

# Milk Allocation and Transportation

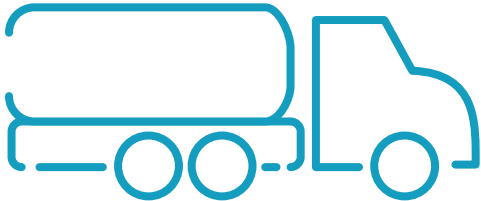
The Milk Allocation and Transportation Section of the Milk Management Department oversees the administration of the rules and programs associated with the transportation and supply of milk to plants. It receives the orders from the plants, creates the daily allocation plan, and distributes the plan to transporters. It is responsible for updating milk transportation contracts annually 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.

### Transportation cost pooling

This was the 25th year that transportation costs have been pooled by the provinces who signed the Agreement on Eastern Canadian Milk Pooling (P5). The cascading delivery model (shipments from east to west) continues to be applied in an effort to optimize transportation costs associated with interprovincial milk transportation requirements.

### 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 13 contracts.**



### Quebec’s contribution to the transportation pool

**2023 = \$1.47 million,**  
 or the equivalent of **\$0.042 per hectolitre**  
**2022 = \$3.58 million,**  
 or the equivalent of **\$0.103 per hectolitre**

Although transportation costs rose in every province in 2023, 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.

TRANSPORTATION COST – AVERAGE COST PER HECTOLITRE		
	P5 Pool \$/hl	Quebec \$/hl
2023	3.583	3.542
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

## Milk use in Quebec - 2023



**43%**

Cheese



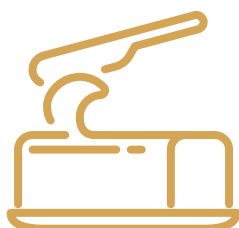
**11%**

Yogurt and ice cream



**18%**

Milk and cream



**28%**

Butter and milk powder

### STATISTICS ON MILK TRANSPORTATION CONTRACTS

Vehicule type	Number	Route	2023			2022			Annual kilometres	Annual kilometres
			Volume subject to rate formula		Annual kilometres	Volume subject to rate formula		Annual kilometres		
			Litres	%		Litres	%			
Tank truck, 12 wheels	33	99	287,983,390	8.20	2,340,763	34	102	292,889,732	8.69	2,534,159
Tank, 3 axles	20	43	206,692,563	5.88	1,878,217	23	47	225,214,822	6.68	1,935,668
Tank, 4 axles	261	521	3,019,009,243	85.92	26,050,397	243	490	2,853,533,908	84.63	28,262,388
<b>Total</b>	<b>314</b>	<b>663</b>	<b>3,513,685,196</b>	<b>100.00</b>	<b>30,269,377</b>	<b>300</b>	<b>639</b>	<b>3,371,638,462</b>	<b>100.00</b>	<b>32,732,215</b>

### MILK PROCESSING PROFILE IN QUEBEC<sup>1,6</sup>

	2023		2022		2021		2020		2019	
	Number	% of milk	Number	% of milk	Number	% of milk	Number	% of milk	Number	% of milk
Large dairy enterprises <sup>2</sup>	3	79.37	3	79.43	3	79.72	3	80.06	3	80.97
Medium dairy enterprises <sup>3</sup>	34	20.11	38	20.11	37	19.84	35	19.45	37	18.55
Small dairy enterprises <sup>4</sup>	62	0.53	59	0.47	57	0.45	58	0.49	54	0.48

### PROCESSING BY REGION

	2023		2022		2021		2020		2019	
	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	89	91.24	91	91.28	88	91.29	85	91.30	84	91.23
Outlying regions <sup>5</sup>	28	8.76	27	8.72	28	8.71	28	8.70	27	8.77
<b>Quebec</b>	<b>117</b>	<b>100.00</b>	<b>118</b>	<b>100.00</b>	<b>116</b>	<b>100.00</b>	<b>113</b>	<b>100.00</b>	<b>111</b>	<b>100.00</b>

1 Dairy enterprises in operation during the year.

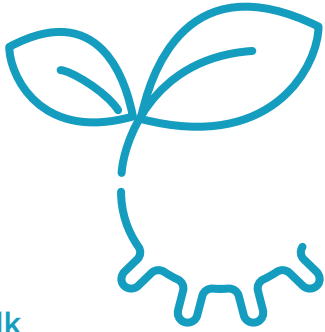
2 Dairy enterprises with daily milk purchases exceeding 900,000 litres.

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 In 2023, 25 producer-processors transformed 7.7 million litres. A producer-processor is defined as follows: a producer holding a dairy factory operating permit and using, for this purpose, the milk from their own herd.



## Organic milk

### 140 certified organic milk producers

produced **71.5 million** litres of milk. Of this number, 125 producers form group A and 15 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 **77%** of the milk that received a premium was processed for organic market needs. The milk was picked up by **14 transporters** and brought to **17 Quebec plants**, including 6 producer-processors.



## New plants

The Department organizes and plans the supply of milk to new plants. **A plant** launched operations in 2023. It was 9105-0112 Québec Inc. (Le Chant des fromages).

## 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 covers the first \$60 of the cost of a partial load. These costs are in addition to the costs 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 loads was \$553,493 in 2023.**

**Transporters billed \$530,752 for detours not covered in milk transportation contracts.** All of these 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. **The average cost of diesel is stable, up 0.7% in 2023.**

## 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 2023, the thaw period effectively lasted 40 days in zone 1, 54 days in zone 2, and 40 days in zone 3. **This represents around \$996,000 in savings compared to the budgeted cost.**