


A herd of black and white dairy cows is grazing in a lush green field. The cows are scattered across the frame, with some in the foreground and others in the background. The grass is vibrant green and appears to be a mix of different types. The overall scene is peaceful and pastoral.

# Canadian Dairy Commission

2023/2024 Annual Report

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 Our annual report is only available electronically. Throughout the document, you will find links to websites that offer you more information on certain topics.

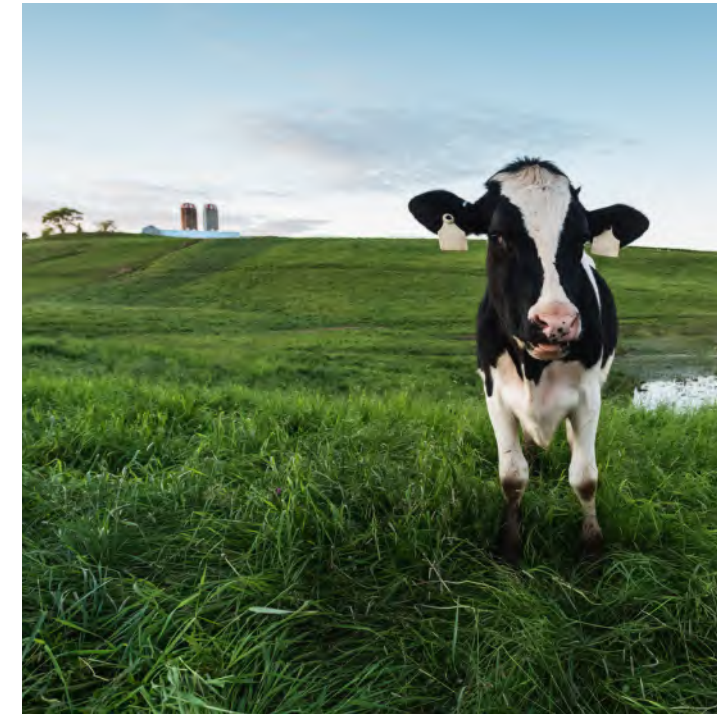


Contact Us

## Canadian Dairy Commission

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Commission staff is available to serve you in either official language, from 8 a.m to 4:30 p.m ET, Monday to Friday (statutory holidays excluded).



# Mission Statement

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

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# Values

Excellence | Integrity | Leadership | Respect

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Compliance with dairy safety standards, animal welfare standards, and milk composition standards among the highest in the world.

# Mandate of the Canadian Dairy Commission

Under the Canadian Dairy Commission Act, the CDC's legislated objectives are:

- 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.



## Our Communications and Strategic Planning Team

Left to right: **Marc Rousselle**, Communications Officer; **Michelle Cadieux**, Translator and Language Advisor; **Shana Allen**, Deputy Director, Communications and Strategic Planning, **Chantal Beauchamp**, Communications Advisor.



**The Canadian Dairy Commission (CDC) Board **reflects positively on the 2023-2024 dairy year** and is proud to have contributed to an industry dynamic which strives toward the long-term sustainability of the Canadian dairy sector.**

Our Board continues to firmly believe in a constructive and collaborative approach to encourage dialogue, achieve common goals through joint problem solving, and facilitate understanding of the real issues impacting our stakeholders all along the dairy value chain.

Sharing the industry's attention on the social, environmental and economic sustainability of the Canadian dairy sector, the CDC facilitated industry introspection regarding how to identify new and innovative uses for nonfat dairy components. This led to our renewed focus on balanced and sustainable growth for all milk components. The CDC is proud to administer the Dairy Innovation and Investment Fund on behalf of Agriculture and Agri-Food Canada (AAFC) as well as manage the application process for the Market Growth Program on behalf of the P10. Both of these initiatives will stimulate investment, innovation and market growth, positioning the Canadian dairy sector for future success and sustainability.

If we are to rise to meet our industry's bright future potential, the CDC must ensure that the Canadian dairy supply management system is managed using modernized tools and policies, and that decisions that affect it are based on evidence-based data. To that end, our team continues to support the industry as they explore national sharing initiatives, while working to modernize regulatory elements and agreements. Internally, our team continuously strives towards excellence and continuous improvement in every aspect of our workplace and industry to foster a collaborative environment and to empower the industry.

The Canadian dairy industry, its actors and issues are constantly evolving. In response, the CDC must always actively consider if the goals we pursue and tools we employ are the best fit to meet the challenges before us. The Board was particularly encouraged by the rejuvenated enthusiasm of our team as we undertook a fresh approach to strategic planning in 2024 while also engaging in an exercise to revise the organization's values and establish guiding principles. These values and guiding principles, once finalized in the next dairy year, will drive our motivation, provide a sense of purpose, inform our decisions, and guide us towards meaningful action, particularly in exceptional times. They also demonstrate our steadfast commitment to collaborating with the industry and ensuring a strong value-system in our operations.

The CDC Board values and respects our employees and stakeholders from farm to table, and we strive to be inclusive and listen with openness to ensure a high functioning supply management system. A key element of our CDC mandate is to ensure that efficient dairy farmers have the opportunity to obtain a fair return for their labour and investment. In October 2023, the CDC conducted the annual review of Canadian farm gate milk prices. Our team worked diligently to ensure clear communication of our processes and of our final decision, while providing public access to key supporting documents and data to encourage understanding of the process for any Canadian who seeks to be informed.

Looking forward, our Board remains committed to providing the guidance and support that our team and the industry expect and deserve to continue to foster a great workplace culture and to be ready to accompany our industry partners in our shared goals for a bright future for Canadian dairy.

Sincerely,



Benoit Basillais  
Chief Executive Officer



Jennifer Hayes  
Chair



Shikha Jain  
Commissioner



Left to right: **Shikha Jain**, Commissioner; **Benoit Basillais**, Chief Executive Officer; **Jennifer Hayes**, Chair





**As I reflect on the past year, I am proud of what we have accomplished as an organization. It has been an honour to lead the Canadian Dairy Commission (CDC) through a year that was filled with obstacles and challenges, achievements and success, differences of opinions and collaboration, but above all, a common goal to serve the Canadian dairy industry.**

I am grateful for the dedication of CDC employees and their ability to adapt and respond to an ever-changing industry affected by a dynamic global landscape, for their capacity to respond efficiently to shifting priorities, and for their resourcefulness in creating innovative solutions to complex issues.

The dairy sector is evolving quickly, and our organization is evolving to meet its needs. In 2023-2024, we revised our approach to how we develop our strategic plan to not only ensure that we meet our mandate but more importantly, to ensure that we have the right resources in place, that we are offering the right programs and services, and that we have efficient and effective processes to provide support and guidance to the industry.

We met with stakeholders and industry representatives to get their feedback, listen to their concerns and determine opportunities. And we heard them! The feedback we received helped us develop clear objectives and specific performance measures that will lead us not only through the next dairy year, but into the future. More details on our 2024-2025 strategic plan are on page 46.

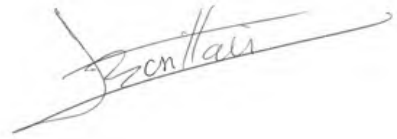
In the spirit of cultivating an inclusive work environment that fosters development, the CDC held its first Town Hall on May 30th, 2024.

It was a great opportunity to get together in person (virtually for some) to strengthen the team at all levels. The agenda consisted of activities and various sessions meant to inform, build team spirit and create a sense of community, including a review of the operational plan, a presentation on The Milky Way (the CDC's intranet site), activities on diversity and inclusion, a pledge against discrimination, an introduction to the various CDC committees, and a brainstorming session on how to create a welcoming working environment.

Our goal is to engage members of the CDC in all its spheres of activities, to create linkages between our various teams, and to emphasize that everyone's contribution is necessary to meet our mandate.

Over the past few years, the CDC has been devoted to sharing information and committed to being transparent with industry stakeholders and the public, while respecting the need for confidentiality when required. To this end, we have increased our social media presence to not only clarify the role of the CDC and how the supply management works, but more importantly, to engage with our stakeholders and the public. We invite you to follow us on our social media accounts on Instagram ([cdc\\_dairy](#)) and X ([CDC\\_Dairy](#)) to stay informed and share your thoughts with us.

The Canadian dairy industry is a key contributor to the Canadian agricultural landscape and our economy. We want to continue to collaborate with the industry to seize every opportunity for growth and innovation. Our team of economists, policy analysts, auditors, communicators, program agents, information technologists, human resource specialists, and financial experts are passionate and committed to making a difference. I feel great pride in the incredible team we have and personally feel privileged to serve this industry. I look forward to working collaboratively to lead the CDC and support the industry into a promising future.

A handwritten signature in black ink, appearing to read 'Benoit Basillais', written in a cursive style.

Benoit Basillais  
Chief Executive Officer



**The Canadian Dairy Commission (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 CDC plays a key role in facilitating the stability and development of the dairy sector in Canada.**

Most dairy policy decisions are made by a federal/provincial committee called the Canadian Milk Supply Management Committee (CMSMC). This industry operates under a supply management system based on planned domestic production to meet demand, pricing mechanisms and import controls. The Canadian dairy industry operates on a “dairy year” basis, which runs from August 1 to July 31. The dairy industry ranks third (based on farm cash receipts) in the Canadian agriculture sector, just behind red meats and grains and oil seeds.

Canadian milk and dairy products are recognized for their variety and high-quality. Strict quality standards on dairy farms and in processing plants, along with a strong commitment to sound animal welfare practices and environmental sustainability contribute to this international reputation.

# Milk production

The dairy industry was a significant contributor to the Canadian economy during the 2023 calendar year. It generated farm cash receipts of \$8.55 billion.



**Milk production in Canada is expressed in kg of butterfat.**



## 9,443 farms in Canada<sup>1</sup>

Employs approximately 16,665 operators and 28,981 paid employees.<sup>2</sup>

## Total number of dairy cows

969,500<sup>3</sup> with an average of 103 cows per farm

## Annual production

Annual production of 43,648 kg of butterfat\* (BF) per farm (for a total of 412.17 million kg BF nationally), a production per farm higher than that of the 2022-2023 dairy year.

1, 2, 3 - <https://agriculture.canada.ca/en/sector/animal-industry/canadian-dairy-information-centre>



The Canadian dairy industry has some of the most stringent quality control standards in the world. Industry players work together to ensure Canadians have access to safe and quality dairy products.

# Annual Production

(million kg butterfat)

Province	2022/2023	2023/2024	Difference
Newfoundland and Labrador	1.90	1.94	2.0%
Prince Edward Island	5.20	5.46	4.9%
Nova Scotia	8.84	8.96	1.4%
New Brunswick	6.94	7.05	1.6%
Québec	149.24	152.81	2.4%
Ontario	132.30	133.31	0.8%
Manitoba	17.16	17.72	3.3%
Saskatchewan	12.37	12.54	1.4%
Alberta	35.34	36.05	2.0%
British Columbia	34.91	36.33	4.1%
<b>TOTAL</b>	<b>404.20</b>	<b>412.17</b>	<b>2.0%</b>

## Milk processing

Canadians have access to a wide range of quality and innovative dairy products. Canadian dairy processors are continuously working to improve the quality of their dairy products and bring new ones to the market. Canada is recognized around the world for the quality of its products.

In 2023, the dairy processing industry generated \$18.5 billion in products, or 12.4% of all sales of processed products in the food and beverage industry.

## Dairy product consumption

The Canadian dairy industry is renowned for its quality control standards. Industry players work together to ensure Canadians have access to safe and quality dairy products.

Dairy consumption reflects the whole Canadian market including Retail, Hotels, Restaurants, and Institutions (HRI), and further processing. Over the last dairy year, consumers increased their consumption of dairy products, anywhere from between 0.9% (yogurt) and 3.3% (cheese) on an annual basis, in large part due to significant population growth. The total requirements for butterfat grew by 3%, with domestic milk production and butter stocks serving 94% of the requirements, while imports served the remaining 6% (on a butterfat basis).

## Retail sales

Retail sales of dairy products in 2023-2024 increased compared to last year for most categories. Sales from retail outlets like grocery stores and supermarkets increased for products like table cream, yogurt, ice cream, cheese, and butter by 0.7%, 2.6%, 1.7%, 2.0%, and 2.2%, respectively.

Note that retail sales are only one segment of the market for dairy products, which also includes HRI and the further processing sector.

In terms of price, dairy products remained very competitive given the inflationary environment. As of July 2024, the Consumer Price Index (CPI) for dairy products increased by 1.8%, whereas the CPI for all food products increased by 2.7%. To note, the CPI for butter decreased in July 2024 by 0.1%.

Additional information on milk production, the number of farms and cows, milk production by province, milk processing and dairy product consumption can be found at the [Canadian Dairy Information Centre](#).

The Canadian Dairy Commission also publishes a monthly [Market Update](#) on its website that addresses total requirements, consumption by product, imports, total quota, production and butter stocks.

## Industry



507 dairy processing plants (2022)<sup>4</sup>



Employs approximately 27,424 people<sup>5</sup>

4

[Overview of dairy processors in Canada - 2023](https://agriculture.canada.ca/en/sector/animal-industry/canadian-dairy-information-centre)  
<https://agriculture.canada.ca/en/sector/animal-industry/canadian-dairy-information-centre>

5

[Employment by industry, annual - 2022 - www.150.statcan.gc.ca](https://www150.statcan.gc.ca)



The Canadian Dairy Commission (CDC) was created through the Canadian Dairy Commission Act and plays a central facilitating role for the dairy industry.

In addition to the *Canadian Dairy Commission Act*, the CDC is also governed by the *Financial Administration Act*, the *Federal Public Sector Labour Relations Act*, the *Dairy Products Marketing Regulations*, the *EEC Aged Cheddar Cheese Export Regulations* and the *Safe Food for Canadians Regulations*.

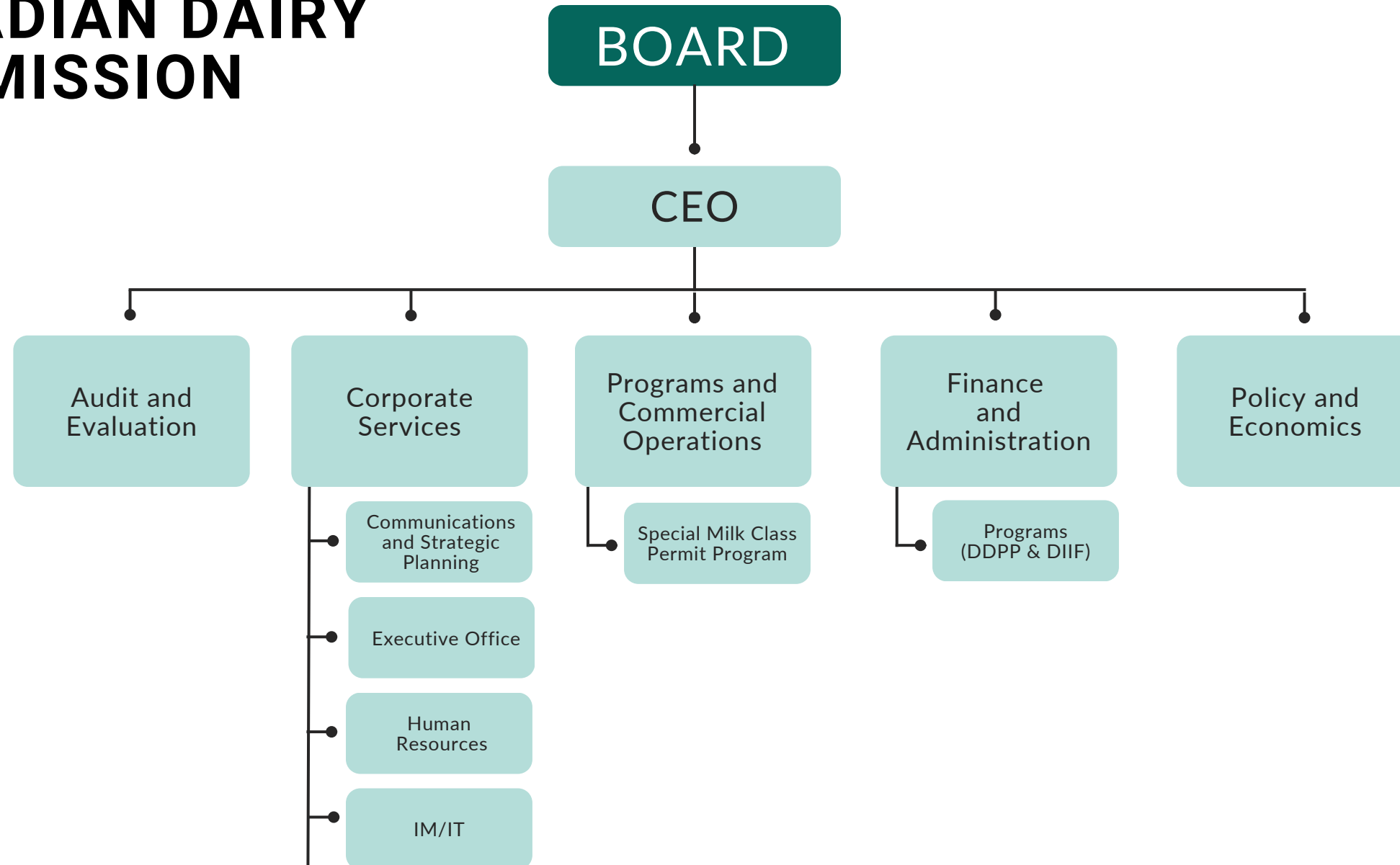
### CDC at a Glance

Created in 1966  
83 employees (as of July 31, 2024)  
Location: Ottawa (Central Experimental Farm)  
Web Site: [www.cdc-ccl.gc.ca](http://www.cdc-ccl.gc.ca)

Administrative budget for 2023-2024 (dairy year): \$12.9 million  
Dairy year: August 1 to July 31



# STRUCTURE OF THE CANADIAN DAIRY COMMISSION



# Board members



**Benoit Basillais**

Chief Executive Officer

Appointed on July 4, 2022  
for a four year term.



**Jennifer Hayes**

Chair

Appointed on December 23, 2021  
for a four year term.



**Shikha Jain**

Commissioner

Appointed on September 15, 2022  
for a four year term.

The governing board of the CDC is made up of a chairperson, a commissioner, and a chief executive officer (CEO). The Board members are appointed by the Governor in Council and fulfill their mandates either on a part-time or a full-time basis. The governing board is responsible for the overall stewardship of the organization.

# Committees

## Board Committees

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### **Audit Committee**

The Audit Committee ensures proper accountability over CDC operations as required by the *Financial Administration Act* (FAA).

### **Senior Management Team (SMT)**

The Senior Management Team discusses the daily operations of the CDC and makes the required decisions.

## Management Committees

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### **Human Resources Advisory Committee**

Its mandate is to provide advice to the SMT on human resources priorities and initiatives.

### **Internal Audit and Program Evaluation Advisory Committee**

This committee develops internal audit and program evaluation plans for the review of CDC's systems, programs, and practices.

### **Risk and Security Committee**

Its mandate is to assist the SMT in meeting the security requirements of the Government of Canada.

### **Occupational Health and Safety Committee (OHS)**

The OHS Committee serves as an advisory body to the SMT for all matters relating to the health and safety of CDC employees.



# Senior Management Team

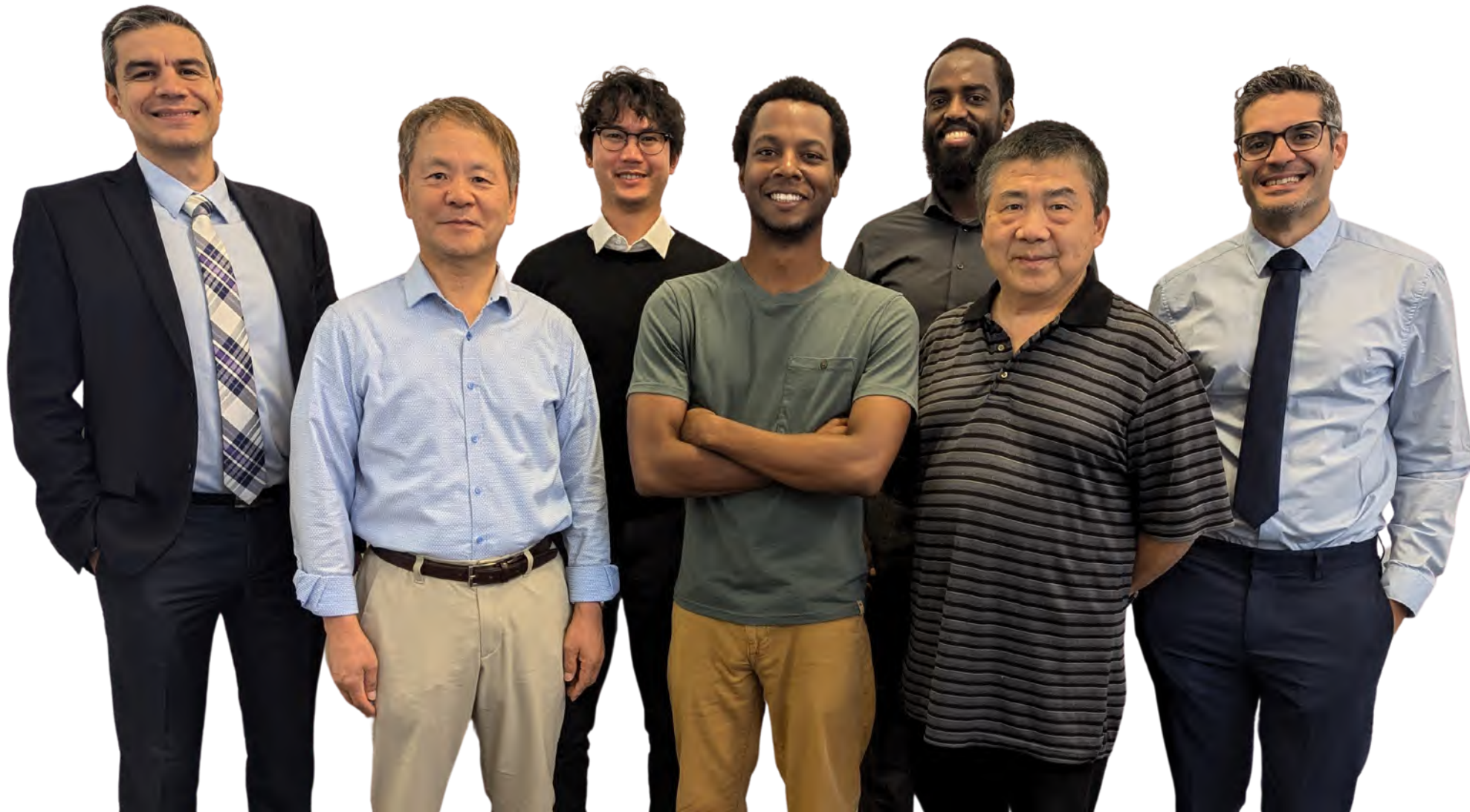


**From left to right:** **Benoit Guertin**, Executive Director, Audit and Evaluation; **Matthew Gaudreau**, Executive Director, Policy and Economics; **Dimitre Dimitrov**, Deputy Director, IM, IT and Security; **Christine Boutin**, Executive Advisor to the CEO, Processor Affairs; **Philippe Charlebois**, Executive Director, Corporate Services; **Chantal Laframboise**, Executive Director, Programs and Commercial Operations; **Jonatan Emery**, Executive Director, Finance and Administration; **Priscilla Revolus**, Corporate Secretary; **Benoit Basillais**, Chief Executive Officer.

# Our IM / IT Team

**Left to right:** **Dimitre Dimitrov**, Deputy Director, IM, IT and Security; **Samuel Lee**, Business Intelligence Developer; **Matthew Chandrawan**, Acting Team Leader, Software Solutions; **Khama Hastick**, IT Analyst, Software Solutions; **Abdirashid Jama**, IT Analyst, Software Solutions; **Gary Wu**, IT Technical Advisor, DBM; **Wilker Fernandes de Sousa**, IT Analyst, Software Solutions.

**Absent :** **François Pellerin**, Team Leader, Infrastructure Operations; **Benjamin East**, IT Analyst, Infrastructure Operations.



# Corporate Governance

## Planning and reporting

In the fall of 2023, the Board approved the Annual Report and Financial Statements of the CDC for the 2022-2023 dairy year. On May 15th 2024, the Board approved the CDC's Corporate Plan<sup>6</sup> for the period starting in 2024-2025 and ending in 2028-2029. The Corporate Plan contains all the major directions of the corporation as well as its forecasted budgets and borrowing plan. It was approved by Treasury Board on June 20, 2024.

## Audit and evaluation

The annual update of the three-year Risk-Based Audit Plan for 2022-2025 was approved in December 2023. The program evaluation of the Domestic Seasonality Program for Butter (Plan A and Plan B), initiated in the previous dairy year, was completed and presented to the audit committee in June 2024. Work on the internal audit of the Matching Investment Fund (MIF) was initiated during the year and will continue into the 2024-2025 dairy year. The CDC internal audit division also provided various advisory services throughout the year and participated in committees involving corporate risk management.

## Annual public meeting

The CDC held a virtual annual public meeting on January 30, 2024. This meeting was open to the public and was attended by over 100 people, most of whom were representatives from the dairy industry. It gave the CDC the opportunity to report on its financial statements and strategic objectives for the past and current dairy years and to answer any questions from participants.

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<sup>6</sup>The Canadian Dairy Commission's Corporate Plan is a confidential document. A [summary](#) is published following the Treasury Board's approval of the Corporate plan.



## Our Corporate Team

Left to right: **Pauline-Anne Zoitopoulou-Fossey**, Executive Assistant; **Priscilla Revolus**, Corporate Secretary



**The Canadian Dairy Commission (CDC) monitors changes in demand and adjusts the national and regional milk production quota to ensure Canadian markets are served in a timely manner. Provincial milk marketing boards are responsible for setting the production quotas and issuing them to individual producers.**

The CDC calculates the cost of milk production and annual milk price adjustments and decides on butter support price adjustments to promote fair compensation to efficient producers. It also encourages market development, provides audit services and supports the industry by leveraging its expertise, administering national revenue pooling, providing logistics services and administering various programs.



# Supply management

## Determining demand and quota

The CDC monitors trends in total requirements of butterfat and imports of dairy products monthly. The national production quota is also calculated monthly (total requirements minus imports of dairy products) to reflect changes in the demand for milk production. Production is then monitored closely to make sure that milk supply stays within an acceptable seasonal range relative to quota and overall demand.

### Total requirements and production (million kg butterfat)

	Total Requirements	Imports	Total Quota	Total Production
2019-2020	395.50	7.22	388.28	382.20
2020-2021	410.74	12.82	397.92	396.04
2021-2022	412.18	15.17	397.01	395.96
2022-2023	416.76	17.70	399.05	404.59
2023-2024 <sup>7</sup>	436.04	25.61	410.43	412.17



## Adjusting supply

The Domestic Seasonality Programs for butter (Plan A and Plan B) allow the industry to continue to offer a reliable supply of dairy products despite seasonal fluctuations in supply and demand. The industry has mandated the CDC to operate these programs in co-operation with the private sector.

<sup>7</sup> As of January 2024, Total Requirements and Imports now include historical WTO tariff rate quota imports of mainly cheese. This has the effect of adding 5-6 M BF kg annually to both Total Requirements and Imports. Since Total Quota is the result of Total Requirements minus imports, increasing both factors by the exact same quantity results in no change to Total Quota. This change was done for a more precise Total Requirements, one that is aligned with true market demand as much as possible.

## CDC Inventory

	Opening inventory	Purchases	Sales	Closing inventory
	Tonnes			
Butter (Plan A, B Imports)	8,906	18,061	16,095	10,872
Cheese (Plan C)	1,333	1,050	973	1,410



Under the Domestic Seasonality 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 back to manufacturers when the situation reverses itself, usually in the fall. These purchases and sales are transacted at the support price. This year and last year, private and CDC butter stocks were rebuilt using additional production over the national quota.

Plan C is a storage program for cheese to help manage variations in supply and demand and to support the industry in times of plant closures or short-term reductions in processing capacity.

### Imports

As part of its World Trade Organization (WTO) commitments, Canada has established tariff rate quotas (TRQ) for numerous dairy products. TRQs are the quantities of products that can enter Canada with little or no duty. With the support of the industry, the CDC has acted as the receiver of butter imports under the WTO TRQ through federal permits since 1995 and has directed this product to the further processing sector through butter manufacturers. The WTO TRQ for butter is 3,274 tonnes. Of this, approximately two thirds (2,000 tonnes) are specifically reserved for imports from New Zealand. During the 2023-2024 dairy year, the CDC imported its full WTO TRQ commitment of butter, including more than 2,000 tonnes from New Zealand.

# Our Policy and Economics Team

From left to right: **Christine Tremmaglia**, Manager, Policy and Economics; **Ali ElMeray**, Junior Economist and Policy Analyst; **Thomas Morton**, Intermediate Economist and Policy Analyst; **Robert Laflamme**, Manager - Quota, Market Analysis, Forecasting; **Sarah Bianchini**, Meeting Planner and Committee Coordinator.

**Absent:** **Frédéric A. Sigouin**, Deputy Director, Policy and Economics; **Sarah Gazi**, Junior Economist and Policy Analyst; **Nadjib Lakhlef**, Economist and Policy Analyst; **Austin Rikley-Krindle**, Junior Economist and Policy Analyst; **Rock Éric Hounhouigan**, Economist.



# Producer returns

## Pricing

As part of the supply management system, the price that producers receive for their milk is regulated and varies depending on the end use of the milk.

In October 2023, the CDC conducted the annual review of Canadian farm gate milk prices and various costs used in administering the supply management system. As a result of the review and consultations with stakeholders, the CDC postponed the farmgate milk prices adjustment, representing an increase of 1.77% to May 1, 2024, instead of February 1, 2024. This increase translates to \$0.0153/litre (or just over 1 cent per litre).

Like most Canadians, dairy farmers felt the pressures of inflation. Despite stabilizing feed, fuel and fertilizer costs, producer gains were offset by higher interest rates.

The adjustment increased the price of milk used in the manufacture of dairy products such as milk, cream, yogurt, cheese and butter intended for the retail sector and foodservice industry by 1.77% on average. The net impact on consumers is also influenced by other factors in the supply chain such as labour, transportation, distribution and packaging costs. The price paid to farmers for cow's milk is only part of the price paid by consumers.

Also, on May 1, 2024, the support price for butter increased from \$10.2180 per kg to \$10.3505 per kg. The support price for butter is used by the CDC when buying and selling butter under its Domestic Seasonality Programs. This increase in processors' costs only applied to butter sold by manufacturers in the context of the CDC's storage programs.

[Click here](#) for additional information on how the price of milk is set in Canada.

## Pooling of markets and producer returns

In its role as a national industry facilitator, the CDC administers the three federal-provincial agreements that frame the sharing of revenues and markets among Canadian milk producers.

### Comprehensive agreement on pooling of milk revenues (P10 agreement) and sharing of markets

Producers across Canada share revenues from all milk. For dairy producers, pooling revenues is a way to manage the financial risks associated with processing changes and market fluctuations in domestic markets. The pooling of revenues from milk sales enables producers to receive an average price per hectolitre or per kilogram of components, based on total sales.

The Comprehensive Agreement on Pooling of Milk Revenues (P10 Agreement) provides a means for producers to share markets for the sale of milk to processors. In 2021-2022, the CDC initiated an update of the P10 Agreement in collaboration with provincial signatories to ensure that the text of the agreement reflects current practice. This process continued through 2023-2024.

## Regional pooling agreements

Regional pools are used to share various costs and programs that are specific to the regions. The CDC administers these agreements on behalf of the dairy sector. There are two regional pooling agreements in Canada: The Eastern Canadian Milk Pooling Agreement (P5) and the Western Milk Pooling Agreement (WMP).

### National pooling

During the 2023-2024 dairy year Newfoundland and Labrador, the P5 and the WMP (the 10 provinces) worked jointly, as part of the P10 Pooling Committee, a sub-committee of the Canadian Milk Supply Management Committee (CMSMC), on national initiatives such as the Market Growth Program aimed at stimulating investment in Canada's dairy processing sector. This program is one of several tools used by the dairy industry to optimize utilization of all components and balance supply of solids non fat with demand. Significant discussion took place to consolidate methods for national sharing of markets and transportation costs amongst marketing boards, with discussions to continue into the next dairy year.

During the dairy year, the CDC supported the work of the P10 Pooling Committee through its role as a facilitator and thanks to its technical expertise.

# Industry support

## Canadian Milk Supply Management Committee

The Canadian Milk Supply Management Committee (CMSMC) is the main national body for policy development and discussions in the sectors of milk production and dairy processing. It includes milk marketing boards and government representatives from all provinces and non-voting representatives from national consumer, processor, and producer organizations.

As chair of the CMSMC, the CDC provides ongoing leadership, advice, and analysis to Canada's supply managed dairy sector, in close co-operation with national and provincial stakeholders. All decisions require consensus among all provincial milk marketing boards.

## Secretariat, IT and Translation Services

During the 2023-2024 dairy year, the CDC coordinated more than 130 meetings (virtual and in-person), webinars and conference calls and translated almost 545 documents in support of the regional pools, the CMSMC, and several working groups and national committees.



The Canadian Milk Supply Management Committee (CMSMC) is the main national body for policy development and discussions in the sectors of dairy production and processing.

# Auditing

Various types of external audits are conducted by the CDC to provide reasonable assurance of compliance with program and milk class requirements, and to verify the completeness and accuracy of reported data. Risk assessment is used to identify higher risk activities among Special Milk Class Permit Program (SMCPP) and Milk Class 3(d) participants. An annual revenue sharing review is completed for all 10 Provincial Boards. Also, annual milk utilization audits are completed for processors in the 8 provinces where the CDC is contracted to be the provincial auditor.

During the 2023-2024 dairy year, a total of 28 SMCPP audits were performed. In conjunction with these audits, the CDC normally audits a sample of companies participating in the Import for Re-Export Program (IREP), which is administered by Global Affairs Canada (GAC). However, due to some ongoing re-allocation of their resources, these joint audits have been carried forward to the 2024-2025 dairy year. A total of 12 audits of Milk Class 3(d) activities were performed. As of July 31, 2024, SMCPP and Class 3(d) audit recoveries totaled \$6,267,399. These funds were returned to producers through the national revenue pool.

During the 2023-2024 dairy year, joint milk utilization audits were conducted in provinces in which the CDC is not the provincial auditor. Milk utilization audits were performed for 154 plants on a cost-recovery basis in 8 provinces: Newfoundland and Labrador, Prince Edward Island, Nova Scotia, New Brunswick, Quebec, Manitoba, Saskatchewan and Alberta.

Utilization revenues pooled by Provincial Boards were verified in 6 provinces during the year, with the remaining 4 provinces being rescheduled to the 2024-2025 dairy year.

Type of Audit	Auditee	Purpose of audit
Revenue sharing	Provincial boards	Verify completeness of pooled revenues from all 10 provinces
Milk utilization	Processors	Verify accuracy and completeness of milk components reported in utilization classes and related programs (e.g., school milk program) in 8 provinces. (NL, PE, NS, NB, QC, MB, SK, AB)
Import for re-export program (IREP)	IREP participants	Verify compliance with program requirements on behalf of Global Affairs Canada.
Milk Class 3(d)	Distributors and restaurants using Mozzarella on fresh pizza	Verify compliance with class requirements.
Special Milk Class Permit Program	Distributors and further processors	Verify compliance with program requirements.





# Our Audit and Evaluation Team

**Front row - left to right:** Marie-Claude Fortin, Senior Auditor; Katerina Hera, CIA, CRMA, CGAP Senior Auditor; Vanessa Lagacé, Acting Audit Deputy Director; Stephanie Whyte, Senior Auditor; Yali Xiao, Auditor; Kayla Cloutier, CIA, CGAP, Acting Audit Manager; Meng Jin, Auditor; Carline Rocks, Auditor.

**Back row - left to right:** Josiane Allard, Senior Auditor; Camille Lewis, CPA, Audit Project Leader; Eric Champagne, Senior Auditor; Philippe Cardinal, CGAP, Audit Manager; Darryl Lenz, CPA, CGA, Audit Project Leader; Douglas Crossman, CGAP, Acting Audit Project Leader; Miguel Alonso, Audit Project Leader.



# CDDC's Programs



The Canadian Dairy Commission (CDC) administers several programs related to market supply and growth on behalf of the **Canadian Milk Supply Management Committee (CMSMC)**.

# Special Milk Class Permit Program



The Special Milk Class Permit Program sets the price at which milk components are sold by provincial marketing boards. The prices set under the program allows processors, exporters and further processors to remain competitive.

The CDC administers the Special Milk Class Permit Program (SMCPP) on behalf of the industry. Through this system, milk components (butterfat, protein and other solids) are made available to manufacture dairy ingredients destined for use in further processed products. Further processors can access these dairy ingredients by means of a Special Class permit issued by the CDC.

Class 5(a) permits are issued for cheese, class 5(b) permits are issued for all other dairy products, and class 5(c) permits cover dairy products used as ingredients in the confectionery sector. These permits can be used to source dairy ingredients used in the manufacture of food products.

Further processors used their permits to buy the equivalent of 44.6 million kg of butterfat in the 2023-2024 dairy year, a decrease of 7% over the previous year. The decrease is primarily explained by less sales of Canadian butter for further processing. The number of active program participants on July 31, 2024, amounted to 1,665.



# Our Programs and Commercial Operations Team

**Front row - left to right :** **Adrienne Morin**, Deputy Director, Commercial Operations; **Kevin McKenny**, Domestic and Export Program Coordinator, Commercial Operations; **Danielle Lafleur**, Program Agent; **Camille Martineau**, Senior Programs Officer, Commercial Operations; **Faye Pears**, Programs Agent; **Eve Saint-Pierre**, Programs Agent; **Emma Simpson**, Student; **Krista Robinson**, Programs Agent; **Sarah Prager**, Applications Officer.

**Back row - left to right :** **Éric Gingras**, Supervisor; **Julie Simoneau**, Manager, Domestic Marketing Programs; **Neil Gill**, Programs Officer; **Lena Kantorska**, Marketing Program Officer; **Éric Poirier**, Senior Programs Officer; **Katherine Charette**, Program Agent; **Martine Leblanc**, Senior Programs Officer; **Ed Foster**, Programs Agent; **Abdelhay Rihani**, Programs Officer, Commercial Operations.



## Class 3(d)

Class 3(d) was created for restaurants to use Mozzarella on fresh pizzas. In 2023-2024, 1,329 restaurants joined the program, which is an increase over the 1,168 restaurants that registered the previous year. As of July 31, 2024, 11,261 restaurants were active program participants. The total amount of mozzarella used in the program for this dairy year was 54.1 million kg compared to 56.2<sup>8</sup> million kg used in 2022-2023.

## Domestic Seasonality Program

These programs allow the CDC to work with the private sector to balance the seasonal demand and supply of products for the domestic market. When milk production exceeds the needs of the Canadian market, the CDC buys inventories of butter from processors at the established support price. The support price is also used as a guide by provincial authorities when they establish milk prices at the farm level.

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<sup>8</sup> In the 2022-2023 Annual Report, it was reported that 54.6 million kg of Mozzarella was used in the program during that dairy year. The actual amount used was 56.2 million kg as stated above. Quantities are subject to fluctuation based on processor reporting. Processors frequently adjust their reporting up to 90 days after they have submitted their original data.

## Dairy Marketing Program

The CDC continues to encourage growth and innovation in the manufacture and use of dairy products and components through its Dairy Marketing Program. The Dairy Marketing Program consists of various programs and services offered to the industry. These include:

### *Matching Investment Fund (MIF)*

The MIF is designed to help eligible companies and food technology centres with product development initiatives that help stimulate demand for Canadian dairy products and ingredients. In dairy year 2023-2024, four applications were sent to the review committee for assessment. These applications are pending review. Funding under the MIF is for a range of eligible activities including consultation services, recipe development, product testing and technology transfer.

### *Dairy Innovation Program (DIP)*

The DIP encourages the manufacture of new and innovative products on the domestic market. It allows for the addition of specific volumes of milk to provincial quotas to ensure that the milk supply needed to produce innovative products is available to successful applicants. In dairy year 2023-2024, 12 DIP applications were received from seven different companies for a variety of innovative dairy products. Six projects were approved representing a total forecasted milk utilization of 49.5 million litres over three years. For dairy year 2023-2024, 44.7 million litres of milk were used in the DIP of 24 different products.

### *Trade shows*

In 2023-2024, the CDC attended both the Restaurants Canada and Bakery Showcase in Toronto, Ontario to share information about the Special Milk Class and 3(d) permit programs as well as the CDC's MIF and DIP.



## Dairy Direct Payment Program (2024-2030)

On July 11, 2023, the Minister of Agriculture and Agri-Food 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 to adjust to the impacts of the Canada-United States Mexico–Agreement (CUSMA). Payments to producers are made under the Dairy Direct Payment Program (DDPP).

The second iteration of the DDPP began in 2023-2024 and is very similar to the first iteration of this program, including being administered by the CDC. The objective of the DDPP is to support dairy producers because of market access commitments made under recent international trade agreements.

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



## Dairy Innovation and Investment Fund (DIIF)

The DIIF will provide up to \$333M (minus operating funds of \$5M) over 10 years. The DIIF was confirmed during Federal Budget 2023 to support investments in research and development of new products based on solids non fat, market development for these products, and processing capacity for SNF-based products more broadly.

The objective of the DIIF is to provide non-repayable contributions to Canadian dairy processors for investments to dairy processing plants to increase competitiveness over the long term and adapt to new market realities. The DIIF was successfully launched on September 29th, 2023, and is delivered by the CDC on behalf of AAFC.

The program received 17 complete funding applications that are being assessed by an independent Committee of Experts. Funding decisions are expected to be completed by the next dairy year.



## Market Growth Program (MGP)

The MGP aims to stimulate investments for long-term market growth in Canadian dairy processing by supporting sustainable and innovative investment projects with an emphasis on adding value to solids non-fat (SNF). The first stream, entitled the Pre-Production Funding Stream, supports the execution of investments in additional processing capacity for milk solids non fat and the creation of new products that add value to the SNF surplus by providing funding towards the execution of studies during the planning stage of an investment. After the launch of this stream on December 11, 2023, the program received six funding applications that are currently under assessment. A funding decision is expected in the 2024-2025 dairy year. The CDC is managing the application process on behalf of the provincial marketing boards.

A new round of applications under this stream will be launched once decisions for the first round have been made.

New program streams are under development. The launch dates are expected in the next dairy year.



## Our Investment Program Team

Left to right: **Kimberly Francoeur**, Senior Program Officer;  
**François Cadieux**, Senior Program Officer;  
**Stéphane Soucie**, Deputy Director, Programs.





# Performance and Goals



**This section lists the Canadian Dairy Commission's (CDC) achievements for 2023-2024 as well as the goals it set for 2024-2025, including the objectives, performance indicators and results related to each.**

# Achievements for 2023-2024

Despite some remaining challenges due to the COVID-19 pandemic, the CDC experienced a good year in 2023-2024 and achieved most of its objectives.

## Supporting the sustainability of the Canadian dairy industry

**5 year objective:** In 2028, the CDC has contributed to creating conditions that encourage the development of value-added products and markets for SNF.

Performance measure for 2023-2024	Target for 2023-2024	Results	% Complete
The CDC has succeeded in coordinating the launch of the new P10 program and is ready to receive applications.	The CDC is administering the P10 program.	One stream of the new program entitled Market Growth Program (MGP) was launched on December 11th, 2023 (Pre-Production Funding Stream) on behalf of the Canadian Milk Supply Management Committee (CMSMC). The program administration is ongoing by the CDC.  Other program streams are under development.	60%
The CDC has worked with AAFC to design, launch and administer a program to support innovation and investments into projects to add value do SNF.	The CDC is administering the AAFC program.	A new program entitled Dairy Innovation and Investment Fund (DIIF) was designed to support innovation and investment to add value to SNF and was launched on September 29th, 2023, on behalf of AAFC. Program administration by the CDC is ongoing.	100%

# Supporting the sustainability of the Canadian dairy industry (continued)

Performance measure for 2023-2024	Target for 2023-2024	Results	% Complete
<p>The CDC has explored shorter-term solutions for SNF as part of an overall strategy to manage the use of SNF.</p>	<p>The CDC has developed a detailed portrait of the processing sector and facilitated discussions with industry on shorter-term solutions to add value to SNF.</p>	<p>The CDC has led discussion and policy development on a national program to encourage the receipt of short-term/weekly imbalance between supply and processing orders.</p>	<p>100%</p>
<p>The CDC has supported the industry to develop ecological strategies to eliminate food waste and find innovative ways to add value.</p>	<p>The CDC has consulted with producers and processors on how it can help reduce the environmental footprint of these sectors.</p> <p>The CDC has included environmental considerations into new and existing programs.</p>	<p>The CDC has attended several industry events related to initiatives to improve carbon efficiency along the supply chain and measuring on-farm emissions.</p> <p>The DIIF and MGP both include environmental sustainability criteria as part of the standard application process.</p>	<p>90%</p>
<p>Provinces have started the signature process for a new national revenue and market-sharing agreement.</p>	<p>The CDC has provided the provinces with a final version of the new Comprehensive Agreement on the Pooling of Milk Revenues.</p>	<p>A final draft of the agreement is complete and has been shared with provinces in advance of beginning the signature process.</p>	<p>80%</p>

## Supporting the sustainability of the Canadian dairy industry (continued)

Performance measure for 2023-2024	Target for 2023-2024	Results	% Complete
A first draft of the Dairy Products Marketing Regulations (DPMR) has been published in Part I of the Gazette.	The CDC has coordinated required provincial and federal regulatory changes and has continued the process to modify the DPMR.	The CDC has continued to coordinate provincial and federal regulatory change; however, other industry priorities have slowed this process.	15%
The CDC was mandated by the CMSMC to start the modernization of the National Milk Marketing Plan (NMMP).	The CDC has sought approval from CMSMC to begin the process of updating the NMMP and has begun updating the NMMP.	This process has not begun due to the intensity of work on updating the P10 Agreement, which makes reference to the NMMP.	0%

# Support for the dairy sector's supply management

**5 year objective:** In 2028, the Canadian supply management system continues to work optimally.

Performance measure for 2023-2024	Target for 2023-2024	Results	% Complete
The support price for butter was reviewed and updated if needed.	The new support price for butter is in effect if applicable.	The support price for butter was adjusted on May 1, 2024.	100%
Number of audits.	<ul style="list-style-type: none"> <li>• Milk Utilization - 174</li> <li>• Joint audits - 8</li> <li>• Revenue sharing - 11</li> <li>• Special Milk Class Permit Program - 35</li> <li>• Milk Class 3(d) - 30</li> <li>• Import for Re-Export Program - 2</li> <li>• Internal Audit/Program Evaluation - 2</li> </ul>	234 audits were initiated	81%
Monthly calculation and fund and data transfers on target.	8 days maximum	Met every month.	100%
Time from receipt of pooling data to quota allocation.	8 days maximum	Met every month.	100%

## Support for the dairy sector's supply management (continued)

Performance measure for 2023-2024	Target for 2023-2024	Results	% Complete
Accuracy of demand forecasts.	Within 2% of actual demand.	Cumulative error for 2024 YTD is between -1.3% and 0% of actual demand (optimistic and conservative forecast models).	100%
Import the WTO butter tariff rate quota.	3,274 tonnes	The CDC imported its full WTO TRQ commitment of butter, including more than 2,000 tonnes from New Zealand.	100%

# Pursuit of organizational excellence

**5 year objective:** In 2028, the CDC has the resources to deliver relevant programs and services.

Performance measure for 2023-2024	Target for 2023-2024	Results	% Complete
Level of staff satisfaction for the diversity and inclusion-related questions in the annual Public Service Employee Survey remains above 85%.	85%	Achieved <sup>9</sup>	100%
The CDC has organized activities that contribute to the preservation of CDC's culture.	3 activities	Achieved	100%
The CDC continues to advance GBA+ internally and within its programs in accordance with government guidelines.	The CDC has reviewed 3 HR policies for potential barriers for equity-deserving groups and has collected data used for GBA+ in the program applications of CDC programs.	Achieved	100%

<sup>9</sup> Based on 2022 [Public Service Employee Survey Results for the Canadian Dairy Commission](#)



## Our Human Resources Team

Left to right: **Marie-Ange Kamariza**, Human Resources Advisor; **Natasha Dénommée**, Deputy Director, Centre of Expertise; **Isabelle Lozano**, Human Resources Advisor





The CDC's performance objectives for 2024-2025 are based on the strategic priorities and 5-year goals identified in its corporate plan.

## Goals for 2024-2025

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.



# 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 for their work and investment.

Provide consumers with a continuous and adequate supply of quality dairy products at all times.

## Performance Indicators

- The cost of production (COP) has been calculated and published for incorporation into milk component prices by October 4.
- The Farmgate price of milk is announced by November 1.
- Monthly revenue pooling calculations as well as fund and data transfers on target: 8 days maximum.
- 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).

## Performance Indicators

- The support price for butter has been set by November 1 to be used in seasonal programs that balance supply and demand.
- 100% of the WTO butter tariff rate quota has been imported.
- 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.

# 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 value for SNF. As well, the CDC will work with the industry to develop a national shared vision.

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

**Strategic priority #2: Modernize tools and practices to enable effective national data-driven decisions to optimize the Canada 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.

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

**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.

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



## Management Discussion and Analysis

The following discussion and analysis of the operating results and financial position of the Canadian Dairy Commission (CDC) for the year ending July 31, 2024, should be read in conjunction with the enclosed financial statements of the CDC and the annual report.

# Our Finance and Administration Team

**Front row - left to right:** **Danielle Sabourin**, Programs Officer; **Iria Liao**, Financial Officer; **Hayat El-Khoury**, Administration Officer; **Chantal Laframboise**, Executive Director, Finance and Administration (outgoing); **Myaa Ghadie**, Accounts Payable Specialist.

**Back row - left to right:** **Piotr Morchat**, Manager, Finance; **Leslie Asseer**, Senior Financial Officer; **Daniel Vienneau**, Manager, Finance; **Isabelle Blanchard**, Deputy Director, Finance; **Jonatan Emery**, Executive Director, Finance and Administration (incoming).



# Results of operations and comprehensive income (loss)

## Domestic Sales and Cost of Sales

For the year ended July 31

(in thousands)	2024	2023	\$ change
Sales revenue	\$ 159,888	\$ 142,497	\$ 17,391
Cost of goods sold	\$ 156,809	\$ 140,769	\$ 16,040
Transport and carrying charges	\$ 2,619	\$ 1,576	\$ 1,043
Finance costs	\$ 908	\$ 370	\$ 538
<b>Gross profit (loss) on domestic sales</b>	<b>\$ (448)</b>	<b>\$ (218)</b>	<b>\$ (230)</b>

The CDC purchases and sells butter to regulate the supply of dairy products in the domestic market throughout the year.

The CDC purchases butter in bulk under Plan A through the Domestic Seasonality Programs. This butter is sold to processors when domestic seasonal demand increases. There was no activity in Plan A this year.

The CDC also purchases Plan B butter through the Domestic Seasonality Programs from processors who repurchase it within a predetermined period. For the 2023-2024 dairy year, the CDC sold 12,822 tonnes of Plan B butter compared to 11,309 tonnes in 2022-2023.

The CDC continues to import 3,274 tonnes of butter as part of Canada's commitments under the World Trade Organization (WTO) Agreement on Agriculture. This year, revenues from the sale of imported butter amounted to \$28.79 million, which represents a decrease of \$1.84 million compared to last year. These products are purchased by the CDC at prevailing world prices, and they are predominantly directed to the further processing industry through butter manufacturers. The average sale price throughout the year was lower than in the previous year.

In the 2023-2024 dairy year, total sales revenue and cost of goods sold increased by \$17.39 million and \$16.04 million respectively, or 12% each, compared to the previous year. This is mainly explained by higher participation in the Domestic Seasonality Programs (Plan B).

This year, the CDC generated a loss on sales. This loss results from the Domestic Seasonality Programs activities and is partly offset by the imported butter activities. The loss from the Domestic Seasonality Programs represents the financing costs and the transport and carrying charges associated with these programs. Note that these costs continue to be entirely recovered from the marketplace and producers as part of the funding from milk pools.



## Other Income

For the year ended July 31

(in thousands)	2024	2023	\$ change
Funding from milk pools	\$ 10,006	\$ 9,310	\$ 696
Funding from the Government of Canada	\$ 5,583	\$ 4,617	\$ 966
Professional services and Other income	\$ 2,506	\$ 1,769	\$ 737
<b>Total other income</b>	<b>\$ 18,095</b>	<b>\$ 15,696</b>	<b>\$ 2,399</b>

Funding from milk pools represents the revenues obtained from producers and the marketplace to finance a portion of the CDC's administrative expenses, the cost of the annual cost of production survey, the carrying charges associated with CDC Plan A and Plan B butter stocks, the Plan C program expenses, and any recoverable industry committee expenses. The funding increased compared to the previous year mainly because of an increase in the producer and marketplace financing of the CDC's administrative costs and higher recoverable industry costs.

Funding from the Government of Canada represents funding received from parliamentary appropriations. The increase compared to last year is explained by additional parliamentary appropriations granted to fund increased salary expenses and the payment of accrued retroactive salary, following the implementation of new collective agreements.

Professional services and other income include revenue relating to milk utilization audits, compensation received to administer the Dairy Direct Payment Program (DDPP) and the Dairy Innovation Investment Fund (DIIF) on behalf of Agriculture and Agri-Food Canada (AAFC) and interest revenue on funds held in trust by the Government of Canada. This year's increase is mainly because of the additional funding received to administer the new DIIF program.

## Operating and Administrative Expenses

For the year ended July 31

(in thousands)	2024	2023	\$ change
<i>Operating expenses</i>			
Industry initiatives	\$ 227	\$ 250	\$ (23)
Cost of production study	\$ 1,123	\$ 992	\$ 131
Plan C program costs	\$ 671	\$ 750	\$ (79)
Other charges (recoveries)	\$ 874	\$ 544	\$ 330
<b>Total operating expenses</b>	<b>\$ 2,895</b>	<b>\$ 2,536</b>	<b>\$ 359</b>
<i>Administrative expenses</i>			
Salaries and employee benefits	\$ 9,765	\$ 9,100	\$ 665
Other administrative expenses	\$ 2,196	\$ 1,891	\$ 305
<b>Total administrative expenses</b>	<b>\$ 11,961</b>	<b>\$ 10,991</b>	<b>\$ 970</b>
<b>Total operating and administrative expenses</b>	<b>\$ 14,856</b>	<b>\$ 13,527</b>	<b>\$ 1,329</b>

## **Operating expenses**

Industry Initiatives include expenses relating to various CDC programs that provide benefits to the industry such as the Research Affiliate Program, the Matching Investment Fund, and the Workforce Development Initiative.

These programs had fewer expenses this year.

Cost of production study includes expenses relating to the annual survey on cost of production. The CDC uses the survey results when it sets the support price. The increase in costs is due to the expansion of the study to include additional farms and data.

Plan C program costs include storage, insurance and interest costs incurred for cheese purchased under this program. The decrease in costs is because less inventory was held throughout the year under Plan C repurchase agreements.

Other charges (recoveries) are mainly comprised of credits from the CDC's contribution to the cost of the production survey, charges incurred by the CDC on behalf of the milk pools, and bank charges from the milk pool account. The increase is mainly due to the increase in meeting and interest expenses incurred on behalf of the milk pools.

## **Administrative expenses**

Administrative expenses totalled \$11.96 million this year compared to \$10.99 million in the previous year. Salaries and employee benefits of \$9.77 million make up the bulk of the administrative expenses. Other administrative expenses are mainly comprised of the depreciation on the right-of-use asset on the office lease, as well as professional and special services, and administrative support charges.

## **Distribution to provincial boards and agencies**

Distribution to provincial boards and agencies represents the transfer of the surplus from the Domestic Seasonality Programs. As milk producers are

responsible to finance these programs, any surpluses are transferred to the provincial milk marketing boards and agencies, who in turn redirect these funds to milk producers. The 2023-2024 transfer is \$0.13 million, compared to \$0.23 million last year.

# **Key results of Statement of Financial Position**

## **Inventories**

The value of inventories at the end of the year was \$111.82 million, compared to an inventory value of \$90.95 million at the end of the previous year. Total CDC butter stocks at the end of the year were 10,872 tonnes, which represents an increase of 1,966 tonnes compared to last year.

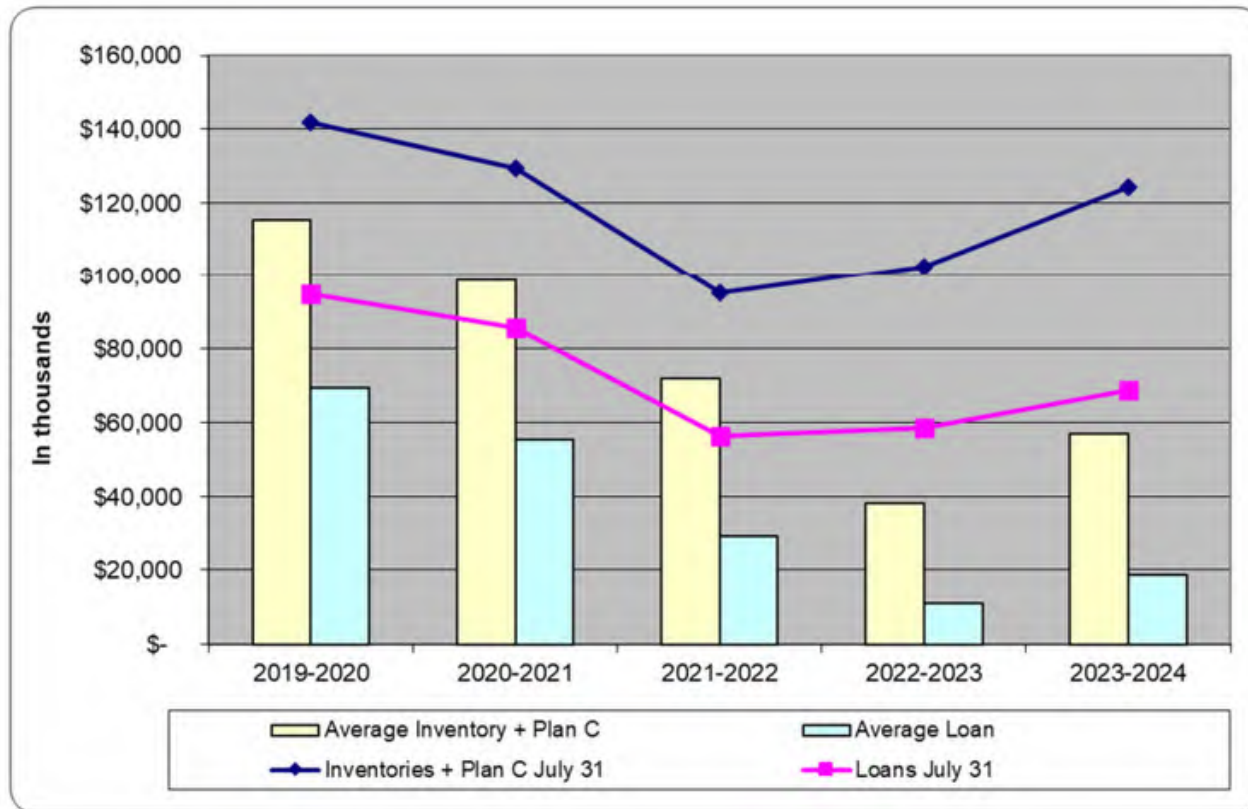
## **Plan C repurchase agreements**

The CDC operates the Plan C storage and buy-back program for cheese on behalf of the Canadian Milk Supply Management Committee (CMSMC). When the program is active, processors may sell eligible cheese to the CDC through repurchase agreements that contractually obligate the processors to repurchase the cheese, at the same price and by a set date.

International Financial Reporting Standards (IFRS) requires the CDC to account for these purchases as a financial asset as opposed to inventory, because transfer of control is not deemed to have occurred from an accounting standpoint. This financial asset is reported in "Plan C repurchase agreements" on the Statement of Financial Position. The cheese is held as collateral against the financial asset. As at July 31, 2024, the balance of outstanding Plan C repurchase agreements is \$12.69 million compared to \$11.99 million as at July 31, 2023. The quantity of cheese held as collateral for these repurchase agreements on July 31, 2024, totalled 1,410 tonnes.

## Loans from the Government of Canada

There is a direct correlation between variations in the balance of outstanding loans from the Government of Canada and variations in the total balance of inventory and Plan C repurchase agreements because these assets are financed by the loans. The balance of loans from the Government of Canada increased from \$58.71 million at the end of the previous year to \$68.92 million at the end of the current year. The graph below illustrates the correlation between the variations in the balance of outstanding loans and variations in the total balance of inventory and Plan C repurchase agreements over the last 5 years.



## Risk Management

As is the case for any business enterprises, the CDC is subject to risks in its ongoing operations. The CDC has identified the key risk factors to which it is exposed and has established policies and procedures to manage and mitigate these risks.

The CDC has prepared a Corporate Risk Profile which is reviewed and updated at least once per year by management.

It is updated during the year as needed with the latest review completed in March 2024 for dairy year 2024-2025 and March 2023 for dairy year 2023-2024. It identifies the key risks associated with CDC business and activities. It also evaluates the probability and potential impact of risk occurrences and defines mitigation measures to avoid or reduce risk. The organization's annual planning process is aligned with the Profile to ensure that higher-risk program areas and activities receive special consideration. The Board and the Senior Management Team (SMT) share the responsibility for risk management. Each plays an integral role in the risk management process at the CDC. The Board ensures that management identifies, monitors, and manages the CDC's corporate risks. It is responsible for providing a clear direction on risk tolerance and approving the Corporate Risk Profile. The Board is kept apprised of any changes to the risk profile through quarterly briefings. At least once every quarter, the CDC Audit Committee monitors these risks as well as the progress in the implementation of the various mitigation measures. The SMT is responsible for assessing the CDC's key risk areas and ensuring that appropriate controls and other mitigation strategies are carried out to effectively manage these risks. This includes supporting risk awareness and communication throughout the organization.

Market risk is difficult to manage due to its unpredictability. The operations of the CDC are affected by many external factors such as world market conditions, developments in trade negotiations on agriculture, domestic market trends, and fluctuations in supply and demand. The CDC addresses these risks by instituting sound management practices, hiring and maintaining a competent and skillful workforce, and staying abreast of any market or political development that may affect its operations. The CDC manages the volatility of world markets by strategically buying imported butter by tender or competitive offers from reliable importers.

Credit risk is the risk of financial loss for one party due to another party failing to meet its financial obligations. The CDC manages its credit risk from customers by selling product on a “payment first” basis. Other strategies include carrying out business with creditworthy customers only. The CDC can also be exposed to credit risk when it holds foreign exchange contracts, which it manages by only entering into foreign exchange contracts with major Canadian financial institutions.

## Future Accounting Standard Changes

The International Accounting Standards Board has several projects underway, some of which may affect International Financial Reporting Standards (IFRS) applicable to the CDC. Management will continue to monitor all proposed and ongoing projects and consider whether any changes are expected to impact the CDC’s reporting of financial information.

A detailed discussion on the application of new and revised IFRS accounting standards adopted by the CDC on August 1, 2023, can be found in Note 4 of the financial statements. The note disclosure also discusses new and amended IFRS accounting standards issued, but not yet adopted by the CDC.

## Looking to the Future

The CDC continues to work closely with industry partners and Agriculture and Agri-Food Canada (AAFC) to not only contribute to the prosperity and viability of the Canadian dairy industry but also to ensure its sustainability. As a result, the activities of the CDC are aligned with the priorities in the CDC Chairperson’s most recent [mandate letter](#).

The CDC’s strategic priorities for 2024-2025 include cultivating industry collaboration towards a sustainable and resilient Canadian dairy industry, advancing a national dialogue on the development of a shared vision for the 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.

One of the main challenges that the industry continues to face is solids non fat (SNF) on the Canadian market. The CDC will continue to provide support and leadership in proposing, analyzing and implementing measures that will help manage this issue. For example, the CDC launched in 2023-2024, in collaboration with AAFC, the Dairy Innovation and Investment Fund (DIIF), a 10-year program to support innovation and investment into projects that add value to SNF. The CDC is also working with industry partners to create a suite of programs that will encourage investments in processing facilities.

As part of the government's strategy to combat climate change, Budget 2021 announced that Canada's Crown corporations would demonstrate climate leadership by adopting the Task Force on Climate-related Financial Disclosures (TCFD) standards, or more rigorous and acceptable standards as an element of their corporate reporting. In accordance with the TCFD requirements, in the next year, the CDC will develop its initial risk management assessment and climate strategy. The CDC intends to publish its inaugural report on its climate-related risks in the 2024-2025 annual report.

Reducing Canada's greenhouse gas emissions and adapting to climate change remain urgent priorities for the Government. 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 dairy supply chains in their efforts to be more efficient through eliminating food waste and finding innovative ways to add value.

The CDC continues to be focused on ensuring that it has the people needed to support the dairy industry into the future. This includes improving how it attracts, develops, retains, and promotes a diverse and inclusive workforce and maintaining the CDC's positive and diverse organizational culture.

The CDC is also focused on taking advantage of the tools that technology can offer. As such, the CDC has embarked on moving its applications and databases to the cloud and on using a more modern application for its commercial operations. As it moves some services to cloud-based computing to better serve its partners and clients, the CDC is following all Treasury Board Secretariat directives to ensure safe operations.

Finally, in May 2024, the Treasury Board Secretariat amended the Direction on Prescribed Presence in the Workplace. As at July 31, 2024, the CDC has made the necessary changes to ensure full compliance with the Direction, effective in September 2024. The CDC has ensured that all employees have the equipment and the accommodations required to provide quality services to the dairy supply chain both while working in the office and teleworking.

# Management Responsibility for Financial Statements

The financial statements of the Canadian Dairy Commission and all information in this Annual Report are the responsibility of management. Those statements have been prepared in accordance with International Financial Reporting Standards, using management's best estimates and judgments where appropriate. Financial information presented elsewhere in the Annual Report is consistent with the statements provided.

In discharging its responsibility for financial reporting, management maintains and relies on financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded, and proper records are maintained.

These controls and practices ensure the orderly conduct of business, the accuracy of accounting records, the timely preparation of reliable financial information and the adherence to CDC policies and statutory requirements. This process includes the communication and ongoing practice of the CDC's Code of Ethics.

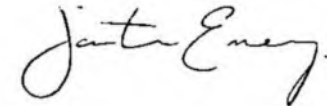
The Audit Committee of the Canadian Dairy Commission, made up of the commissioners, oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting. The CDC's internal and external auditors have free access to the Audit Committee to discuss the results of their work and to express their concerns and opinions.

The financial statements of the CDC have been audited by the Auditor General of Canada, the independent auditor for the Government of Canada.



Benoit Basillais  
Chief Executive Officer

Ottawa, Canada  
October 2, 2024



Jonatan Emery, Executive Director,  
Finance and Administration



**The financial statements of the Canadian Dairy Commission and all the information in this annual report are the responsibility of management.**





Office of the  
Auditor General  
of Canada

Bureau du  
vérificateur général  
du Canada

## INDEPENDENT AUDITOR'S REPORT

To the Minister of Agriculture and Agri-Food

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of the Canadian Dairy Commission (the CDC), which comprise the statement of financial position as at 31 July 2024, and the statement of operations and comprehensive income (loss), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the CDC as at 31 July 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the CDC in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the CDC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the CDC or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the CDC's financial reporting process.

## *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the CDC's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the CDC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the CDC to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## **Report on Compliance with Specified Authorities**

### *Opinion*

In conjunction with the audit of the financial statements, we have audited transactions of the Canadian Dairy Commission coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are Part X of the *Financial Administration Act* and regulations, the *Canadian Dairy Commission Act* and regulations, the by-laws of the Canadian Dairy Commission, and the directive issued pursuant to section 89 of the *Financial Administration Act*.

In our opinion, the transactions of the Canadian Dairy Commission that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Financial Administration Act*, we report that, in our opinion, the accounting principles in IFRSs have been applied on a basis consistent with that of the preceding year.

### *Responsibilities of Management for Compliance with Specified Authorities*

Management is responsible for the Canadian Dairy Commission's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Canadian Dairy Commission to comply with the specified authorities.

## *Auditor's Responsibilities for the Audit of Compliance with Specified Authorities*

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.



Sophie Bernard, CPA  
Principal  
for the Auditor General of Canada

Ottawa, Canada  
2 October 2024

# Canadian Dairy Commission

## Statement of Financial Position

(In thousands of Canadian dollars)

	As at	
	<b>July 31, 2024</b>	<b>July 31, 2023</b>
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 4	\$ 14
Trade and other receivables		
Trade receivables	1,553	1,255
Advances to provincial milk marketing boards and agencies (Note 5)	6,831	11,082
Milk pools	1,591	1,619
Inventory (Note 6)	111,816	90,954
Plan C repurchase agreements (Note 7)	9,832	6,508
	<u>131,627</u>	<u>111,432</u>
<b>Non-Current</b>		
Plan C repurchase agreements (Note 7)	2,857	5,484
Right-of-use asset (Note 8)	407	559
Intangible asset	-	20
	<u>\$ 134,891</u>	<u>\$ 117,495</u>
<b>Liabilities</b>		
<b>Current</b>		
Bank overdraft (Note 9)	\$ 6,831	\$ 11,082
Trade and other payables		
Trade payables and accruals (Note 10)	27,381	18,507
Distribution to provincial milk marketing boards and agencies (Note 15)	130	230
Other payables	1,347	1,193
Deferred revenue	-	4
Loans from the Government of Canada (Note 11)	68,925	58,707
	<u>104,614</u>	<u>89,723</u>
<b>Non-Current</b>		
Lease liability (Note 8)	495	651
<b>Equity</b>		
Retained earnings	29,782	27,121
	<u>\$ 134,891</u>	<u>\$ 117,495</u>
Commitments (Note 17)		

The accompanying notes are an integral part of these financial statements.

These financial statements were approved and authorized for issue on October 2, 2024.

  
Benoit Basillais  
Chief Executive Officer

  
Jennifer Hayes  
Chairperson

  
Jonatan Emery  
Executive Director,  
Finance and Administration

# Canadian Dairy Commission

## Statement of Operations and Comprehensive Income (Loss)

(In thousands of Canadian dollars)

	For the year ended	
	July 31, 2024	July 31, 2023
Domestic sales and cost of sales		
Sales revenue (Note 13)	\$ 159,888	\$ 142,497
Cost of goods sold	156,809	140,769
Transport and carrying charges	2,619	1,576
Finance costs	908	370
Gross profit (loss) on domestic sales	(448)	(218)
Other income		
Funding from milk pools (Note 13)	10,006	9,310
Funding from the Government of Canada (Note 13)	5,583	4,617
Professional services and Other Income (Note 13)	2,506	1,769
	18,095	15,696
<b>Total gross profit (loss) on domestic sales and other income</b>	<b>17,647</b>	<b>15,478</b>
Operating expenses		
Industry initiatives	227	250
Cost of production study	1,123	992
Plan C program costs (Note 7)	671	750
Other charges (recoveries)	874	544
	2,895	2,536
Administrative expenses		
Salaries and employee benefits (Note 14)	9,765	9,100
Other administrative expenses	2,196	1,891
	11,961	10,991
<b>Total operating and administrative expenses</b>	<b>14,856</b>	<b>13,527</b>
<b>Profit (loss) before distribution to provincial milk marketing boards and agencies</b>	<b>2,791</b>	<b>1,951</b>
Distribution to provincial milk marketing boards and agencies (Note 15)	130	230
<b>Total comprehensive income (loss)</b>	<b>\$ 2,661</b>	<b>\$ 1,721</b>

The accompanying notes are an integral part of these financial statements.

# Canadian Dairy Commission

## Statement of Changes in Equity

(In thousands of Canadian dollars)

	For the year ended	
	<b>July 31, 2024</b>	<b>July 31, 2023</b>
Retained earnings, beginning of the year	\$ 27,121	\$ 25,400
Total comprehensive income (loss) for the year	2,661	1,721
<b>Retained earnings, end of the year</b>	<b>\$ 29,782</b>	<b>\$ 27,121</b>

*The accompanying notes are an integral part of these financial statements.*

# Canadian Dairy Commission

## Statement of Cash Flows

(In thousands of Canadian dollars)

	For the year ended	
	July 31, 2024	July 31, 2023
<b>Cash flows from (used in) operating activities</b>		
Cash received from customers and others	\$ 163,165	\$ 145,073
Cash paid to suppliers and others	(187,317)	(158,763)
Cash receipts from provincial milk marketing boards and agencies for pooling	14,285	6,467
Cash distributed to provincial milk marketing boards and agencies	(230)	(260)
Cash receipts from the Government of Canada	5,583	4,617
Interest income received	148	446
Interest paid on loans and the lease liability	(757)	(223)
Cash receipts from Plan C repurchase agreements	8,758	4,368
Cash paid for Plan C repurchase agreements	(9,455)	(6,270)
<b>Net cash flows from (used in) operating activities</b>	<b>(5,820)</b>	<b>(4,545)</b>
<b>Cash flows from (used in) financing activities</b>		
New loans from the Government of Canada	137,286	78,333
Loan repayments to the Government of Canada	(127,068)	(76,265)
Principal payments on the lease liability	(157)	(232)
<b>Net cash flows from (used in) financing activities</b>	<b>10,061</b>	<b>1,836</b>
<b>Net cash inflows (outflows)</b>	<b>4,241</b>	<b>(2,709)</b>
Net cash (bank overdraft) at beginning of the year	(11,068)	(8,359)
<b>Net cash (bank overdraft) at the end of the year</b>	<b>\$ (6,827)</b>	<b>\$ (11,068)</b>
<b>Components:</b>		
Cash	\$ 4	\$ 14
Bank overdraft	(6,831)	(11,082)
<b>Net cash (bank overdraft)</b>	<b>\$ (6,827)</b>	<b>\$ (11,068)</b>

The accompanying notes are an integral part of these financial statements.

## Canadian Dairy Commission Notes to the Financial Statements

For the year ended July 31, 2024  
(In thousands of Canadian dollars, unless otherwise indicated)

### 1. Authority and objectives

The Canadian Dairy Commission (CDC) was established in 1966 through the *Canadian Dairy Commission Act*. It is a federal Crown corporation named in Part I, Schedule III and Schedule IV to the *Financial Administration Act* and is not subject to the provisions of the *Income Tax Act*. It is an agent of His Majesty the King in right of Canada and reports to Parliament through the Minister of Agriculture and Agri-Food.

The objectives of the CDC are to provide efficient producers of milk with the opportunity to obtain a fair return for their labour and investment, and to provide consumers with a continuous and adequate supply of dairy products. To achieve its objectives, the CDC works closely with the Canadian Milk Supply Management Committee (CMSMC), which it chairs, as well as with provincial governments and provincial milk marketing boards and agencies. This collaboration is framed by federal-provincial agreements.

The CDC is partly funded by parliamentary appropriations. This is supplemented by funding from milk producers and the market, as well as by the CDC's own commercial operations.

### Directive on Travel, Hospitality, Conference and Event Expenditures

In July 2015, the CDC was issued a directive (P.C. 2015-1104) pursuant to section 89 of the *Financial Administration Act* to align its travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with its legal obligations, and to report on the implementation of this directive in the CDC's Corporate Plan. As at July 31, 2024, the CDC continues to meet the requirements of this directive.

### 2. Basis of preparation

#### Statement of compliance

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements were approved and authorized for issue by the CDC Board on October 2, 2024.

#### Basis of presentation

The financial statements are prepared on a historical cost basis, as set out in the accounting policies below, except as permitted by IFRS and otherwise indicated within these notes.

#### Reporting period

The CDC reports on a dairy year basis which starts August 1 and ends July 31.

#### Functional and presentation currency

These financial statements are reported in Canadian dollars, which is the functional and presentation currency of the CDC.

### 3. Key sources of estimation uncertainty and critical judgements

The preparation of financial statements in accordance with IFRS requires management to exercise judgement and make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Areas where management has exercised judgement and made significant use of estimates and assumptions are discussed below.

#### Measurement of Plan C repurchase agreements

The CDC operates the Plan C program, for which a description is provided in Note 7 – Plan C repurchase agreements.

In accordance with IFRS, due to its nature as financing arrangements, the CDC accounts for the Plan C program agreements (“Plan C repurchase agreements”) as financial assets. Management has used judgement to establish the valuation technique applied to measure the fair value of the Plan C repurchase agreements at initial recognition, as well as the discount rate applied as part of the discount rate adjustment technique.

## Inventory

### *Classification of Plan B Butter*

Under section 9(1) of the *Canadian Dairy Commission Act*, the CDC also operates Domestic Seasonality Programs which includes the purchase of Plan B butter from processors who are contractually obligated to repurchase the product at the prevailing support price at the end of an agreed upon period of time. Although the CDC customarily honours processors’ requests to repurchase the Plan B butter, the CDC is not contractually obligated to sell the butter back to the processors. Additionally, the CDC bears the significant risks of ownership when it holds the butter, including theft and damage.

Management has used judgement to conclude that control over the asset is transferred when the CDC purchases Plan B butter, given the CDC has a present ability to direct the use and obtain substantially all of the remaining benefits, and bears the significant risks of ownership. Therefore, Plan B butter is recognized as inventory.

### *Allowance for inventory write-down*

Management uses assumptions when determining the allowance for write-down on the inventory on hand at year-end by estimating the net realizable value of inventory using the price of milk on the international market as well as the price of existing contracts at or around year-end.

### **Revenue associated with the Comprehensive Agreement on Pooling of Milk Revenues**

The CDC administers the Comprehensive Agreement on Pooling of Milk Revenues, collecting and redistributing producer market returns, on behalf of the provincial milk marketing boards and agencies. For supplying administrative services, the CDC receives administrative funding.

Management has determined that the CDC is an agent in this arrangement, therefore the revenue recognized is limited to the administrative funding.



**Canadian Dairy Commission**  
**Notes to the Financial Statements**

For the year ended July 31, 2024  
(In thousands of Canadian dollars, unless otherwise indicated)

**Revenue associated with the Dairy Direct Payment Program (DDPP)**

The Government of Canada’s DDPP was extended through March 31, 2029. The CDC administers the program, preparing and issuing payments to eligible dairy producers, on behalf of the government. For supplying administrative services, the CDC receives administrative funding. Management has determined that the CDC is an agent in this arrangement, therefore the revenue recognized is limited to the administrative funding.

**Timing of satisfaction of performance obligations in contracts with customers**

Management has determined that the following performance obligations are satisfied over time:

- Administration of the pooling agreements, for which pooling calculations are conducted on a monthly basis.
- Administration of government programs, which is conducted over several consecutive months or on an ongoing basis.
- Audit services, from two audit contracts, which are conducted on an ongoing basis.

**4. Material accounting policy information**

**Cash**

Cash includes funds on deposit at accredited financial institutions.

**Financial Instruments**

Financial assets and financial liabilities are initially recognized at fair value. The classification and subsequent measurement model of financial instrument categories are described below.

Classifications and subsequent measurements:

Cash	Financial asset measured at amortized cost
Trade and other receivables	Financial asset measured at amortized cost
Plan C repurchase agreements	Financial asset measured at amortized cost
Bank overdraft	Financial liability measured at amortized cost
Trade and other payables	Financial liability measured at amortized cost
Loans from the Government of Canada	Financial liability measured at amortized cost

**Canadian Dairy Commission**  
**Notes to the Financial Statements**

For the year ended July 31, 2024  
(In thousands of Canadian dollars, unless otherwise indicated)

*Financial assets and financial liabilities measured at amortized cost*

Financial assets and financial liabilities measured at amortized cost are measured using the effective interest method. The fair value of these financial instruments approximates their carrying amount due to their short-term maturity or nature.

*Plan C repurchase agreements*

The Plan C repurchase agreements are accounted for as financial assets. They are measured at fair value at initial recognition as it is different from their transaction price. The CDC calculates the fair value of the financial asset by applying the discount rate adjustment technique. The effective interest method is applied for subsequent measurement.

*Impairment*

For trade and other receivables, the loss allowance is measured by applying the simplified approach, therefore the loss allowance is measured at an amount equal to the lifetime expected credit losses.

For Plan C repurchase agreements, the credit risk has not increased significantly since initial recognition, therefore the loss allowance is measured at an amount equal to the 12-month expected credit losses.

**Inventory**

Inventory is reported at the lower of cost, which is the purchase cost, or the estimated net realizable value. Cost is determined on a first-in, first-out basis except for Plan B butter inventories where cost is determined based on specific identification.

**Revenue from contracts with customers**

*Sales revenues*

Domestic sales of butter are recognized as revenue at a point in time when control of the product is transferred to a processor. Control is typically transferred when the product is loaded into the processor's transportation equipment – the processor being responsible for the transportation of the product. The transaction prices are based on the Canadian support price or other prices established by the CDC.

Any advance consideration received for butter not yet transferred to a processor as at the end of the reporting period is reported in "Deferred revenue" on the Statement of Financial Position.

*Funding from milk pools*

Funding from milk pools consists of revenue for services rendered while administering the Comprehensive Agreement on Pooling and Milk Revenue, as well as funding to offset the costs incurred to carry butter under Domestic Seasonality Programs and to operate the Plan C program, and additional funding to offset other expenses incurred on behalf of the provincial milk marketing boards and agencies. The funding is recognized as revenue over time.

**Canadian Dairy Commission**  
**Notes to the Financial Statements**

For the year ended July 31, 2024  
(In thousands of Canadian dollars, unless otherwise indicated)

*Professional Services*

Income from professional services includes revenue from audit services rendered, as well as revenue from administrative services rendered for government programs.

The CDC has two types of audit service contracts, distinguished by the timing of the satisfaction of their performance obligation. The revenue from the first type of contract is recognized at a point in time when the audit reports are delivered. The revenue from the second type of contract is recognized on a straight-line basis to reflect the services provided overtime.

Revenues from administrative services are recognized over time.

The transaction price for professional services is based on individual service contracts.

*Performance Obligation*

The CDC has elected to apply the practical expedient to not disclose the information about remaining performance obligations when they are part of a contract that has an original expected duration of one year or less, or the revenue from the satisfaction of the performance obligation is recognized in the amount to which the CDC has a right to invoice the customer.

**Funding from the Government of Canada**

Funding from the Government of Canada is appropriated by Parliament to cover certain administrative expenses. The funding is recognized as revenue in the period the expenses are incurred.

**Cost of sales**

All butter sold was purchased by the CDC at either the Canadian support price or at other prices established by the CDC, depending on the intended resale markets, except for a portion of butter imported by the CDC at international market prices. These costs are recognized as expense under cost of sales when the sale of goods is recognized as revenue.

**Other expenses**

All other expenses are recognized in the period in which they are incurred. Estimates for accruals are made at the end of each reporting period.

**Employee benefits**

*Pension benefits*

Eligible CDC employees are covered by the public service pension plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the CDC to cover current service cost of the Plan. Pursuant to legislation currently in place, the CDC has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an expense in the period when employees have rendered service and represent the total pension obligation of the CDC.

## Canadian Dairy Commission Notes to the Financial Statements

For the year ended July 31, 2024  
(In thousands of Canadian dollars, unless otherwise indicated)

### Application of amended IFRS in effect

The below amendments to the standards issued by the International Accounting Standards Board (IASB) are effective for annual periods beginning on or after January 1, 2023. They have been adopted by the CDC on August 1, 2023. They did not have an impact on the financial statements.

#### *Disclosure of Accounting Policies (IAS 1 – Presentation of Financial Statements & IFRS Practice Statement 2)*

In February 2021, the IASB issued an amendment to IAS 1 and IFRS Practice Statement 2 relating to the disclosure of accounting policies. The amendment requires the entity to disclose its material accounting policy information instead of its significant accounting policies. Further guidance is provided to identify accounting policies that are deemed material. In the IFRS Practice Statement 2, a “four-step materiality process” was included to help apply the changes to the standard.

The amendment’s impact is limited to the disclosures of accounting policies in the notes, and had no impact on the financial statements.

#### *Definition of Accounting Estimates (IAS 8 – Accounting policies, changes in accounting estimates and errors)*

In February 2021, the IASB issued amendments to IAS 8 to replace the definition of a change in accounting estimates with a new definition of accounting estimates. Accounting estimates are now defined as “monetary amounts in financial statements that are subject to measurement

uncertainty”. The amendment is intended to help financial statement preparers distinguish between changes in estimates and changes in accounting policies.

The amendment had no impact on the financial statements.

### New or amended IFRS issued, but not yet effective

The below amendments to the standards issued by the IASB are effective for various annual reporting periods beginning on or after January 1, 2024, and have not yet been adopted by the CDC. The CDC is currently assessing the possible impact of these amendments on future financial statements.

#### *Classification of Liabilities as Current or Non-Current (IAS 1 – Presentation of Financial Statements)*

In January 2020, the IASB issued an amendment to IAS 1 relating to the classification of current and non-current liabilities. This amendment is effective for annual reporting periods beginning on or after January 1, 2024. The amendment specifies that a liability is to be classified as non-current if the entity has a “right” to defer settlement “at the end of the reporting period” irrespective of the entity’s intention to defer its settlement. The amendment defines *settlement* as follows: “for the purpose of classifying a liability as current or non-current, settlement refers to a transfer to the counterparty that results in the extinguishment of the liability.”

#### *Classification and Measurement of Financial Instruments (IFRS 9 and IFRS 7)*

In May 2024, the IASB issued narrow-scope amendments to IFRS 9 and IFRS 7 regarding the classification of and measurement of financial instruments. The amendments are effective for annual reporting periods beginning on or after January 1, 2026. The amendments serve to address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9, making the requirements in the standards more understandable and consistent.

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### *Presentation and Disclosures in Financial Statements (IFRS 18)*

In April 2024, the IASB issued IFRS 18 Presentation and Disclosures in Financial Statements, which is effective for annual reporting periods beginning on or after January 1, 2027. The purpose of the new standard is to establish requirements for the presentation and disclosure of information in the financial statements to help ensure they provide relevant information. The requirements are for all entities applying IFRS.

## **5. Advances to provincial milk marketing boards and agencies**

Advances are made to certain provincial milk marketing boards and agencies to help them cash manage the monthly timing difference between when they pay producers within their province and when they receive their cash distribution resulting from the monthly pooling calculation of milk revenues.

Eligibility to receive an advance, as well as the maximum allowable advance, are based on a methodology approved by the CMSMC. The advance is provided using the line of credit established for this purpose (see Note 9 – Bank overdraft).

## **6. Inventory**

Inventory consists of Plan B butter purchased under the Domestic Seasonality Programs.

As at July 31, 2024, the CDC held 10,872 tonnes of Plan B butter (July 31, 2023: 8,906 tonnes).

Inventory expensed in the period ended July 31, 2024, was \$156.81 million (July 31, 2023: \$140.77 million) and is reported on the Statement of Operations and Comprehensive Income (Loss) in cost of goods sold.

## **7. Plan C repurchase agreements**

Under section 9(1) of the *Canadian Dairy Commission Act*, the CDC operates programs which includes the Plan C storage and buy-back program for cheese (“Plan C program”). The program consists of repurchase agreements to initially purchase cheese from a processor up to an agreed quantity at a pre-established purchase price, and temporarily storing the product for a set period of time, after which the processor is contractually obligated to repurchase the product.

Although legally the cheese is purchased and owned by the CDC, an activity that is consistent with permissible use of government loans under the *Canadian Dairy Commission Act*, IFRS requires the CDC to account for the Plan C repurchase agreements as financial assets, as opposed to inventory. No domestic sales revenue is reported when Plan C cheese is repurchased by a processor.

The current and non-current portions of Plan C repurchase agreements presented on the Statement of Financial Position are determined based on the maximum repurchase dates. The non-current portion is expected to be settled by July 2026.

Program expenses are recognized in “Plan C program costs” on the Statement of Operations and Comprehensive Income (Loss) and are fully recoverable through funding from milk pools.

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## 8. Right-of-use asset and lease liability

The CDC's only right-of-use asset and lease liability pertain to a building under a lease contract with the Government of Canada through March 2027. The right-of-use asset represents the CDC's right to use the building's office accommodation and storage space for the lease term, while the associated lease liability represents the CDC's obligation to make the lease payments in exchange for the right to use the building.

The total expense relating to short-term leases, or leases for which the underlying asset is of low value, were not material for both reporting periods.

## 9. Bank overdraft

The CDC has established a line of credit with a member of the Canadian Payments Association. This line of credit was authorized by the Minister of Finance up to a maximum of \$50 million with its intended use of advancing funds to the provincial milk marketing boards and agencies. The line of credit is provided in the form of a bank overdraft.

As at July 31, 2024, the established credit limit from the bank is \$25 million (July 31, 2023: \$25 million). This loan is due on demand and bears interest calculated at the prime rate of 6.70% per annum as at July 31, 2024 (July 31, 2023: 7.20%).

## 10. Trade payables and accruals

	July 31, 2024	July 31, 2023
Trade payables	\$ 14,727	\$ 6,416
Accruals	12,654	12,091
Total	<u>\$ 27,381</u>	<u>\$ 18,507</u>

## 11. Loans from the Government of Canada

Loans from the Government of Canada's Consolidated Revenue Fund are available to finance commercial operations, up to a maximum of \$350 million (July 31, 2023: \$350 million).

Individually, the loans mature one year after the funds are advanced. Principal and interest are paid regularly during the year when funds are available. Changes in Loans from the Government of Canada are due to cash flows from and used in financing activities, which is reflected in the Statement of Cash Flows.

Interest on the loans is calculated at the normal rates established for Crown corporations by the government and based on the latest available yields on comparable term Treasury bills plus one-eighth of one percent at simple interest. Interest rates and interest expense were as follows:

	For the year ended:	
	July 31, 2024	July 31, 2023
<u>Interest rates</u>		
Low	4.53%	1.60%
High	5.28%	5.16%
<u>Interest expense</u>	\$ 1,055	\$ 422

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## 12. Capital management

The CDC's capital management framework ensures sufficient liquidity to settle financial obligations and adequate funding for programs that benefit the dairy industry. The CDC does not utilize any quantitative measurements to monitor its capital, but the CDC adjusts its capital management framework on an ongoing basis as amounts fluctuate during the year. There were no adverse changes made to the capital management framework or its definition thereof.

The CDC's capital structure consists of loans from the Government of Canada (Note 11) and retained earnings. As at July 31, 2024, these accounts totaled \$68.93 million (July 31, 2023: \$58.71 million) and \$29.78 million (July 31, 2023: \$27.12 million) respectively.

The CDC is not subject to any externally imposed capital requirements. However, the combined carrying balance for the Loans from the Government of Canada and the Bank overdraft (Note 9) cannot exceed \$350 million (July 31, 2023: \$350 million) at any time.

## 13. Disaggregation of revenue

The CDC derives its revenue from the following sources:

	For the year ended:	
	<u>July 31, 2024</u>	<u>July 31, 2023</u>
<b>Domestic sales</b>		
Plan A butter	\$ -	\$ 118
Plan B butter	131,110	111,762
Imported butter	28,778	30,617
<b>Domestic sales revenue</b>	<u>\$ 159,888</u>	<u>\$ 142,497</u>
<b>Milk pools</b>		
Funding for administrative expenses	\$ 4,660	\$ 4,520
Funding for Plan A and Plan B butter and Plan C repurchase agreement carrying charges	3,358	3,344
Other recoverable expenses	1,988	1,446
<b>Funding from milk pools</b>	<u>\$ 10,006</u>	<u>\$ 9,310</u>
<b>Professional services and Other income</b>		
Administrative services	\$ 1,367	\$ 353
Audit services	991	970
Interest Income	148	446
<b>Professional services and Other income</b>	<u>\$ 2,506</u>	<u>\$ 1,769</u>
<b>Funding from the Government of Canada</b>	<u>\$ 5,583</u>	<u>\$ 4,617</u>
<b>Total revenue</b>	<u>\$ 177,983</u>	<u>\$ 158,193</u>

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### 14. Salaries and employee benefits

Salaries and employee benefits includes:

	July 31, 2024	July 31, 2023
Salaries expense	\$ 8,060	\$ 7,536
Pension contributions	1,066	983
Medical insurance expense	339	310
Other expenses	300	271
Total	\$ 9,765	\$ 9,100

#### Pension plan

Substantially all CDC employees are covered by the public service pension plan (the “Plan”). Given the Plan is sponsored by the Government of Canada, the President of the Treasury Board of Canada sets the required employer contributions, which are based on a multiple of the employee’s required contribution. The general contribution rate effective for the period ended July 31, 2024, was on average 1.01 times the employee’s rate (July 31, 2023: 1.01 times the employee’s rate).

The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of 2% of pensionable service multiplied by the average of the best five consecutive years of earnings. The benefits are coordinated with Canada/Québec Pension Plan benefits and they are indexed to inflation.

### 15. Distribution to provincial milk marketing boards and agencies

The CDC operates Domestic Seasonality Programs and the Plan C program throughout the year, and determines the program’s operating results annually at the end of the reporting period. Any operating surplus or deficits generated by these programs are, respectively, distributed to or recovered from the provincial milk marketing boards and agencies. The result is reported on the Statement of Operations and Comprehensive Income (Loss) when they are determined.

The programs generated an operating surplus for both reporting periods.

### 16. Financial instruments and Risk Management

In the normal course of operation, the CDC is exposed to the following risks, which are managed and mitigated with corresponding policies and procedures:

#### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the fair value or future cash flows of a financial instrument.

#### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The CDC’s exposure to currency risk, which arises due to acquisitions of certain goods in US dollars, is not material and is mitigated through the use of foreign exchange forward contracts.



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*Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The line of credit, for which interest varies as a function of prime, and loans from the Government of Canada, for which interest varies as a function of the yield on comparable Treasury bills, expose the CDC to a cash flow risk.

The credit risk on the bank overdraft is managed through the normal pooling cycle with the advances to the provincial milk marketing boards and agencies typically reimbursed the month following when the advances are made. The credit risk on the loans from the Government of Canada is managed by minimizing the balance of loans carried. At the end of each day, all moneys received from commercial operations are used to repay outstanding loans.

Adverse rate increases are not expected over the next twelve months given decreases to the Bank of Canada policy rate are currently projected over the same period.

*Other price risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk. The CDC's exposure to this risk is not material.

**Liquidity risk**

Liquidity risk is the risk that the CDC will not be able to meet its financial obligations as they fall due.

As at the reporting date, other than some of the Plan C repurchase agreements, all of the CDC's financial instruments are current and the CDC has a current ratio equal to 1.26 (July 31, 2023: 1.24).

Management believes that the CDC has sufficient authorized borrowing capacity to support its activities. As at July 31, 2024, \$281.07 million (July 31, 2023: \$291.29 million) in financing facilities are available from the Government of Canada for commercial operations and \$18.17 million (July 31, 2023: \$13.92 million) in credit facility is available on the line of credit for advancing funds to provincial milk marketing boards and agencies. The combined carrying balance for both borrowing sources cannot exceed \$350 million (July 31, 2023: \$350 million) at any time.

**Credit risk**

Credit risk is the risk of financial loss for one party due to another party failing to meet its financial obligations.

The credit risk on trade receivables is mitigated by selling product on a "payment first" basis. The credit risk associated with other receivables is not material given those amounts are withheld from the redistribution of producer market returns to the provincial milk marketing boards and agencies. As at July 31, 2024, and July 31, 2023, the loss allowance for trade and other receivables was not material.

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The credit risk on Plan C repurchase agreements is mitigated by virtue of the CDC being the legal owner of the underlying asset. With the right to the cheese, the CDC has recourse if a processor fails to meet its repurchasing obligation. Additionally, losses arising from the Plan C repurchase agreements, if any, are guaranteed by the provincial milk marketing boards and agencies through a decision by the Canadian Milk Supply Management Committee. As at July 31, 2024, and July 31, 2023, the loss allowance for Plan C repurchase agreements was not material.

### 17. Commitments

#### WTO Tariff Rate Quotas for Butter

The Government of Canada establishes tariff rate quotas (TRQ) for a number of dairy products, limiting the quantity of product that can enter the country with little or no duty. As part of the terms of the 1994 WTO Agreement, Canada is committed to providing minimum annual market access opportunities for butter totalling 3,274 tonnes. Since 1995, subject to renewal each quota year (August to July), the CDC is mandated by the Minister of International Trade to ensure that this butter TRQ, established in response to the 1994 WTO Agreement, is fully used and that the imported butter is redistributed to the Canadian food sector through butter manufacturers.

As at July 31, 2024, the TRQ on butter is entirely used for quota year 2023-2024. The CDC is committed under the same conditions for quota year 2024-2025 and the allocation under this butter TRQ remains at 3,274 tonnes. The financial impact of this commitment for the next period is affected by the price variability between countries and type of eligible butter products, as well as the foreign exchange rates.

The total cost to purchase imported butter for the period ending July 31, 2024, was \$26.29 million (July 31, 2023: \$29.66 million).

### 18. Related party transactions

#### Government of Canada entities

The CDC, as per the *Canadian Dairy Commission Act*, is an agent of His Majesty the King in right of Canada.

The CDC is related in terms of common ownership to all other Government of Canada departments, agencies and Crown corporations. The CDC enters into transactions with these entities in the normal course of operations and at normal trade terms. These related party transactions are reported at their exchange amounts.

Under IAS 24 – *Related Party Disclosures*, the CDC is exempt from certain disclosure requirements relating to transactions and outstanding balances with:

- a government that has control, joint control or significant influence over the reporting entity; and
- another entity that is a related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity.

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Accordingly, the CDC discloses limited information regarding transactions entered into with the Government of Canada and its departments, and with all federal Crown corporations not considered to be individually or collectively significant.

The CDC's transactions with government-related entities that were individually significant relate to Loans from the Government of Canada (Note 11) and Funding from the Government of Canada.

All other transactions with government-related entities are individually and collectively not material for both reporting periods.

*Key management personnel*

The CDC's key management personnel are the members of the Commission's Board and the directors.

No loans or similar transactions with key management personnel are outstanding as at July 31, 2024, or July 31, 2023. There were no transactions of this nature during either period.

Post-employment benefit liability for key management personnel reported under "Other payables" on the Statement of Financial Position amounts to \$0.02 million as at July 31, 2024 (July 31, 2023: \$0.05 million).

Compensation of key management personnel for the reporting period is \$1.72 million (July 31, 2023: \$1.67 million).