

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.



Florence Bouchard Santerre, Director, Economic Studies Myriam Falcon, Agronomy Advisor
Chantal Fleury, Agronomie Assistant Director, Economic Studies, Agronomy Rock Éric Hounhouigan, Agroeconomist Jérôme St-Pierre, Economist

HIGHLIGHTS OF THE YEAR

Promising sustainable development actions

The 2023-2027 Sustainable Development Action Plan of Les Producteurs de lait du Québec was adopted in April 2023. Since then, work is still being done to implement it. At a meeting with partners from all horizons in October 2023, the Plan was presented, aspects of its implementation were prioritized, confirmed and enhanced, and potential partnerships were identified for its execution. The expertise of the Sustainable Development Department was also put to good use at the national and provincial levels for various committees that are working to prepare producers and their advisors for dairy production in line with the Plan's goals.

Furthermore, Les Producteurs de lait du Québec obtained major financial support from governments to conduct development projects for the purpose of achieving net-zero carbon emissions. Under the Quebec government's 2030 Green Economy Plan, a 5-year project

will be carried out to provide producers with an estimate of the enteric methane emitted by their herds using milk samples collected on their farms. Valacta has been asked to run this project. The Carbon-Neutral Milk Living Laboratory project was selected by the federal government to improve the carbon balance on dairy farms through a co-development initiative between 20 Quebec dairy farms, researchers and other consulting service partners. Novalait is responsible for this development project, where producers will test various practices related to soil, crops, herds and manure in the next five years.

Finally, projects in connection with the improvement targets for soil health and conservation, fertilizer management and biodiversity, which resulted from the Quebec government's 2020-2030 Sustainable Agriculture Plan, took shape in 2023 and will be rolled out in 2024, through training activities on forage plants and instructive video clips on other topics.

October 11, 2023:

Meeting of sustainable development partners.

37 organizations from dairy, environmental, social, and economic sectors participate in a day of exchange on the sustainable development Plan of Les Producteurs de lait du Québec



Support for sustainable development projects

The government of Quebec **invests \$3.6 million** in a five-year project aimed at estimating enteric methane emissions using milk samples



The government of Canada invests **up to \$7 million** in the Carbon-Neutral Milk Living Laboratory project to improve the carbon balance on dairy farms



Processing capacity

In collaboration with General Management and various partners, a range of analyses were performed to establish and update assumptions about changes in the markets, in Canadian dairy production, on Quebec dairy farms and in structural surpluses of solids non-fat. These assessments were useful to provincial work on the Fund for the Improvement of Milk Marketing Conditions, the 2023-2030 Strategic Plan of Les Producteurs de lait du Québec, and the development of the Market Growth Program at the national level.

Publication 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), which wrapped up in December 2022, resulted in the publication of the new Code in March 2023. This new Code was based on the numerous comments made during the public consultation held in 2022. Several publications in *Le Producteur de lait québécois* magazine, conferences, webinars and meetings with stakeholders were helpful in informing the entire industry about the requirements that will need to be applied on farms in the coming years. Efforts to incorporate the changes to the Code in the proAction program have begun and will continue in 2024.



Price of milk adjusted

February 1, 2023

- 2.2% for Classes 1 to 4, excluding ingredients
- estimated effect of around \$1.74/hectolitre

May 1, 2024

- 1,77 % for Classes 1 to 4, excluding ingredients
- estimated effect of around \$1.53/hectolitre

Adjustment of the farm gate price

The 2.2% price adjustment on February 1, 2023 announced in November 2022 represented the remainder of the increase for the year, after the exceptional 2.5% advance on September 1, 2022. This adjustment was expected due to high costs, mainly for animal feed, energy and fertilizers.

When prices were indexed annually for 2024, the Canadian Dairy Commission (CDC) announced a 1.77% adjustment effective on May 1, 2024, rather than on February 1, due to the inflation faced by Canadian consumers, while acknowledging that the price paid to producers was only part of the price of feed. The decision was made after the CDC consulted with stakeholders, including Dairy Farmers of Canada, which asked for the increase to be postponed.

OTHER ISSUES AND ACCOMPLISHMENTS

Pooling agreements and national issues

The Department continued to work closely with the Director of Business Development on monitoring and advancing the pooling agreements and managing the National Milk Marketing Plan. In 2023, efforts were specifically focused on managing solids non-fat, mainly through the Market Growth Program, but also on evaluating the national pooling of transportation costs and the establishment of a new method of sharing market growth between regional pools.

P5 Quota Committee

The committee continued its activities in 2023, which strive to achieve a balance between production, demand and rebuilding butter stocks. The committee used market and production development analyses to adjust producers' production entitlement so that it met these objectives.

Research and transfers

The Department continued its involvement in research and development, particularly by sitting on the board of directors of Novalait Inc. and its various provincial and national committees. As far as knowledge transfers are concerned, the Department worked closely with Lactanet and industry partners and helped hold events related to technology transfers. The team also sat on various committees and participated in activities resulting from the strategic planning initiative for the dairy industry, particularly concerning market development, the reduction of environmental impacts, and performance indicators.

Through the Les Producteurs de lait du Québec agronomic, research and proAction issues committee, which is mandated to monitor and provide guidance on agronomic issues, the team coordinated the organization's participation in various consultations on regulations in connection with dairy production and the development of the proAction program. It is part of various national development and implementation committees for the program.

PRODUCTION AND PRODUCERS, BY REGION, AS AT DECEMBER 31, 2023

Region	Total production		Producers	
	Litres	%	Number	%
01 - Estrie	381,423,165	10.78	422	9.74
02 - Capitale-Nationale – Côte-Nord	85,690,478	2.43	120	2.77
03 - Gaspésie-Les Îles	5,958,922	0.17	11	0.25
04 - Lanaudière	106,704,799	3.02	153	3.53
05 - Mauricie	129,731,787	3.67	174	4.02
06 - Outaouais-Laurentides	133,441,433	3.77	172	3.97
07 - Centre-du-Québec	605,431,527	17.12	625	14.42
08 - Abitibi-Témiscamingue	53,395,358	1.51	88	2.03
09 - Chaudière-Appalaches-Nord	422,825,244	11.95	544	12.55
10 - Chaudière-Appalaches-Sud	336,089,811	9.50	458	10.57
11 - Bas-Saint-Laurent	390,874,569	11.05	514	11.86
12 - Saguenay – Lac-Saint-Jean	170,651,111	4.82	236	5.45
13 - Montérégie-Est	426,016,569	12.04	469	10.82
14 - Montérégie-Ouest	289,174,658	8.17	347	8.01
Total	3,537,409,431	100.00	4,333	100.00

“ The 2023-2027 Sustainable Development Action Plan of Les Producteurs de lait du Québec was adopted in April 2023. Since then, work is still being done to implement it. ”

Finally, efforts were made to monitor a number of agronomic and economic issues. Thanks to the data collection and studies recently carried out, various questions about local and foreign dairy production practices were able to be thoroughly answered.

Provincial issues

In 2023, efforts continued to rally agronomic partners behind the goal of reducing the on-farm ratio of solids non-fat to butterfat (SNF/F ratio). A joint conference between Lactanet and the Centre d’insémination artificielle du Québec (CIAQ) on strategies for improving the ratio and other objectives was developed and will be presented in all regions.

Les Producteurs de lait du Québec was also involved in a range of committees together with various institutional, professional service and knowledge transfer partners for the purpose of developing key projects. It took yet another positive action last year by participating in the development of Quebec’s comprehensive animal health program (PISAQ) campaign on the wise use of antibiotics. The organization continued to carry out various biosecurity-related actions, such as developing a contingency plan for the cattle industry, in collaboration with Les Producteurs de bovins du Québec.