



MEMORANDUM

DATE: November 1, 2023

TO: Canadian Federation of Independent Grocers
Consumers' Association of Canada
Dairy Farmers of Canada
Dairy Processors Association of Canada
Retail Council of Canada
Restaurants Canada

FROM: Jennifer Hayes, Chair, Canadian Dairy Commission

OBJECT: **The adjustment to the farm gate price of milk is postponed to May 1, 2024**

In October 2023, the Canadian Dairy Commission (CDC) conducted the annual review of Canadian farm gate milk prices and various other costs used in administering the supply management system.

The National Pricing Formula (NPF) resulted in a 1.7736% increase to the farm gate price of milk. Criterion #2 of the exceptional circumstances was met and invoked and as a result, the NPF was suspended, and consultations were held from October 17th to October 23rd, 2023. The CDC aimed to find consensus among stakeholders regarding the need for stable and predictable pricing as well as sensitivities to compounding impacts of pricing.

The CDC thanks stakeholders for their input. After careful consideration, the CDC intends to implement the following changes on May 1st, 2024, instead of on February 1, 2024:

- The cost of milk used to make dairy products such as milk, cream, yogurt, cheese and butter for the retail and restaurant sectors will therefore increase by 1.7736% (rounding: 1.77%). The new farm milk prices will become official once they are approved by provincial authorities.
- The farm gate milk price will increase by \$1.53/hl (or \$0.0153 per litre). This price adjustment stems from the result of the National Pricing Formula. Despite stabilizing feed, fuel and fertilizer costs, producer gains were offset by higher interest rates.
- The CDC's carrying charges will remain at \$0.0137 per kg of butter. The CDC stores a certain quantity of butter to guarantee an adequate supply throughout the year, and to prevent shortages. In the case of butter sold at retail, for example, these fees represent half a cent per pound of butter (454 grams).
- The make allowance for processing milk into butter sold by manufacturers to the CDC in the context of its storage programs will increase by 1.75%.
- To reflect these changes, the support price for butter used by the CDC in its storage programs will increase from \$10.2180 per kg to \$10.3505 per kg on May 1, 2024.



Considerations of timing and impact resulted in the delayed implementation.

These changes will be made public on November 1, 2023, at 2 p.m.

The net impact of these adjustments on consumers is influenced by many factors such as manufacturing, transportation, distribution, and packaging costs throughout the supply chain.

Should you wish to meet with CDC representatives to discuss these changes, please contact Pauline-Anne Zoitopoulou-Fossey at pauline-anne.zoitopoulou-fossey@cdc-ccl.gc.ca to set up a date and time.