

Welcome to the Canadian Dairy Commission's 10th Annual Public Meeting



Chair's Opening Remarks

Alistair Johnston
Chairman



The CDC is 50!

Join us for a Special Wine and Cheese Reception immediately following the Annual Meeting to launch our 50th Anniversary celebrations!

CANADIAN DAIRY COMMISSION

50
1966-2016

COMMISSION CANADIENNE DU LAIT



2016 – The Dairy Industry A Year in Review

- * CDC introduced measures to encourage investments in milk processing infrastructure
- * Imports of diafiltered milk for use in cheese making
- * Class 6 in Ontario as of April 1, 2016
- * New Liquid MPC and Skim Milk in Class 4(M) MPC (temporary)
- * Monitoring of Duty Relief Program components to prevent use in domestic market
- * Introduction of the National Ingredient Strategy, CMSMC July 2016
- * Increased use of MUV among provinces
- * Continued rapid growth in demand, low butter stocks and rising structural surplus of SNF



Report on Governance

Alistair Johnston
Chairman



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

Jennifer Hayes, Commissioner and Audit Committee Chair

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



Jacques Laforge, Chief Executive Officer

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



Board Responsibilities



- Overall stewardship of the CDC
- Planning and Reporting
- Financial Management
- Risk Management
- IT/IM Management
- Performance Management
- Succession Planning
- Proactive Disclosure

Our Decision Making Process



THE SAFETI TEST

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

Industry Survey

Purpose

- * To assess our leadership role within the Canadian dairy industry
- * To assess our success in accomplishing our role and responsibilities
- * To better understand industry stakeholders' vision for the future and what our role might be within that context
- * To identify areas of opportunity and improvement, as well as concrete correlating actions to be built in our Strategic Plan for the coming year



Our 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
- * ATIP Requests
- * Reclassifications
- * Import and Export Tenders
- * Cost of Production Study

**PROACTIVE
DISCLOSURE**



Financial Review and Oversight

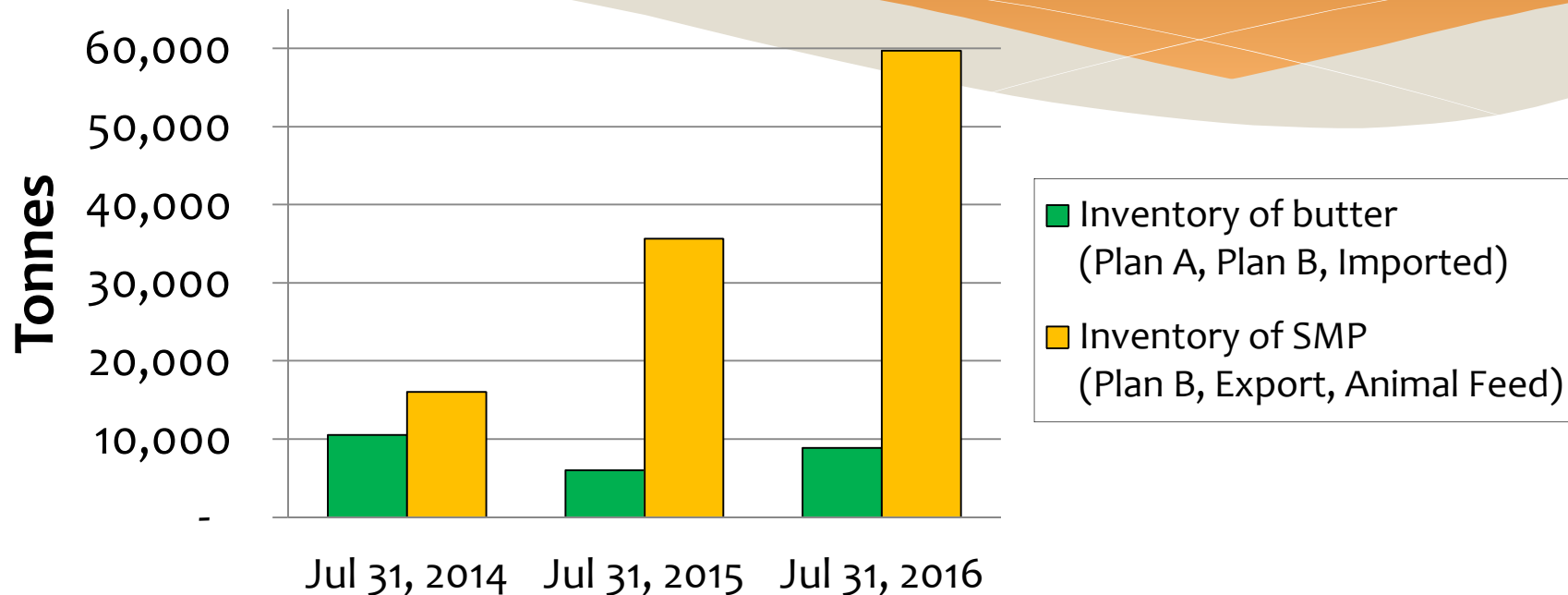
Chantal Laframboise
Director of Finance and
Administration



Canadian Dairy
Commission

Commission
canadienne du lait

Inventory

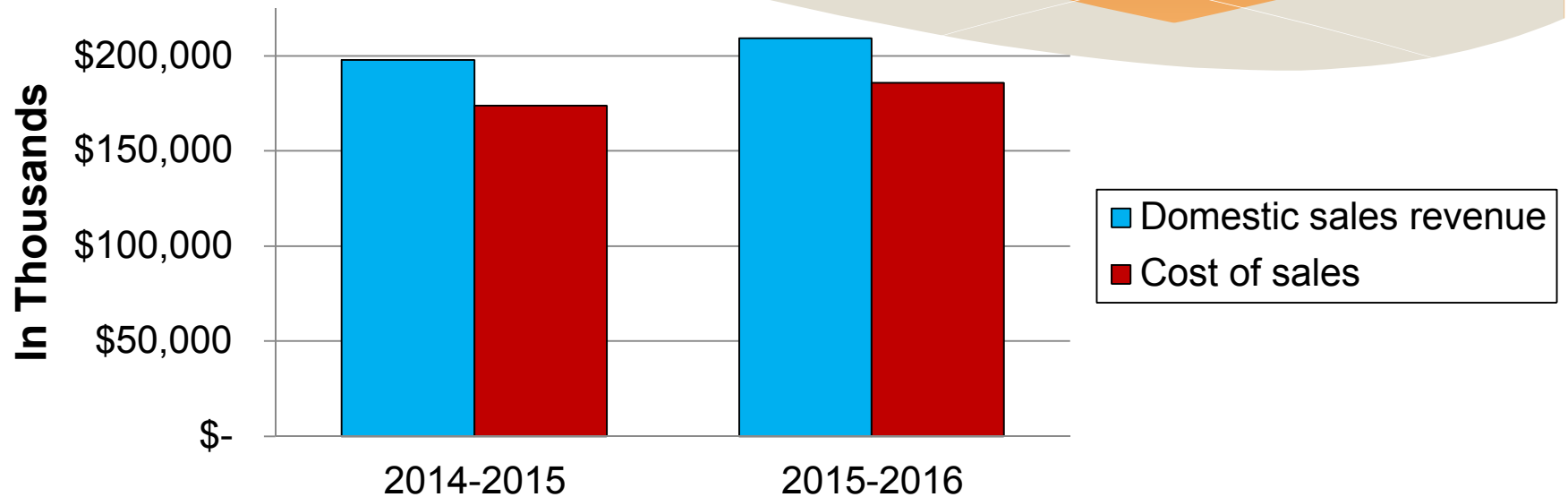


Total Value: \$ 111,444 \$ 93,249 \$ 137,345
(in thousands)

↑ Higher inventory of butter; primarily from Plan B
↑ Higher inventory of SMP



Domestic Activities



Profit:
(in thousands)

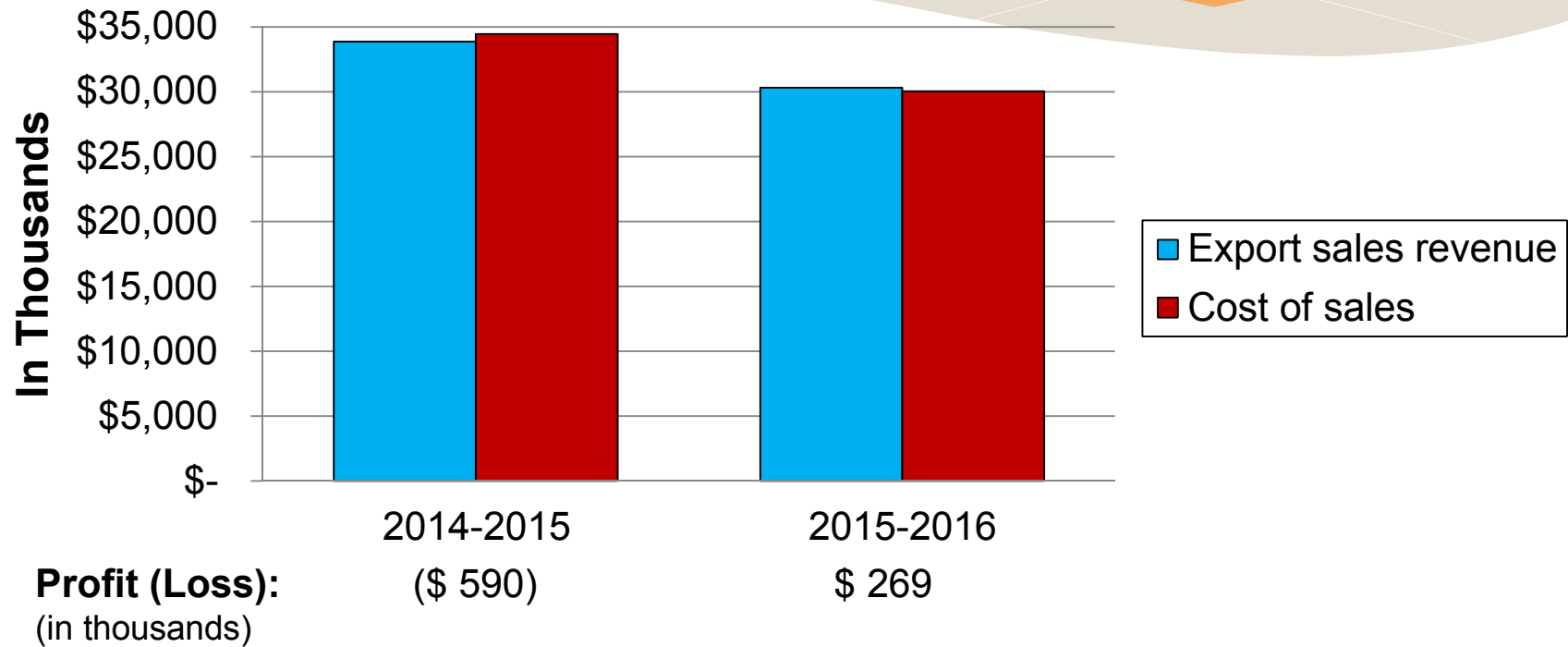
\$ 23,881

\$23,697

- ↓ Less sales of Plan A and B butter, lower returns for SMP
- ↑ More sales of imported butter with better returns



Export Activities

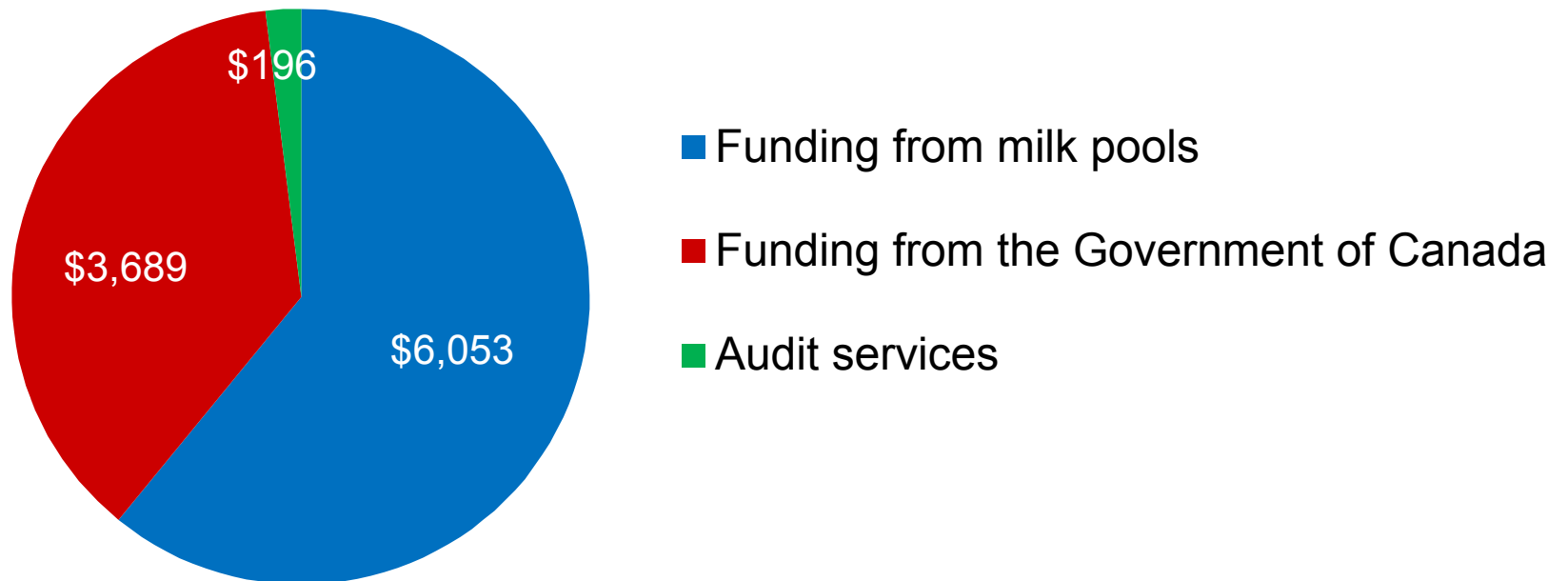


↓ **Less export revenues, low world prices**



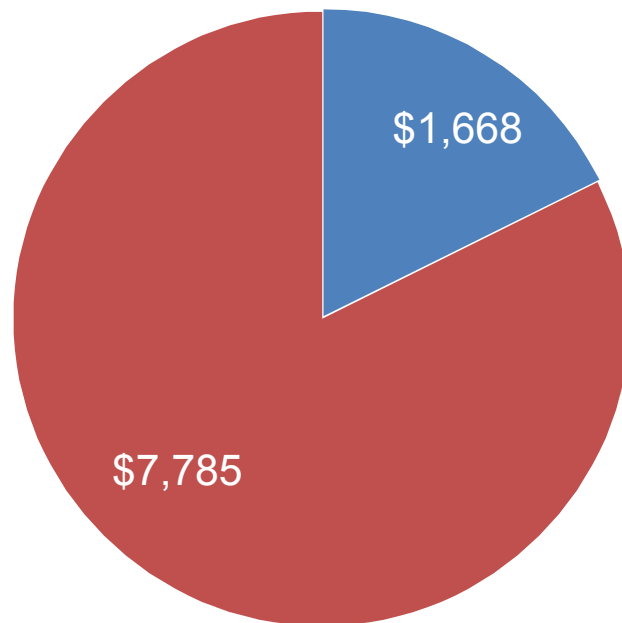
Other Income

In thousands



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

- * 2015-2016 operational surplus: **\$5.9 million**
- * Reimbursed to provincial agencies and boards following a decision of the CMSMC
- * = Total comprehensive income: **\$18.5 million**



The CEO's Report

Jacques Laforge
Chief Executive Officer



Our Strategic Themes

- Growing Markets
- An Industry that adapts
- A Well-Administered Supply Management System
- A Well-Managed CDC



2015-2016 CDC Highlights (industry focused)

- * Created of MAG, October 1, 2015
- * Decreased SMP price, February 1, 2016
- * Renewed Matching Investment Fund, June 1, 2016
- * Imported over 8,000 tonnes of butter
- * Continued/monitored Soft Cap on SMP purchases
- * Increase in support prices September 1, 2016
- * Assessed impacts of the National Ingredient Strategy
- * Continued to facilitate and advise major decision-bodies
- * Continued to perform activities to help run the system



2015-2016 CDC Highlights (operational)

- * Successfully addressed the retirement and departure of key employees
- * Experienced challenges and delays in hiring staff
- * Changed the CDC's organizational structure
 - * Created 2 new director positions
- * Annual Employee Survey showed a 92% satisfaction rate
- * Worked to introduce new investment in dairy processing in Canada



Guest Speaker



The Honourable Wayne Easter

Member of Parliament for
Malpeque (Prince Edward Island)

QUESTION PERIOD

Any questions or comments?



Chair's Closing Remarks

Collaboration
Implementation
Growth
Investment
Adaptation
Transparency
Accountability
Security
Governance

