Commission canadienne du lait | Canadian Dairy Commission

Supply Management in Canada

Our role

Created in 1971, supply management is a collective marketing Canadian agricultural policy intended to:

- Ensure **local production** of **high-quality** foods
- Guarantee producers a **stable and equitable income** derived entirely from the marketplace
- **Avoid depending on government subsidies** and the dumping of surpluses into third markets

It's a **social contract** between producers, processors, and consumers, with one objective: **transparency** and **quality** throughout the country.

An industry committed to offering a quality product

Nothing is left to chance in milk production: implementing the best practices and the industry's highest standards result in offering Canadians a product that is:

- **Of superior quality**
- **100% Canadian**
- **Socially responsible**

Sustainable development

Canadian milk is able to minimize its **carbon footprint** thanks to :

- Better use of agricultural land and waters.
- Constantly seeking better practices with respect to reducing GHG emissions, the use of renewable energies and technological tools.

Animal welfare

Animal welfare is a must for producing high-quality milk.

Milk producers ensure **cow comfort** on a daily basis and can rely on experts in the fields of nutrition and animal health.

Compliance with standards

Among the highest in the world, the standards followed by producers ensure the high quality of Canadian milk:

- Milk composition
- Safety of dairy products
- Animal welfare

The **proAction Program** highlights producers' achievements with respect to compliance with production standards, animal welfare standards and the best environmental practices.

Source: The Dairy Farmers of Canada and The Nielsen Company (weighted average retail sale price in Canada over 52 weeks ending in October 2020).

Canada

Calculating the cost of milk production

The Canadian Dairy Commission plays the role of a **facilitator** for all of the links in the milk production chain. It assesses production costs based on the reality of the producers and inflation.

01 **Assessing the cost of production for producers**

Cost of production includes farm costs, such as feed, veterinary care, seed, maintaining infrastructure, etc. These costs are currently **rising sharply**.

02 **Using that cost in the national formula**

The **national formula** is used to set the price adjustment percentage (%) that will be **used by the provincial boards**.

Price adjustment (%) = (50% of the change in the cost of production) + (50% of the Consumer Price Index).

03 **Consultation with the various industry groups**

The **various industry groups** include producers, processors, restaurateurs, retailers and consumers. Each group can make their case.

04 **CDC approval of the producer price**

The **producer price** determined by the CDC is calculated for **all dairy products**, also called “milk classes” (milk, cheese, butter, yogurt, etc.).

05 **Milk purchase by processors**

The processors **buy the raw milk at the price determined by the provincial boards** for each class of milk and produce dairy products.

The various dairy products: milk classes

Class 1
All milk and beverages (milk, cream, eggnog, etc.)

Class 2
Yogurts, sports milk drinks, ice cream, etc.

Class 3
All cheese products

Class 4
Butter, butteroil and dairy products (concentrated or powder) for the food industry

Class 5
Dairy products used as an ingredient in the further processing sector