

# Welcome to the Canadian Dairy Commission's 9<sup>th</sup> Annual Public Meeting



# Purpose, Priorities and Governance

Alistair Johnston  
Chairman



# Our Purpose

- \* 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.



# Governance

## CDC's Board of Directors



### **Alistair Johnston**, Chairman

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

### **Henricus (Hennie) Bos**, Commissioner and Audit Committee Chair

First term effective October 1, 2013 to September 30, 2016

### **Jacques Laforge**, Chief Executive Officer

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

# Governance

## Board Responsibilities



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

# Governance CDC Committees



## Board Committees

- Audit Committee
- Senior Management Team

## Management Committees

- HR Advisory Committee
- IT Advisory Committee
- Internal Audit and Programs Evaluation Advisory Committee
- Occupational Safety and Health Committee
- Risk and Security Committee

# Our Priorities



- \* GROWING MARKETS
- \* AN INDUSTRY THAT ADAPTS
- \* A WELL-ADMINISTERED SUPPLY MANAGEMENT SYSTEM
- \* A WELL-MANAGED CDC

# Industry Challenges

- \* Increase in butterfat demand
- \* Low butter stocks
- \* Rising structural surplus of SNF
- \* Importation of liquid milk protein concentrate for yogurt and cheese production
- \* Reduction of producer revenues per hectolitre
- \* Need for plant investments

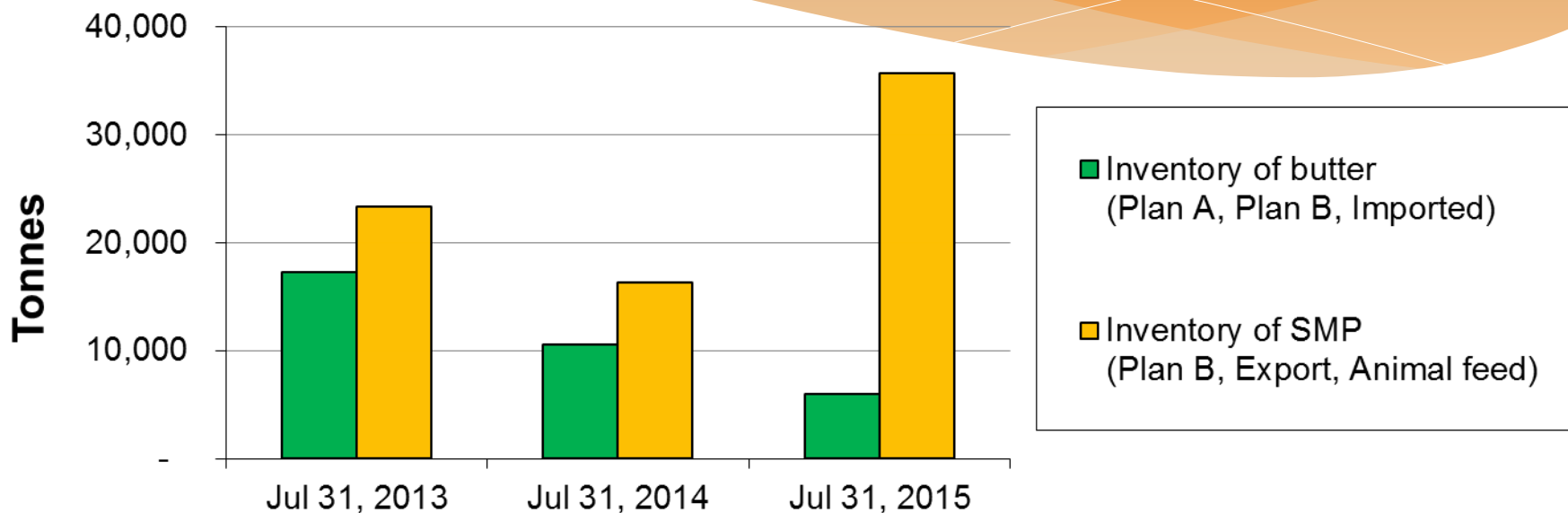


# Financial Review and Oversight

Hennie Bos  
Commissioner and  
Chair of the Audit Committee



# Inventory

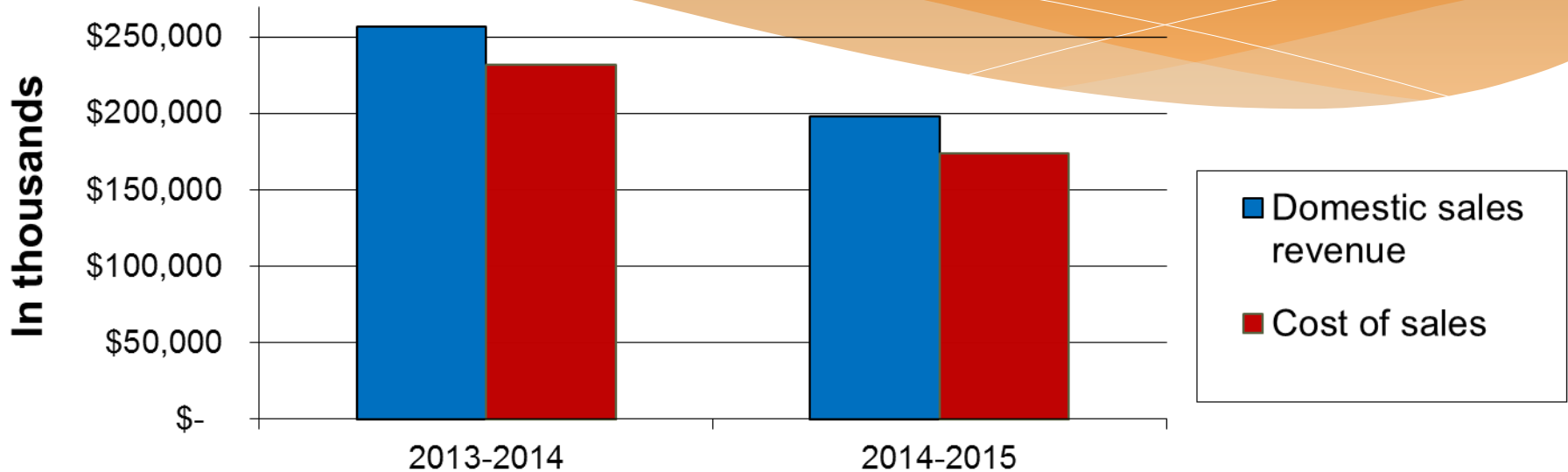


**Total Value:** \$ 157,691      \$ 111,444      \$ 93,249  
(in thousands)

↓ Lower inventory of butter; lower total value (\$)

↑ Higher inventory of SMP

# Domestic Activities



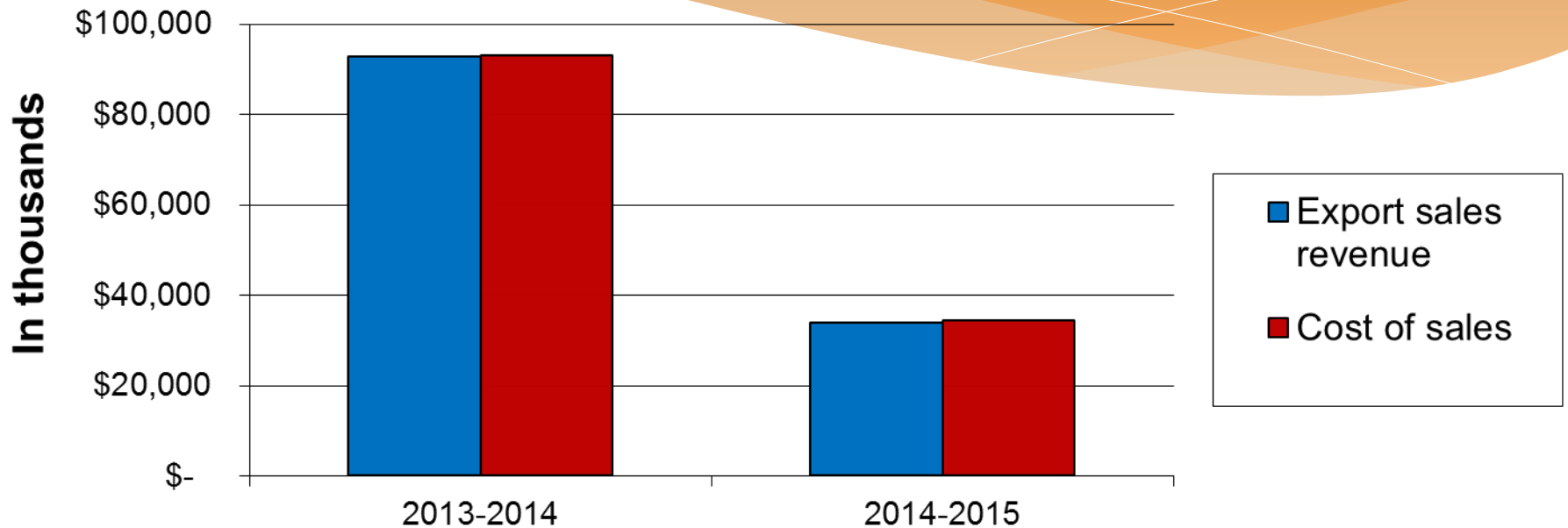
**Profit:**  
(in thousands)

\$ 25,094

\$ 23,881

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

# Export Activities



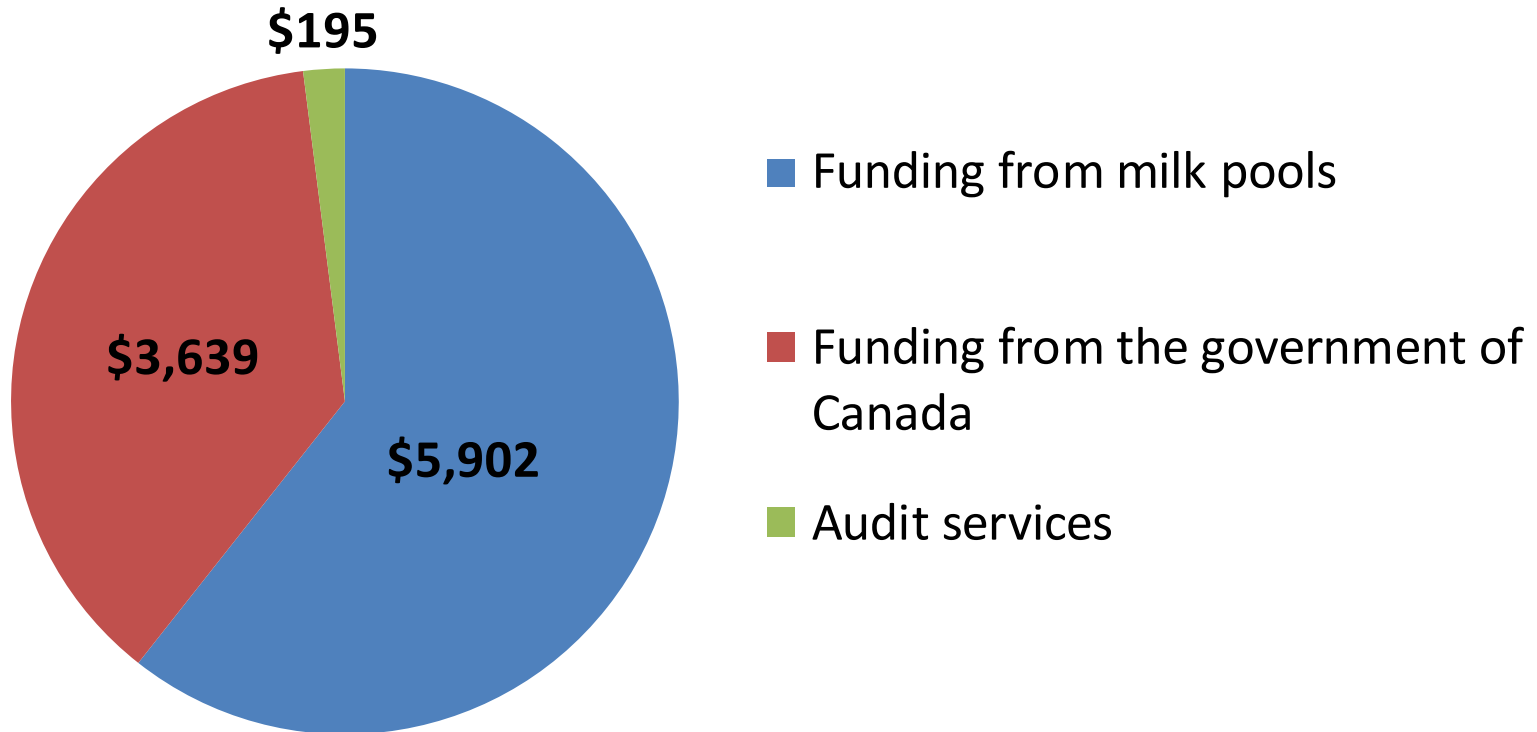
**Loss:** (\$ 220)  
(in thousands)

( \$ 590 )

↓ Less export activities, sharp decline in world prices

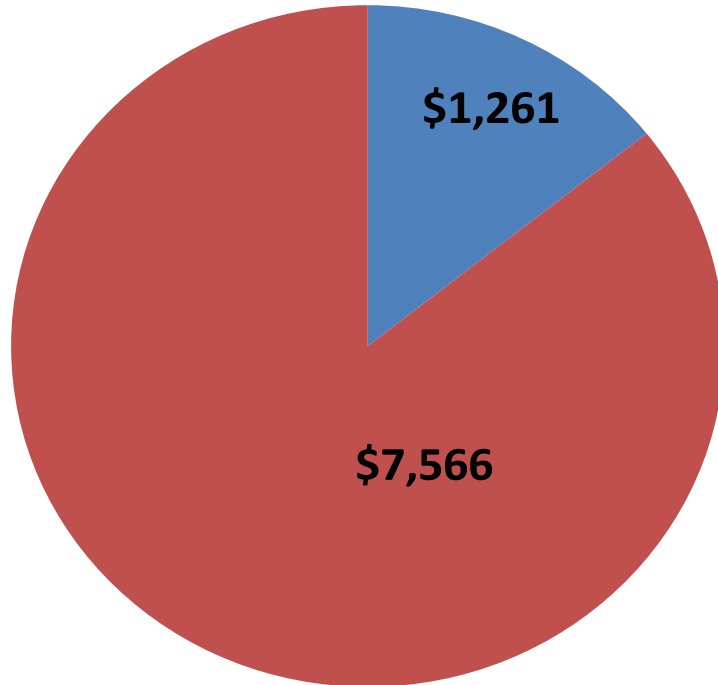
# Other Income

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

- \* 2014-2015 operational surplus: **\$20.2 million**
- \* Reimbursed to provincial agencies and boards following a decision of the CMSMC
- \* = Total comprehensive income: **\$4 million**

# Oversight

## External Audit Activities

Auditee	Audit Activity
Provincial boards	Revenue Sharing in the P10
Processors	Milk Component Utilization in various programs
Distributors	Special Milk Class Permit Program
Class 3(d) Participants	Mozzarella used in Restaurant Pizza
Further Processors	Special Milk Class Permit Program Import for Re-export Program



# Oversight

## Internal Audit Activities

- \* Internal Audits
- \* Program Evaluations
- \* National Milk Audit Advisory Committee



# Objectives, Results and The Way Forward

Jacques Laforge  
Chief Executive Officer



# Growing Markets

## OBJECTIVES:

- Grow the demand for Canadian dairy products
- Ample milk is available at the right place at the right time



# An Industry That Adapts



## OBJECTIVES:

- Support the industry in addressing changing markets
- Help create new investments to increase use of SNF

# A Well-Administered Supply Management System

## OBJECTIVES:

- Increase in producer revenues is due to market growth
- Milk components sold in various programs are used in eligible products
- Signals are sent to ensure sufficient milk supply for demand and butter stocks
- Improve tools to monitor and administer of federal-provincial and international agreements
- WTO commitments are respected and met



# A Well-Managed CDC

OBJECTIVE:

**The CDC adapts to remain a high-performing organization**

- the right workforce to achieve its objectives
- the right number of engaged employees with the right skill set in the right structure







## The Way Forward

Continued collaborative discussion between producers and processors with the CDC and governments to resolve outstanding issues

- Market growth focused on SNF usage
- New investments to increase processing capacity especially for residual milk
- Trade agreements

# QUESTION PERIOD

Any questions or comments?

