

CDC Annual Public Meeting

JANUARY 25, 2023



**Canadian Dairy
Commission**

**Commission
canadienne du lait**

Agenda

Board
Report

CEO
Report

Financial
Review



Canadian Dairy
Commission

Commission
canadienne du lait

Board Report

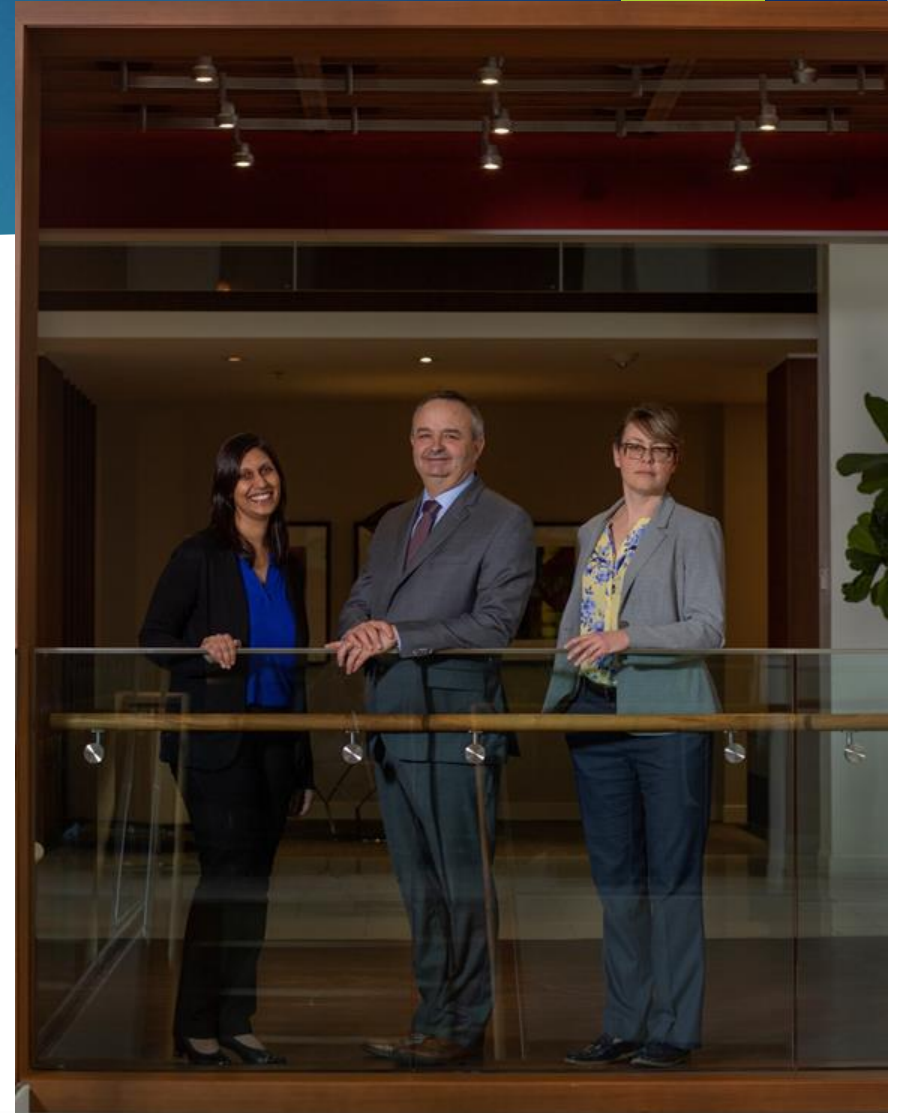
JENNIFER HAYES, CHAIR



**Canadian Dairy
Commission**

**Commission
canadienne du lait**

Report on governance



**Canadian Dairy
Commission**

**Commission
canadienne du lait**


CEO Report

BENOIT BASILLAIS, CEO



**Canadian Dairy
Commission**

**Commission
canadienne du lait**



What does the
CDC do?

Mandate

- The CDC sets the support price for butter and plays a key role in setting farm milk component prices to ensure that efficient dairy producers receive a fair return.
 - 6.3 cents per litre on February 1, 2022 (8.4%)
 - 1.9 cents per litre on September 1, 2022 (2.5%) - advance on February 1, 2023.
- The CDC works closely with organizations along the supply chain to ensure that Canadians have a consistent supply of dairy products
 - Measures demand every month and adjust quota immediately
 - Provides production and market forecasts to industry
 - Monitors stock levels (plan A, B and C)
 - Holds monthly discussions with industry stakeholders
 - Publishes monthly market bulletin <https://www.cdc-ccl.ca/en/node/937>
- The CDC is a key facilitator, administrator, and source of analytical expertise in Canada's dairy sector.



Program Administration

- Special Milk Class Permit Program
 - 1,621 further processors and 235 distributors
- Class 3(d)
 - 15,909 restaurants and 117 distributors
- Market Development and Innovation
 - Dairy Innovation Program
 - Matching Investment Fund
- Dairy Direct Payment Program
- Revenue pooling among producers across the P10



Facilitation & Audits

- Chairing, secretariat and analytical support for numerous industry committees.
 - 170 meetings (1 every 2 days)
 - 750 documents in both official languages (information, analysis, options, etc.)
- Audits
 - About 180 milk utilization audits on behalf of 8/10 provinces (excl. ON and BC)
 - Quebec mandated the CDC to be the provincial auditor in September 2021
 - Programs (around 60 audits)





Highlights of 2021-2022

Key supply and demand statistics for 2021-2022

- ▶ Demand:
 - ▶ COVID restrictions were being lifted
 - ▶ Increase in demand in restaurants
 - ▶ Decrease in retail demand
 - ▶ Overall increase
- ▶ Supply:
 - ▶ Production remained stable
 - ▶ Imports increased (trade agreements)
- ▶ Stocks
 - ▶ Decreased to meet demand



In 2021/2022...

- ▶ Worked with provinces to update the P10 pooling agreement for producer revenues.
- ▶ Continued discussions to modernize the regulatory environment
- ▶ Developed a 15-year baseline model for surplus SNF and presented it in several industry forums
 - ▶ Great potential for growth
 - ▶ Will require significant investments
 - ▶ Market development required
- ▶ Prepared and implemented a succession plan for upper management



In 2021-2022... (2)

- ▶ The TRQ for butter was imported despite high world prices and challenges with supply chains.
- ▶ Farms were added to the cost of production survey to reduce the margin of error
- ▶ CDC's demand forecasts were within 1% of actual demand at the end of the year.
- ▶ Close to 50 people registered for the CDC's online training on the dairy supply management system.
- ▶ All pooling calculations were performed on time.





Looking
forward

Questions



Financial Review

Commissioner
Shikha Jain



Canadian Dairy
Commission

Commission
canadienne du lait

OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

BUTTER SALES

OTHER SOURCES OF INCOME

EXPENSES FROM OPERATING AND ADMINISTRATIVE
ACTIVITIES

OVERALL RESULTS



Canadian Dairy
Commission

Commission
canadienne du lait

BUTTER SALES REVENUE

BUTTER SOLD:

- Domestic Seasonality Programs
- Butter that was imported as part of Canada's commitment under the WTO

BUTTER
SALES
-7%

\$10M

DOMESTIC
SEASONALITY
PROGRAMS

\$5M

IMPORT
BUTTER

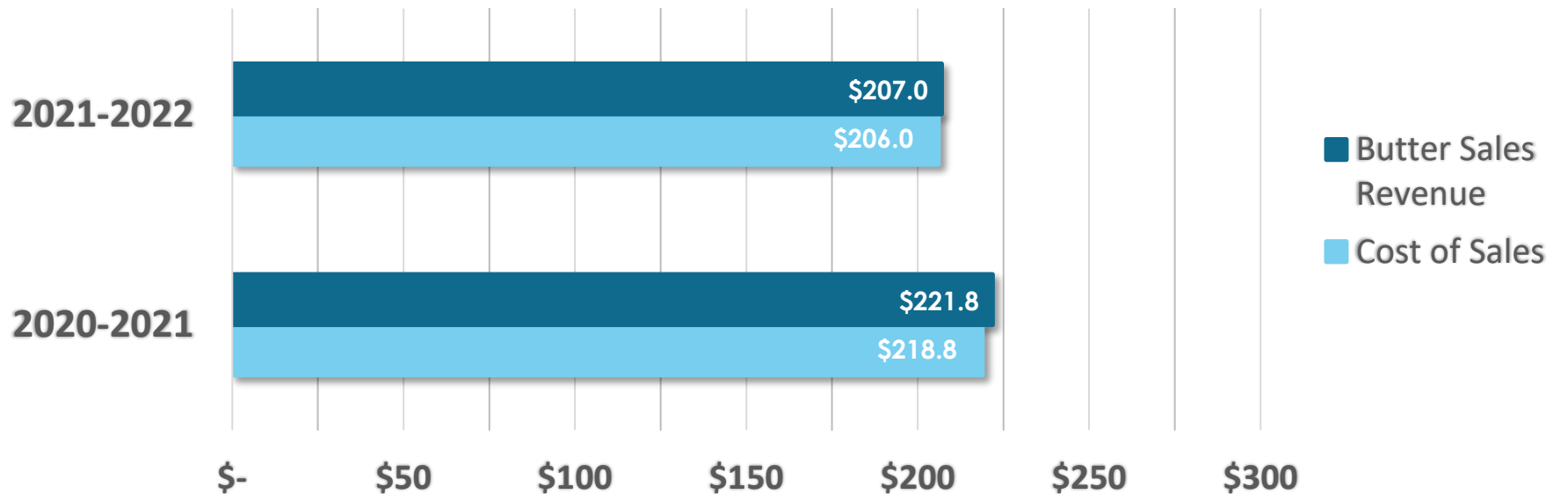


Canadian Dairy
Commission

Commission
canadienne du lait

GROSS PROFIT (LOSS) ON SALES

GROSS PROFIT
ON BUTTER SALES
2021-2022
\$1.0M



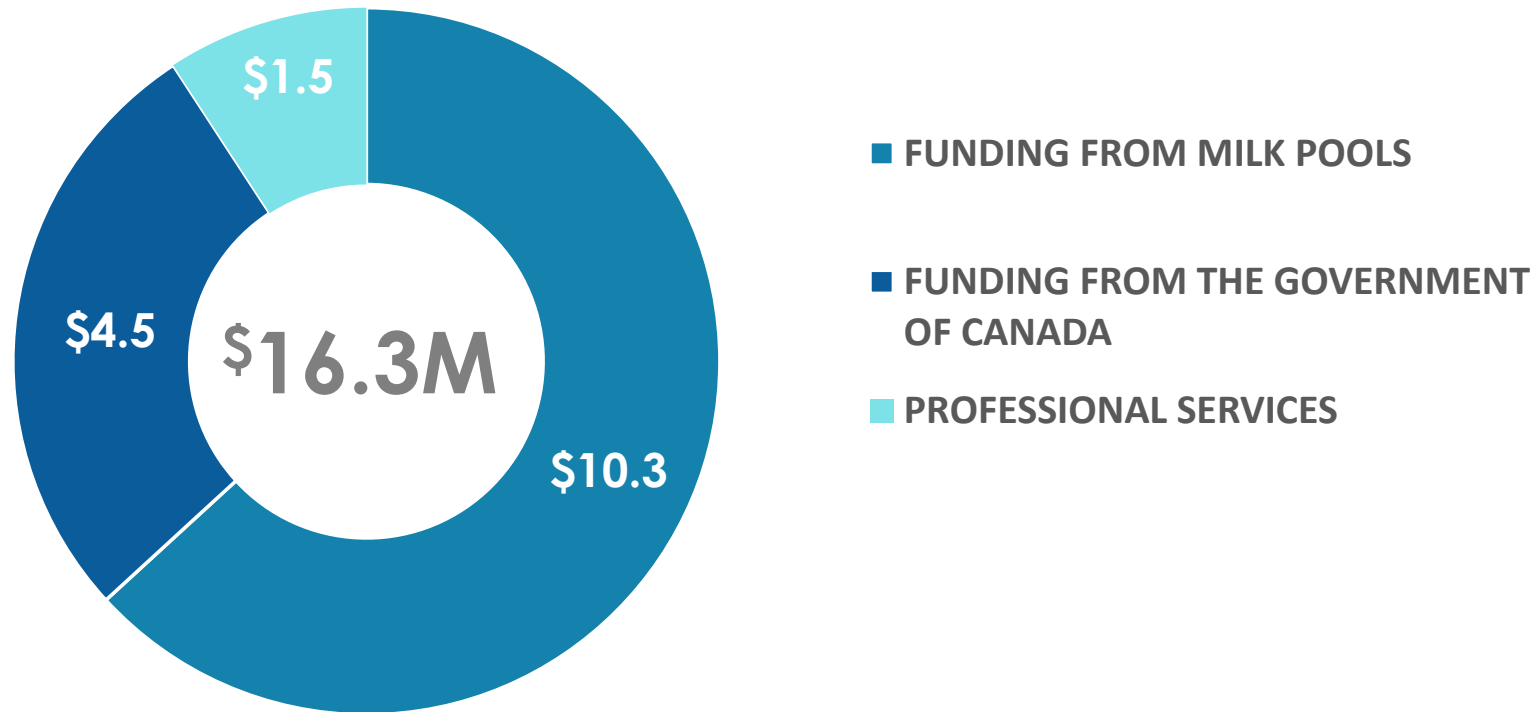
in millions (\$)



Canadian Dairy
Commission

Commission
canadienne du lait

OTHER SOURCE OF INCOME



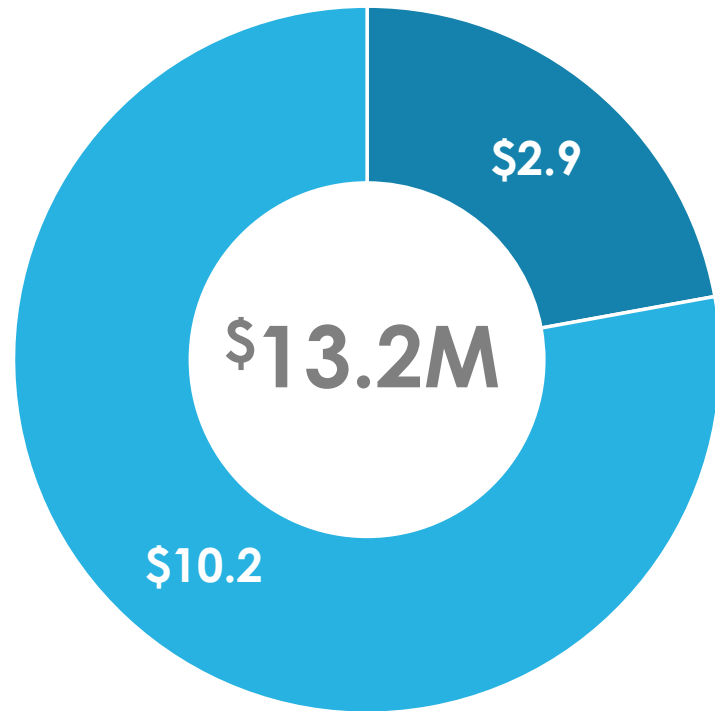
2021-2022 | in millions (\$)



Canadian Dairy
Commission

Commission
canadienne du lait

EXPENSES FROM OPERATING AND ADMINISTRATIVE ACTIVITIES



■ OPERATING EXPENSES

- Industry initiatives
- Cost of Production survey
- Plan C program costs
- Other charges

■ ADMINISTRATIVE EXPENSES

- Salaries and employee benefits
- Other administrative expenses

2021-2022 | in millions (\$)



Canadian Dairy
Commission

Commission
canadienne du lait

OVERALL RESULTS

OPERATIONAL SURPLUS

\$260K

Distributed to provincial milk marketing boards and agencies

TOTAL COMPREHENSIVE INCOME

\$3.8M

CLOSING RETAINED EARNINGS

\$25.4M



Canadian Dairy
Commission

Commission
canadienne du lait

KEY HIGHLIGHTS FROM THE STATEMENT OF FINANCIAL POSITION

BUTTER INVENTORY

REPURCHASE AGREEMENTS – PLAN C PROGRAM

LOANS FROM THE GOVERNMENT OF CANADA



Canadian Dairy
Commission

Commission
canadienne du lait

BUTTER INVENTORY

CLOSING BALANCE OF BUTTER INVENTORY

\$85.2M

8,705 tonnes

DOMESTIC SEASONALITY PROGRAMS BUTTER & IMPORTED BUTTER

4,034 tonnes

\$25.5M

BUTTER
INVENTORY



Canadian Dairy
Commission

Commission
canadienne du lait

REPURCHASE AGREEMENTS – PLAN C PROGRAM FOR CHEESE

CLOSING BALANCE OF REPURCHASE AGREEMENTS

\$10.1M

\$8.8M

PLAN C
REPURCHASE
AGREEMENTS

QUANTITY OF CHEESE
ASSOCIATED WITH
OUTSTANDING AGREEMENTS

2022: 1,121 tonnes
(2021 : 2,103 tonnes)



Canadian Dairy
Commission

Commission
canadienne du lait

LOANS FROM THE GOVERNMENT OF CANADA

CLOSING BALANCE OF OUSTANDING LOANS
\$56.6M

\$29.2M

BALANCE OF
LOANS



Canadian Dairy
Commission

Commission
canadienne du lait

IN CLOSING

CDC IS IN SOUND FINANCIAL POSITION

SOURCES OF FUNDING ARE STABLE

CDC CONTINUES TO PROVIDE HIGH QUALITY
PROGRAMS AND SERVICES TO THE DAIRY INDUSTRY



Canadian Dairy
Commission

Commission
canadienne du lait