



Canadian Dairy  
Commission

Commission  
canadienne du lait

# CORPORATE PLAN SUMMARY FOR 2022-2023 TO 2026-2027

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OPERATING AND CAPITAL BUDGETS  
FOR THE DAIRY YEAR ENDING JULY 31, 2023

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Corporate Plan dated March 31, 2022

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## 1. EXECUTIVE SUMMARY

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As of March 31, 2022, the Canadian Dairy Commission (CDC) is in sound financial position and is on track to fulfil almost all the objectives it had set for itself in the 2021-2022 dairy year.

Despite the need to adapt to trade agreements, the ongoing impacts of the pandemic, and the various weather-related events, 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 2022-2023 are included in this summary. CDC's five-year goals consist of prioritizing markets for solids non fat (SNF); ensuring that the supply management system works optimally; and sustaining a high-performance culture to deliver relevant programs and services. To reach these goals, the CDC has outlined several strategies and objectives, including fostering industry initiatives that support the industry in developing value-added markets for SNF; obtaining, producing and disseminating reliable data that industry and stakeholders can access to help with decision making; providing leadership to the industry as it adapts to current conditions by updating pooling agreements and harmonizing policies, systems and practices; improving understanding of the supply management system and the CDC's role through improved training and information tools; ensuring producers receive a fair return and that Canadian production meets demand through efficient administration of the supply management system; improving how the CDC attracts and retains a complete, diverse, and inclusive workforce through staff development; and mobilizing IT services and tools to enhance the CDC's ability to address the industry's needs and improve efficiencies in the administration of CDC programs.

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 for 2022-2023 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 a reduction compared to the previous year due to the lower assumed levels of butter and cheese stocks. 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.

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## 2.0 OVERVIEW

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### 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 77 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 Canadian demand for dairy products monthly 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. This way, 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 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 Processors
Plan C for cheese <sup>2</sup>	Created due to the impact of the COVID-19 pandemic on demand for dairy products. Based on a July 2021 CMSMC decision, Plan C will continue 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. The program has a limit of 20,000 tonnes of cheese 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

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

<sup>2</sup> Started on April 17, 2020

Program Name	Objective	Target Audience
Special Milk Class Permit Program (SMCPP)	To give further processors access to dairy products at competitive prices for use in further processing.	Further processors
Dairy Direct Payment Program (2019-2020 to 2023-2024)	To compensate dairy producers for the impact of CETA and CPTPP and CETA. This is an Agriculture and Agri-Food Canada (AAFC) Program.	Dairy producers
Class 4(m) for animal feed	To maintain markets for solids non-fat (SNF).	Animal feed manufacturers

## 2.5 FINANCIAL SITUATION

The CDC has four sources of revenues: appropriations, its commercial operations, funding from milk producers for programs administered on their behalf, and contributions from the marketplace for the storage of butter<sup>3</sup>.

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.

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## 3.0 OPERATING ENVIRONMENT

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### 3.1 INTERNAL ENVIRONMENT

#### Human Resources

Although the CDC is a Crown corporation, the Treasury Board of Canada is the employer of the CDC's 77 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*.

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<sup>3</sup> On May 21, 2020, the CDC Board decided that part of the costs associated with storage of cheese in Plan C would also be covered by the marketplace.

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. The CDC continues to follow directives from the Treasury Board Secretariat and barring a few exceptions, employees continue to work from home. If Canada's numbers relative to COVID-19 continue to improve, the CDC plans a return to the office in June 2022. Employees are given the opportunity to continue teleworking based on operational requirements. The Corporation spares no efforts to provide quality services to the dairy supply chain in these difficult times while ensuring the safety and well-being of its employees.

### **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 is finalizing the renewal of a 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 are now mostly limited to 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. Due to the COVID-19 pandemic, 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) on April 17, 2020. Plan C will continue to be available under certain conditions to support the industry in times of milk surplus due to plant closures or reduction in processing activities during the holidays and special situations.

### **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 main international trade agreements affecting the Canadian dairy industry. Once fully implemented, total market access to foreign competitors for dairy under all trade commitments, including WTO, CETA, CPTPP, and CUSMA is estimated at approximately 10% of Canada's annual production. Imports under these agreements are taken into account when the CDC calculates requirements for Canadian milk.

## Financial Trends

The Bank of Canada has increased its interest rates in March 2022 for the first time in two years. Some major banks in Canada are projecting that the Bank of Canada rates will return to pre-pandemic levels by 2022-2023, with smaller increases for the remainder of the planning period. 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

In October 2021, the CDC conducted a review of Canadian farm gate milk prices and various costs used to administer the supply management system.

This year, because of various factors such as disruptions in the supply chain due to the COVID-19 pandemic, the cost of production increased while producer revenues did not follow. Because of this gap, stakeholders requested triggering of the exceptional circumstances mechanism. Consequently, the usual pricing formula was not applied. Instead, the CDC held consultations and decided to recommend an increase of \$6.31/hl in the farm gate milk price. The CDC also recognized a 5.0% increase in butter processing costs. This processor margin applies to butter sold by manufacturers to the CDC in the context of its storage programs.

To reflect these changes, the CDC announced in October 2021, that the support price for butter, used by the CDC in its storage programs, would be increased from \$8.7149 to \$9.7923 per kg on February 1, 2022. The increase was driven by the significant rise in the cost of producing milk. For example, the price of feed, fuel and fertilizer increased by more than 25% in the last two years.



## **CDC Initiatives**

Along with activities related to its legislative mandate, the CDC continued to support the evolution of the dairy industry through various forms of initiatives, some of which are highlighted below:

### **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. Of this amount, \$345 million was available to be paid in the 2019-2020 fiscal year through direct payments to more than 10,000 Canadian dairy farmers. As the CDC has provided payments to dairy farmers in the past as per the *Agricultural Stabilization Act*, AAFC mandated the CDC to deliver the Dairy Direct Payment Program. Since 2019, the CDC has worked closely with Agriculture and Agri-Food Canada (AAFC) and provincial milk boards to ensure efficient and timely delivery of payments to producers under this program.

In November 2020, Minister Bibeau announced a schedule to deliver the remaining \$1.405 billion through direct payments to farmers over a timeline of three years. Dairy farmers received, based on their milk quota, cash payments of \$468 million in 2020-2021 and \$469 million in 2021-2022.

At the end of fiscal year 2021-2022, 96% of eligible dairy producers in Canada had registered and received their payment and 98% (\$460.3 million) of the funds had been disbursed. This compares to 96% of producers and 98% (\$459.4 million) of funds in 2020-2021.

An additional \$468 million will be made available in 2022-2023. The CDC will continue to work with AAFC to deliver the remaining payments to eligible Canadian dairy producers under the DDPP.

### **Floods in British Columbia**

In mid-November, a once-in-a-century flooding event unfolded across British-Columbia. In a matter of days, extreme rain caused rivers to overflow and flooded farmland, and mudslides blocked major highways connecting parts of the province to the rest of the country. Among the many problems this natural disaster caused was disruptions in milk supply mostly due to road closures. A CDC committee was assembled to support the province in its efforts to continue to pick up the milk at the farms and deliver it to processing plants. The CDC worked diligently with its government and industry partners to reduce the impact on the province and consumers.

### **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 CMSMC is the decision-making body of this agreement. As mandated by the CMSMC, the CDC has undertaken to re-write this agreement to reflect the many decisions made by the CMSMC since its signing in 2003. Signatories include provincial governments, milk marketing boards and the CDC.

### 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 AAFC's most recent mandate letters:

#### **Growing markets**

The CDC continues to provide its support and expertise and is collaborating with the industry to develop domestic markets.

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

The 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 (DDPP) on behalf of AAFC since 2019 and will continue to work with AAFC to deliver the remaining payments to Canadian dairy producers under the DDPP.

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

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

Details on the CDC's performance in 2020-2021 are available in its Annual Report<sup>4</sup>. In 2021-2022 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.

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<sup>4</sup> [CDC 2020-2021 Annual Report](#)

Objectives and activities of the CDC for the planning period are a continuation of some of those detailed in last year’s Summary, but also include some new ones in line with the industry’s direction and needs. This year, the objectives and activities are grouped under three strategic themes. This section of the Summary 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 SNF by fostering industry initiatives that aim to increase demand for SNF. The CDC will ensure the industry has access to regular and updated forecasts on SNF demand and production.

**Five-year goal:**

- In 2027, the CDC supports the industry to develop value-added markets for SNF.

STRATEGIES	OBJECTIVE FOR 2022-2023	PERFORMANCE INDICATORS
Foster industry initiatives to rebalance the growth in demand for SNF versus that for butterfat.	<ul style="list-style-type: none"> <li>• Support industry initiatives to develop value-added markets for protein and other milk solids.</li> </ul>	<ol style="list-style-type: none"> <li>1. The CDC has helped the industry identify three strategies for developing value-added markets for SNF and has supported the implementation.</li> <li>2. The CDC has presented forecasts on demand for SNF to the industry every 6 months.</li> </ol>

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

Under this theme, the CDC will provide the industry the support and the information it needs to adapt to new realities brought on by international trade agreements or market trends by producing reliable data and analyses, supporting the industry as it adapts to the current environment, and improving industry and public understanding of the Canadian supply management system.

Also under this theme are the CDC’s day-to-day operations of the milk supply management system which includes 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 2027, the Canadian supply management system continues to work optimally.

STRATEGIES	OBJECTIVES FOR 2022-2023	PERFORMANCE INDICATORS
Obtain, produce, and disseminate reliable data and analyses for dairy industry stakeholders.	<ul style="list-style-type: none"> <li>• Industry and government have access to value-added data and analysis on dairy markets in a timely manner to make their decisions.</li> </ul>	<ol style="list-style-type: none"> <li>1. A publication on market trends for industry and governments has been created and is published online monthly.</li> <li>2. More dairy production and sales data has been posted online.</li> </ol>
Improve stakeholders and public understanding of the Canadian dairy supply management system and the role of the CDC.	<ul style="list-style-type: none"> <li>• Better understanding of the CDC’s role in the supply management system by stakeholders and Canadians.</li> </ul>	<ol style="list-style-type: none"> <li>1. 35 people registered for the online training modules.</li> <li>2. Three communications tools for Canadian consumers have been created and distributed.</li> </ol>
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>	<ol style="list-style-type: none"> <li>1. The support price for butter was reviewed and updated if needed. The new support price for butter is in effect if applicable.</li> <li>2. Number of audits: 188 MUA, 35 SMCPP, 12 Joint Audits, 3 IREP, 10 revenue sharing, 30 class 3d, 1 internal audit, and 1 program evaluation.</li> <li>3. Monthly calculation and fund and data transfers on target: 8 days maximum.</li> </ol>
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> </ul>	<ol style="list-style-type: none"> <li>1. Time from receipt of pooling data to quota allocation: 8 days maximum</li> </ol>

STRATEGIES	OBJECTIVES FOR 2022-2023	PERFORMANCE INDICATORS
	<ul style="list-style-type: none"> <li>Timely and accurate allocation of quota to meet demand.</li> </ul>	<ol style="list-style-type: none"> <li>Demand forecasts vs. actual demand: within 2% of actual demand</li> <li>Import the WTO butter tariff rate quota: 3,274 tonnes</li> </ol>

***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 and developing a diverse and inclusive workforce, mobilizing IT services to improve collaboration and productivity, reducing the CDC’s ecological footprint and improving the administration and efficiency of CDC programs.

**Five-year goal:**

- In 2027, the CDC has the resources to deliver relevant programs and services.

STRATEGIES	OBJECTIVES FOR 2022-2023	PERFORMANCE INDICATORS
Improve how we attract, develop, and retain a complete, 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>	<ol style="list-style-type: none"> <li>Level of staff satisfaction for the diversity and inclusion-related questions in the annual Public Service Employee Survey remains above 85%.</li> <li>A new staffing strategy has been developed and is implemented.</li> <li>The CDC has organized three activities that contribute to the preservation of CDC’s culture.</li> </ol>
Mobilize IT services and tools to improve the CDC’s efficiency.	<ul style="list-style-type: none"> <li>Computer systems and tools adapted to the changing needs of the CDC and the industry.</li> </ul>	<ol style="list-style-type: none"> <li>50% of commercial operations partners have access to their data online.</li> <li>90% of new applications for the SMCPP are submitted online. Weekly retail sales are automatically uploaded into a database and available for economic analysis to the CDC staff.</li> </ol>
Raise the profile of environmental issues within the CDC.	<ul style="list-style-type: none"> <li>A reduced ecological footprint at the CDC.</li> </ul>	<ol style="list-style-type: none"> <li>The Green Committee made recommendations to improve the CDC’s ecological footprint, which includes a recycling and composting program.</li> </ol>

STRATEGIES	OBJECTIVES FOR 2022-2023	PERFORMANCE INDICATORS
		2. A green policy is drafted and implemented.
Improve efficiency in the administration of CDC programs.	A more efficient administration of the Special Milk Class Permit Program.	1. The application process has been streamlined. 2. The reconciliation process has been streamlined.

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## 5.0 FINANCIAL OVERVIEW

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### 5.1 OVERALL FINANCIAL MANAGEMENT

The Canadian Dairy Commission 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 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, 2022. Certain financial results are particularly sensitive to any significant fluctuations in assumptions made with regard 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 for dairy products from 2021-2022 is expected to increase by 3% per year during 2022-2023 to 2026-2027, mainly based on Canadian's 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 22.5 million kg for 2021-2022 and 2022-2023, 24.3 million kg for 2023-2024 and 24.8 million kg for the remainder of the years.

Budgets also assume cheese stocks of 1,500 tonnes at year-end in 2021-2022 and 1,000 tonnes for remainder of the planning period. The Plan C cheese program helped the industry deal with the reduction in demand at the beginning of the pandemic. Plan C also helped the industry deal with milk production that exceeded processing capacity during the holiday period.

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 1.00 % for the remainder of 2021-2022, 1.75% for 2022-2023, 2.00% for 2023-2024 and 2024-2025, 2.25% for 2025-2026 and 2026-2027. Interest rates on loans from the member of Canadian Payments Association will remain at prime, which is estimated to be 3.00% for 2021-2022, 3.75 % for 2022-2023, 4.00% for 2023-2024 and 2024-2025 and 4.25% for 2025-2026 and 2026-2027. 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, 2021-2027

(in thousands)								
	Actual Audited 2020-2021	Budget 2021-2022	Forecast 2021-2022	Budget				
				2022-2023	2023-2024	2024-2025	2025-2026	2026-27
<b>ASSETS</b>								
<b>Current</b>								
Cash	\$ 136	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Trade and other receivables								
Trade receivables	665	185	185	180	175	170	165	165
Advance to provincial milk boards and agencies	10,488	7,500	10,500	10,500	10,500	10,500	10,500	10,500
Milk pools	2,138	1,800	1,800	1,800	1,800	1,900	1,900	1,900
Derivative asset - foreign exchange contracts	23	0	0	0	0	0	0	0
Inventory	110,696	130,569	101,348	122,856	132,030	134,959	137,621	140,336
Plan C repurchase agreements	8,212	0	8,443	4,949	4,500	4,500	4,500	4,500
	<u>132,358</u>	<u>141,054</u>	<u>123,276</u>	<u>141,285</u>	<u>150,005</u>	<u>153,029</u>	<u>155,686</u>	<u>158,401</u>
<b>Non Current</b>								
Plan C repurchase agreements	10,719	15,503	4,949	4,500	4,500	4,500	4,500	4,500
Equipment	41	14	14	0	0	0	0	0
Intangible asset	78	49	49	20	0	0	0	0
Right-of-use of asset	1,994	1,642	1,642	1,290	938	586	235	2,059
	<u>12,832</u>	<u>17,208</u>	<u>6,654</u>	<u>5,810</u>	<u>5,438</u>	<u>5,086</u>	<u>4,735</u>	<u>6,559</u>
<b>Total Assets</b>	<b>\$ 145,190</b>	<b>\$ 158,262</b>	<b>\$ 129,930</b>	<b>\$ 147,095</b>	<b>\$ 155,443</b>	<b>\$ 158,115</b>	<b>\$ 160,421</b>	<b>\$ 164,960</b>
<b>LIABILITIES</b>								
<b>Current</b>								
Bank overdraft	\$ 10,488	\$ 7,500	10,500	\$ 10,500	\$ 10,500	\$ 10,500	\$ 10,500	\$ 10,500
Trade and other payables								
Trade payables and accruals	20,175	6,602	7,561	7,921	8,176	8,339	8,507	8,677
Distribution to provincial milk boards and agencies	3,300	359	173	133	240	290	290	290
Other payables	861	980	763	904	943	958	968	982
Deferred revenue	921	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Derivative liability - foreign exchange contracts	4	0	0	0	0	0	0	0
Loans from the Government of Canada	85,821	122,609	86,716	105,821	116,211	120,664	124,562	128,439
	<u>121,570</u>	<u>139,050</u>	<u>106,713</u>	<u>126,279</u>	<u>137,070</u>	<u>141,751</u>	<u>145,827</u>	<u>149,888</u>
<b>Non Current</b>								
Lease Liability	2,021	1,675	1,675	1,325	970	611	246	2,068
<b>EQUITY</b>								
Retained Earnings	21,599	17,537	21,542	19,491	17,403	15,753	14,348	13,004
<b>Total Liabilities and Equity</b>	<b>\$ 145,190</b>	<b>\$ 158,262</b>	<b>\$ 129,930</b>	<b>\$ 147,095</b>	<b>\$ 155,443</b>	<b>\$ 158,115</b>	<b>\$ 160,421</b>	<b>\$ 164,960</b>

## **Statement of Operations and Comprehensive Loss**

The domestic sales and cost of sales forecasted for 2022-2023 are higher than those expected for 2021-2022. This is mainly the result of the increase in the support price of butter, at which the butter is valued.

Finance costs in 2022-2023 are expected to increase compared to 2021-2022 as we expect interest rates to rise during this period. Interest rates are forecasted to continue rising in the following years. 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 2022-2023 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 2021-2022. Appropriations are assumed to remain close to that level for subsequent years.

Income from professional services in 2022-2023 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.

In 2022-2023 and beyond, expenses for industry initiatives are budgeted to be lower mostly because the Workforce Development Initiative payments will come to an end.

“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 and therefore have no impact on the CDC bottom line.

The results of the Statement of Operations and Comprehensive Loss are negative for all years because of a planned reduction in retained earnings.



CANADIAN DAIRY COMMISSION  
STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS  
for the Dairy Years ended July 31, 2021 - 2027

	(in thousands)							
	Actual Audited	Budget	Forecast	Budget				
	2020-2021	2021-2022	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-27
<b>Domestic sales and cost of sales</b>								
Sales revenue	\$ 221,841	\$ 233,119	\$ 195,865	\$ 215,437	\$ 240,364	\$ 251,852	\$ 256,699	\$ 261,316
Cost of goods sold	215,240	231,411	194,458	213,956	238,862	250,320	255,165	259,782
Transport and carrying charges	3,467	4,049	2,085	3,021	3,368	3,450	3,517	3,582
Finance costs	131	151	246	1,164	1,571	1,610	1,963	2,003
<b>Gross profit (loss) on domestic sales</b>	<u>3,003</u>	<u>(2,492)</u>	<u>(924)</u>	<u>(2,704)</u>	<u>(3,437)</u>	<u>(3,528)</u>	<u>(3,946)</u>	<u>(4,051)</u>
<b>Other income</b>								
Funding from milk pools	11,411	10,797	9,945	9,752	10,759	11,473	12,298	12,638
Funding from the Government of Canada	4,748	4,197	4,263	4,253	4,253	4,253	4,253	4,253
Professional services	776	850	1,375	1,390	1,030	1,030	1,045	1,045
	<u>16,935</u>	<u>15,844</u>	<u>15,583</u>	<u>15,395</u>	<u>16,042</u>	<u>16,756</u>	<u>17,596</u>	<u>17,936</u>
<b>Total gross profit (loss) on domestic sales and other income</b>	<u>19,938</u>	<u>13,352</u>	<u>14,659</u>	<u>12,691</u>	<u>12,605</u>	<u>13,228</u>	<u>13,650</u>	<u>13,885</u>
<b>Operating Expenses</b>								
Industry initiatives	2,200	1,555	1,772	1,480	1,196	1,196	1,196	1,196
Cost of Production study	877	892	884	906	931	953	973	992
Plan C program costs	1,213	1,600	1,376	832	800	801	824	824
Other charges (recoveries)	4	(25)	125	75	76	77	78	79
	<u>4,294</u>	<u>4,022</u>	<u>4,157</u>	<u>3,293</u>	<u>3,003</u>	<u>3,027</u>	<u>3,071</u>	<u>3,091</u>
<b>Administrative Expenses</b>								
Salaries and employee benefits	7,998	8,173	8,161	8,911	9,074	9,210	9,348	9,488
Other administrative expenses	1,900	2,190	2,225	2,404	2,376	2,351	2,347	2,360
	<u>9,898</u>	<u>10,363</u>	<u>10,386</u>	<u>11,315</u>	<u>11,450</u>	<u>11,561</u>	<u>11,695</u>	<u>11,848</u>
<b>Total operating and administrative expenses</b>	<u>14,192</u>	<u>14,385</u>	<u>14,543</u>	<u>14,608</u>	<u>14,453</u>	<u>14,588</u>	<u>14,766</u>	<u>14,939</u>
<b>Profit (loss) before distribution to provincial milk boards and agencies</b>	<u>5,746</u>	<u>(1,033)</u>	<u>116</u>	<u>(1,917)</u>	<u>(1,848)</u>	<u>(1,360)</u>	<u>(1,116)</u>	<u>(1,054)</u>
Distribution to provincial milk boards and agencies	3,300	359	173	133	240	290	290	290
<b>Total comprehensive profit (loss)</b>	<u>\$ 2,446</u>	<u>\$ (1,392)</u>	<u>\$ (57)</u>	<u>\$ (2,050)</u>	<u>\$ (2,088)</u>	<u>\$ (1,650)</u>	<u>\$ (1,406)</u>	<u>\$ (1,344)</u>

CANADIAN DAIRY COMMISSION  
STATEMENT OF CASH FLOWS  
for the Dairy Years ended July 31, 2021 - 2027

	(in thousands)							
	Actual Audited	Budget	Forecast	Budget				
	2020-2021	2021-2022	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-27
<b>Cash flows from (used in) operating activities</b>								
Cash received from customers and others	\$ 220,256	\$ 233,974	\$ 197,799	\$ 216,832	\$ 241,399	\$ 252,887	\$ 257,749	\$ 262,361
Cash paid to suppliers and others	(217,021)	(249,067)	(214,099)	(252,319)	(265,238)	(270,755)	(275,621)	(280,445)
Cash receipts from provincial milk boards and agencies (pooling)	6,680	10,797	10,271	9,752	10,759	11,373	12,298	12,638
Cash paid to provincial milk boards and agencies (operating surplus)	(1,250)	(3,287)	(3,300)	(173)	(133)	(240)	(290)	(290)
Cash receipts from the Government of Canada	4,748	4,197	4,263	4,253	4,253	4,253	4,253	4,253
Cash paid for Plan C repurchase agreements	(13,316)	(3,600)	(4,949)	(4,500)	(4,500)	(4,500)	(4,500)	(4,500)
Cash receipts from Plan C repurchase agreements	3,826	8,899	10,487	8,444	4,949	4,500	4,500	4,500
Interest paid on loans and the lease liability	(213)	(199)	(169)	(1,042)	(1,524)	(1,611)	(1,925)	(2,006)
<b>Net cash flows from (used in) operating activities</b>	<u>3,710</u>	<u>1,714</u>	<u>303</u>	<u>(18,753)</u>	<u>(10,034)</u>	<u>(4,093)</u>	<u>(3,536)</u>	<u>(3,489)</u>
<b>Cash flows from (used in) financing activities</b>								
New loans from the Government of Canada	184,614	200,000	190,000	200,000	200,000	200,000	200,000	200,000
Loan repayments to the Government of Canada	(193,815)	(201,367)	(189,105)	(180,896)	(189,610)	(195,546)	(196,102)	(196,122)
Principal payments on lease liability	(338)	(347)	(347)	(351)	(356)	(361)	(362)	(389)
<b>Net cash flows from (used in) financing activities</b>	<u>(9,539)</u>	<u>(1,714)</u>	<u>549</u>	<u>18,753</u>	<u>10,034</u>	<u>4,093</u>	<u>3,536</u>	<u>3,489</u>
<b>Net decrease (increase) in bank overdraft</b>	<u>(5,829)</u>	<u>-</u>	<u>852</u>	<u>0</u>	<u>(0)</u>	<u>(0)</u>	<u>(0)</u>	<u>(0)</u>
Net bank overdraft at beginning of the year	(4,523)	(6,500)	(10,352)	(9,500)	(9,500)	(9,500)	(9,500)	(9,500)
<b>Net bank overdraft at end of the year</b>	<u>\$ (10,352)</u>	<u>\$ (6,500)</u>	<u>\$ (9,500)</u>	<u>\$ (9,500)</u>	<u>\$ (9,500)</u>	<u>\$ (9,500)</u>	<u>\$ (9,500)</u>	<u>\$ (9,500)</u>
<b>Components:</b>								
Cash	\$ 136	\$ 1,000	1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Bank overdraft	(10,488)	(7,500)	(10,500)	(10,500)	(10,500)	(10,500)	(10,500)	(10,500)
<b>Net bank overdraft</b>	<u>\$ (10,352)</u>	<u>\$ (6,500)</u>	<u>\$ (9,500)</u>	<u>\$ (9,500)</u>	<u>\$ (9,500)</u>	<u>\$ (9,500)</u>	<u>\$ (9,500)</u>	<u>\$ (9,500)</u>

## 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, 2021 - 2027

	(in thousands)								
	Actual Audited	Budget	Forecast	Budget					
	2020-2021	2021-2022	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-27	
Retained earnings, beginning of the year	\$ 19,153	\$ 18,929	\$ 21,599	\$ 21,542	\$ 19,491	\$ 17,403	\$ 15,753	\$ 14,348	
Total comprehensive loss for the year	<u>2,446</u>	<u>(1,392)</u>	<u>(57)</u>	<u>(2,050)</u>	<u>(2,088)</u>	<u>(1,650)</u>	<u>(1,406)</u>	<u>(1,344)</u>	
Retained earnings, the end of the year	<u>\$ 21,599</u>	<u>\$ 17,537</u>	<u>\$ 21,542</u>	<u>\$ 19,491</u>	<u>\$ 17,403</u>	<u>\$ 15,753</u>	<u>\$ 14,348</u>	<u>\$ 13,004</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. In 2022-2023 personnel costs are estimated to increase mainly because of the addition of four FTEs for the Quebec plant utilization audits. The CDC added one FTE in human resources to respond to the many government initiatives related to inclusion and equity-deserving groups. The remaining increase is due to in-range step progressions and promotions. For the remainder of the planning period, personnel costs are estimated to increase by 1.5% per year.

Professional services and special services are mainly comprised of services relating to audits, HR, legal counsel, simultaneous interpretation, and market studies. Also included in this category are various MOUs with other government departments for IT and HR services.

CANADIAN DAIRY COMMISSION  
ADMINISTRATIVE EXPENSES AND FUNDING  
for the Dairy Years ended July 31, 2021 - 2027

(in thousands)

	Budget 2021-2022	Forecast 2021-2022	Budget				
			2022-2023	2023-2024	2024-2025	2025-2026	2026-27
Personnel	\$ 8,173	\$ 8,161	\$ 8,911	\$ 9,074	\$ 9,210	\$ 9,348	\$ 9,488
Professional and special services	1,120	1,246	1,363	1,363	1,363	1,363	1,363
Rentals	106	139	106	106	106	106	106
Transportation & communications	428	298	424	424	424	424	424
Depreciation on right use of asset	352	378	375	370	365	360	374
Information services	8	10	8	8	8	8	8
Acquisition of equipment	97	127	107	84	65	65	65
Materials and supplies	12	12	8	8	8	8	8
Repair and maintenance	11	11	10	10	10	10	10
Miscellaneous expenditures	58	5	4	4	4	5	4
<b>Total administrative expenses</b>	<b>\$ 10,363</b>	<b>\$ 10,387</b>	<b>\$ 11,315</b>	<b>\$ 11,450</b>	<b>\$ 11,561</b>	<b>\$ 11,695</b>	<b>\$ 11,848</b>
<b>Share of Funding</b>							
Appropriation breakdown:							
CDC appropriation Vote 1	\$ 4,097	\$ 4,148	\$ 4,153	\$ 4,153	\$ 4,153	\$ 4,153	\$ 4,153
Eligible payroll expenditures	100	115	100	100	100	100	100
<b>Total Government appropriation</b>	<b>\$ 4,197</b>	<b>\$ 4,263</b>	<b>\$ 4,253</b>	<b>\$ 4,253</b>	<b>\$ 4,253</b>	<b>\$ 4,253</b>	<b>\$ 4,253</b>
Producer contribution	\$ 3,000	\$ 2,760	\$ 2,900	\$ 3,200	\$ 3,250	\$ 3,325	\$ 3,400
Marketplace contribution	1,875	1,760	1,850	2,000	2,075	2,125	2,200
Other	1,291	1,604	2,312	1,997	1,983	1,992	1,995
<b>Total</b>	<b>\$ 6,166</b>	<b>\$ 6,124</b>	<b>\$ 7,062</b>	<b>\$ 7,197</b>	<b>\$ 7,308</b>	<b>\$ 7,442</b>	<b>\$ 7,595</b>

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, 2021 - 2027

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

	Actual 2020-2021	Budget 2021-2022	Forecast 2021-2022	Budget				
				2022-2023	2023-2024	2024-2025	2025-2026	2026-27
Short-term borrowings	\$ 96.3	\$ 130.1	\$ 97.2	\$ 116.3	\$ 126.7	\$ 131.2	\$ 135.1	\$ 138.9
Long-term Borrowings	-	-	-	-	-	-	-	-
<b>Total borrowings</b>	<b>\$ 96.3</b>	<b>\$ 130.1</b>	<b>\$ 97.2</b>	<b>\$ 116.3</b>	<b>\$ 126.7</b>	<b>\$ 131.2</b>	<b>\$ 135.1</b>	<b>\$ 138.9</b>

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

	Actual 2020-2021	Budget 2021-2022	Forecast 2021-2022	Budget				
				2022-2023	2023-2024	2024-2025	2025-2026	2026-27
Canadian dollars	\$ 96.3	\$ 130.1	\$ 97.2	\$ 116.3	\$ 126.7	\$ 131.2	\$ 135.1	\$ 138.9
Us dollars (expressed in canadian dollars)	-	-	-	-	-	-	-	-
<b>Total borrowings</b>	<b>\$ 96.3</b>	<b>\$ 130.1</b>	<b>\$ 97.2</b>	<b>116.3</b>	<b>126.7</b>	<b>131.2</b>	<b>135.1</b>	<b>138.9</b>

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

Method and currency used	Actual 2020-2021	Budget 2021-2022	Forecast 2021-2022	Budget				
				2022-2023	2023-2024	2024-2025	2025-2026	2026-27
Line of credit: Canadian dollars	\$ 10.7	\$ 10.7	\$ 14.3	\$ 11.0	\$ 11.0	\$ 11.0	\$ 11.0	\$ 11.0
Line of credit: US dollars (expressed in canadian dollars)	-	-	-	-	-	-	-	-
Borrowings: Canadian dollars	95.0	136.6	92.8	135.4	140.8	145.3	149.7	154.0
Borrowings: US dollars (expressed in Canadian dollars)	-	-	-	-	-	-	-	-
<b>Total borrowings</b>	<b>\$ 105.7</b>	<b>\$ 147.3</b>	<b>107.1</b>	<b>146.4</b>	<b>151.8</b>	<b>156.3</b>	<b>160.7</b>	<b>165.0</b>

**Table 4: Long-term borrowings as of year-end (month and year) (\$ millions)**

	Actual 2020-2021	Budget 2021-2022	Forecast 2021-2022	Projected				
				2022-2023	2023-2024	2024-2025	2025-2026	2026-27
Opening balance	0		0	0	0	0	0	0
Maturities	0		0	0	0	0	0	0
New Issuances	0		0	0	0	0	0	0
<b>Total</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**APPENDIX A  
PLANNED RESULTS**

<b>Outcome</b>	<b>Performance indicator</b>	<b>Baseline</b>	<b>2022-2023 Target</b>	<b>2026-2027 Target</b>	<b>Data Strategy</b>
In 2027, the CDC supports the industry to develop value-added markets for SNF.	The CDC has helped the industry identify strategies for developing value-added markets for SNF and has supported the implementation.	None	3 strategies	5 strategies over 5 years	Compilation by Policy and Economics
	The CDC has presented forecasts on demand for SNF to the industry every 6 months.	Forecast presented in winter 2022	1 presentation in summer and 1 presentation in winter	2 presentations per year	Compilation by Policy and Economics
In 2027, the Canadian supply management system continues to work optimally.	A publication on market trends for industry and governments has been created and is published online monthly.	No publication	Publication published monthly	Publication published monthly	Compilation by Policy and Economics
	Signatories have agreed on a final version of a new national revenue and market sharing agreement.	None	Final version agreed on	Not applicable	Compilation by Policy and Economics

Outcome	Performance indicator	Baseline	2022-2023 Target	2026-2027 Target	Data Strategy
	The CDC was mandated by the CMSMC to start the modernization of the National Milk Marketing Plan (NMMP).	None	Motion by the CMSMC by December 2022	A new NMMP has been signed by the provinces and the CDC	Compilation by Corporate Services
	35 people registered for the online training modules.	20 per year	35 per year	35 per year	Compilation by Communications
	Communications tools for Canadian consumers were created and distributed.	No data available	3 tools	3 tools per year	Compilation by Communications
	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
	Number of audits	31 MUA 35 SMCPP 3 IREP 10 revenue sharing 30 class 3(d) 2 internal audits 1 program evaluation	188 MUA 35 SMCPP 12 Joint Audits, 3 IREP 10 revenue sharing, 30 class 3d 1 internal audit	188 MUA 35 SMCPP 12 Joint Audits 3 IREP 10 revenue sharing, 30 class 3d 1 internal audit, and 1 program evaluation	Audit and Evaluation data

Outcome	Performance indicator	Baseline	2022-2023 Target	2026-2027 Target	Data Strategy
			1 program evaluation		
	Monthly calculation and fund and data transfers on target: 8 days maximum.	8 days maximum (2016-2017)	8 days maximum	8 days maximum	Data from Finance and Administration
	Time from receipt of pooling data to quota allocation: 8 days maximum	8 days maximum (2016-2017)	8 days maximum	8 days maximum	Data from Finance and Administration
	Demand forecasts vs. actual demand: within 2% of actual demand	Within 2% of actual demand	Within 2% of actual demand	Within 2% of actual demand	Pooling data
	Import the WTO butter tariff rate quota: 3,274 tonnes	3,274 tonnes	3,274 tonnes	3,274 tonnes	Data from Commercial Operations



In 2027, 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 remains above 85%.	91% (2020 PSES)	Above 85%	Above 85%	Data from Human Resources
	A new staffing strategy has been developed and is implemented.	None	New staffing strategy	New staffing strategy	Compilation by Human Resources
	The CDC has organized activities that contribute to the preservation of CDC's culture.	None	3 activities	3 activities	Compilation by Human Resources
	50% of commercial operations partners have access to their data online.	None	50%	50%	Data from Commercial Operations
	90% of new applications for the SMCPP are submitted online.	None	90%	90%	Data from Special Milk Class Permit Program
	Weekly retail sales are automatically uploaded into a database and available for economic analysis to the CDC staff.	No automatic upload of weekly data	Uploaded weekly	Uploaded weekly	Data from Information Technology Team
	The Green Committee made recommendations to improve the CDC's ecological footprint, which	None	Composting and recycling program launched	Composting and recycling program maintained	Data from Green Committee

	includes a recycling and composting program.				
	A green policy is drafted and implemented.	None	Green Policy drafted and implemented	Green Policy implemented and revised as necessary	Data from Green Committee
	The application process for SMCPP has been streamlined.	5 months (August 2021)	50% reduction in processing time	70% reduction in processing time	Data from Special Milk Class Permit Program
	The reconciliation process for SMPCC has been streamlined.	5 months (August 2021)	50% reduction in reconciliation time	70% reduction in reconciliation time	Data from Special Milk Class Permit Program

Chief Executive Officer Commitment:

I, Serge Riendeau, 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.



Serge Riendeau  
Chief Executive Officer  
Canadian Dairy Commission

Original signed  
May 24, 2022

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**APPENDIX B  
MANDATE LETTER**

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Quote: 271121

Ms. Jennifer Hayes  
Chairperson  
Canadian Dairy Commission  
960 Carling Avenue, 1st Floor  
Ottawa Ontario 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 fulfill 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,

The Honourable Marie-Claude Bibeau, PC, MP