



CDC'S 12TH ANNUAL PUBLIC MEETING

Welcome and
Opening Remarks
**Alistair
Johnston, Chair**



Canadian Dairy
Commission

Commission
canadienne du lait

BOARD OF DIRECTORS



Jennifer Hayes, Commissioner - Alistair Johnston, Chair - Serge Riendeau, CEO



Canadian Dairy
Commission

Commission
canadienne du lait

BOARD OF DIRECTORS



- ✓ Strategic direction
- ✓ Corporate plan and budgets
- ✓ Annual report and financial statements
- ✓ Governance practices and policies
- ✓ Succession Plan
- ✓ Information systems and management practices



DECISION-MAKING

Senior Management Team

- Senior Director, Commercial Operations and Marketing
- Director, Corporate Services
- Director, Policy and Economics
- Director, Audit and Evaluation
- Corporate Secretary

Special advisor

- Ex-Senior Director, Commercial Operations and Marketing



MANDATE

- 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



2018 HIGHLIGHTS

- CMSMC Self-Assessment Survey
- Exceptional Circumstances and Support Prices
- True protein billing
- New Total Requirements and Total Quota Calculation
- CUSMA (Canada, United-States, Mexico Agreement)
- Workforce Development Initiative



WORKFORCE DEVELOPMENT INITIATIVE

Launched: April 1, 2018

Budget: \$5M

Objective:

to enable productivity, competitiveness, and innovation in the Canadian dairy industry by supporting the education and recruitment of a qualified workforce

Includes 4 programs:

- Graduate Scholarships (\$1.5M)
- Career Promotion (\$300,000)
- Education Program (\$2M)
- Continuing Education (\$1.2M)



SCHOLARSHIP PROGRAM (\$1.5M)

Objective:

to encourage graduate studies related to the dairy industry and improve career opportunities in the Canadian dairy industry among aspiring students

Examples of topics of study:

- Adding value to dairy ingredients
- Developing new applications and dairy food products based on bio-medicine
- Understanding the dairy matrix and the functionality of dairy products
- Improving farm efficiency
- Reducing cost of milk production
- Improving animal health and welfare
- Enhancing sustainable development and eco-efficiency



CAREER PROMOTION (\$300,000)

Objective:

to encourage the development, production, and distribution of material that promote career and education opportunities for the benefit of the Canadian dairy industry

Applicants:

- A joint application between Canadian dairy producer or processor associations and a recognized learning institution, organization, or technology

Funding:

- Awardees must fund at least 50% of the total cost of the project



EDUCATION PROGRAM (\$2M)

Objective:

to encourage recognized learning institutions and organizations, in partnership with dairy processor associations, in developing full-time curricula in dairy processing. These programs should be tailored to respond to the current and future needs of the Canadian dairy processing sector

Approved project:

- A new post-secondary education program on cheese making in English and French
- Collège La Cité and Conestoga College and ODC, ON
- \$546,000
- Due to start September 2019



CONTINUING EDUCATION (\$1.2M)

Objective:

to encourage recognized learning institutions and organizations, in partnership with dairy industry associations, in developing training and development programs and courses aimed at dairy farm and dairy plant employees to enhance competencies and improve skills

Approved projects:

- Dairy Employee Training Series, Lakeland College and Alberta Milk, AB, \$26,000
- Young Milkers, Sectoral Workforce Committee and UPA, QC, \$5,000



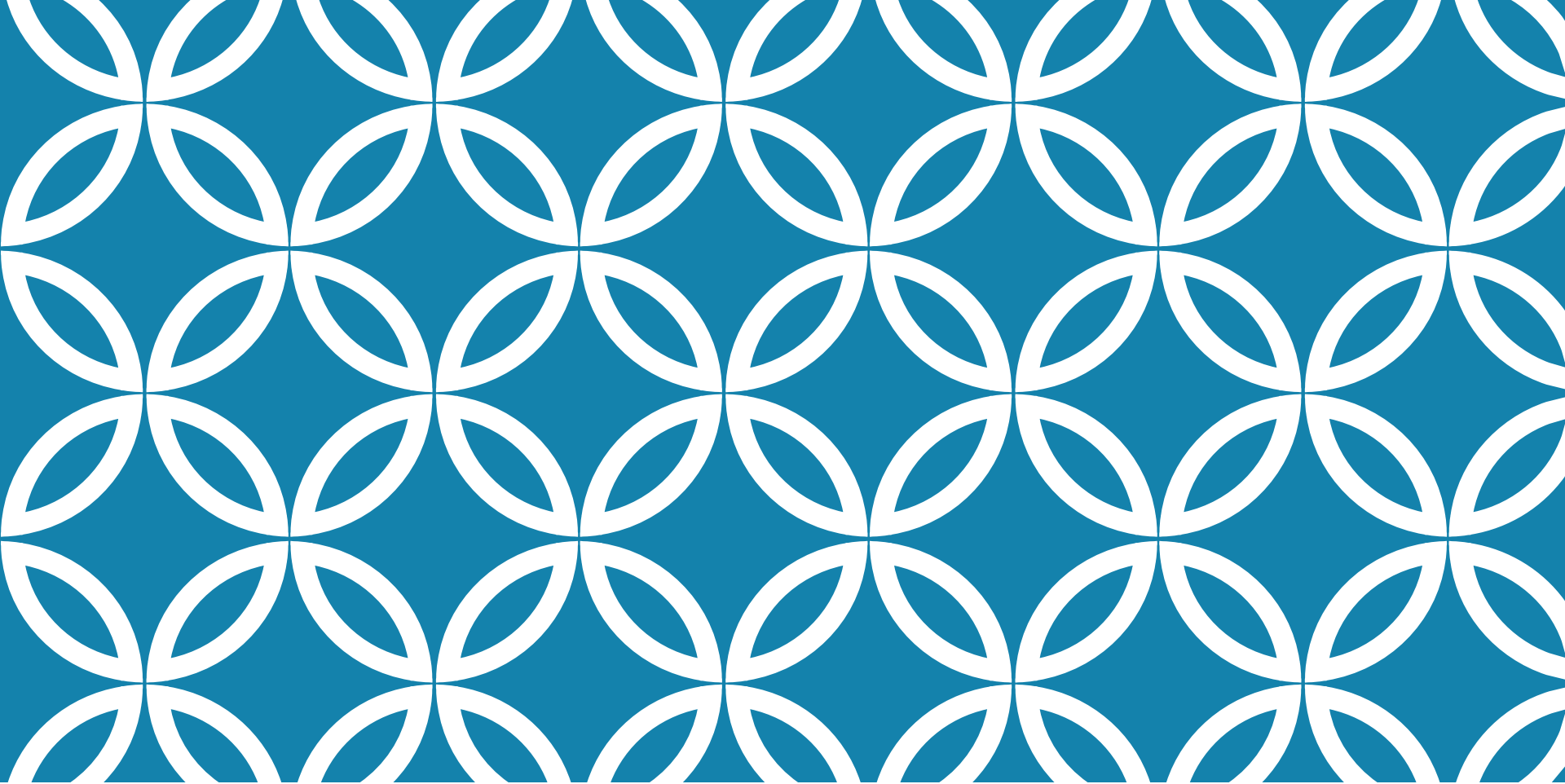
A SECOND CALL FOR APPLICATIONS
WILL START FEBRUARY 1, 2019

MLKingredients.ca



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FINANCIAL REVIEW AND OVERSIGHT

Commissioner and
Chair, Audit Committee
Jennifer Hayes



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INVENTORY

Butter under:

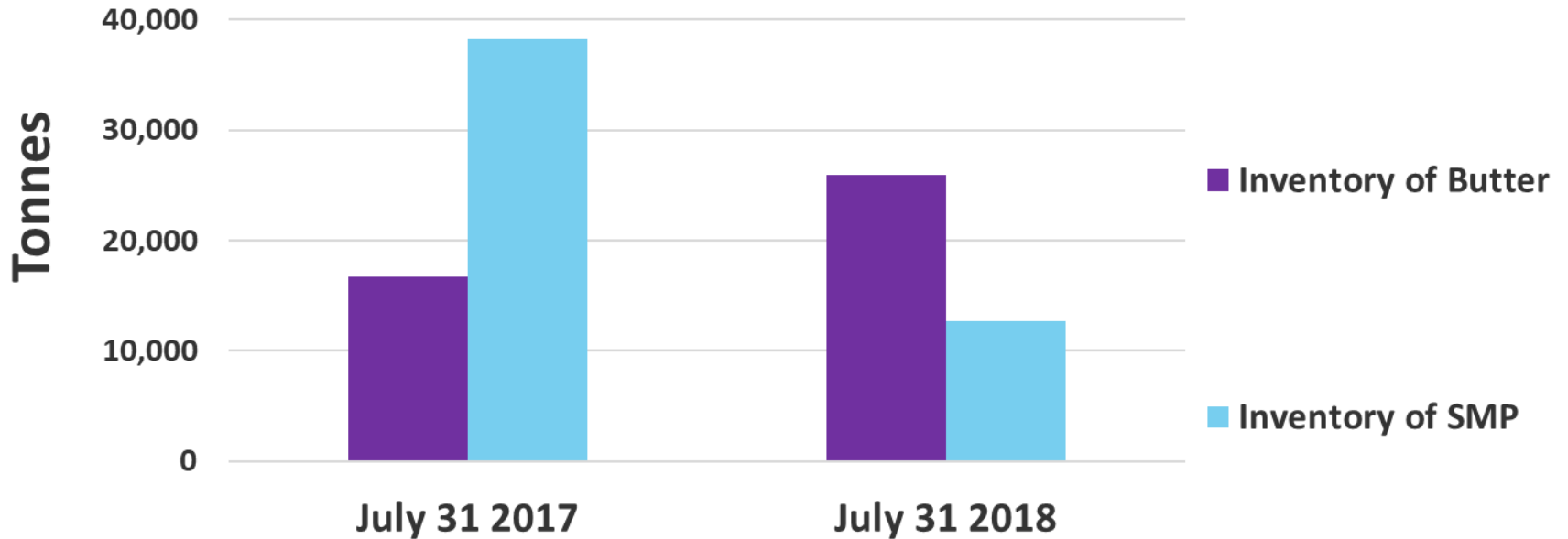
- Domestic Seasonality program
- Imported butter as part of Canada's obligations under the WTO

Skim milk powder (SMP) under:

- Surplus Removal Program



INVENTORY



Total Value:
(in thousands)

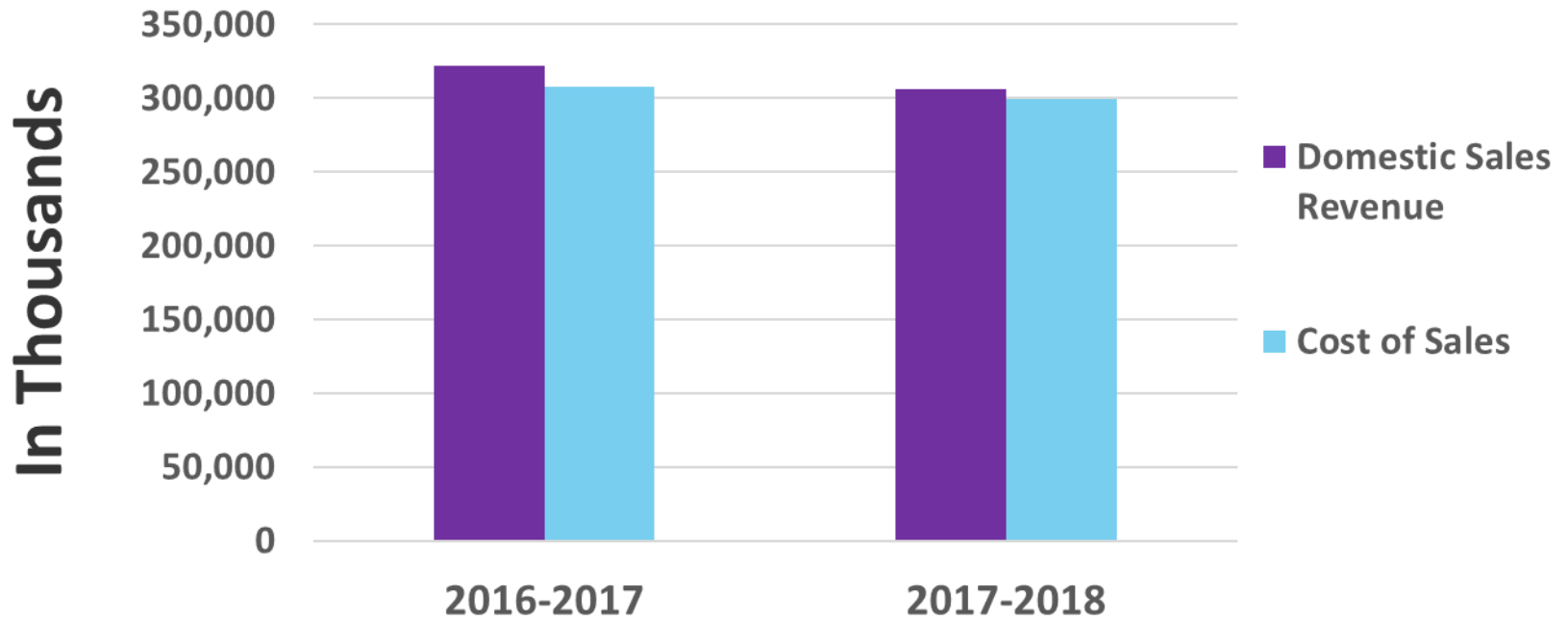
\$176,905

\$221,970

- ↑ Higher inventory of Plan B butter, which has a high \$ value
- ↓ Lower inventory of SMP



DOMESTIC ACTIVITIES



Gross Profit:
(in thousands)

\$ 14,096

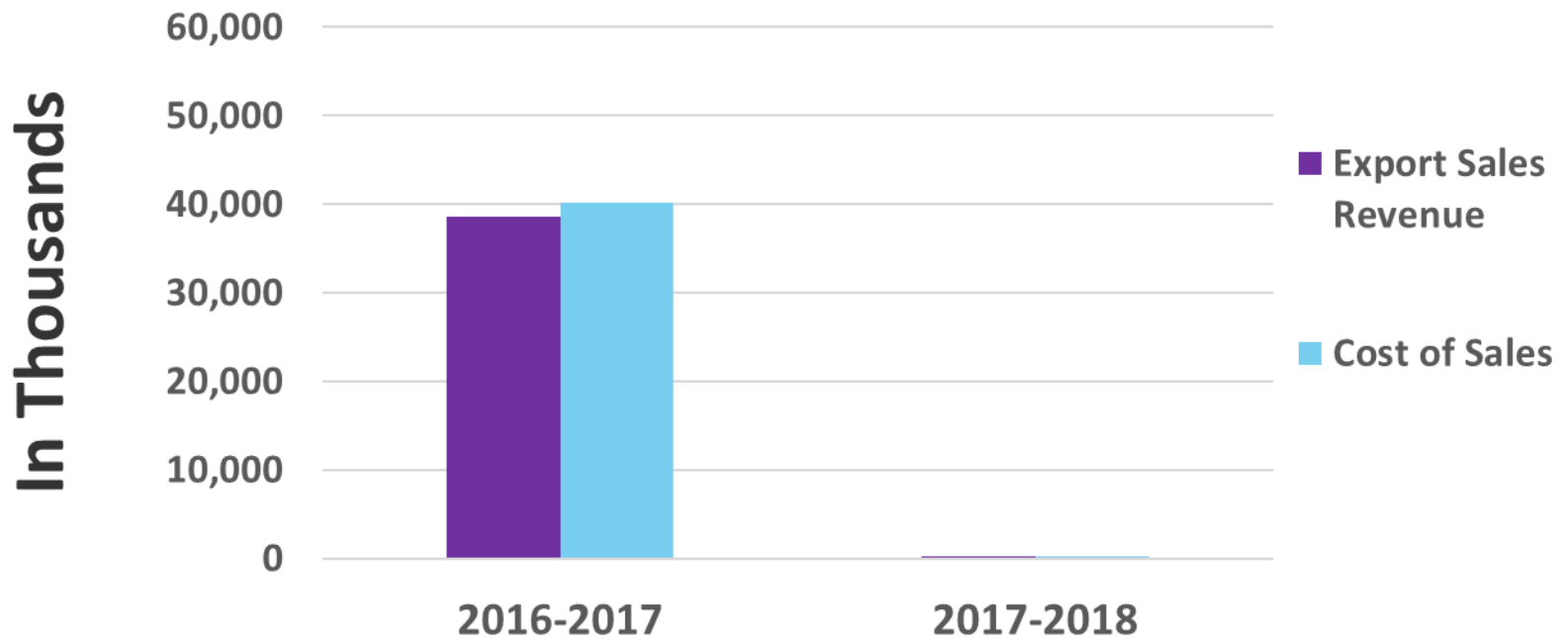
\$ 6,932

↓ Lower sales of Import butter

↑ Higher sales of Domestic butter and higher return on sales of Skim milk powder



EXPORT ACTIVITIES



Gross Profit (loss):
(in thousands)

(\$ 1,570)

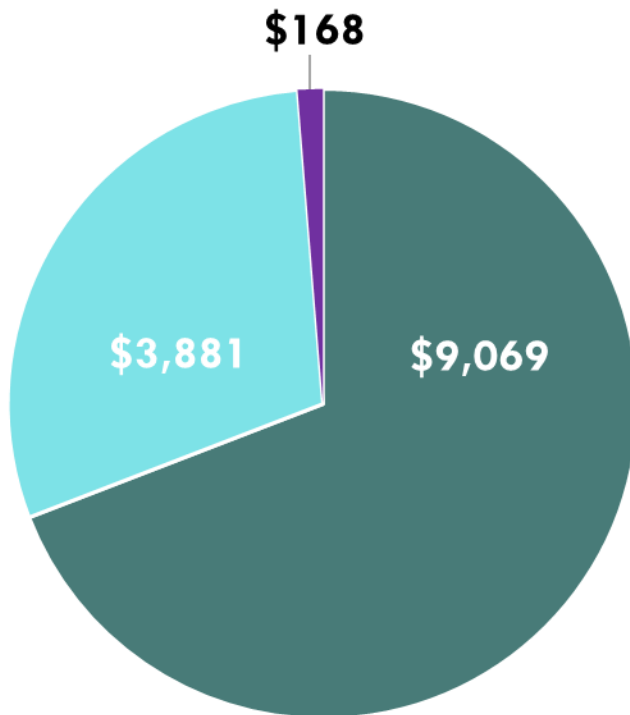
\$ 46

↓ No sales of skim milk powder



OTHER INCOME

In thousands

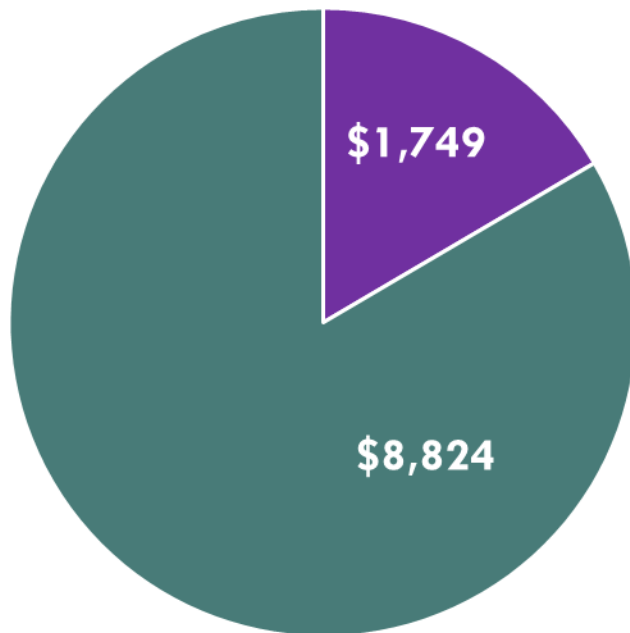


- Funding from milk pools
- Funding from the Government of Canada
- Audit services



OPERATING AND ADMINISTRATIVE EXPENSES

In thousands



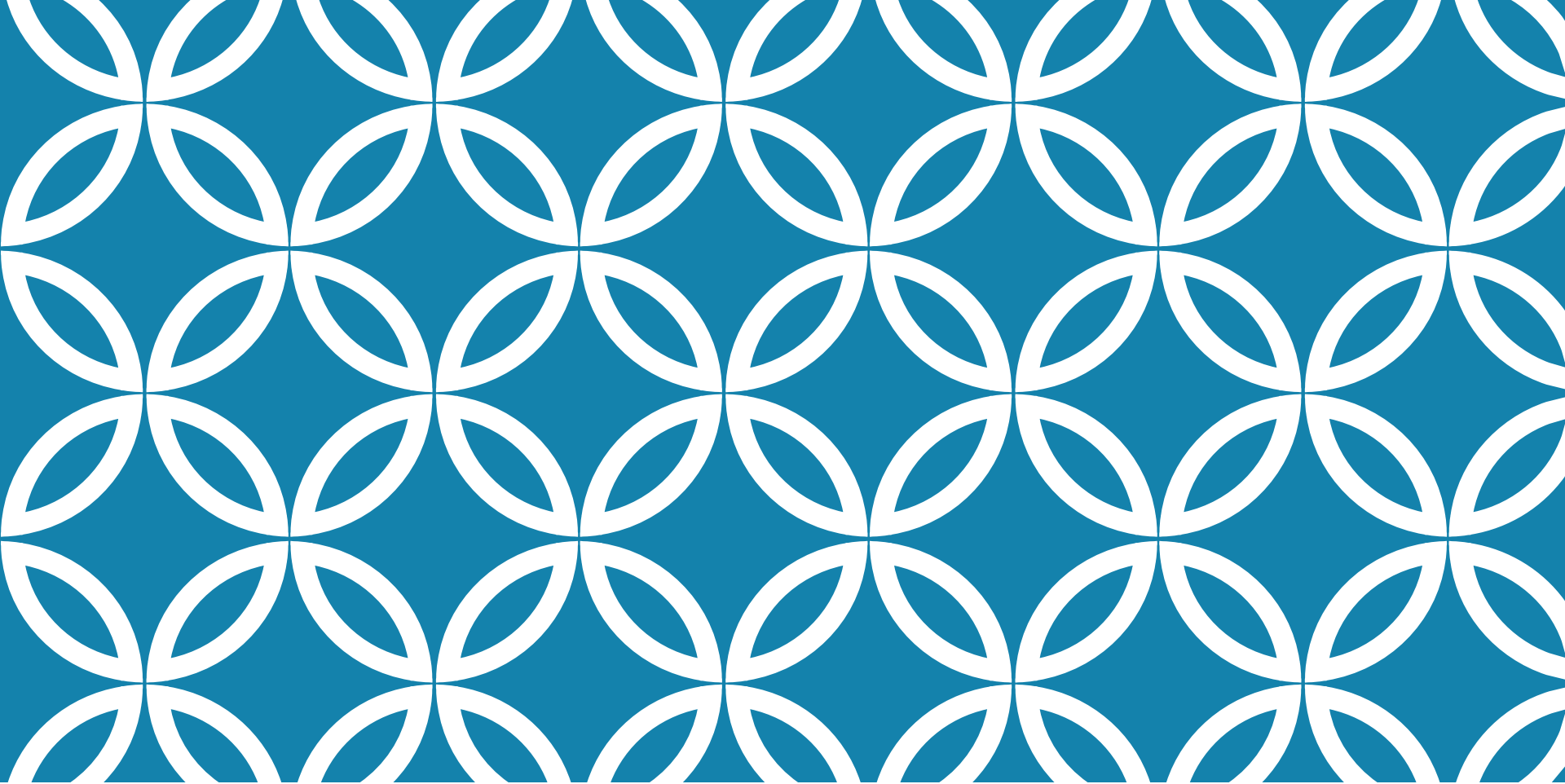
- Operating Expenses
 - Industry initiatives
 - Cost of Production study
 - Other charges
- Administrative Expenses
 - Salaries and employee benefits
 - Other administrative expenses (rent, travel, administrative support)



OVERALL RESULTS

- 2017-2018 operational surplus: **\$10.9M**
 - Reimbursed to provincial agencies and boards following a decision of the CMSMC
- Total comprehensive loss: **\$1.4M**
- 2017-2018 retained earning: **\$34.6M**





CEO'S REPORT

Chief Executive
Officer

Serge Riendeau



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2018 ACHIEVEMENTS

- Growing markets
- The role of the CDC in the industry
- A well-administered, responsive and well-understood supply management system
- A well-managed CDC



2018-2019 GOALS

INVESTMENT, INNOVATION AND GROWTH IN THE CANADIAN

DAIRY SECTOR

5-year objective	Performance measure for 2018-2019	Target for 2018-2019	Results	% complete
Investments and innovation have led to continuous market growth in the dairy industry.	Number of litres of milk used in the MAG Program	21 million litres		
	Market growth rate	0.5-% cumulative	MTR increased by 1.9% (most recent year-on-year) 3% (5-year CAGR)	100%
	Number of innovative dairy products introduced through DIP	2	1	50%



2018-2019 GOALS

THE ROLE OF THE CDC IN THE INDUSTRY

5-year objective	Performance measure for 2018-2019	Target for 2018-2019	Results	% complete
The CDC is valued as an effective facilitator and key contributor in the dairy industry	% CDC-led recommendations to industry committees that are accepted	75%	1) New TR/TQ model and continuous quota policy 2) TEC-7 committee created	100%
	Number of invitations to speak/facilitate/train at non-CDC (excluding reports to provincial boards' AGMs)	12	25 (among Commissioners and staff)	100 %
	Number of registrations to CDC online training modules	10	5	50%



2018-2019 GOALS

ADMINISTRATION OF THE MILK SUPPLY MANAGEMENT SYSTEM

5-year objective	Performance measure for 2018-2019	Target for 2018-2019	Results	% complete
A well-administered, responsive and well-understood supply management system	Time from receipt of pooling data to quota allocation and money transfers	9 days maximum		Target met each month so far this year
	Number of audits	45 audits of Class 3(d) 40 audits of SMCPP participants 40 audits of Class 7	As of January 1, 2019: Class 3(d) = 21 SMCPP = 10 Class 7 = 17	As of January 1, 2019: Class 3(d) = 47% SMCPP = 25% Class 7 = 43%
	Total producer revenues increase driven by growth	1%	1) 2.34% (latest year-on-year revenues) 2) 3.28% (5-year CAGR revenues)	100%
	Quota as a percentage of demand	Quota is between 99% and 101% of demand	99.42% (latest 12 months of MTQ as percent of 12 months MTR)	100%

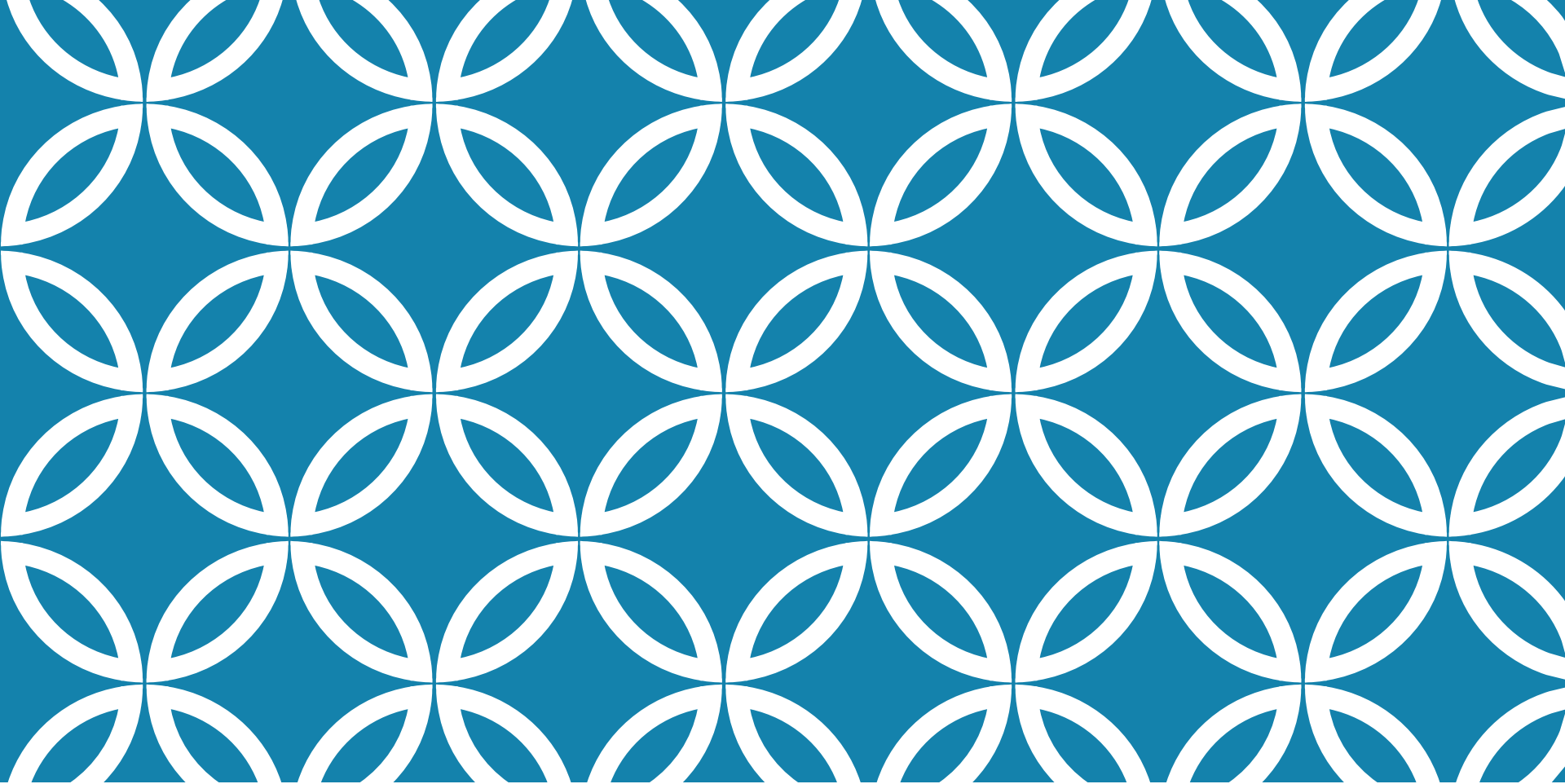


2018-2019 GOALS

A WELL-MANAGED CDC

5-year objective	Performance measure for 2018-2019	Target for 2018-2019	Results	% complete
The CDC is organized and resourced to support the dairy industry into the future.	Level of staff satisfaction as measured by an annual survey	80% or more	Waiting for PSES results – will be difficult to have a unique rating	0
	Number of tools or policies developed and adapted to better support the industry	4	Monthly quota (October 2018) New target butter stocks (July 2018) 2 true protein studies	75





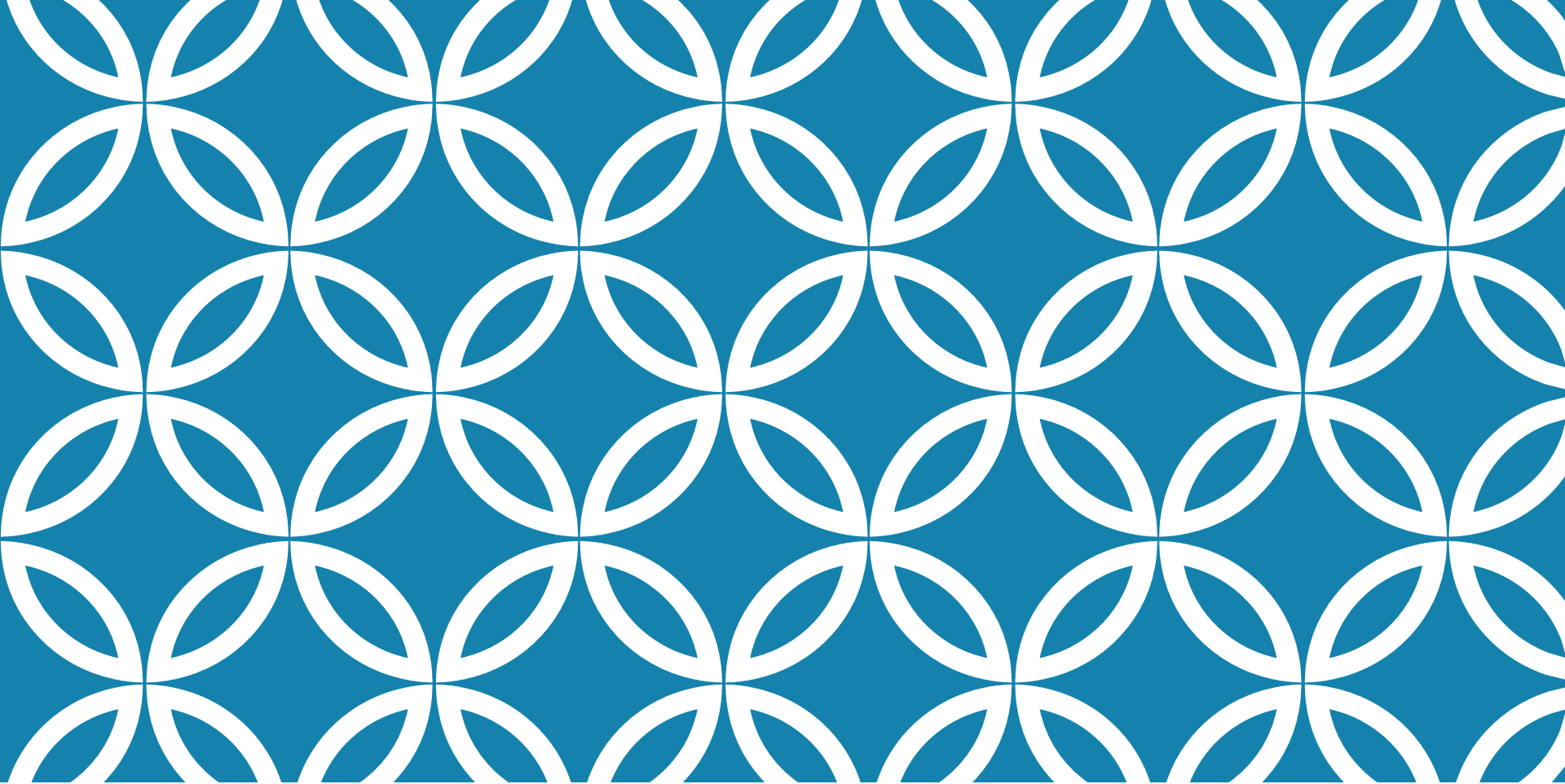
CHAIR'S CLOSING REMARKS

CDC Chair
Alistair
Johnston



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QUESTION PERIOD



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