



## LEGISLATIVE SUMMARY

# BILL C-16: AN ACT TO AMEND THE CANADIAN DAIRY COMMISSION ACT

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Notice: For clarity of exposition, the legislative proposals set out in the bill described in this Legislative Summary are stated as if they had already been adopted or were in force. It is important to note, however, that bills may be amended during their consideration by the House of Commons and Senate, and have no force or effect unless and until they are passed by both houses of Parliament, receive Royal Assent, and come into force.

Any substantive changes in this Legislative Summary that have been made since the preceding issue are indicated in **bold print**.

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*Legislative Summary of Bill C-16*  
(Legislative Summary)

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## 1 BACKGROUND

Bill C-16, An Act to amend the Canadian Dairy Commission Act,<sup>1</sup> was introduced in the House of Commons by the Minister of Agriculture and Agri-Food on 13 May 2020. That same day, it was read for the first time, received second reading, was referred to the Committee of the Whole, was concurred in at report stage, and received third reading. On 15 May 2020, it was adopted without amendment by the Senate, after being referred to the Committee of the Whole, and received Royal Assent.

### 1.1 ROLE AND PURPOSE OF THE CANADIAN DAIRY COMMISSION

The Canadian Dairy Commission (CDC) is a Crown corporation that was established in 1966 by the *Canadian Dairy Commission Act* (the Act).<sup>2</sup> Its mandate is to coordinate federal and provincial dairy policies in order to stabilize producers' revenues, avoid surpluses and ensure that consumers have access to an adequate supply of high-quality dairy products. The CDC is involved in two of the three pillars of the supply management system: production control and the pricing mechanism.<sup>3</sup>

The CDC also manages several programs for dairy producers and processors, including the Domestic Seasonality Programs, which ensure a steady supply of dairy products all year long despite the seasonal nature of consumption.<sup>4</sup> The CDC typically buys butter from processors during periods of lower consumption (January to September), stores it and sells it back to the processors when consumption rises (October to December).<sup>5</sup>

### 1.2 PURPOSE OF THE BILL

The purpose of Bill C-16 is to implement measures to respond to the coronavirus disease 2019 (COVID-19) pandemic. Since the closure of many restaurants, hotels and institutions across the country to slow the spread of the virus, the demand for many dairy products has undergone significant fluctuations. Some dairy producers have had to dump milk to dispose of surplus that cannot be sold.<sup>6</sup>

In the context of the COVID-19 pandemic, the dairy industry has asked the CDC to temporarily purchase cheese, as it already does with butter. For example, the CDC would enter into a contractual agreement to purchase cheese from a processor, who would commit to buying it back within two years.<sup>7</sup>

On 5 May 2020, the Prime Minister announced the government's intention to increase the CDC's borrowing limit to support costs associated with the temporary storage of cheese and butter, and thereby to prevent food waste.<sup>8</sup>

## 2 DESCRIPTION AND ANALYSIS

### 2.1 CLAUSE 1

Clause 1 of Bill C-16 amends section 16(2) of the Act to increase the maximum aggregate amount of loans made to the CDC, or of lines of credit that it can draw on, from \$300 million to \$500 million.

The loans will continue to be made, as outlined in section 16(1) of the Act, at the request of the CDC, by the Minister of Finance out of the Consolidated Revenue Fund on such terms and conditions as are approved by the Governor in Council for the purposes listed in sections 9(1)(a) and 9(1)(b) of the Act, as follows:

- purchasing and selling or otherwise disposing of dairy products purchased by the CDC; and
- packaging, processing, storing, shipping, insuring, importing or exporting any dairy product purchased by the CDC.

As outlined in section 16.1(2) of the Act, the CDC, with the approval of the Minister of Finance, will continue to be able to establish and use a line of credit with any member of the Canadian Payments Association. Sections 9(1)(f) to 9(1)(i) of the Act provide for the line of credit to be used, among others, to

- establish and operate a pool or pools in respect of the marketing of milk or cream, including distributing to producers the money received from the marketing of milk or cream, minus any necessary and proper expenses of operating the pool or pools;
- establish the pricing, timings and payment methods for the CDC, or producers of milk or cream, in respect of the marketing of any quantity of milk or cream, or any component, class, variety or grade of milk or cream;
- collect payments owed to the CDC, or to any producer, in respect of the marketing of any quantity of milk or cream, or any component, class, variety or grade of milk or cream, or recover those payments in court; and
- establish and operate, subject to agreements entered into with a province or provincial board, a program in respect of the quantities and prices of milk or cream, or of any component, class, variety or grade of milk or cream, necessary for the competitive international trade in, and the promotion and facilitation of the marketing of, dairy products, including distributing money for the purpose of equalization of returns to producers, minus any necessary and proper operating expenses.

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### NOTES

1. [Bill C-16, An Act to amend the Canadian Dairy Commission Act](#), 1<sup>st</sup> Session, 43<sup>rd</sup> Parliament (S.C. 2020, c. 8).

2. [Canadian Dairy Commission Act](#), R.S.C. 1985, c. C-15.
3. For more information on supply management, see Khamla Heminthavong, [Canada's Supply Management System](#), Publication no. 2018-42-E, Parliamentary Information and Research Service, Library of Parliament, Ottawa, 30 November 2018.
4. Canadian Dairy Commission, [What we do](#).
5. Canadian Dairy Commission, [Corporate Plan Summary for 2018–2019 to 2022–2023: Operating and Capital Budgets for the Dairy Year Ending July 31, 2019](#), 1 April 2018, p. 8.
6. Agriculture and Agri-Food Canada, "[Helping the dairy sector mitigate the impact of COVID-19](#)," News release, 15 May 2020.
7. House of Commons, [Debates](#), 1<sup>st</sup> Session, 43<sup>rd</sup> Parliament, 13 May 2020, 1450.
8. Justin Trudeau, Prime Minister of Canada, "[Supporting Canada's farmers, food businesses, and food supply](#)," News release, 5 May 2020.