



Canadian Dairy  
Commission

Commission  
canadienne du lait

# CORPORATE PLAN SUMMARY FOR 2023-2024 TO 2027-2028

---

OPERATING AND CAPITAL BUDGETS  
FOR THE DAIRY YEAR ENDING JULY 31, 2024

---

Corporate Plan dated March 31, 2023

DD4412399

---

**TABLE OF CONTENTS**


---

TABLE OF CONTENTS .....	2
1. EXECUTIVE SUMMARY .....	3
2.0 OVERVIEW .....	3
2.1 Corporate Mandate .....	3
2.2 Public Policy Role .....	4
2.3 Mission .....	4
2.4 Principal Programs .....	5
2.5 Financial Situation .....	6
3.0 OPERATING ENVIRONMENT .....	6
3.1 Internal Environment .....	6
3.2 External Environment .....	7
3.3 CDC Performance and External Reviews .....	8
3.4 Alignment with government priorities and direction .....	11
4.0 OBJECTIVES, ACTIVITIES, RISKS, EXPECTED RESULTS AND PERFORMANCE INDICATORS ...	12
4.1 Objectives, activities, and Performance Measures for the Planning Period .....	12
5.0 FINANCIAL OVERVIEW .....	15
5.1 Overall financial management .....	15
5.2 Major Assumptions Used in Preparing Budgets .....	15
5.3 Financial Statements and Notes .....	16
.....	16
.....	20
APPENDIX A PLANNED RESULTS .....	22
APPENDIX B MINISTERIAL MANDATE LETTER .....	26

---

## 1. EXECUTIVE SUMMARY

---

As of March 31, 2023, the Canadian Dairy Commission (CDC) is in a sound financial position and is on track to fulfil almost all the objectives it had set for itself in the 2022-2023 dairy year.

Thanks to the sustained popularity of Canadian dairy products, the dairy industry is growing and is expected to continue to grow in the future.

The CDC updates its strategic plan yearly. The goals and objectives that the CDC has set for itself for 2023-2024 are included in this plan. CDC's five-year goals consist of prioritizing markets for solids non fat and ensuring that the supply management system works optimally. To reach these goals, the CDC has outlined several strategies, including fostering industry initiatives to rebalance the growth in demand for solids non fat versus that for butterfat; collaborating with partners across the dairy value chain in reducing the environmental footprint of the dairy sector; and providing leadership to the industry as it adapts the supply management system's legal framework to current conditions, including ensuring supply management rules are clear, up to date, and relevant. Other strategies include ensuring producers receive a fair return and that Canadian production meets demand; and improving how the CDC attracts, develops, retains and promotes a diverse and inclusive workforce.

On the financial side, the CDC does not own capital and does not plan any capital projects. It is not looking to branch out in new capital projects or activities.

The borrowing included for 2023-2024 is set at \$350 million, to be comprised of borrowings from the Consolidated Revenue Fund and a \$50 million line of credit, with the total outstanding borrowings at any time not exceeding \$350 million. This is the same amount as the previous year. The corporation holds butter stocks for approximately 12 months to ensure Canadians have access to a steady supply of dairy products despite the seasonality of milk production and dairy product consumption, hence accomplishing one of its mandates.

---

## 2.0 OVERVIEW

---

### 2.1 CORPORATE MANDATE

The CDC is a Crown corporation which was established in 1966 to coordinate federal and provincial dairy policies and create a control mechanism for milk production which would help stabilize farm revenues and avoid costly surpluses. The *Canadian Dairy Commission Act* states the mandate of the CDC:

8. (...) to provide efficient producers of milk and cream with the opportunity of obtaining a fair return for their labour and investment and to provide consumers of dairy products with a continuous and adequate supply of dairy products of high quality.

## 2.2 PUBLIC POLICY ROLE

The CDC has 83 employees and is governed by a board of three directors appointed by the Governor in Council. For more than 50 years, the CDC has supported Canada's dairy industry by overseeing two key elements of supply management in this sector, namely the price of milk at the farm gate, and national milk quotas.

To manage prices at the farm gate, each year the CDC conducts a study on the costs of producing milk. Provincial marketing boards use the findings of this study in a mathematical formula to adjust the price of milk on February 1 of each year. This formula also takes inflation into account. In specific exceptional circumstances and at the industry's request, this formula can be put aside. In this case, the CDC consults with stakeholders before deciding on the price of milk at the farm level.

To adjust milk quotas, the CDC monitors and forecasts demand for dairy products monthly in Canada and notifies provincial marketing boards of the producer quota adjustments required to align milk production with demand and avoid a shortage or surplus. These quota adjustments take into account the quantity of dairy products that are imported under Canada's various trade agreements and that fill part of the domestic demand for dairy products. This way, Canadian milk production meets demand in a timely manner.

The CDC also provides other services to the dairy industry. It ensures storage of butter inventories to offset production and consumption seasonality, it performs compliance audits to enforce dairy system rules, administers some industry decision-making committees, and provides them with secretariat services and technical expertise, in addition to administering programs on behalf of the industry.

## 2.3 MISSION

*"To provide leadership to enhance the vitality of the Canadian dairy industry for the benefit of Canadians."*

## 2.4 PRINCIPAL PROGRAMS

The CDC operates certain programs<sup>1</sup> for the benefit of the entire supply chain. The CDC consults with Agriculture and Agri-Food Canada when creating new programs or reviewing existing programs to ensure that all programs meet departmental as well as the Government of Canada objectives and priorities. These programs do not overlap with those offered by other departments or agencies or by industry groups.

The table below summarizes these programs.

**Table 1. Programs administered by the CDC**

Program Name	Objective	Target Audience
Dairy Innovation Program	To give processors access to extra milk so that they can develop new dairy products.	Dairy processors
Matching Investment Fund	To encourage the use of dairy ingredients in food products.	Food processors
Domestic Seasonality Programs (Plans A and B)	To ensure a steady supply of dairy products all year long despite the seasonality of consumption. The CDC buys and stores butter during periods of lower consumption (January to September) and typically sells it back into the market when consumption rises (October to December).	Consumers
Plan C for cheese	Created due to the impact of the COVID-19 pandemic on demand for dairy products. Based on a July 2021 CMSMC decision, Plan C continues to be available to support the industry in times of milk surplus due to plant closures or reduction in processing activities during the holidays and special situations. Plan C may be activated under certain circumstances upon request from at least one provincial milk marketing board and approval by the Market Committee with a program limit of 20,000 tonnes per year.	Dairy processors
Mozzarella for fresh pizzas	To provide fresh pizza restaurants access to mozzarella cheese at competitive prices for their sector of activity.	Pizza restaurants
Special Milk Class Permit Program (SMCPP)	To give further processors access to dairy products at competitive prices for use in further processing.	Further processors
Class 4(m) for animal feed	To maintain markets for solids non fat.	Animal feed manufacturers
Dairy Direct Payment Program (2019-2023)	To compensate dairy producers for the impact of CETA and CPTPP. This is an Agriculture and Agri-Food Canada Program.	Dairy producers
Dairy Direct Payment Program (2024-2030)	To compensate dairy producers for the impact of CUSMA. This is an Agriculture and Agri-Food Canada Program.	Dairy producers

<sup>1</sup> CDC programs are further described on its web site: [Canadian Dairy Commission \(cdc-ccl.ca\)](https://cdc-ccl.ca)

## 2.5 FINANCIAL SITUATION

The CDC has four sources of revenues: appropriations, its operations, funding from milk producers for programs administered on their behalf, and contributions from the marketplace for the storage of butter and cheese.

To operate the Domestic Seasonality Program and the Plan C Program for cheese, the CDC borrows from the Consolidated Revenue Fund and borrowing costs are covered by dairy producers and the marketplace. These loans must be approved by the Minister of Finance and are repaid according to their terms and conditions.

To perform the pooling of revenues on behalf of the dairy industry, the CDC maintains a line of credit with a member of the Canadian Payments Association. As established in the *Canadian Dairy Commission Act*, the CDC recovers all expenses related to the administration of the pools from the marketing boards of the provinces who are members of these pools.

Overall, the CDC's funding is relatively predictable, and the organization can adapt to small fluctuations.

---

## 3.0 OPERATING ENVIRONMENT

---

### 3.1 INTERNAL ENVIRONMENT

#### Human Resources

Although the CDC is a Crown corporation, the Treasury Board of Canada is the employer of CDC's 83 employees who are covered by the same collective agreements and pension plan as employees in the various government departments. However, the CDC is not subject to the *Public Service Employment Act*.

After some adjustments at the beginning of the COVID-19 pandemic, the CDC was able to maintain all of its activities such as its Domestic Seasonality Programs, quota calculation, revenue pooling, and industry support. In June 2022, employees who wanted could return to the office. However, employees were given the opportunity to continue teleworking based on operational requirements. Approximately 25% of the CDC's workforce returned at that time.

In December 2022, the Treasury Board Secretariat announced the Direction on prescribed presence in the workplace. The CDC began planning for the return shortly after the

announcement. As of March 27, 2023, the CDC is fully compliant with the Direction. The CDC has ensured that all employees have the equipment and the accommodations required to provide quality services to the dairy supply chain while maintaining their safety and well-being, both while working in the office and teleworking.

### **Material Resources**

The CDC does not own real estate, vehicles, or specialized equipment and it does not plan to buy real property during the planning period. The material resources of the CDC include computers, software, databases, and office furniture. These are deemed to be adequate.

The CDC leases office space from Agriculture and Agri-Food Canada and has renewed its lease agreement for the period of April 1, 2022, to March 31, 2027, at the rental market value rates established by Treasury Board Policy on Management of Real Property.

## **3.2 EXTERNAL ENVIRONMENT**

As a program administrator and facilitator of the dairy industry, the CDC does not operate in an environment of competition, but rather one of collaboration with industry stakeholders. Its commercial operations include the Domestic Seasonality Programs which are similar to a butter storage program that ensures a steady supply of dairy products for consumers. Canadian butter manufacturers are partners in this program. In April 2020, the CDC also launched a cheese storage program, in partnership with cheese manufacturers. This program, called Plan C, was created by the Canadian Milk Supply Management Committee (CMSMC). In July 2021, the CMSMC approved the recommendation that Plan C may be activated under certain circumstances upon request from at least one provincial milk marketing board and approval by the Market Committee with a program limit of 20,000 tonnes per dairy year.

### **Trade Agreements**

The Comprehensive Economic and Trade Agreement (CETA), the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Canada-United States-Mexico Agreement (CUSMA) are the three more recent international trade agreements affecting the Canadian dairy industry. Imports under these agreements are taken into account when the CDC calculates requirements for Canadian milk.

## Financial Trends

The Bank of Canada has increased interest rates from 0.25% to 4.5% in the last year to counter inflation. Some major banks in Canada are projecting that the Bank of Canada rates will remain the same for most of the 2023 calendar year and could start decreasing in year 2024. Interest rates in this Corporate Plan have been forecasted based on these assumptions. The CDC borrows money from the Consolidated Revenue Fund and from a line of credit, therefore the interest rate increases will add to the Commission's finance charges. However, given the CDC borrowings are used for programs that the CDC administers on behalf of the dairy industry, the finance charges are recovered from either dairy producers or the marketplace, depending on the program.

In conclusion, increases in interest rates will have no impact on the total comprehensive income of the CDC.

### 3.3 CDC PERFORMANCE AND EXTERNAL REVIEWS

The CDC's legislative mandate is to *provide efficient producers of milk and cream with the opportunity to obtain a fair return for their labour and investment, and to provide consumers of dairy products with a continuous and adequate supply of dairy products of high quality*. To fulfil this mandate, since the beginning of the dairy year, the CDC has accomplished the following:

#### Support Price

Through the National Pricing Formula, a pricing mechanism that was determined by the industry, prices can be reviewed at any time if a stakeholder presents information that justifies a price review. Despite that, they are normally reviewed once a year. On May 27, 2022, Dairy Farmers of Canada asked the CDC to review the price that farmers get for their milk due to inflation.

An important part of the CDC's mandate is to provide efficient dairy farmers with the opportunity to obtain a fair return for their labour and investment. The CDC therefore agreed to review this midyear request to determine if a price increase was warranted before next year.

On June 21, 2022, after reviewing the points of view expressed during stakeholder consultations as well as economic data, the CDC recommended that on September 1, 2022, the farm gate milk price increase by \$1.92/hl (less than 2 cents per litre). This increase to producers' revenues helped mitigate the rise in production costs due to inflation, which had seen the cost of feed, energy and fertilizer rise by 22%, 55% and 45%, respectively since August 2021.



Based on this recommendation, on September 1, 2022, the support price for butter increased from \$9.7923 per kg to \$10.0206 per kg. The support price for butter is used by the CDC when buying and selling butter under its [Domestic Seasonality Program](#). Under this program, the CDC balances seasonal changes in supply and demand on the domestic market by buying butter from manufacturers and storing it when milk production is high and demand for dairy products low (usually in the spring) and selling this butter back to manufacturers when the situation reverses itself (usually in the fall). These transactions occur at the support price.

In October 2022, the CDC conducted the annual review of Canadian farm gate milk prices. As a result of the review and consultations with stakeholders, the CDC recommended that the farm gate milk price be increased by 2.2% which translates to \$1.74/hl (less than 2 cents per litre). This increase was the result of the National Pricing Formula, a pricing mechanism that was determined by the industry. It takes into account dairy farmers' costs of production as well as the consumer price index. The increase of the price of milk at the farm level that took place on September 1, 2022, was subtracted from the result of the pricing formula. As a result, on February 1, 2023, the support price for butter increased from \$10.0206 per kg to \$10.2180 per kg. In the last year, producers faced increases in feed costs, fertilizer costs, fuel costs, and interest rates. Disruptions to supply chains continue to put upward pressure on input costs. However, investment and productivity gains at the farm offset some of these increases.

As requested in the Chair's mandate letter, the CDC reviewed its approach for the pricing decision. Following the June 2022 price announcement, the CDC committed to making the support pricing process more transparent. The CDC prepared and implemented a transparency plan for the fall 2022 pricing decision. As a result, the CDC announced the price review to the media, produced and posted new documents explaining the cost of production study and milk pricing, and organized a press conference on the November 2022 pricing decision. As a result, the November 2022 pricing announcement was well received.

### **Dairy Direct Payment Program**

In August 2019, the Agriculture and Agri-Food Minister, the Honourable Marie-Claude Bibeau, announced that \$1.75 billion would be provided to compensate Canadian dairy farmers for impacts of CETA and CPTPP. Because the CDC has provided subsidy payments to dairy farmers in the past as per the *Agricultural Stabilization Act*, Agriculture and Agri-Food Canada mandated the CDC to make these payments. Since then, the CDC has worked closely with Agriculture and Agri-Food Canada and provincial milk boards to ensure efficient and timely delivery of payments to producers under the Dairy Direct Payment Program (DDPP).

In November 2020, Minister Bibeau announced a schedule to deliver the remaining \$1.405 billion through direct payments to farmers over a timeline of only three years. Based on their milk quota, cash payments of \$345 million for fiscal year 2019-2020, \$468 million in

2020-2021, \$469 million in 2021-2022, and \$468 million in 2022-2023 were made available to dairy producers.

At the end of fiscal year 2022-2023, 96% of eligible dairy producers in Canada had registered and received their payment and 98% (\$459.0 million) of the funds had been disbursed. This compares to 96% of producers and 98% (\$460.3 million) of funds in 2022-2023.

### **Revision of the P10 Agreement**

The Comprehensive Agreement on the Pooling of Milk Revenue, or the P10 agreement, is a federal-provincial agreement that determines how markets and revenues are pooled among Canadian dairy farmers. The Canadian Milk Supply Management Committee (CMSMC) is the decision-making body of this agreement. As mandated by the CMSMC, the CDC has undertaken to rewrite this agreement to reflect the many decisions made by the CMSMC since the signing of the agreement in 2003. Signatories include provincial governments, milk marketing boards and the CDC. The CDC has finalized a second draft of the new agreement and a first legal review has been performed by Justice Canada.

### **Adapting the Dairy Product Marketing Regulations**

In collaboration with Agriculture and Agri-Food Canada and Justice Canada, the CDC is considering a broad modernization of the Dairy Product Marketing Regulations (DPMR) to better serve the sector. These regulations were created in the 1990s to provide a framework to align provincial and federal authorities on quota. Modifying the DPMR's remains a priority as part of a broader initiative to modernize the regulatory framework of the Canadian dairy industry to continue to provide Canadian processors with a level playing field.

### **Improved Stakeholder and Public Communications**

Over the last year, the CDC has been focused on building relationships with industry stakeholders throughout the supply chain through more frequent discussions. In addition, the CDC has worked hard over the past year to improve communications with the media, including a press conference and briefings to media and new communication tools better adapted to the general public needs.

The rising cost of production and living has generated legitimate questions from stakeholders, the media and consumers regarding how the dairy supply management system works and what role the CDC plays within the industry. Canadians have challenged the CDC to do better, and its way of communicating with them is evolving to meet these expectations. This includes inviting Canadians to register for the CDC's online orientation modules which provide a comprehensive overview of our system, what supply management is and how it works, how

the price of milk is set in Canada, pooling agreements, the various programs administered by the CDC and how we ensure that production meets demand. In addition, in October 2022, the CDC launched a redesigned web site that meets the Government of Canada's accessibility requirements and has new and updated information documents to educate consumers. And finally, the CDC has engaged with consumers on social media and is working to develop positive relationships with the media.

### 3.4 ALIGNMENT WITH GOVERNMENT PRIORITIES AND DIRECTION

In addition to contributing to the prosperity and viability of the Canadian dairy industry, which ensures continued jobs for the middle class, activities of the CDC are aligned with the priorities listed below that are specific to agriculture and were highlighted in the Canadian Agriculture Partnership (CAP) and in the Minister of Agriculture and Agri-Food's most recent mandate letters:

#### **Growing markets**

The CDC continues to provide its support and expertise to the industry to help develop value-added markets for protein and other milk solids as well as fostering industry initiatives to rebalance the growth in demand for solids non fat versus that for butterfat.

#### **Innovative and sustainable growth in the sector**

The CDC's Dairy Innovation Program and the Matching Investment Fund support innovation that brings growth to the sector.

#### **Protecting and working with supply-managed agricultural sectors to provide full and fair compensation with respect to the Canada-United States-Mexico Agreement (CUSMA)**

The CDC is committed to supporting the dairy sector and helping the industry as it adapts to new trade agreements within the context of supply management to ensure long-term sustainability. The CDC has administered the Dairy Direct Payment Program on behalf of Agriculture and Agri-Food Canada from 2019 to 2023, which targeted compensation for the impacts of CETA and CPTPP. The CDC will administer the second iteration of the Dairy Direct Payment Program (DDPP) from 2024 to 2030.

---

## 4.0 OBJECTIVES, ACTIVITIES, EXPECTED RESULTS AND PERFORMANCE INDICATORS

---

### 4.1 OBJECTIVES, ACTIVITIES, AND PERFORMANCE MEASURES FOR THE PLANNING PERIOD

Details on the CDC's performance in 2021-2022 are available in its Annual Report<sup>2</sup>. In 2022-2023 the CDC experienced a good year. The corporation and the industry have maintained a collaborative relationship; workforce numbers have stabilized and the administration of the various aspects of the supply management system were performed according to targets.

Objectives and activities of the CDC for the planning period are a continuation of some of those detailed in last year's plan, but also include some new ones in line with the industry's direction and needs. The objectives and activities are grouped under three strategic themes. This section of the Plan presents, for each theme, the five-year goals of the CDC, the strategies and objectives, and the performance indicators associated with these objectives. Targets can be found in Appendix A.

The CDC's main role is to provide support to the Canadian dairy industry. It does not have the powers in its Act to direct the future of the industry. Typically, the environment in which the industry operates changes every three to five years. This change has been even more rapid in recent years. For those reasons, the CDC does not establish objectives on a horizon longer than five years.

#### ***Strategic theme: Supporting the sustainability of the Canadian dairy industry***

Under this strategic theme and in line with its mission of providing leadership to enhance the vitality of the Canadian dairy industry, the CDC will provide support and leadership to develop valued-added markets for solids non fat by fostering industry initiatives that aim to increase demand for solids non fat. As well, the CDC will work with Agriculture and Agri-Food Canada to design a program to support innovation and investment into projects to add value to solids non fat.

#### **Five-year goal:**

- In 2028, the CDC has contributed to creating conditions that encourage the development of value-added products and markets for solids non fat.

---

<sup>2</sup> [CDC 2021-2022 Annual Report](#)

STRATEGIES	OBJECTIVE FOR 2023-2024	PERFORMANCE INDICATORS
Foster industry initiatives to rebalance the growth in demand for solids non fat versus that for butterfat.	<ul style="list-style-type: none"> <li>Support industry to help develop the value-added markets for protein and other milk solids.</li> </ul>	<ol style="list-style-type: none"> <li>The CDC has succeeded in coordinating the launch of the new P10 program and is ready to receive applications.</li> <li>The CDC has worked with Agriculture and Agri-Food Canada to design a program to support innovation and investment into projects to add value to solids non fat.</li> <li>The CDC has explored shorter-term solutions to the surplus of solids non fat as part of an overall strategy to manage the surplus of solids non fat.</li> </ol>
Collaborate with partners across the dairy value chain in reducing the environmental footprint of the dairy sector.	<ul style="list-style-type: none"> <li>Support the industry in making dairy supply chains more efficient.</li> </ul>	<ol style="list-style-type: none"> <li>Consult with producers and processors on how the CDC can help reduce the environmental footprint of these sectors.</li> <li>Include environmental considerations into new and existing programs when it makes sense.</li> </ol>
Provide leadership to the industry as it adapts the supply management legal framework to current conditions.	<ul style="list-style-type: none"> <li>Supply management rules are clear, up to date, and relevant.</li> </ul>	<ol style="list-style-type: none"> <li>Provinces have started the signature process for a new national revenue and market-sharing agreement.</li> <li>A review of federal and provincial regulatory environments is completed to initiate regulatory modernization.</li> </ol>

### ***Strategic theme: Support for the dairy sector's supply management system***

Under this theme are the CDC's day-to-day operations of the milk supply management system which include the accurate targeting of the quantity of milk to be produced, the operations of programs that balance the differences in seasonality of production and consumption, the administration of federal-provincial agreements, and efforts to improve the administration of the system.

In addition, as the administrator of milk prices at the farm gate, production quotas, and revenue and market pooling, the CDC is responsible for a series of calculations, money transfers, and audits. These various activities are important to ensure that the supply management system runs smoothly.

**Five-year goal:**

- In 2028, the Canadian supply management system continues to work optimally.

STRATEGIES	OBJECTIVES FOR 2023-2024	PERFORMANCE INDICATORS
Ensure that efficient producers receive a fair return for their labour and investments.	<ul style="list-style-type: none"> <li>• Producers receive fair returns.</li> <li>• Timely and accurate revenue pooling calculations.</li> </ul>	1. The support price for butter was reviewed and updated if needed. The new support price for butter is in effect if applicable. 2. Number of audits 3. Monthly calculation and fund and data transfers on target
Ensure that Canadian milk production matches demand, including in unforeseen situations.	<ul style="list-style-type: none"> <li>• Timely and sufficient supply of dairy products in the Canadian market.</li> <li>• Timely and accurate allocation of quota to meet demand.</li> </ul>	1. Time from receipt of pooling data to quota allocation 2. Accuracy of demand forecasts 3. Import the WTO butter tariff rate quota

***Strategic theme: Pursuit of organization excellence***

Under this theme, the CDC is focused on ensuring it has the people and tools to support the dairy industry into the future. Approaches will include recruiting, developing, and promoting a diverse and inclusive workforce, and maintaining the CDC's organizational culture.

**Five-year goal:**

- In 2028, the CDC has the resources to deliver relevant programs and services.

STRATEGIES	OBJECTIVES FOR 2023-2024	PERFORMANCE INDICATORS
Improve how we attract, develop, retain, and promote a diverse and inclusive workforce with the necessary skills.	<ul style="list-style-type: none"> <li>• An inclusive work environment that fosters staff development.</li> <li>• Preservation of the CDC's organizational culture.</li> </ul>	1. Level of staff satisfaction for the diversity and inclusion-related questions in the annual Public Service Employee Survey remains above 85%.

		<ol style="list-style-type: none"> <li>2. The CDC has organized three activities that contribute to the preservation of CDC's culture.</li> <li>3. The CDC continues to advance GBA+ internally and within its programs in accordance with government guidelines.</li> </ol>
--	--	--

---

## 5.0 FINANCIAL OVERVIEW

---

### 5.1 OVERALL FINANCIAL MANAGEMENT

The CDC is a Crown corporation with sound financial and risk management practices. During the year, the Audit Committee reviews and approves the quarterly financial reports which are then posted on the CDC public web site and sent to the Comptroller General. The Board also reviews and approves the year-end financial statements, which are audited by the Office of the Auditor General and included in the Annual Report, which is tabled in Parliament.

### 5.2 MAJOR ASSUMPTIONS USED IN PREPARING BUDGETS

The CDC's budgeted financial tables are based on certain assumptions and projections while forecasts are based partially on actual results up to January 31, 2023. Certain financial results are particularly sensitive to any significant fluctuations in assumptions made with regards to domestic demand and milk production, which affect our purchases and sales of butter as well as our inventories. The timing of implementation of industry initiatives and fluctuations in interest rates also have an impact on projected financial results.

Demand from 2022-2023 is expected to increase by 3% per year during 2023-2024 to 2027-2028, mainly based on Canadians' continued appreciation for dairy products rich in fat such as cream, butter and fine cheeses.

Domestic sales of butter (which include imported butter) will be approximately 16 million kg for 2022-2023, 22 million kg for 2023-2024, and 24.8 million kg for the remainder of the years.

Budgets also assume cheese stocks of 1,400 tonnes at year-end in 2022-2023 and 1,100 tonnes for 2023-2024 and for the remainder of the planning period. Plan C also helps the industry deal with milk production that exceeds processing capacity during the Holiday period, for example.

The interest rates used for outstanding loans from the Consolidated Revenue Fund (CRF) are estimated, based on the Bank of Canada overnight rates, to be 4.5% for the remainder of 2022-2023, 4.25% for 2023-2024, and 3.5% for the remainder of the years. Interest rates on loans from the member of Canadian Payments Association will remain at prime, which is estimated to be 6.5% for 2022-2023, 6.25% for 2023-2024, and 5.50% for the remainder of the years. These assumptions are based on projections published by financial institutions in Canada. However, these interest charges are reimbursed to the CDC by either producers or the marketplace and have no material impact on the bottom line of the corporation.

### 5.3 FINANCIAL STATEMENTS AND NOTES

CANADIAN DAIRY COMMISSION  
STATEMENT OF FINANCIAL POSITION  
as at JULY 31, 2022-2028

(in thousands)								
	Actual Audited 2021-22	Budget 2022-23	Forecast 2022-23	Budget				
				2023-24	2024-25	2025-26	2026-27	2027-28
<b>ASSETS</b>								
<b>Current</b>								
Cash	\$ 3	\$ 1,000	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500
Trade and other receivables								
Trade receivables	1,413	180	985	980	975	970	965	965
Advance to provincial milk boards and agencies	8,362	10,500	10,500	10,500	10,500	10,500	10,500	10,500
Milk pools	1,496	1,800	1,800	1,800	1,800	1,900	1,900	1,900
Derivative asset - foreign exchange contracts	79	0	0	0	0	0	0	0
Inventory	85,243	122,857	107,289	124,547	128,284	132,132	136,096	140,179
Plan C repurchase agreements	4,104	4,949	5,936	6,372	4,950	4,950	4,950	4,950
	<u>100,700</u>	<u>141,286</u>	<u>127,010</u>	<u>144,699</u>	<u>147,009</u>	<u>150,952</u>	<u>154,911</u>	<u>158,994</u>
<b>Non Current</b>								
Plan C repurchase agreements	5,986	4,500	6,372	4,950	4,950	4,950	4,950	4,950
Equipment	14	0	0	0	0	0	0	0
Intangible asset	49	20	20	0	0	0	0	0
Right-of-use of asset	1,642	1,290	1,290	938	586	235	2,059	1,618
	<u>7,691</u>	<u>5,810</u>	<u>7,682</u>	<u>5,888</u>	<u>5,536</u>	<u>5,185</u>	<u>7,009</u>	<u>6,568</u>
<b>Total Assets</b>	<b>\$ 108,391</b>	<b>\$ 147,095</b>	<b>\$ 134,692</b>	<b>\$ 150,587</b>	<b>\$ 152,545</b>	<b>\$ 156,137</b>	<b>\$ 161,920</b>	<b>\$ 165,562</b>
<b>LIABILITIES</b>								
<b>Current</b>								
Bank overdraft	\$ 8,362	\$ 10,500	\$ 10,500	\$ 10,500	\$ 10,500	\$ 10,500	\$ 10,500	\$ 10,500
Trade and other payables								
Trade payables and accruals	15,086	7,921	15,882	8,231	8,489	8,742	9,001	9,267
Distribution to provincial milk boards and agencies	260	133	276	176	233	283	283	283
Other payables	969	904	1,298	1,274	1,185	1,211	1,180	1,208
Deferred revenue	0	1,000	500	500	500	500	500	500
Derivative liability - foreign exchange contracts	0	0	0	0	0	0	0	0
Loans from the Government of Canada	56,639	105,821	80,411	107,892	112,615	118,366	124,320	130,299
	<u>81,316</u>	<u>126,279</u>	<u>108,867</u>	<u>128,573</u>	<u>133,522</u>	<u>139,602</u>	<u>145,784</u>	<u>152,057</u>
<b>Non Current</b>								
Lease Liability	1,675	1,325	1,325	970	611	246	2,068	1,646
<b>EQUITY</b>								
Retained Earnings	25,400	19,491	24,500	21,044	18,412	16,289	14,068	11,859
<b>Total Liabilities and Equity</b>	<b>\$ 108,391</b>	<b>\$ 147,095</b>	<b>\$ 134,692</b>	<b>\$ 150,587</b>	<b>\$ 152,545</b>	<b>\$ 156,137</b>	<b>\$ 161,920</b>	<b>\$ 165,562</b>



## Statement of Operations and Comprehensive Loss

The domestic sales and cost of sales budgeted for 2023-2024 are higher than those forecasted for 2022-2023. This is mainly the result of purchasing more butter than in 2022-2023 and the increase in the support price of butter, at which the butter is valued.

Finance costs in 2023-2024 are expected to increase compared to 2022-2023 as we expect to purchase more butter and interest rates to remain high during this period. Interest rates are forecasted to slowly decrease starting in 2024-2025. The CDC borrows the amounts required to operate several industry programs from the Consolidated Revenue Fund. As these are industry-funded programs, the transport, carrying, and interest charges are paid by the marketplace and dairy producers.

The loss on domestic sales in 2023-2024 represents the financing, transport and carrying charges associated with the Domestic Seasonality Program. These charges continue to be entirely recovered from the marketplace and producers as part of the funding from milk pools. There is no actual loss for the CDC.

Figures for the funding from the government of Canada reflect the actual appropriation plus forecasted eligible payroll expenditures such as parental leave for dairy year 2022-2023. Appropriations are assumed to remain close to that level for subsequent years.

Income from professional services in 2023-2024 includes funding received following the signature of an MOU with Agriculture and Agri-Food Canada for the administration of the Dairy Direct Payment Program for the years 2020-2021 to 2022-2023. Also included in this line are revenues for performing plant audits in 8 provinces. Starting with 2023-2024, this income also includes the funding that the CDC will receive from Agriculture and Agri-Food Canada for the administration of the new iteration of the Dairy Direct Payment Program.

"Plan C program expenses" includes storage, insurance and interest costs incurred for cheese purchased under this program. These costs are recovered from the producers and the marketplace therefore have no impact on the CDC bottom line. These costs are expected to be higher for upcoming years due to higher financing costs.

The results of the Statement of Operations and Comprehensive Loss are negative for all years because of a planned reduction in the balance of the imported butter and marketplace accounts.

CANADIAN DAIRY COMMISSION  
STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS  
for the Dairy Years ended July 31, 2022 - 2028

(in thousands)								
	Actual Audited	Budget	Forecast	Budget				
	2021-22	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Domestic sales and cost of sales								
Sales revenue	\$ 207,004	\$ 215,437	\$ 153,816	\$ 217,478	\$ 234,958	\$ 246,859	\$ 253,514	\$ 260,369
Cost of goods sold	203,767	213,956	152,384	215,993	233,415	245,266	251,922	258,777
Transport and carrying charges	2,082	3,021	1,989	3,646	3,924	4,036	4,112	4,188
Finance costs	200	1,164	1,331	2,607	2,350	2,359	2,516	2,526
Gross profit (loss) on domestic sales	955	(2,704)	(1,888)	(4,768)	(4,731)	(4,802)	(5,036)	(5,122)
Other income								
Funding from milk pools	10,276	9,752	9,162	11,932	12,977	13,520	13,803	14,050
Funding from the Government of Canada	4,525	4,253	4,441	4,325	4,325	4,325	4,325	4,325
Professional services and other Income	1,459	1,390	1,785	2,070	2,270	2,295	2,315	2,180
	16,260	15,395	15,388	18,327	19,572	20,140	20,443	20,555
<b>Total gross profit (loss) on domestic sales and other income</b>	<b>17,215</b>	<b>12,691</b>	<b>13,500</b>	<b>13,559</b>	<b>14,841</b>	<b>15,338</b>	<b>15,407</b>	<b>15,433</b>
Operating Expenses								
Industry initiatives	717	1,480	796	1,246	1,246	1,246	1,246	1,246
Cost of Production study	892	906	981	1,057	1,083	1,104	1,126	1,149
Plan C program costs	1,218	832	965	1,441	1,300	1,030	1,031	1,031
Other charges (recoveries)	106	75	202	190	191	192	192	193
	2,933	3,293	2,944	3,934	3,820	3,572	3,595	3,619
Administrative Expenses								
Salaries and employee benefits	8,164	8,911	8,938	10,018	10,318	10,510	10,637	10,792
Other administrative expenses	2,057	2,404	2,242	2,887	3,102	3,095	3,113	2,948
	10,221	11,315	11,180	12,905	13,420	13,605	13,750	13,740
<b>Total operating and administrative expenses</b>	<b>13,154</b>	<b>14,608</b>	<b>14,124</b>	<b>16,839</b>	<b>17,240</b>	<b>17,177</b>	<b>17,345</b>	<b>17,359</b>
<b>Profit (loss) before distribution to provincial milk boards and agencies</b>	<b>4,061</b>	<b>(1,917)</b>	<b>(624)</b>	<b>(3,280)</b>	<b>(2,399)</b>	<b>(1,839)</b>	<b>(1,938)</b>	<b>(1,926)</b>
Distribution to provincial milk boards and agencies	260	133	276	176	233	283	283	283
<b>Total comprehensive profit (loss)</b>	<b>\$ 3,801</b>	<b>\$ (2,050)</b>	<b>\$ (900)</b>	<b>\$ (3,456)</b>	<b>\$ (2,632)</b>	<b>\$ (2,122)</b>	<b>\$ (2,221)</b>	<b>\$ (2,209)</b>

CANADIAN DAIRY COMMISSION  
STATEMENT OF CASH FLOWS  
for the Dairy Years ended July 31, 2022 - 2028

(in thousands)								
	Actual Audited	Budget	Forecast	Budget				
	2021-22	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
<b>Cash flows from (used in) operating activities</b>								
Cash received from customers and others	\$ 207,983	\$ 216,832	\$ 156,529	\$ 219,553	\$ 237,233	\$ 249,159	\$ 255,834	\$ 262,549
Cash paid to suppliers and others	(199,460)	(252,319)	(189,493)	(261,083)	(257,686)	(269,707)	(276,732)	(283,644)
Cash receipts from provincial milk boards and agencies (pooling)	13,044	9,752	6,720	11,932	12,977	13,420	13,803	14,050
Cash paid to provincial milk boards and agencies (operating surplus)	(3,300)	(173)	(260)	(276)	(176)	(233)	(283)	(283)
Cash receipts from the Government of Canada	4,525	4,253	4,441	4,325	4,325	4,325	4,325	4,325
Cash paid for Plan C repurchase agreements	13,789	(4,500)	(6,372)	(4,950)	(4,950)	(4,950)	(4,950)	(4,950)
Cash receipts from Plan C repurchase agreements	(4,948)	8,444	4,153	5,937	6,372	4,950	4,950	4,950
Interest paid on loans and the lease liability	(114)	(1,043)	(782)	(2,564)	(2,459)	(2,348)	(2,517)	(2,554)
<b>Net cash flows from (used in) operating activities</b>	<b>31,519</b>	<b>(18,754)</b>	<b>(25,064)</b>	<b>(27,126)</b>	<b>(4,364)</b>	<b>(5,384)</b>	<b>(5,570)</b>	<b>(5,557)</b>
<b>Cash flows from (used in) financing activities</b>								
New loans from the Government of Canada	138,031	200,000	190,000	200,000	200,000	200,000	200,000	200,000
Loan repayments to the Government of Canada	(167,213)	(180,896)	(166,227)	(172,520)	(195,276)	(194,251)	(194,045)	(194,021)
Principal payments on lease liability	(344)	(351)	(350)	(355)	(360)	(365)	(385)	(423)
<b>Net cash flows from (used in) financing activities</b>	<b>(29,526)</b>	<b>18,753</b>	<b>23,423</b>	<b>27,125</b>	<b>4,364</b>	<b>5,384</b>	<b>5,570</b>	<b>5,556</b>
<b>Net decrease (increase) in bank overdraft</b>	<b>1,993</b>	<b>0</b>	<b>(1,641)</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>
Net bank overdraft at beginning of the year	(10,352)	(9,500)	(8,359)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
<b>Net bank overdraft at end of the year</b>	<b>\$ (8,359)</b>	<b>\$ (9,500)</b>	<b>(10,000)</b>	<b>(10,000)</b>	<b>(10,000)</b>	<b>(10,000)</b>	<b>(10,000)</b>	<b>(10,000)</b>
<b>Components:</b>								
Cash	\$ 3	\$ 1,000	500	500	500	500	500	500
Bank overdraft	(8,362)	(10,500)	(10,500)	(10,500)	(10,500)	(10,500)	(10,500)	(10,500)
<b>Net bank overdraft</b>	<b>\$ (8,359)</b>	<b>\$ (9,500)</b>	<b>(10,000)</b>	<b>(10,000)</b>	<b>(10,000)</b>	<b>(10,000)</b>	<b>(10,000)</b>	<b>(10,000)</b>

## Statement of Changes in Equity

This statement is included to present a complete set of financial statements in the Plan as required by the IFRS. This statement presents changes in equity year over year after all the financial inflows and outflows.

Retained earnings are governed by policies that clearly identify the activities that can be financed by these funds and the CDC Board is responsible for applying these policies and approving any new initiative funded by retained earnings.

### CANADIAN DAIRY COMMISSION STATEMENT OF CHANGES IN EQUITY for the Dairy Years ended July 31, 2022 - 2028

	(in thousands)							
	Actual Audited	Budget	Forecast	Budget				
	2021-22	2022-23	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Retained earnings, beginning of the year	\$ 21,599	\$ 21,542	\$ 25,400	\$ 24,500	\$ 21,044	\$ 18,412	\$ 16,289	\$ 14,068
Total comprehensive loss for the year	3,801	(2,050)	(900)	(3,456)	(2,632)	(2,122)	(2,221)	(2,209)
Retained earnings, the end of the year	<u>\$ 25,400</u>	<u>\$ 19,491</u>	<u>\$ 24,500</u>	<u>\$ 21,044</u>	<u>\$ 18,412</u>	<u>\$ 16,289</u>	<u>\$ 14,068</u>	<u>\$ 11,859</u>

## Administrative Expenses and Funding

The administrative budget provides details of the CDC's forecasted expenses and sources of revenues.

Major expenditures in the administrative budget are salaries and employee benefits. As mentioned in section 3.1, the Treasury Board of Canada is the employer of CDC's employees who are covered by the same collective agreements and pension plan as employees in the various government departments.

Professional services and special services are mainly comprised of services relating to audits, HR, legal counsel, translation, simultaneous interpretation, and market studies. Also included in this category are various MOUs with other government departments for IT and HR services. Starting in 2023-2024, these costs increase due to additional administrative expenses in support of new programs (for example, legal fees, expert evaluation committee).

CANADIAN DAIRY COMMISSION  
ADMINISTRATIVE EXPENSES AND FUNDING  
for the Dairy Years ended July 31, 2022 - 2028

(in thousands)							
	Budget 2022-23	Forecast 2022-23	Budget				
			2023-24	2024-25	2025-26	2026-27	2027-28
Personnel	\$ 8,939	\$ 8,938	\$ 10,018	\$ 10,318	\$ 10,510	\$ 10,637	\$ 10,792
Professional and special services	1,305	1,178	1,918	2,145	2,145	2,145	1,948
Rentals	486	511	454	449	444	457	485
Transportation & communications	369	376	389	398	398	401	404
Information services	8	13	5	5	5	5	5
Acquisition of equipment	107	142	98	78	78	78	78
Materials and supplies	8	8	8	8	8	8	8
Repair and maintenance	10	10	12	12	12	12	12
Miscellaneous expenditures	4	5	4	7	6	7	9
Total administrative expenses	\$ <u>11,235</u>	\$ <u>11,180</u>	\$ <u>12,905</u>	\$ <u>13,420</u>	\$ <u>13,605</u>	\$ <u>13,750</u>	\$ <u>13,740</u>
<b>Share of Funding</b>							
Appropriation breakdown:							
CDC appropriation Vote 1	\$ 4,097	\$ 4,355	\$ 4,225	\$ 4,225	\$ 4,225	\$ 4,225	\$ 4,225
Eligible payroll expenditures	100	86	100	100	100	100	100
Total Government appropriation	\$ <u>4,197</u>	\$ <u>4,441</u>	\$ <u>4,325</u>	\$ <u>4,325</u>	\$ <u>4,325</u>	\$ <u>4,325</u>	\$ <u>4,325</u>
Producer contribution	\$ 3,000	\$ 2,760	\$ 2,950	\$ 3,100	\$ 3,200	\$ 3,300	\$ 3,375
Marketplace contribution	1,875	1,760	1,875	1,965	2,025	2,050	2,100
Other	1,291	2,219	3,755	4,030	4,055	4,075	3,940
Total	\$ <u>6,166</u>	\$ <u>6,739</u>	\$ <u>8,580</u>	\$ <u>9,095</u>	\$ <u>9,280</u>	\$ <u>9,425</u>	\$ <u>9,415</u>

Government figures are based on fiscal year reference levels prorated to a dairy year. Expenses include estimated amounts for maternity leave and severance payments. These amounts are eligible for recovery from Vote 30 and have been included as part of Government appropriations.

## Borrowing Plan

### *Legislative Borrowing Authorities*

Under subsection 16(1) of the *Canadian Dairy Commission Act* (CDC Act), the Minister of Finance may, out of the Consolidated Revenue Fund, make loans to the CDC as are approved by the Governor in Council for the purpose of exercising any of the powers of the Commission described in section 9(1) (a) and (b) of the Act:

- a) purchase any dairy product and sell, or otherwise dispose of, any dairy product purchased by it;
- b) package, process, store, ship, insure, import or export any dairy product purchased by the Commission.

Under subsection 16.1(1) of the CDC Act, the CDC may establish an account with any member of the Canadian Payment Association (CPA) for the purpose of, and may deduct from that account, any necessary and proper expenses incurred in, exercising any of its power set out in paragraphs 9(1) (f) to (i).

Under subsection 16.1(2) of the CDC Act, with the approval of the Minister of Finance, the CDC may establish and use a line of credit with any member of the CPA for the purpose of exercising any of its powers set out in paragraph 9(1) (f) to (i).

According to section 16(2) of the CDC Act, total aggregate amount outstanding at any time of loans made under subsection 16(1) and amounts drawn under subsection 16.1(2) shall not exceed \$500 million.

CANADIAN DAIRY COMMISSION  
BORROWING PLAN  
for the Dairy Years ended July 31, 2022 - 2028

**Table 1: Outstanding borrowings at July 31 (\$millions)**

	Actual 2021-22	Budget 2022-23	Forecast 2022-23	Budget				
				2023-24	2024-25	2025-26	2026-27	2027-28
Short-term borrowings	\$ 65.0	\$ 116.3	\$ 90.9	\$ 118.4	\$ 123.1	\$ 128.9	\$ 134.8	\$ 140.8
Long-term Borrowings	-	-	-	-	-	-	-	-
<b>Total borrowings</b>	<b>\$ 65.0</b>	<b>\$ 116.3</b>	<b>\$ 90.9</b>	<b>\$ 118.4</b>	<b>\$ 123.1</b>	<b>\$ 128.9</b>	<b>\$ 134.8</b>	<b>\$ 140.8</b>

**Table 2: Short-term borrowings as of July 31 (\$ millions)**

	Actual 2021-22	Budget 2022-23	Forecast 2022-23	Budget				
				2023-24	2024-25	2025-26	2026-27	2027-28
Canadian dollars	\$ 65.0	\$ 116.3	\$ 90.9	\$ 118.4	\$ 123.1	\$ 128.9	\$ 134.8	\$ 140.8
Us dollars (expressed in canadian dollars)	-	-	-	-	-	-	-	-
<b>Total borrowings</b>	<b>\$ 65.0</b>	<b>\$ 116.3</b>	<b>\$ 90.9</b>	<b>\$ 118.4</b>	<b>\$ 123.1</b>	<b>\$ 128.9</b>	<b>\$ 134.8</b>	<b>\$ 140.8</b>

**Table 3: Peak borrowings during the year (\$ millions)**

Method and currency used	Actual 2021-22	Budget 2022-23	Forecast 2022-23	Budget				
				2023-24	2024-25	2025-26	2026-27	2027-28
Line of credit: Canadian dollars	\$ 14.5	\$ 11.0	\$ 11.0	\$ 11.0	\$ 11.0	\$ 11.0	\$ 11.0	\$ 11.0
Line of credit: US dollars (expressed in canadian dollars)	-	-	-	-	-	-	-	-
Borrowings: Canadian dollars (expressed in Canadian dollars)	85.0	116.3	82.2	138.9	144.4	150.9	157.8	164.7
<b>Total borrowings</b>	<b>\$ 99.5</b>	<b>\$ 127.3</b>	<b>\$ 93.2</b>	<b>\$ 149.9</b>	<b>\$ 155.4</b>	<b>\$ 161.9</b>	<b>\$ 168.8</b>	<b>\$ 175.7</b>

**APPENDIX A  
PLANNED RESULTS**

<b>Outcome</b>	<b>Performance indicator</b>	<b>Baseline</b>	<b>2023-2024 Target</b>	<b>2027-2028 Target</b>	<b>Data Strategy</b>
In 2028, the CDC has contributed to creating conditions that encourage the development of value-added products and markets for solids non fat.	The CDC has succeeded in coordinating the launch of the new P10 program and is ready to receive applications.	None	Program launched	30 applications received and assessed.	Compilation by Program Team
	The CDC has worked with Agriculture and Agri-Food Canada to design a program to support innovation and investment into projects to add value to solids non fat.	None	4 applications received	15 applications received.	Compilation by Program Team
	The CDC has explored shorter-term solutions to the surplus of solids non fat as part of an overall strategy to manage the surplus of solids non fat.	None	Production of 2 feasibility studies	The industry is pursuing the short-term solutions it chose	Compilation by Policy and Economics
	The CDC has supported the industry to develop ecological strategies to eliminate food waste and find innovative ways to add	None	Consult Dairy Farmers of Canada to see how the CDC can support them in reaching carbon neutrality by	Will depend on the results of the consultations.	Compilation by Executive Office

Outcome	Performance indicator	Baseline	2023-2024 Target	2027-2028 Target	Data Strategy
	value.		2050.Consult with Dairy Processors Association of Canada to see how the CDC can contribute to reducing the environmental impact of this sector of the supply chain.		
	Provinces have started the signature process for a new national revenue and market-sharing agreement.	None	The final version of the new agreement has been sent to provinces for signature.	All provinces and the federal government have signed the new agreement.	Compilation by Policy and Economics
	A review of federal and provincial regulatory environments was completed to initiate regulatory modernization.	None	A review of federal and provincial regulatory environments is completed to initiate regulatory modernization.	n/a	Compilation by Corporate Services
In 2028, the Canadian supply management system continues to work optimally.	The support price for butter was reviewed and updated if needed. The new support price for butter is in effect if applicable.	Support price reviewed as needed	Support price reviewed as needed	Support price reviewed as needed	Compilation by Policy and Economics

Outcome	Performance indicator	Baseline	2023-2024 Target	2027-2028 Target	Data Strategy
	Number of audits	32 MUA 35 SMCPP 9 joint audits 3 IREP 10 revenue sharing 30 class 3(d) 2 internal audits 1 program evaluation	161 MUA 35 SMCPP 9 Joint Audits, 3 IREP 10 revenue sharing, 30 class 3d 2 internal audits 1 program evaluation	161 MUA 35 SMCPP 9 Joint Audits, 3 IREP 10 revenue sharing, 30 class 3d 2 internal audits 1 program evaluation	Compilation by Audit and Evaluation
	Time from receipt of pooling data to quota allocation	8 days maximum (2016-2017)	8 days maximum	8 days maximum	Compilation by Finance and Administration
	Accuracy of demand forecasts	Within 2% of actual demand	Within 2% of actual demand	Within 2% of actual demand	Compilation by Policy and Economics
	Import the WTO butter tariff rate quota	3,274 tonnes	3,274 tonnes	3,274 tonnes	Compilation by Commercial Operations
In 2028, the CDC has the resources to deliver relevant programs and services.	Level of staff satisfaction for the diversity and inclusion-related questions in the annual Public Service Employee Survey	91% (2020 PSES)	Above 85%	Above 85%	Compilation by Human Resources



Outcome	Performance indicator	Baseline	2023-2024 Target	2027-2028 Target	Data Strategy
	The CDC has organized three activities that contribute to the preservation of CDC's culture.	None	3 activities	3 activities	Compilation by Human Resources
	The CDC continues to advance GBA+ internally and within its programs in accordance with government guidelines.		GBA + questions have been added to 2 CDC program guides.	GBA + questions have been added to 4 CDC program guides.	Compilation by Communications and Commercial Operations.

Chief Executive Office Commitment:

I, Benoit Basillais, as Chief Executive Officer of the Canadian Dairy Commission, am accountable to the Board of Directors of the Canadian Dairy Commission for the implementation of the results described in this Corporate Plan and outlined in this Appendix. I confirm that this commitment is supported by the balanced use of all available and relevant performance measurement and evaluation information.



Benoit Basillais  
Chief Executive Officer  
Canadian Dairy Commission

Original signed  
May 19, 2023

---

**APPENDIX B**  
**MINISTERIAL MANDATE LETTER**

---

Ms. Jennifer Hayes  
Chairperson  
Canadian Dairy Commission  
960 Carling Avenue, 1st Floor  
Ottawa ON K1A 0Z2

Dear Ms. Hayes:

From day one, the Government has recognized the importance of a vibrant and sustainable agriculture and agri-food sector to Canada's economy and food security. The Government also recognizes the dairy supply management system as a social contract that contributes significantly to the vitality of many rural communities and family farms across the country.

Despite many recent challenges, including the COVID-19 pandemic, Canadian dairy producers and processors have shown exemplary resilience and continue providing high-quality products in a particularly difficult context. I would like to thank the Canadian Dairy Commission (CDC) for supporting the dairy sector in responding to these challenges and I am pleased that the Government was able to help by quickly increasing your credit limit.

Looking ahead, I expect that the CDC and Agriculture and Agri-Food Canada (AAFC) will continue to work closely with industry partners as they pursue their future vision for an innovative and sustainable sector. Reducing Canada's greenhouse gas emissions and adapting to climate change remain urgent priorities for the Government, and the agriculture sector must be a front-line partner. I am grateful that the Dairy Farmers of Canada is aiming for carbon neutrality by 2050, and the CDC should support this endeavour.

In keeping with the ambitious environmental commitments outlined in the Government's climate plan, it is increasingly important for government organizations to collaborate with partners across the dairy value chain in reducing the environmental footprint of the dairy sector. The CDC has a collaborative role to play in supporting broad climate resiliency, as well as supporting industry in making dairy supply chains more efficient through eliminating food waste and finding innovative ways to add value.

Additionally, I am asking you to provide the leadership necessary to ensure that the CDC, in accordance with its mandate, delivers on the following priorities:

- Review the approach used by the CDC on milk pricing decisions and ensure clearer and more transparent communication to Canadian consumers and dairy stakeholders;
- Help the dairy sector adapt to a changing market and encourage innovation;
- Continue to administer the Dairy Direct Payment Program, which provides full and fair compensation to dairy producers following recent trade agreements;
- Work closely with AAFC and engage with stakeholders across the value chain to ensure the regulations under the *Canadian Dairy Commission Act* continue to support the CDC mandate and meet the needs of the dairy industry;
- Continue working with AAFC and other federal departments to support Canada in fulfilling its international trade obligations. This includes early stakeholder engagement in industry decision-making processes related to the dairy supply management system;
- In accordance with the Budget 2021 corresponding commitment, begin to report on climate-related financial risks. I also encourage the CDC to work with other Crown corporations to share best practices;
- Promote an inclusive vision for the future of the dairy sector that fosters opportunities for women, youth, Indigenous Peoples and other underrepresented groups. Take action to improve diversity within the CDC through inclusive recruitment, retention and promotion practices; and
- Implement the recommendations outlined in the 2021 Special Examination Report of the Auditor General of Canada to the CDC's board of directors.

As AAFC works to advance sector-specific priorities outlined in my mandate letter, I ask that you continue to support the Deputy Minister in his role as my principal source of public service support and policy advice for the entire Agriculture and Agri-Food portfolio, and in ensuring a coordinated portfolio. I know that I can count on you and the CDC to fulfil these priorities over the course of the Government's mandate and that your organization will commit to tracking and reporting on its progress toward results for Canadians.

I assure you of my full cooperation. Together, we can continue to build an innovative, sustainable and prosperous future for dairy producers and processors and protect the sector's reputation for providing a predictable supply of high-quality dairy products to Canadians.

Sincerely,

Original signed by

The Honourable Marie-Claude Bibeau, PC, MP

