



Canadian Dairy
Commission

Commission
canadienne du lait

January 30, 2024

CANADIAN DAIRY COMMISSION ANNUAL PUBLIC MEETING

Agenda



Board Report



CEO Report



Financial Review

BOARD REPORT

Jennifer Hayes, Chair

Report on Governance

1. Economic challenges :
 - inflation
 - labour shortages
 - rising interest rates
2. Initiatives that promote a sustainable dairy industry
3. Governing board
4. Continued collaboration with stakeholders



Support industry sustainability



Photo: www.vecteezy.com icon ade

The CDC:

- Supported the sustainability of the Canadian dairy industry:
 - Progress on structural surplus challenges
 - Dairy Innovation Investment Fund
 - Market Growth Program
- Iterated the Dairy Direct Payment Program

CEO REPORT

Benoit Basillais, CEO

Mandate

- 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 update

[2023 Market Updates | Canadian Dairy Commission \(cdc-ccl.ca\)](https://www.cdc-ccl.ca/2023-market-updates)

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.
 - Less than 2 cents per litres on February 1, 2023 (2.2%)
 - Price adjustment was postponed to May 1, 2024 (increase of 1.77%)
- The CDC is a key facilitator, administrator, and source of analytical expertise in Canada's dairy sector.

Facilitation

Chairing, secretariat and analytical support for numerous industry committees.

- 145 meetings
- 570 documents in both official languages (information, analysis, options, etc.)



Audits

- 35 Special Milk Class Program audits
- Milk Class 3(d) (Mozzarella for fresh pizzas) audits were performed, which covered 68 restaurants under one franchise banner
- 165 milk utilization audits on behalf of 8 provinces (NL, PE, NS, NB, QC, MB, SK, AB).
- Other verification activities and revenue sharing reviews represented an additional 50 projects.

Program Administration

- Special Milk Class Permit Program
 - 1,776 further processors and 123 distributors
- Class 3(d)
 - 10,439 restaurants and 130 distributors
- Market Development and Innovation
 - Dairy Innovation Program
 - Matching Investment Fund
- Dairy Direct Payment Program
- Revenue pooling among producers across the P10



Commitment to Transparency

- The CDC made a commitment to a proactive, transparent strategic communication strategy (pricing announcement, technical debriefs and pricing consultations).
- Over 50 people registered for the CDC's online training on the dairy supply management system.

HIGHLIGHTS OF

2022-2023

In 2022-2023

- Farms were added to the cost of production survey to reduce the margin of error
- Pooling calculations were performed on time.
- TRQ for butter was imported despite high world prices and challenges with supply chains.
- CDC's demand forecasts were within 2% of actual demand at the end of the year.
- Worked with provinces to update the P10 pooling agreement for producer revenues.
- Continued discussions to modernize the regulatory environment
- Outgoing members of the Senior Management Team

FINANCIAL REVIEW

Shikha Jain, Commissioner

OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

Butter Sales

Other Sources of Income

Expenses from Operating and
Administrative Activities

Overall Results

BUTTER SALES REVENUE

BUTTER SOLD:

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

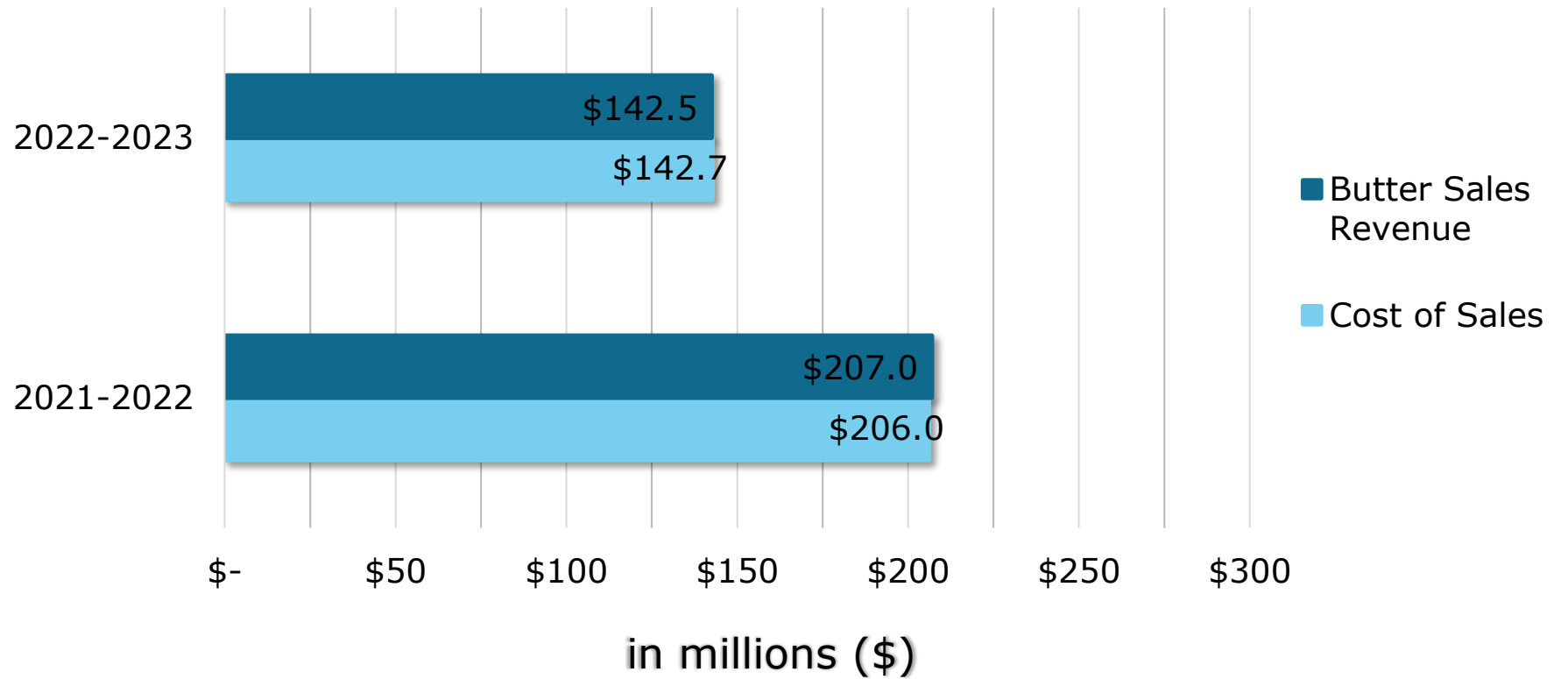
BUTTER
SALES
-31%

\$69M
DOMESTIC
SEASONALITY
PROGRAMS

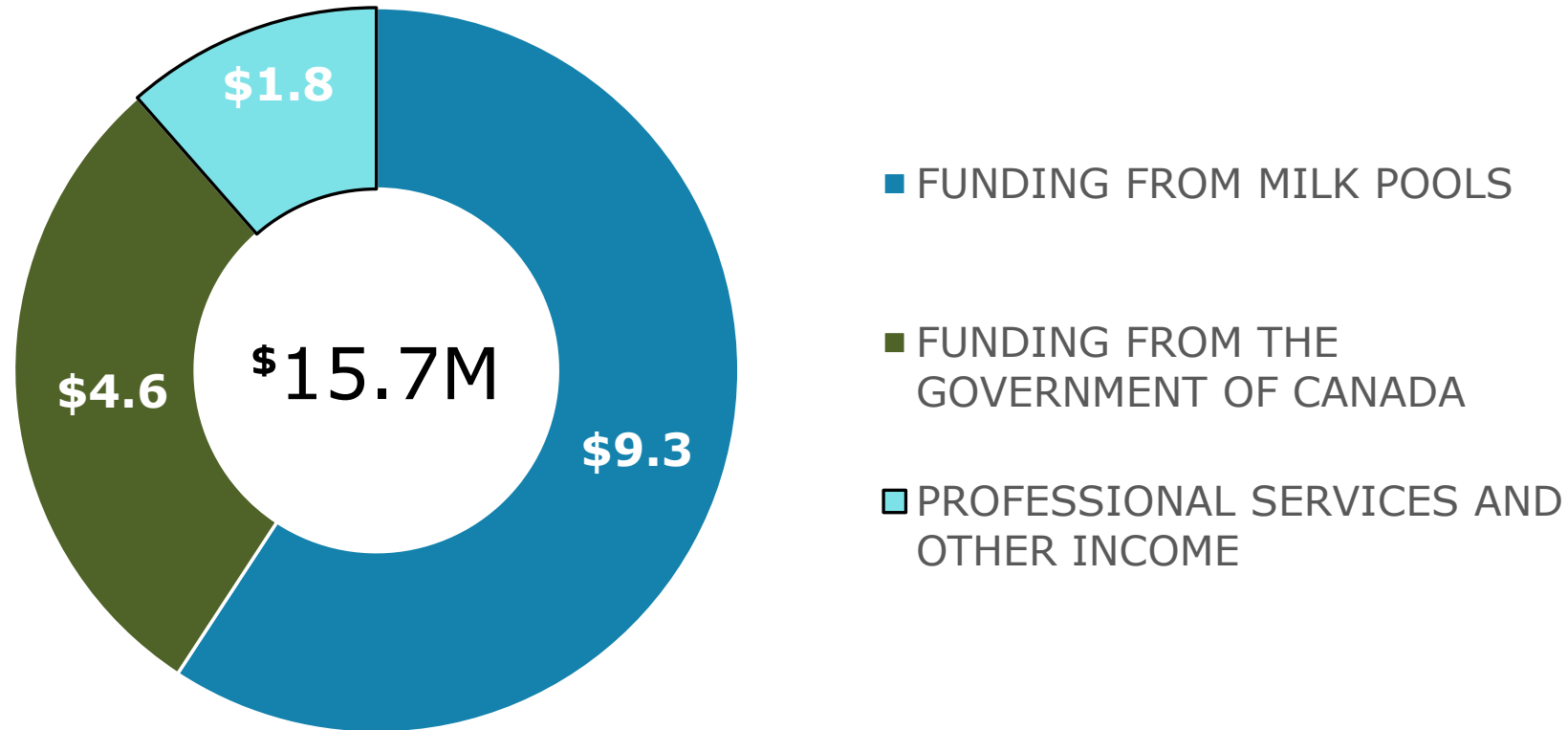
\$5M
IMPORT
BUTTER

GROSS PROFIT (LOSS) ON SALES

Gross loss on
butter sales
2022-2023
\$200K

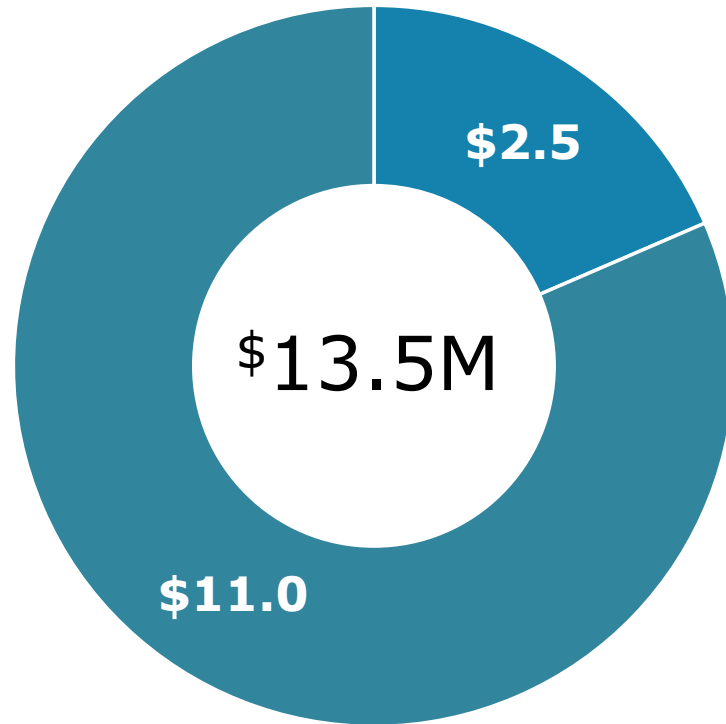


OTHER SOURCE OF INCOME



2022-2023 | in millions (\$)

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

2022-2023 | in millions (\$)

OVERALL RESULTS

OPERATIONAL SURPLUS

\$230K

Distributed to provincial milk marketing boards and agencies

TOTAL COMPREHENSIVE INCOME

\$1.7M

CLOSING RETAINED EARNINGS

\$27.7M

KEY HIGHLIGHTS FROM THE STATEMENT OF FINANCIAL POSITION

Butter Inventory

Repurchase Agreements –
PLAN C Program

Loans from the Government of Canada

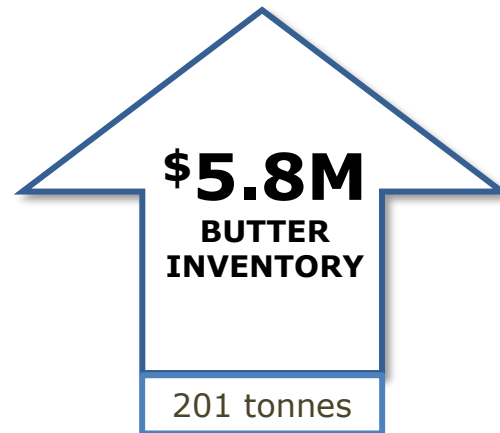
BUTTER INVENTORY

CLOSING BALANCE OF BUTTER INVENTORY

\$90.9M

8,906 tonnes

Domestics Seasonality Programs – Butter & Imported Butter



REPURCHASE AGREEMENTS – PLAN C PROGRAM FOR CHEESE

Closing Balance of Repurchase
Agreements

\$12M

\$1.9M

PLAN C
REPURCHASE
AGREEMENTS

Quantity of cheese associated
with outstanding agreements

2023: 1,332 tonnes

(2022 : 1,121 tonnes)

LOANS FROM THE GOVERNMENT OF CANADA

Closing Balance of Outstanding Loans
\$58.7M



IN CLOSING

CDC is in a sound financial position.

Sources of funding are stable.

CDC continues to provide high quality programs and services to the dairy industry.