800 000	15 666 298	16 377 524

- 1 Les dépôts à terme qui arrivent à échéance dans les 12 mois suivant la fin de l'année ainsi que les prêts encaissables sur demande sont classés dans les placements à court terme puisque les intentions de la Direction sont d'utiliser ces sommes au cours du prochain exercice ou d'en exiger l'encaissement. Les dépôts à terme ainsi que les prêts encaissables portent intérêt à des taux variant de 1,49 % à 5,00 % (de 0,65 % à 3,20 % en 2021) et viennent à échéance de janvier 2023 à décembre 2027 (de janvier 2022 à mars 2025 en 2021).
- 2 Les placements garantis liés aux marchés sont des placements dont le capital est garanti à 100 % à l'échéance. Un taux d'intérêt annuel minimum est garanti et un maximum annuel est fixé. Les intérêts sont versés à l'échéance selon l'évolution des cours d'un panier de titres boursiers donnés en référence. Au 31 décembre 2022, les placements détenus viennent à échéance en décembre 2024. Le taux d'intérêt annuel minimum garanti est de 1,55 % et le taux maximum annuel fixé est de 6,96 %. Le taux d'intérêt minimum est utilisé pour le calcul annuel des intérêts et le taux réel l'année de l'échéance.
- 3 L'avance au Fonds de développement de l'industrie laitière du Québec (en fidéicomis) est constituée des contributions versées qui serviront au paiement des actions de Novalait inc. Au cours de l'exercice, l'Organisation a souscrit à 45 149 actions ordinaires de catégorie A de Novalait inc. (29 148 actions en 2021) pour un coût de 451 490 \$ (291 490 \$ en 2021).

6. RÉSERVE D'AJUSTEMENTS – SYSTÈME CENTRALISÉ DE VENTE DES QUOTAS

La réserve d'ajustements représente la valeur monétaire des quotas que le Système centralisé de vente des quotas a généré ou pris en charge afin d'obtenir un équilibre entre les offres de vente et les offres d'achat.

7. IMMOBILISATIONS – FONDS D'ADMINISTRATION ET FONDS DE PUBLICITÉ ET PROMOTION

	Coût \$	Amortissement cumulé \$	2022 Valeur comptable nette \$	2021 Valeur comptable nette \$
Matériel et systèmes informatiques	8 217 150	5 306 562	2 910 588	2 584 317
Matériel roulant	76 531	47 794	28 737	35 566
Équipement de bureau	9 532	7 861	1 671	2 350
	8 303 213	5 362 217	2 940 996	2 622 233

La charge d'amortissement pour l'exercice s'élève à 429 783 \$ (445 516 \$ en 2021).

8. CRÉDITEURS ET CHARGES À PAYER

	Fonds d'administration \$	Fonds de publicité et promotion \$	Fonds du pool \$	SCVQ \$	2022 Total \$	2021 Total \$
Charges sociales et retenues à la source	117 425	—	—	—	117 425	130 984
Coentreprise	—	—	74 426	—	74 426	74 380
Entreprises laitières	32 122	—	—	—	32 122	32 898
Fonds de mise en commun interprovincial	—	—	29 804 831	—	29 804 831	22 673 667
Fournisseurs et frais courus	1 962 192	5 883 442	752 316	—	8 597 950	3 466 689
Les Producteurs laitiers du Canada	—	327 973	—	—	327 973	—
Producteurs	99 675	—	268 787 343	18 835 070	287 722 088	253 848 599
Sociétés satellites	286 041	—	383 021	—	669 062	830 380
Taxes de vente	—	—	—	—	—	56 712
Transporteurs	—	—	11 786 089	—	11 786 089	7 879 016
Union des producteurs agricoles	650 744	1 713	—	—	652 457	701 073
	3 148 199	6 213 128	311 588 026	18 835 070	339 784 423	289 694 398

Les sommes dues aux producteurs et aux transporteurs correspondent principalement aux sommes dues relatives aux livraisons de lait et à la valeur des ventes de quotas sur le Système centralisé de vente des quotas de décembre payées en janvier 2023.

9. RECETTES PROVENANT DES VENTES DE LAIT – FONDS DU POOL

Le détail des recettes provenant des ventes de lait s'établit comme suit:

	2022 \$	2021 \$
Ventes provinciales	3 365 014 740	2 990 628 736
Résultat des péréquations canadiennes pour la mise en commun des ventes de lait	(114 416 592)	(126 823 958)
	3 250 598 148	2 863 804 778

10. FRAIS DE TRANSPORT ET DE MISE EN COMMUN DES FRAIS DE TRANSPORT – FONDS DU POOL

Le détail des frais de transport et de mise en commun des frais de transport s'établit comme suit :

	2022 \$	2021 \$
Frais de transport	116 628 309	91 825 551
Résultat de la péréquation interprovinciale pour la mise en commun des frais de transport	3 582 079	7 583 378
	120 210 388	99 408 929

11. SOLDE À VERSER AUX PRODUCTEURS – FONDS DU POOL

Le montant de 363 763 \$ à verser aux producteurs (3 386 532 \$ en 2021) est sujet à révision, par la Régie des marchés agricoles et alimentaires du Québec, de l'utilisation des quantités de lait reçues par les entreprises laitières. Les corrections sont portées aux résultats de l'exercice où ils sont communiqués à l'Organisation.

12. INSTRUMENTS FINANCIERS

Risques financiers

Les principaux risques financiers auxquels l'Organisation est exposée sont détaillés ci-dessous.

Risque de crédit

L'Organisation est exposée au risque de crédit relativement aux actifs financiers comptabilisés au bilan non consolidé. L'Organisation a déterminé que les actifs financiers l'exposant davantage au risque de crédit sont les débiteurs et les prêts à l'Union des producteurs agricoles encaissables sur demande, étant donné que le manquement d'une de ces parties à ses obligations pourrait entraîner des pertes financières importantes pour l'Organisation ou les producteurs de lait.

Ce risque est réduit au minimum en raison de la qualité du crédit des parties auxquelles le crédit a été consenti, du suivi rigoureux des débiteurs et, pour les sommes à recevoir des entreprises laitières, en raison du programme de garantie de paiement du lait administré par la Régie des marchés agricoles et alimentaires du Québec.

Risque de marché

Les instruments financiers de l'Organisation l'exposent au risque de marché, plus particulièrement au risque de taux d'intérêt lié aux activités d'investissement.

Les dépôts à terme et les prêts à l'Union des producteurs agricoles encaissables sur demande portant intérêt à taux fixe exposent l'Organisation au risque de variations de la juste valeur découlant des variations des taux d'intérêt.

Les placements garantis liés aux marchés portant intérêt à taux variable exposent l'Organisation à un risque de flux de trésorerie découlant des variations des taux d'intérêt.

Les principaux objectifs de l'Organisation en ce qui a trait aux placements sont d'assurer la sécurité du capital investi, de garder un niveau élevé de liquidités et d'obtenir un rendement satisfaisant. L'Organisation gère le risque de taux d'intérêt en échelonnant les échéances. L'échelonnement des échéances contribue à améliorer le rendement moyen tout en réduisant la sensibilité aux fluctuations des taux d'intérêt.

Risque de liquidité

Le risque de liquidité de l'Organisation est le risque qu'elle éprouve des difficultés à honorer des engagements liés à ses passifs financiers. L'Organisation est donc exposée au risque de liquidité relativement à l'ensemble des passifs financiers comptabilisés au bilan non consolidé.

L'Organisation couvre ses besoins de liquidités en préparant et en surveillant des prévisions détaillées des flux de trésorerie liés à ses activités de fonctionnement, en prévoyant ses activités de placement et de financement, ainsi qu'en détenant des actifs pouvant être facilement transformés en encaisse.

13. ENGAGEMENTS

Dans le cours normal des activités, l'Organisation a conclu des ententes qui engagent des fonds pour les exercices financiers futurs. Les versements estimatifs futurs pour les trois prochains exercices s'établissent à 11 544 000 \$ en 2023, à 1 372 000 \$ en 2024 et à 1 020 000 \$ en 2025. Ces ententes se détaillent comme suit :

Convention de l'immeuble

L'Organisation s'est engagée, en vertu d'une convention, à partager avec l'Union des producteurs agricoles et les autres partenaires de la Maison de l'UPA le gain net ou la perte nette réalisable lors de la cession de l'immeuble. La part de l'Organisation s'élève à 13,78 % en 2022. Cette convention prévoit également des modalités de partage advenant le retrait de partenaires sans que l'immeuble soit cédé. Cette convention est d'une durée indéterminée et l'Organisation peut se retirer sous réserve d'un préavis de 12 mois.

Location de locaux commerciaux

Le bail entre l'Organisation et l'Union des producteurs agricoles prévoit un loyer annuel de 328 000 \$. À moins d'être dénoncé, ce bail se renouvelle chaque année aux mêmes conditions, à l'exception des clauses monétaires qui pourront être ajustées.

Dosage des composants aux fins de paiement du lait

La Convention de dosage de composants des échantillons de lait de citernes et de producteurs aux fins de paiement du lait (« Convention de dosage ») se poursuit jusqu'à son renouvellement.

Un contrat de service couvre l'analyse des échantillons de lait qui ne sont pas visés par la Convention de dosage, afin que toutes les collectes de lait à la ferme fassent l'objet d'une analyse pour en déterminer la composition, la numération de cellules somatiques et la teneur en eau. Ce contrat se renouvelle au gré des parties. Une entente de service pour l'analyse des bactéries totales de trois échantillons additionnels par mois par producteur est en préparation. Les coûts de ces analyses supplémentaires sont assumés entièrement par Les Producteurs de lait du Québec.

Une Convention d'aide financière entre le ministère de l'Agriculture, des Pêcheries et de l'Alimentation et Les Producteurs de lait du Québec est entrée en vigueur le 1^{er} avril 2022 et prendra fin au plus tard le 31 mars 2025.

L'Organisation s'est ainsi engagée pour une somme nette de 2 725 000 \$ en 2023.

Coûts de production

L'Organisation a signé un protocole d'entente pour la réalisation de l'enquête sur les coûts de production des entreprises laitières pour les années 2022 et 2023. Les versements futurs de ces ententes s'établissent à 364 000 \$ en 2023 et à 175 000 \$ en 2024.

Soutien technique aux producteurs de lait

L'Organisation a signé un contrat de service afin de fournir un service de soutien aux producteurs pour améliorer la qualité du lait à la ferme. Cette entente, d'une durée de un an, se renouvelle au gré des deux parties. Les versements estimatifs pour l'année 2023 s'élèvent à 559 000 \$.

Frais de validation, d'évaluation des animaux et de recherche

L'Organisation s'est engagée à utiliser les sommes accumulées du fonds affecté au programme proAction pour couvrir une partie des frais de validation du programme proAction et des frais d'évaluation des animaux en lien au volet bien-être animal de proAction. Elle s'est également engagée dans des projets de recherche en matière de santé animale et autres sujets d'intérêt. Les versements estimatifs sont de 1 469 000 \$ en 2023.

Service de calibrage des bassins refroidisseurs

L'Organisation a signé une entente de service de calibrage des bassins refroidisseurs. Cette entente, d'une durée indéterminée, peut être résiliée par un consentement commun. Les versements estimatifs pour l'année 2023 s'élèvent à 215 000 \$.

Soutien aux conseils régionaux et services aux producteurs

Les Producteurs de lait du Québec retiennent les services des fédérations régionales de l'Union des producteurs agricoles pour soutenir ses conseils régionaux et offrir des services aux producteurs de toutes les régions.

Des contrats de service ont été signés et se renouvellent annuellement au gré des parties. La valeur estimative des coûts des services pour 2023 s'établit à 1 444 000 \$.

Campagnes publicitaires, activités de promotion et programme de lait-école

L'Organisation a signé un contrat de service pour la réalisation des activités de communication marketing renouvelable annuellement. L'organisation a de plus signé une lettre d'entente avec une agence pour la planification et le placement média, des protocoles d'entente non résiliables à titre de commanditaire pour différents événements et activités de promotion ainsi que des ententes de bonification du programme de lait-école pour les années scolaires 2020-2025. L'Organisation s'est ainsi engagée pour une somme de 3 879 000 \$ en 2023, de 760 000 \$ en 2024 et de 572 000 \$ en 2025.

Autres

L'Organisation participe au financement de différents projets d'intérêt pour la production laitière, dont la promotion de la production laitière et de la profession de producteur de lait, un programme de lait-école ainsi qu'un projet de recherche pour étudier l'ensemble des facteurs ayant un impact sur la qualité du lait. Les déboursés annuels prévus s'établissent à 561 000 \$ en 2023, à 437 000 \$ en 2024 et à 448 000 \$ en 2025.

14. SOCIÉTÉS ET ORGANISMES APPARENTÉS

L'Union des producteurs agricoles et Les Producteurs laitiers du Canada

En tant que syndicat professionnel représentant les producteurs de lait de la province, Les Producteurs de lait du Québec sont affiliés à l'Union des producteurs agricoles et aux Producteurs laitiers du Canada de par le fait qu'ils détiennent un intérêt économique. Un contrat signé par les représentants de l'Organisation et l'Union des producteurs agricoles prévoit les conditions associées à cette affiliation.

L'Union des producteurs agricoles a, entre autres, la fonction de promouvoir, de défendre et de développer les intérêts professionnels, économiques, sociaux et moraux des productrices et des producteurs de lait du Québec.

Les Producteurs laitiers du Canada sont l'organisme national de lobby, de politique et de promotion qui représente tous les producteurs de lait du Canada. Cette fédération regroupe les agences provinciales de mise en marché du lait et les organisations laitières provinciales.

Valacta, société satellite

L'Organisation détient 52 % des parts sociales de Valacta, société en commandite, et 52 % du capital-actions de Valacta inc. Selon la convention de la société en commandite et la convention entre actionnaires, l'Organisation a 31 % des droits de vote, selon sa représentation au conseil d'administration, et n'a droit à aucune distribution des bénéfices ni aucun versement de dividendes.

Valacta, société en commandite, est constituée en vertu des articles 2236 et suivants du *Code civil du Québec*. Les affaires de la société sont gérées par le commandité, Valacta inc., société constituée en vertu de la *Loi sur les sociétés par actions* du Québec.

La mission de Valacta est de différencier et de renforcer le secteur de la production laitière québécoise en stimulant le développement du savoir et sa diffusion auprès des producteurs laitiers du Québec.

Centre d'insémination artificielle du Québec, société satellite

L'Organisation détient 33 1/3 % des parts sociales du Centre d'insémination artificielle du Québec (C.I.A.Q.), société en commandite, et 33 1/3 % du capital-actions de Gestion C.I.A.Q. inc. Selon la convention de la société en commandite et la convention entre actionnaires, l'Organisation n'a droit à aucune distribution des bénéfices ni aucun versement de dividendes.

Le Centre d'insémination artificielle du Québec (C.I.A.Q.), société en commandite, est constitué en vertu des articles 2236 et suivants du *Code civil du Québec*. Les affaires de la société sont gérées par le commandité, Gestion C.I.A.Q. inc., société constituée en vertu de la *Loi sur les sociétés par actions* du Québec.

La société a pour objet de promouvoir la recherche et le développement dans les domaines de l'amélioration génétique et des nouvelles techniques de reproduction et de promouvoir l'insémination artificielle, de commercialiser la semence de taureaux et de fournir des services aux producteurs de lait et de bovins.

Novalait inc., coentreprise

L'Organisation détient 50 % du capital-actions de la société Novalait inc.

Novalait inc. est constituée en vertu de la Loi sur les sociétés par actions du Québec. La société a pour mission d'assurer, par son leadership et ses actions, le développement et la valorisation des connaissances et des innovations en vue de favoriser la croissance durable de l'industrie laitière du Québec.

Les états financiers condensés de Novalait inc. au 31 juillet 2022 se présentent comme suit :

	2022 \$	2021 \$
Situation financière		
Total des actifs	3 805 344	3 653 270
Total des passifs	328 904	347 168
Capitaux propres	3 476 440	3 306 102
	3 805 344	3 653 270
Résultats des activités		
Total des produits	20 169	27 514
Total des charges	752 811	523 924
Perte nette	(732 642)	(496 410)
Flux de trésorerie		
Sorties de fonds – activités d'exploitation	(795 257)	(131 389)
Entrées de fonds – activités de financement	902 980	712 856
Sorties de fonds – activités d'investissement	(241 570)	(146 506)
Augmentation (diminution) de l'encaisse	(133 847)	434 961

La quote-part de l'Organisation dans la coentreprise est de 50 %.

15. RENSEIGNEMENTS COMPLÉMENTAIRES À L'ÉTAT DES FLUX DE TRÉSORERIE NON CONSOLIDÉS

Variation nette des éléments hors caisse du fonds de roulement de fonctionnement, des autres éléments d'actif et des revenus reportés.

	2022 \$	2021 \$
Débiteurs	(37 331 896)	(3 720 942)
Frais payés d'avance	819 055	(499 116)
Autres éléments d'actif	(8 835)	(22 999)
Créditeurs et charges à payer	50 090 025	25 844 992
Revenus reportés	35 676	(97 483)
	13 604 025	21 504 452

16. OPÉRATIONS ENTRE APPARENTÉS

En plus des opérations entre apparentés déjà mentionnées dans les états financiers non consolidés, l'Organisation a conclu les opérations suivantes qui ont eu lieu dans le cours normal des activités et qui sont comptabilisées à leur valeur d'échange à l'exclusion des instruments financiers qui en découlent :

	2022 \$	2021 \$
Union des producteurs agricoles		
État des résultats		
Charges d'exploitation : loyer, services techniques et promotion de la profession agricole	861 483	829 484
Produits : intérêts	129 274	101 391
Valacta, société satellite		
État des résultats		
Charges d'exploitation : programmes-qualité du lait, programme proAction et recherche	1 236 419	1 394 109
État de l'évolution du solde à percevoir des producteurs du Fonds du pool		
Distribution des recettes : frais d'analyse des échantillons de lait	2 609 228	2 527 554



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