



Canadian Dairy
Commission

Commission
canadienne du lait

CORPORATE PLAN SUMMARY FOR 2024-2025 TO 2028-2029

OPERATING AND CAPITAL BUDGETS
FOR THE DAIRY YEAR ENDING JULY 31, 2025

Corporate Plan dated March 31, 2024

TABLE OF CONTENTS

TABLE OF CONTENTS	2
1. EXECUTIVE SUMMARY	3
2.0 OVERVIEW	4
2.1 Corporate Mandate.....	4
2.2 Public Policy Role.....	4
2.3 Mission.....	5
2.4 Principal Programs	5
2.5 Financial Situation	6
3.0 OPERATING ENVIRONMENT	7
3.1 Internal Environment.....	7
3.2 External Environment	8
3.3 CDC Performance and External Reviews	9
3.4 Alignment with government priorities and direction	11
4.0 OBJECTIVES, ACTIVITIES, EXPECTED RESULTS AND PERFORMANCE INDICATORS	13
4.1 Objectives, activities, and Performance Measures for the Planning Period	13
5.0 FINANCIAL OVERVIEW	18
5.1 Overall financial management	18
5.2 Major Assumptions Used in Preparing Budgets.....	18
5.3 Financial statements and notes	19
APPENDIX A – Planned Results	24
APPENDIX B – Ministerial mandate Letter	32

1. EXECUTIVE SUMMARY

As of March 31, 2024, 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 2023-2024 dairy year.

Thanks to the sustained popularity of Canadian dairy products, the Canadian 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 2024-2025 are included in this plan. CDC's strategic priorities consist of cultivating industry collaboration towards a sustainable and resilient Canadian dairy industry, modernizing tools and practices to enable effective data-driven decisions to enhance the Canadian dairy supply management system, and optimizing organizational effectiveness in the face of competing priorities. The CDC has outlined several strategic goals to ensure these priorities are met:

- facilitating industry focus on balanced and sustainable growth for all milk components, with continued focus on solids non fat (SNF);
- advancing a national dialogue on the development of a shared vision for the dairy industry;
- modernizing and updating calculations around the establishment of the farmgate price of milk, with a focus on finding efficiencies in the process and responding to stakeholders' request for more information;
- ensuring the industry continues to adapt the supply management framework to current conditions;
- ensuring CDC programs are aligned with industry strategic objectives;
- optimizing CDC governance and decision-making processes; and
- supporting a resilient CDC workplace and workforce.

As well, the CDC is committed to its mandate, which, as per the [Canadian Dairy Commission Act](#), includes providing efficient producers with the opportunity to receive a fair return and providing consumers with a continuous and adequate supply of quality dairy products. The CDC has included several performance indicators in section 4.1 Objectives, Activities and Performance Measures for the Planning Period to ensure it meets its mandate.

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 2024-2025 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 85 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 farmgate, and national milk quotas.

To manage prices at the farmgate, 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 and Agriculture and Agri-Food Canada (AAFC).

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 programs¹ for the benefit of the entire supply chain. The CDC consults with Agriculture and Agri-Food Canada (AAFC) 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 Canadian Dairy Commission

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

¹ CDC programs are further described on its website: [Canadian Dairy Commission \(cdc-ccl.ca\)](https://www.cdc-ccl.ca)

Program Name	Objective	Target Audience
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 (Class 3d)	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 (SNF).	Animal feed manufacturers
Dairy Direct Payment Program (2024-2030) on behalf of AAFC	To compensate dairy producers for the impact of CUSMA.	Dairy producers
Dairy Innovation and Investment Fund on behalf of AAFC	Offers non-repayable contributions to make investments to help the supply-managed dairy sector better manage the structural surplus of solids non fat.	Dairy processors
Market Growth Program: Pre-Production Funding Stream	<p>The Pre-Production Funding stream of the Market Growth Program was launched in September 2023. It offers nonrepayable contributions to support investments in additional processing capacity for milk solids non-fat (SNF) and in the creation of new products that add value to the SNF surplus.</p> <p>Specifically, this stream supports the execution of studies during the planning stage of an investment, whether in a new plant or in an existing plant, including equipment replacement to increase processing capacity.</p>	Dairy Processors

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 85 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*.

Due to the size of the organization, career advancement is limited, and for that reason, staff and expertise retention can be a challenge. The CDC has already put measures in place to increase retention, such as development plans and a supportive training policy, and continues to monitor the situation and to look for best practices in that regard. Recruiting employees with specialized knowledge in the fields of agricultural economics and the dairy industry remains a challenge due to the small number of potential candidates. Despite these challenges, the corporation currently benefits from a competent, engaged workforce. The CDC has a representative workforce and will continue to strive to maintain a diverse and inclusive vision for the future of the dairy sector that fosters a stronger role for Indigenous and other underrepresented and marginalized groups, including but not limited to women, youth, persons with disabilities and racialized groups.

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. Once fully implemented, the global impact on Canadian dairy farmers and processors is expected to be 10% loss of market shares on the Canadian market. Imports under these agreements are taken into account when the CDC calculates requirements for Canadian milk.

Financial Trends

The Bank of Canada maintained interest rates between 4.5% and 5% in the last year to counter inflation. Some major banks in Canada are projecting that the Bank of Canada rates will start decreasing slowly later this year and in 2025. 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 any 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

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.

In October 2023, the CDC conducted the annual review of Canadian farmgate milk prices. Since exceptional circumstances were invoked, the CDC Board held consultations with stakeholders from October 17 to 23, 2023. After the review and consultations with stakeholders, the CDC postponed the farmgate milk price adjustment of 1.77% to May 1, 2024, instead of February 1, 2024. This increase translated to \$0.01543/litre (or just over 1 cent per litre). The CDC aimed to find consensus among stakeholders regarding the need for stable and predictable pricing as well as sensitivities to compounding impacts of pricing. Numbers from the 2022 cost of production survey (before indexation) confirm a significant increase in on farm costs compared to the 2021 survey results. However, increases in most indexed costs, including interest rates, were offset by decreases in other costs such as purchased feed, fuel and oil, and fertilizers & herbicides, resulting in a modest increase in the COP, when indexed.

In addition to the adjustment to the farmgate price of milk, the support price for butter increased from \$10.2180 per kg to \$10.3505 per kg on May 1, 2024. The support price for butter is used by the CDC when buying and selling butter under its [Domestic Seasonality Programs](#). Under these programs, 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, which contains three elements: the processors' make allowance, the carrying charges, and the price of

milk components. The processor's make allowance for butter will increase by 1.75% beyond the price of milk paid to dairy farmers. The carrying charges remain unchanged.

As requested in the Chair's mandate letter, the CDC reviewed its approach for the pricing decision. The CDC initiated an evaluation of its pricing consultation process soliciting valuable stakeholder feedback. Moving forward, the CDC Board will integrate this feedback to assure best practices in a fact-based decisional environment.

Dairy Direct Payment Program

On July 11, 2023, the Minister of Agriculture and Agri-Food Canada announced that \$1.2 billion would be provided to dairy producers over the next 6 years to fulfill the government's commitment to full and fair compensation to the supply-managed sectors related to concessions granted under the Canada-United States Mexico–Agreement (CUSMA). Payments to producers will be made under the Dairy Direct Payment Program (DDPP).

The second iteration of the DDPP began in dairy year 2023-2024 and is very similar to the first iteration of this program, including being administered by the CDC. For 2023-2024, up to \$300 million in the form of direct payments will be delivered to eligible dairy producers in Canada. Payments were based on the quota each producer held on August 31, 2023. To receive the payment, dairy producers had to complete, sign and send their registration by March 31, 2024.

At the end of fiscal year 2023-2024, 96% of eligible dairy producers in Canada had registered and received their payment and 98% (\$294.0 million) of the funds had been disbursed. This compares to 96% of producers and 98% (\$459.0 million) of funds in 2022-2023 (the final year of the first iteration of the program).

In the next 5 years, the funding is broken down as such:

- \$250 million will be made available in 2024-25
- \$250 million will be made available in 2025-26
- \$150 million will be made available in 2026-27
- \$150 million will be made available in 2027-28
- \$100 million will be made available in 2028-29

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. After all signatories have agreed on the text, the CDC will seek Governor in Council (GiC) approval.

Adapting the Dairy Product Marketing Regulations

In collaboration with AAFC and Justice Canada, the CDC is considering a broad modernization of the Dairy Product Marketing Regulations 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 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 and ensure that milk is billed uniformly across provinces. The CDC continues to collaborate with provincial milk marketing boards and governments regarding updates in their respective jurisdictions.

Improved Stakeholder and Public Communications

Over the last year, the CDC has continued building relationships with industry stakeholders throughout the supply chain through more frequent discussions.

In the past, 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. The CDC immediately addressed those questions with open and transparent communication. Since then, the CDC has maintained its communications efforts with the media and the public. This includes continuously updating its [website](#) with current information and creating new communication tools such as Q&As, fact sheets, infographics and market updates. The CDC also uses its social media channels to educate stakeholders and the public.

Finally, the CDC continues to promote its online orientation modules through its social media channels, on its web site, and at various industry and public events. The modules 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.

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 Sustainable Canadian Agricultural Partnership (Sustainable 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 (SNF) versus that for butterfat.

Innovative and sustainable growth in the sector

The Dairy Innovation Program and the Matching Investment Fund support innovation that brings growth to the sector. The new Dairy Innovation and Investment Fund aims to help manage SNF. The \$333 million program will help in this regard by encouraging the growth of the processing capacity in dairy and increased use of solids non fat in value-added products.

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 is administering the second iteration of the Dairy Direct Payment Program (DDPP) from 2024 to 2030. Details on this program can be found under CDC initiatives – Dairy Direct Payment Program on page 10.

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 2022-2023 are available in its [Annual Report](#).

In 2023-2024 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 is performed according to targets.

Strategic priorities, goals, and objectives 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 performance indicators are grouped under the CDC's mandate and role as well as under three strategic priorities. This section of the Plan presents, for each strategic priority, the five-year strategic goals of the CDC, the 2024-2025 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.

CDC Mandate

Vision	Provide leadership to enhance the vitality of Canada’s dairy industry for the benefit of Canadians.
---------------	--

The Canadian Dairy Commission strives to balance and serve the interests of all dairy industry representatives: producers, processors, further processors, exporters, consumers, and all levels of government.

Mandate	Provide efficient producers with the opportunity to obtain a fair return.	Provide consumers with a continuous and adequate supply of quality dairy products.
----------------	--	---

Below 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 farmgate, 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.

Performance Indicators	<ul style="list-style-type: none"> The cost of production (COP) has been calculated and published for incorporation into milk component prices by October 4. The farmgate price of milk announced by November 1. 	<ul style="list-style-type: none"> Monthly revenue pooling calculations as well as fund and data transfers on target: 8 days maximum. 	<ul style="list-style-type: none"> 95% of planned audits have been completed (milk utilization audits, Special Milk Class Permit Program, joint audits, Import for Re-Export Program, revenue sharing, Class 3d, internal audits, program evaluation). 	<ul style="list-style-type: none"> The support price for butter has been set by November 1 to be used in seasonal programs that balance supply and demand. 	<ul style="list-style-type: none"> 100% of the WTO butter tariff rate quota has been imported. 	<ul style="list-style-type: none"> Demand forecasts are within 2% of actual demand. Time from receipt of provincial data to quota allocation: 8 days maximum Programs applications are consistently processed as per the established delivery standards.
-------------------------------	--	--	---	---	---	---

CDC 2024-2025 STRATEGIC PRIORITIES

Strategic Priority #1: Cultivate industry collaboration toward a sustainable and resilient Canadian dairy industry

Under this strategic priority, 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 foster industry initiatives that aim to increase demand for SNF. As well, the CDC will work with the industry to develop a national shared vision.

<p>5-year Strategic Goals</p>	<p>1.1 Facilitate industry focus on balance and sustainable growth for all milk components.</p>	<p>1.2 Advance a national dialogue on the development of a shared vision for the dairy industry.</p>
<p>Objectives for 2024-2025</p>	<p>Support the industry to continue to develop value-added markets for SNF milk components.</p>	<p>Foster national discussion of a vision for a sustainable industry.</p>
<p>Performance Indicators</p>	<ul style="list-style-type: none"> • A proposal to reduce the number of milk classes to stimulate demand has been presented to CMSMC. • With the support of the CDC, the industry has adopted and implemented programs focused on SNF. • Dairy Innovation and Investment Fund successful applicants have received their contribution agreement. • The CDC’s scenario on structural surplus is evaluated against baseline scenario and updated for publication to industry. 	<ul style="list-style-type: none"> • The CDC has coordinated the P10 pooling committee to undertake a strategic planning process. • The CDC has led discussions within the P10 Pooling committee regarding sharing of quotas and transportation costs at the national level.

Strategic Priority #2: Modernize tools and practices to enable effective national data-driven decisions to optimize the Canadian dairy supply management system

This strategic priority puts emphasis on the importance of ensuring that the Canadian dairy supply management system is managed using modernized tools and policies, and that decisions that affect it are based on solid data. The CDC will work with the industry to modernize its tools, it will ensure that the industry continues to adapt supply management’s legal framework to current conditions, and it will manage its programs efficiently while ensuring that they are aligned with industry objectives.

<p>5-year Strategic Goals</p>	<p>2.1 Modernize and update calculations around the establishment of the farmgate price of milk.</p>	<p>2.2 Lead the industry to continue to adapt the supply management legal framework to current conditions.</p>	<p>2.3 Ensure CDC programs are aligned with industry strategic objectives.</p>
<p>Objectives for 2024-2025</p>	<p>Review COP data collection and dissemination process.</p>	<p>Ensure supply management rules are clear, up-to-date, and relevant.</p>	<p>Ensure CDC’s programs are managed efficiently and effectively.</p>
<p>Performance Indicators</p>	<ul style="list-style-type: none"> • Elements of the COP process have been reviewed and a streamlined approach developed to enhance the study. 	<ul style="list-style-type: none"> • A new national revenue and market sharing agreement with the provinces has been finalized and adopted by the industry. • Proposed Dairy Products Marketing Regulations have been drafted and shared with provincial partners. • The National Milk Marketing Plan has been tabled for a review and modernization process. 	<ul style="list-style-type: none"> • The CDC has reviewed its programs supporting innovation and investment in light of new industry strategy to develop value added markets. • A plan is developed to streamline the administration of SMCPP and to enhance participant experience.

Strategic Priority#3: Optimize organization effectiveness in the face of competing priorities

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 refining and updating documentation on roles and responsibilities internally, reviewing the CDC's information management framework, and ensuring employee engagement related to equity, diversity, and inclusion.

<p>5-year Strategic Goals</p>	<p>3.1 Optimize CDC governance and decision-making process.</p>	<p>3.2 Support a resilient CDC workplace and workforce.</p>
<p>Objectives for 2024-2025</p>	<p>Optimize IM framework and refine CDC decision making processes.</p>	<p>Cultivate an inclusive work environment that fosters staff development.</p>
<p>Performance Indicators</p>	<ul style="list-style-type: none"> • Documentation on roles, responsibilities, and relationships between Board, senior management team, and managers are refined, updated, and communicated to CDC staff. • The strategic planning process has been reviewed and modernized to be more inclusive and more responsive to change. • The CDC IM framework has been reviewed, optimized, and updated with training materials. • CDC procedures have been reviewed and are tracked. 	<ul style="list-style-type: none"> • At least one training activity has been included in each employee's learning plan. • At least one activity on equity, diversity, and inclusion has been offered to CDC staff. • Barriers for employment at the CDC (hiring and while at work) have been identified and a mitigation plan is in development.

5.0 Financial overview

5.1 Overall financial management

The Canadian Dairy Commission is a Crown corporation with sound financial and risk management practices. Each year, managers are consulted in order to establish the administration budget. This budget is then finalized by the Senior Management Team and approved by the Board. During the year, the Audit Committee reviews and approves the quarterly financial reports which are then posted on the CDC public [website](#) 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, 2024. 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 2023-2024 is expected to increase by 2% per year during 2024-2025 to 2028-2029.

Domestic sales of butter (which include imported butter) will be approximately 15 million kg for 2023-2024, 23 million kg for the remainder of the years.

Budgets also assume cheese stocks of 1,300 tonnes at year-end in 2023-2024 and 1,100 tonnes for 2024-2025 and for the remainder of the planning period. The Plan C cheese program helps deal with milk production that exceeds processing capacity, especially during Holiday periods.

The interest rates used for outstanding loans from the Consolidated Revenue Fund (CRF) are based on the Bank of Canada overnight rates. Interest rates on loans from the member of Canadian Payments Association will remain at prime, which is estimated based on projections published by financial institutions in Canada.

5.3 Financial statements and notes

CANADIAN DAIRY COMMISSION
STATEMENT OF FINANCIAL POSITION
as at JULY 31, 2023-2029

(in thousands)

	Actual Audited 2022-23	Budget 2023-24	Forecast 2023-24	Budget				
				2024-25	2025-26	2026-27	2027-28	2028-29
ASSETS								
Current								
Cash	\$ 14	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500
Trade and other receivables								
Trade receivables	1,255	980	985	980	975	970	965	965
Advance to provincial milk boards and agencies	11,082	10,500	12,000	12,240	12,485	12,734	12,989	13,249
Milk pools	1,619	1,800	1,800	1,800	1,800	1,900	1,900	1,900
Derivative asset - foreign exchange contracts	0	0	0	0	0	0	0	0
Inventory	90,954	124,547	113,798	126,074	128,596	131,167	133,791	136,467
Plan C repurchase agreements	6,508	6,372	9,297	2,475	2,475	4,950	4,950	4,950
	<u>111,432</u>	<u>144,699</u>	<u>138,380</u>	<u>144,069</u>	<u>146,831</u>	<u>152,221</u>	<u>155,095</u>	<u>158,031</u>
Non Current								
Plan C repurchase agreements	5,484	4,950	0	2,475	4,950	4,950	4,950	4,950
Equipment	0	0	0	0	0	0	0	0
Intangible asset	20	0	0	0	0	0	0	0
Right-of-use of asset	559	938	407	254	101	1,537	1,378	1,219
	<u>6,063</u>	<u>5,888</u>	<u>407</u>	<u>2,729</u>	<u>5,051</u>	<u>6,487</u>	<u>6,328</u>	<u>6,169</u>
Total Assets	\$ 117,495	\$ 150,587	\$ 138,787	\$ 146,798	\$ 151,882	\$ 158,708	\$ 161,423	\$ 164,200
LIABILITIES								
Current								
Bank overdraft	\$ 11,082	\$ 10,500	\$ 12,000	\$ 12,240	\$ 12,485	\$ 12,734	\$ 12,989	\$ 13,249
Trade and other payables								
Trade payables and accruals	18,507	8,231	13,026	14,408	8,424	8,592	8,764	8,940
Distribution to provincial milk boards and agencies	230	176	605	176	276	276	276	276
Other payables	1,193	1,274	1,554	1,393	1,258	1,274	1,238	1,256
Deferred revenue	4	500	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	58,707	107,892	82,039	92,315	104,535	110,714	114,308	118,089
	<u>89,723</u>	<u>128,573</u>	<u>109,724</u>	<u>121,032</u>	<u>127,478</u>	<u>134,090</u>	<u>138,075</u>	<u>142,310</u>
Non Current								
Lease Liability	651	970	453	292	127	1,558	1,416	1,270
EQUITY								
Retained Earnings	27,121	21,044	28,610	25,474	24,277	23,060	21,932	20,620
Total Liabilities and Equity	\$ 117,495	\$ 150,587	\$ 138,787	\$ 146,798	\$ 151,882	\$ 158,708	\$ 161,423	\$ 164,200

Statement of Operations and Comprehensive Income (Loss)

The domestic sales and cost of sales budgeted for 2024-2025 are higher than those forecasted for 2023-2024. This is mainly the result of purchasing more butter than in 2023-2024 and the increase in the support price of butter, at which the butter is valued.

Finance costs in 2024-2025 are expected to increase compared to 2023-2024 as we expect to purchase more butter and interest rates to remain relatively high during this period. Interest rates are forecasted to slowly decrease starting in 2025-2026. 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 2024-2025 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 the dairy year. For 2023-2024 the funding is higher than the forecast due to adjustments following new signed collective agreements. 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 and the Dairy Innovation and Investment Fund. Also included in this line are revenues for performing plant audits in 8 provinces.

“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 Income (Loss) are negative starting in 2024-2025 because of a planned reduction in the balance of the imported butter and marketplace accounts.

CANADIAN DAIRY COMMISSION
STATEMENT OF OPERATIONS AND COMPREHENSIVE PROFIT (LOSS)
for the Dairy Years ended July 31, 2023 - 2029

	(in thousands)							
	Actual Audited	Budget	Forecast	Budget				
	2022-23	2023-24	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Domestic sales and cost of sales								
Sales revenue	\$ 142,497	\$ 217,478	\$ 154,292	\$ 221,911	\$ 235,869	\$ 239,998	\$ 244,209	\$ 248,505
Cost of goods sold	140,769	215,993	150,676	220,086	233,937	238,060	242,264	246,552
Transport and carrying charges	1,576	3,646	2,463	3,385	3,592	3,662	3,743	3,824
Finance costs	370	2,607	1,518	2,126	1,706	1,710	1,821	1,825
Gross profit (loss) on domestic sales	(218)	(4,768)	(365)	(3,686)	(3,366)	(3,434)	(3,619)	(3,696)
Other income								
Funding from milk pools	9,310	11,932	10,310	10,883	12,420	12,740	13,370	13,573
Funding from the Government of Canada	4,617	4,325	5,522	5,101	5,174	5,195	5,195	5,195
Professional services and other Income	1,769	2,070	2,267	2,275	2,295	2,310	2,165	2,065
	15,696	18,327	18,099	18,259	19,889	20,245	20,730	20,833
Total gross profit (loss) on domestic sales and other income	15,478	13,559	17,734	14,573	16,523	16,811	17,111	17,137
Operating Expenses								
Industry initiatives	250	1,246	335	1,250	1,250	1,250	1,250	1,250
Cost of Production study	992	1,057	1,122	1,183	1,206	1,230	1,256	1,284
Plan C program costs	750	1,441	921	1,108	948	1,040	1,040	1,041
Other charges (recoveries)	544	190	1,019	842	732	752	774	797
	2,536	3,934	3,397	4,383	4,136	4,272	4,320	4,372
Administrative Expenses								
Salaries and employee benefits	9,100	10,018	9,830	10,825	10,988	11,152	11,290	11,454
Other administrative expenses	1,891	2,887	2,413	2,325	2,320	2,329	2,352	2,348
	10,991	12,905	12,243	13,150	13,308	13,481	13,642	13,802
Total operating and administrative expenses	13,527	16,839	15,640	17,533	17,444	17,753	17,962	18,174
Profit (loss) before distribution to provincial milk boards and agencies	1,951	(3,280)	2,094	(2,960)	(921)	(942)	(851)	(1,037)
Distribution to provincial milk boards and agencies	230	176	605	176	276	276	276	276
Total comprehensive profit (loss)	\$ 1,721	\$ (3,456)	\$ 1,489	\$ (3,136)	\$ (1,197)	\$ (1,218)	\$ (1,127)	\$ (1,313)

CANADIAN DAIRY COMMISSION
STATEMENT OF CASH FLOWS
for the Dairy Years ended July 31, 2023 - 2029

(in thousands)

	Actual			Budget				
	Audited 2022-23	Budget 2023-24	Forecast 2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Cash flows from (used in) operating activities								
Cash received from customers and others	\$ 145,073	\$ 219,553	\$ 157,325	\$ 224,192	\$ 238,169	\$ 242,313	\$ 246,379	\$ 250,570
Cash paid to suppliers and others	(158,763)	(261,083)	(197,231)	(251,818)	(263,311)	(261,700)	(266,272)	(270,848)
Cash receipts from provincial milk boards and agencies (pooling)	6,467	11,932	9,211	10,643	12,175	12,390	13,115	13,313
Cash paid to provincial milk boards and agencies (operating surplus)	(260)	(276)	(230)	(605)	(176)	(276)	(276)	(276)
Cash receipts from the Government of Canada	4,617	4,325	5,522	5,101	5,174	5,195	5,195	5,195
Cash paid for Plan C repurchase agreements	(6,270)	(4,950)	(3,944)	(4,950)	(4,950)	(4,950)	(4,950)	(4,950)
Cash receipts from Plan C repurchase agreements	4,368	5,937	6,637	9,298	2,475	2,475	4,950	4,950
Interest paid on loans and the lease liability	(223)	(2,564)	(858)	(2,215)	(1,857)	(1,715)	(1,849)	(1,849)
Net cash flows from (used in) operating activities	(4,991)	(27,126)	(23,568)	(10,354)	(12,301)	(6,268)	(3,708)	(3,895)
Cash flows from (used in) financing activities								
New loans from the Government of Canada	78,333	200,000	190,000	200,000	200,000	200,000	200,000	200,000
Loan repayments to the Government of Canada	(76,265)	(172,520)	(166,667)	(189,725)	(187,779)	(193,823)	(196,405)	(196,219)
Principal payments on lease liability	(232)	(355)	(198)	(161)	(165)	(159)	(142)	(146)
Net cash flows from (used in) financing activities	1,836	27,125	23,135	10,114	12,056	6,018	3,453	3,635
Net decrease (increase) in bank overdraft	(2,709)	-	(432)	(240)	(245)	(250)	(255)	(260)
Net bank overdraft at beginning of the year	(8,359)	(10,000)	(11,068)	(11,500)	(11,740)	(11,985)	(12,234)	(12,489)
Net bank overdraft at end of the year	\$ (11,068)	\$ (10,000)	(11,500)	(11,740)	(11,985)	(12,234)	(12,489)	(12,749)
Components:								
Cash	\$ 14	\$ 500	500	500	500	500	500	500
Bank overdraft	(11,082)	(10,500)	(12,000)	(12,240)	(12,485)	(12,734)	(12,989)	(13,249)
Net bank overdraft	\$ (11,068)	\$ (10,000)	(11,500)	(11,740)	(11,985)	(12,234)	(12,489)	(12,749)

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.

These profits are used to finance initiatives that benefit the entire industry, such as research, workforce development, and milk quality control.

CANADIAN DAIRY COMMISSION
STATEMENT OF CHANGES IN EQUITY
for the Dairy Years ended July 31, 2023 - 2029

(in thousands)

	Actual			Budget				
	Audited 2022-23	Budget 2023-24	Forecast 2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Retained earnings, beginning of the year	\$ 25,400	\$ 24,500	\$ 27,121	\$ 28,610	\$ 25,474	\$ 24,277	\$ 23,060	\$ 21,932
Total comprehensive loss for the year	1,721	(3,456)	1,489	(3,136)	(1,197)	(1,218)	(1,127)	(1,313)
Retained earnings, the end of the year	\$ 27,121	\$ 21,044	\$ 28,610	\$ 25,474	\$ 24,277	\$ 23,060	\$ 21,932	\$ 20,620

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.

CANADIAN DAIRY COMMISSION
ADMINISTRATIVE EXPENSES AND FUNDING
for the Dairy Years ended July 31, 2023 - 2029

(in thousands)

	Budget	Forecast	Budget				
	2023-24	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Personnel	\$ 10,266	\$ 9,830	\$ 10,825	\$ 10,988	\$ 11,152	\$ 11,290	\$ 11,454
Professional and special services	1,820	1,576	1,536	1,536	1,536	1,536	1,536
Rentals	282	342	299	295	303	327	323
Transportation & communications	385	358	383	383	383	383	383
Information services	5	7	7	7	7	7	7
Acquisition of equipment	83	107	72	72	72	72	72
Materials and supplies	8	8	12	12	12	12	12
Repair and maintenance	12	10	10	10	10	10	10
Miscellaneous expenditures	4	4	4	5	4	4	4
Total administrative expenses	\$ 12,865	\$ 12,243	\$ 13,150	\$ 13,308	\$ 13,481	\$ 13,642	\$ 13,802
Share of Funding							
Appropriation breakdown:							
CDC appropriation Vote 1	\$ 4,097	\$ 5,436	\$ 5,026	\$ 5,099	\$ 5,120	\$ 5,120	\$ 5,120
Eligible payroll expenditures	100	86	75	75	75	75	75
Total Government appropriation	\$ 4,197	\$ 5,522	\$ 5,101	\$ 5,174	\$ 5,195	\$ 5,195	\$ 5,195
Producer contribution	\$ 3,000	\$ 2,860	\$ 2,860	\$ 2,860	\$ 3,000	\$ 3,050	\$ 3,100
Marketplace contribution	1,875	1,800	1,800	1,800	1,875	1,925	1,950
Other	1,291	2,061	3,389	3,474	3,411	3,472	3,557
Total	\$ 6,166	\$ 6,721	\$ 8,049	\$ 8,134	\$ 8,286	\$ 8,447	\$ 8,607

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, 2023 - 2029

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

	Actual 2022-23	Budget 2023-24	Forecast 2023-24	Budget				
				2024-25	2025-26	2026-27	2027-28	2028-29
Short-term borrowings	\$ 69.8	\$ 118.4	\$ 94.0	\$ 104.6	\$ 117.0	\$ 123.4	\$ 127.3	\$ 131.3
Long-term Borrowings	-	-	-	-	-	-	-	-
Total borrowings	\$ 69.8	\$ 118.4	\$ 94.0	\$ 104.6	\$ 117.0	\$ 123.4	\$ 127.3	\$ 131.3

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

	Actual 2022-23	Budget 2023-24	Forecast 2023-24	Budget				
				2024-25	2025-26	2026-27	2027-28	2028-29
Canadian dollars	\$ 69.8	\$ 118.4	\$ 94.0	\$ 104.6	\$ 117.0	\$ 123.4	\$ 127.3	\$ 131.3
Us dollars (expressed in canadian dollars)	-	-	-	-	-	-	-	-
Total borrowings	\$ 69.8	\$ 118.4	\$ 94.0	\$ 104.6	\$ 117.0	\$ 123.4	\$ 127.3	\$ 131.3

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

Method and currency used	Actual 2022-23	Budget 2023-24	Forecast 2023-24	Budget				
				2024-25	2025-26	2026-27	2027-28	2028-29
Line of credit: Canadian dollars	\$ 14.7	\$ 11.0	\$ 14.9	\$ 14.0	\$ 14.0	\$ 14.0	\$ 14.0	\$ 14.0
Line of credit: US dollars (expressed in canadian dollars)	-	-	-	-	-	-	-	-
Borrowings: Canadian dollars	61.0	130.0	78.1	108.1	123.2	127.1	134.5	138.5
Borrowings: US dollars (expressed in Canadian dollars)	-	-	-	-	-	-	-	-
Total borrowings	\$ 75.7	\$ 141.0	\$ 93.0	\$ 122.1	\$ 137.2	\$ 141.1	\$ 148.5	\$ 152.5

Appendix A

Planned Results

CDC Mandate

Outcome	Performance indicator	Baseline	2024-2025 Target	2028-2029 Target	Data Strategy
Provide efficient producers with the opportunity to obtain a fair return.	The COP has been calculated and published for incorporation into milk component prices by October 4.	COP survey and process procedures.	October 4	Early October	Compilation by Policy and Economics
	The farmgate price of milk has been announced by November 1.	None	Farmgate price of milk announced by November 1.	Farmgate price of milk announced by November 1.	Compilation by Policy and Economics and Communications
	Monthly revenue pooling calculations as well as fund and data transfers are on target.	None	8 days maximum	8 days maximum	Compilation by Finance and Administration.
	Planned audits have been completed.	32 milk utilization audits (MUA) 35 Special Milk Class Permit Program (SMCPP) audits 9 Joint Audits 3 Import for Re-Export Program (IREP) audits 10 Revenue Sharing audits 30 Class 3(d) audits 2 Internal Audits 1 Program Evaluation audit	95% of planned audits have been completed (200 MUA, 35 SMCPP, 10 joint audits, 2 IREP, revenue sharing, 25 Class 3d, 3 internal audits, 1 program evaluation).	95% of planned audits have been completed (200 MUA, 35 SMCPP, 10 joint audits, 2 IREP, revenue sharing, 25 Class 3d, 3 internal audits, 1 program evaluation).	Compilation by Audit and Evaluation

Outcome	Performance indicator	Baseline	2024-2025 Target	2028-2029 Target	Data Strategy
Provide consumers with a continuous and adequate supply of quality dairy products at all times.	The support price for butter has been set by November 1 to be used in seasonal programs that balance supply and demand.	None	Support price has been set by November 1.	Support price has been set by November 1.	Compilation by Policy and Economics.
	100% of the WTO Tariff rate quota has been imported.	3,274 tonnes	3,274 tonnes	3,274 tonnes	Compilation by Commercial Operations and Marketing.
	Accuracy of demand forecasts	None	Demand forecasts are within 2% of actual demand.	Demand forecasts are within 2% of actual demand.	Compilation by Policy and Economics
	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
	Programs applications are consistently processed as per the established delivery standards.	Program delivery standards	Based on each program's individual delivery standards	Based on each program's individual delivery standards	Compilation by program managers.

CDC 2024-2025 Strategic Priorities

Priority	Performance indicator	Baseline	2024-2025 Target	2028-2029 Target	Data Strategy
Cultivate industry collaboration toward a sustainable and resilient Canadian dairy industry.	A proposal to reduce the number of milk classes to stimulate demand has been presented to CMSMC.	None	Proposal presented	Number of milk classes have been reduced.	Compilation by Policy and Economics
	With the support of the CDC, the industry has adopted and implemented programs such as MGP and PLR, focused on minimizing SNF surplus.	None	2 programs	New programs developed based on industry needs.	Compilation by Program Team
	Dairy Innovation and Investment Fund successful applicants have received their contribution agreement.	None	DIIF contribution agreements have been completed.	Supported companies have begun to modernize their solids non fat (SNF) processing capacity.	Compilation by Program Team
	The CDC's scenario on structural surplus is evaluated against baseline scenario and updated for publication to industry.	2019-2020 baseline scenario.	Scenario is updated according to baseline scenario.	Scenario is updated according to baseline scenario.	Compilation by Policy and Economics
	The CDC has coordinated the P10 pooling committee to undertake a	None	The P10 has agreed to undertake a strategic planning process.	P10 has a developed strategic planning based.	Compilation by Policy and Economics and CDC Board

Priority	Performance indicator	Baseline	2024-2025 Target	2028-2029 Target	Data Strategy
	strategic planning process.				
	The CDC has led discussions within the P10 Pooling committee regarding sharing of quotas and transportation costs at the national level.	None	Discussions on sharing of markets and transportation have been completed.	Results of discussions are in place.	Compilation by Policy and Economics and CDC Board
Modernize tools and practices to enable effective national data-driven decisions to optimize the Canadian dairy supply management system.	Elements of the COP process have been reviewed and a streamlined approach has been developed to enhance the study.	Current method	COP data process has been reviewed and streamlined process has been developed.	Calculations around the establishment of the farmgate price of milk have been updated and modernized.	Compilation by Policy and Economics
	New national revenue and market sharing agreement	Current national revenue and sharing agreement.	A new national revenue and market sharing agreement with the provinces has been finalized and adopted by the industry.	Supply management rules are clear, up-to-date, and relevant.	Compilation by Policy and Economics
	Draft Dairy Products Marketing Regulations (DPMR)	Current DPMR	Proposed Dairy Products Marketing Regulations	Supply management rules are clear,	Compilation by Policy and Economics

Priority	Performance indicator	Baseline	2024-2025 Target	2028-2029 Target	Data Strategy
			(DPMR) have been drafted and shared with provincial partners.	up-to-date, and relevant.	
	Proposal to update National Milk Marketing Plan (NMMP)	Current NMMP	The National Milk Marketing Plan (NMMP) has been tabled for a review and modernization process.	Supply management rules are clear, up-to-date, and relevant.	Compilation by Policy and Economics
	Innovation programs have been reviewed.	Current programs	The CDC has reviewed its programs supporting innovation and investment in light of new industry strategy to develop value added markets	Innovation programs meet industry needs.	Compilation by Commercial Operations and Marketing
	Streamline Special Milk Class Permit Program (SMCPP) administration.		A plan is developed to streamline the administration of SMCPP and to enhance	SMCPP administration has been streamlined.	Compilation by Commercial Operations and Marketing

Priority	Performance indicator	Baseline	2024-2025 Target	2028-2029 Target	Data Strategy
			participant experience.		
Optimize Organization Effectiveness in the Face of Competing Priorities.	Documentation has been updated.	None	Documentation on roles, responsibilities, and relationships between Board, SMT, and managers is refined, updated and communicated to CDC staff.	Roles, responsibilities and relationships between Board, SMT and managers continues to be clear and well-defined.	Compilation by Corporate Services
	CDC strategic planning process has been reviewed.	Current strategic planning process.	The strategic planning process has been reviewed and modernized to be more inclusive and more responsive to change.	CDC strategic planning process continues to meet the CDC requirements and is reviewed accordingly.	Compilation by Corporate Services
	Review of CDC IM framework	Current IM Framework	The CDC IM framework has been reviewed, optimized, and updated with training materials.	The CDC IM framework continues to meet CDC's business requirements.	Compilation by Corporate Services

Priority	Performance indicator	Baseline	2024-2025 Target	2028-2029 Target	Data Strategy
	Review of procedures.	Current processes	CDC procedures have been reviewed and are tracked.	Procedures continue to be efficient and effective.	Compilation by Corporate Services
	Staff training and development.	None	At least one training activity has been included in each employee's learning plan.	Staff training and development continues to be a priority.	Compilation by Human Resources
	Equity, diversity and inclusion	None	At least one activity on equity, diversity, and inclusion has been offered to CDC staff.	An EDI lens is used by all employees for all activities	Compilation by Human Resources
	Barriers for employment at the CDC	None	Barriers for employment at the CDC (hiring and while at work) have been identified and a mitigation plan is in development.	CDC continues to evaluate barriers for employment and ensure plans are updated to address them.	Compilation by Human Resources

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.

A handwritten signature in black ink, appearing to read 'Benoit Basillais', with a horizontal line drawn through the middle of the signature.

Benoit Basillais
Chief Executive Officer
Canadian Dairy Commission

Original signed
May 15, 2024

Appendix B

Ministerial Mandate Letter

April 13, 2022

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