

Canadian Dairy Commission 11th Annual Public Meeting

WELCOME



Canadian Dairy
Commission

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Chair's Opening Remarks

Alistair Johnston
Chairman



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Opening Address



- Jean-Claude Poissant
- Parliamentary Secretary to the Minister of Agriculture and Agri-Food
- Member of Parliament for La Prairie, Québec



2017 – The Dairy Industry A Year in Review

Alistair Johnston
Chairman



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2017 – The Dairy Industry A Year in Review

- Implementation of the National Ingredient Strategy
- Increased use of MUV/Syslait among provinces
- Butterfat demand continued on an upward trend
- Market requirements for butterfat better balanced / reduced butter Imports
- CDC Industry Survey published and shared
- MAG projects
- New investments in processing facilities



Report on Governance

Alistair Johnston
Chairman



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CDC Mandate

- To provide efficient producers of milk and cream with the opportunity to obtain a fair return for their labour and investment, and
- To provide consumers of dairy products with a continuous and adequate supply of dairy products of high quality.



CDC's Board of Directors

Alistair Johnston, Chairman

First term effective August 1,
2015 to July 31, 2019

Jacques Laforge, CEO

First appointed on February 2,
2012; reappointed until
February 1, 2018

Jennifer Hayes, Commissioner and Chair of the Audit Committee

First term effective January 3,
2017 to January 2, 2020



Board Responsibilities



- Overall stewardship of the CDC
- Planning and Reporting
- Financial Management
- Risk Management
- Policy Decisions
- Internal controls
- Succession Planning
- Proactive Disclosure



Our Decision Making Process



S.A.F.E.T.I.

- STRATEGIC
- ACCOUNTABLE
- FAIR
- EFFECTIVE
- TRANSPARENT
- INCLUSIVE

- SAFETI was tested with key decisions from mid year
- Key goal was to pursue Principles Based decisions



Industry Survey

Process/Format:

- Full process administered by a 3rd party (Intersol)
- Over 100 stakeholders completed the survey (Jan/Feb 2017)
- Roughly 30 One on One interviews with industry leaders (March 2017)
- Facilitated workshop to prioritize industry goals (July 2017)

Results:

- Supply Management
- Program Administration and Oversight
- Producer Revenues
- Industry Facilitation
- Stakeholder Engagement



Industry Survey – action plan

- Improve meeting management
- Improve market forecasting
- Take a more collaborative approach
- Enhance CDC governance
- Repeat survey in 2020



Canadian Dairy Workforce Development Initiative

Objective:

Enable productivity, competitiveness, and innovation in the Canadian dairy industry by way of supporting the attraction and education of a qualified workforce for this industry.

Budget:

\$5 million over 3 years

Eligible organizations:

Learning institutions and dairy associations



Canadian Dairy Workforce Development Initiative

Four elements:

- Scholarships for graduate studies
- Promotion of careers
- Full-time educational programs
- Continuing education



Our Ongoing Commitment to Openness and Transparency

- Financial Statements
- Minister's Mandate Letter to CDC Chair
- Commissioners' Travel Expenses
- Corporate Plan Summary
- Rules of Governance and Commissioners' Work Descriptions
- OAG Special Examination Report
- CDC Code of Ethics
- Board Assessment Results
- ATIP Requests
- Cost of Production Results
- Decision Making



CEO's Report

Jacques Laforge
Chief Executive Officer



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Our Key Result Areas

- Investment, innovation and growth in the Canadian dairy sector
- The role of the CDC in the industry
- Administration of the milk supply management system
- A well-managed CDC



Audit Committee Chair's Report

Jennifer Hayes
Commissioner and
Chair of the Audit Committee



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Financial Review and Oversight



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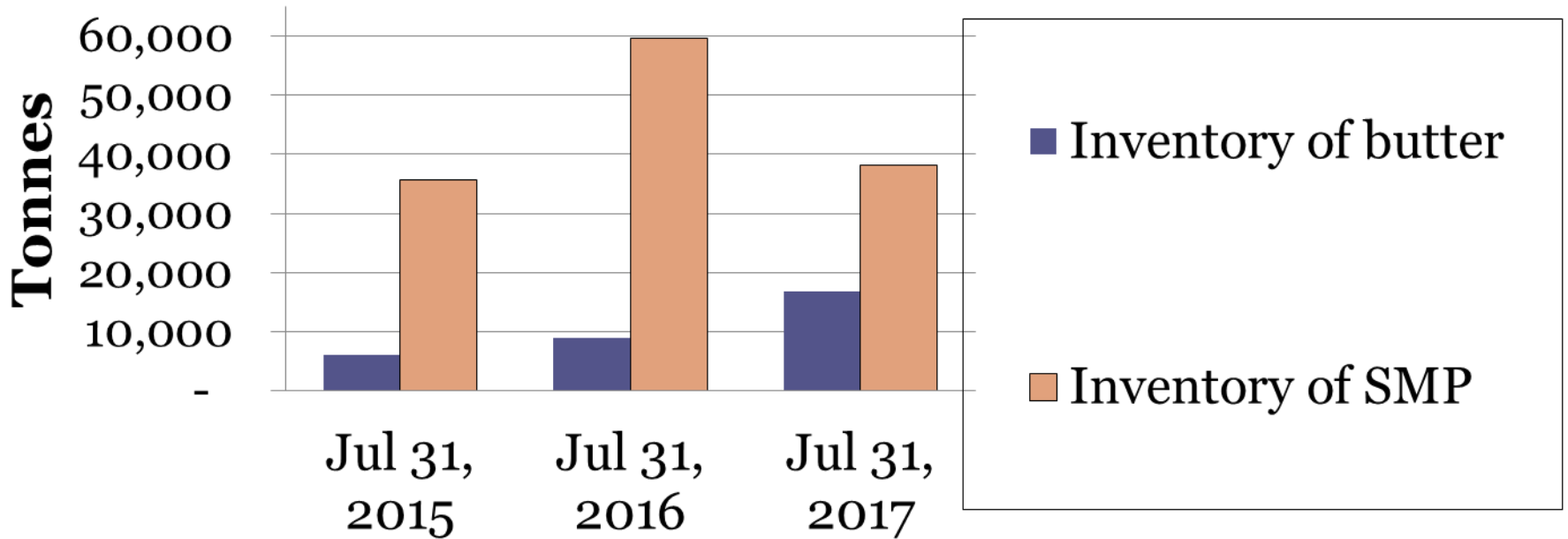
Inventory

Butter and skim milk powder (SMP)
purchased under:

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



Inventory



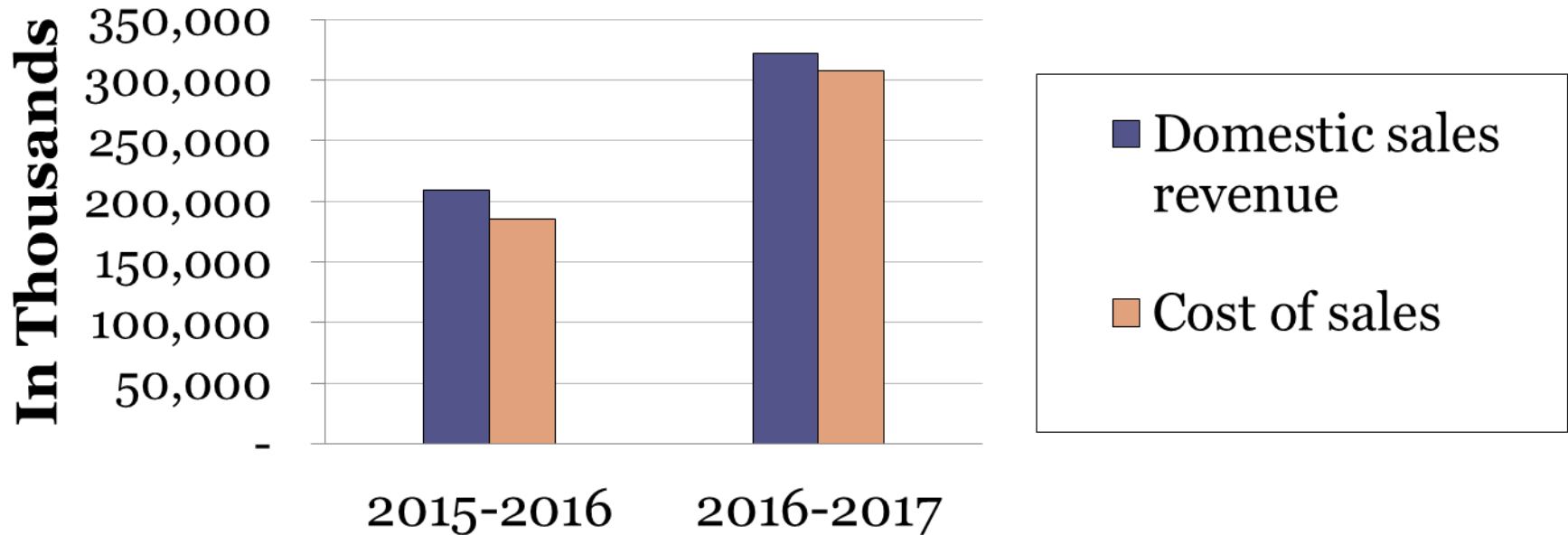
Total Value: \$93,249 \$137,345 \$176,905
(in thousands)

↑ Higher inventory of Plan B butter, which has a high \$ value

↓ Lower inventory of SMP



Domestic Activities



Profit:
(in thousands)

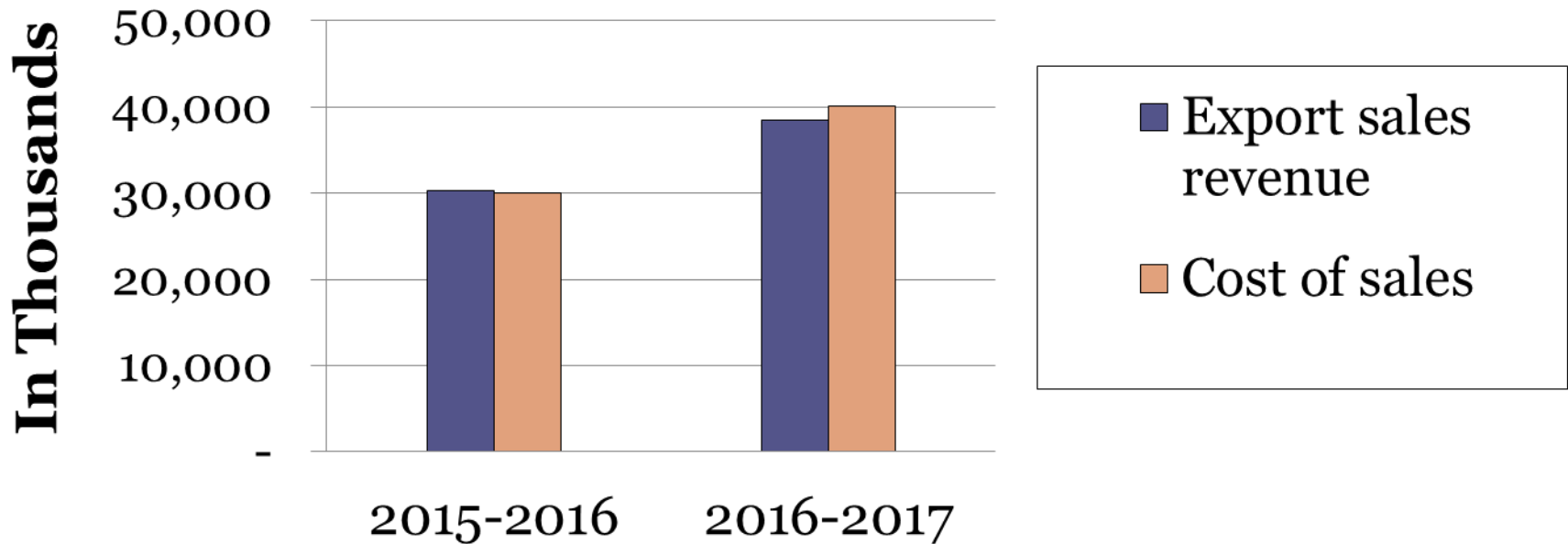
\$ 23,697

\$14,096

- ↑ More sales of Plan B and imported butter
- ↓ Lower returns on imported butter



Export Activities



Profit (Loss): \$ 269 (\$ 1,570)
(in thousands)

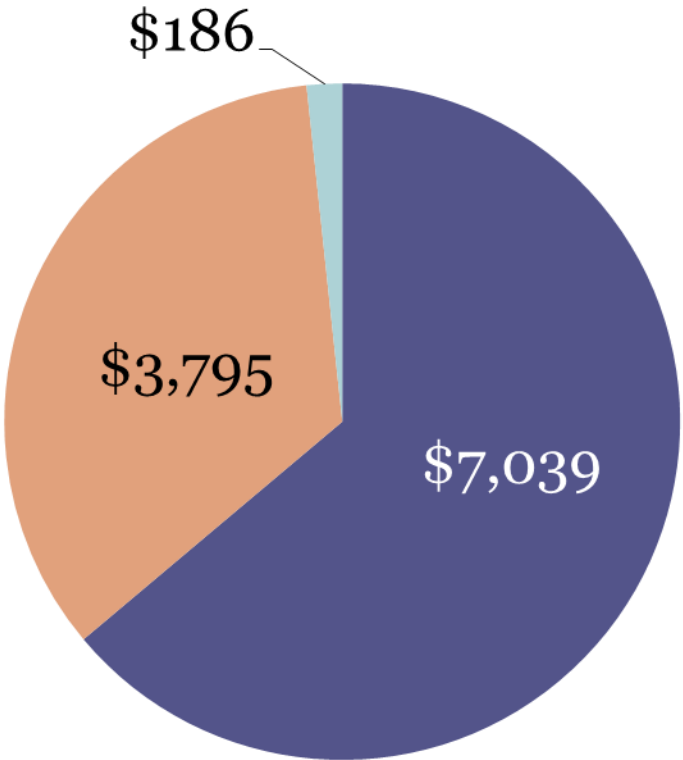
↑ Higher quantities exported and selling prices

↓ Lower margins on exports



Other Income

In thousands

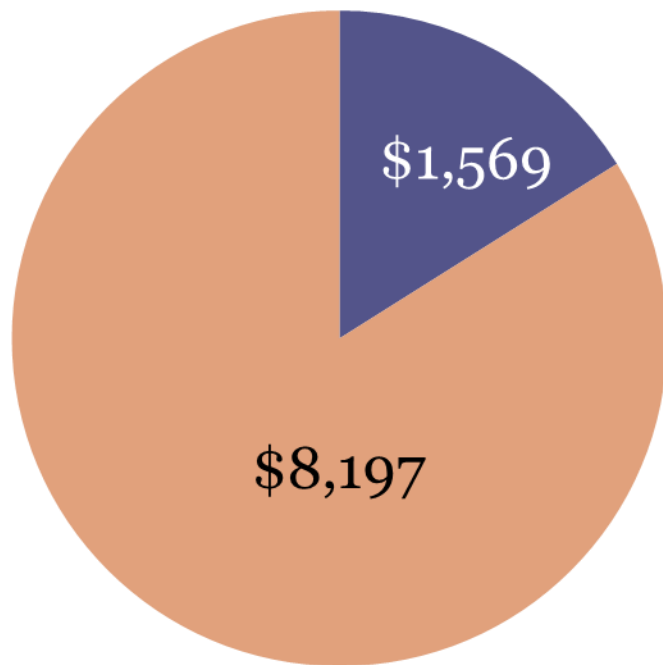


- Funding from milk pools
- Funding from the Government of Canada
- Audit services



Operating and Administrative Expenses

In thousands



- Operating Expenses
 - Industry initiatives
 - Cost of production study
 - Other operating charges
- Administrative Expenses
 - Salary and employee benefits
 - Rent, travel and administrative support



Overall Results

- 2016-2017 operational surplus: **\$8.4 million**
 - Reimbursed to provincial agencies and boards following a decision of the CMSMC
- Total comprehensive income: **\$5.4 million**



Guest Speaker



Steve Verheul

Canada's Chief Negotiator for the NAFTA Negotiations

Previous positions include:

- Canada's Chief Trade Negotiator for negotiations between Canada and the European Union in the DFAIT (2009-2016)
- Canada's Chief Agriculture Negotiator (2003-2009)
- Worked in International trade policy at AAFC (1989-2009)
 - on NAFTA negotiations, the Uruguay Round of Multilateral Trade Negotiations that led to the establishment of the World Trade Organization (WTO), and the Doha Round of WTO negotiations



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Question Period

Any questions or comments?



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Chair's Closing Remarks

Alistair Johnston
Chairman



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