

Another great year for milk

2024 Annual Report



**CELEBRATING
60 YEARS
1965-2025**



Ontario Dairy: Largest Agricultural Sector in the Province

Jobs supported

89,040

Ontario farmers and
families supported

10,000+

Ontario dairy farms

3,187

Annual production

3,146,554,432 L

Farmgate value

\$3,025,217,927

GDP contribution

\$8.5 billion

Our Mission

To provide leadership and excellence in the production and marketing of Canadian milk.

Our Vision

A dynamic, profitable, growing Canadian dairy industry.

Our Values

We value Leadership, Respect, Trust, Integrity, Teamwork, Fairness and Accountability.

Our Mandate

Dairy Farmers of Ontario (DFO) is the regulator and sole delegated authority for the marketing of milk in Ontario.

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Scan to download the digital version of the 2024 Annual Report (English and French)

or find it on www.milk.org in the "Industry Resources" section.

Dairy Farmers of Ontario (DFO) is the regulator and sole delegated authority for the marketing of milk in Ontario. Our accountability to the Ontario Farm Products Marketing Commission and the Ministry of Agriculture, Food and Agribusiness (OMAFRA) remains steadfast. DFO administers the Raw Milk Quality Program under the authority of OMAFRA.

DFO's mission is to provide leadership and excellence in the production of Canadian milk, and DFO's vision is a dynamic profitable growing Canadian dairy industry for the benefit of all Ontario producers collectively. DFO is dedicated to our role and responsibilities for maintaining rigorous raw milk quality and food safety standards in the production of milk across the province of Ontario.

Ontario dairy contributes \$8.5 billion to the province's gross domestic product and supports over 89,000 jobs.

Every day more than 10,000 dairy farmers and their families produce high-quality milk on 3,187 dairy farms across the province, from which more than 3 billion litres of milk is delivered to processors every year.

We are guided by our mission and vision. From our foundation - a strong supply management system, we serve producers, processors, consumers with integrity, collaboration and accountability.



Strengthen the Canadian Dairy System

Producers | Processors | Consumers



Message from the Board Chair

Looking to 2025 and the 60th anniversary of Dairy Farmers of Ontario, this is an opportunity to reflect on the legacy of the Ontario dairy industry, how we want to shape our future, and the imprint that we will leave over the next 60 years.

Observing the last six decades, the list of accomplishments and unsung contributions is vast. Guiding principles endure. We strive every day to provide leadership and excellence in the production and marketing of Canadian milk, maintaining milk quality, food safety, and production standards, delivering services, directing research programs, and providing on-farm support. Ontario dairy farm families are committed to supplying high-quality raw milk, caring for our herds, and the land and waters. It is our nature to nourish healthy communities; from our school milk activities to the Ontario Milk Program, Feed Ontario's longest running program for over 25 years. Then and today, DFO is a stable, reliable partner in our communities.

While Canadian agriculture continues to grapple with unrelenting pressures from global and domestic events and supply chain disruptions; our dairy industry is consistently serving customers in Ontario and Canada with safe, nourishing, quality dairy products.

I truly believe that collaboration across the entire dairy industry is our best path forward. When we work together, everyone benefits – from farmers and processors to retailers and food service, and most

importantly, our consumers who ultimately determine our markets. The Board and DFO team continue to work with other provincial boards, processors, and government with the objective of finding integrated, sustainable solutions that advance sectoral goals on investment, climate and environment, animal welfare, and increased consumption of Canadian dairy.

As we work on industry policies and investment programs, seeking common ground on solutions, we should always remember that our starting point is what unites us – a shared passion for milk and the value it brings to Ontario and Canada.

Family and community keep me focused, inspired, and determined to strengthen our dairy supply management system to continue nourishing Canadians with Ontario milk. Never taking for granted the high level of trust our sector has earned from Canadian consumers and the support from all levels of government. They are our legacy and future.

Over the last year, it has been my privilege to work with the board directors, our CEO Cheryl Smith and her dedicated team, to ensure that Dairy Farmers of Ontario delivers on our mandate as the sole delegated authority and regulator of cow's milk in Ontario. I am grateful for the support I have received in my role as Chair, the professionalism and diligence that board and staff apply to our responsibilities, and the willingness of our industry to work together on sustainable solutions. I am thankful for the continued support of my family, enabling me to serve our industry as Chair of Dairy Farmers of Ontario.

Together, we can shape our future to ensure another 60 years of dynamic and profitable growth for Ontario dairy.

Mark Hamel, Board Chair



Message from the Chief Executive Officer

There is nothing more satisfying than a refreshing glass of milk.

I have the great privilege of working in dairy for more than 25 years. Over that time, I have seen our industry transform and thrive, continuously demonstrating its integral value to Canadian communities through growth, resilience and dedication of all involved.

Dairy Farmers of Ontario, through our accountability to the Ontario Farm Products Marketing Commission and the Ministry of Agriculture, Food and Agribusiness, once again delivered on our responsibilities as the sole delegated authority and regulator of cow's milk in Ontario, including management of the Raw Milk Quality Program.

DFO remains steadfast in our delivery of leadership and excellence in the production and marketing of Canadian milk. The impact of our collective actions is felt in communities across Ontario, supporting over 10,000 farmers and families, contributing to the employment of more than 89,000 across the sector, while adding \$8.5 billion to Ontario's GDP. Consumers love milk and they trust dairy farmers. Our innovative marketing efforts have led to consumers seeing our milk logo a staggering 17 billion times in 2024 in Ontario alone.

As the largest agriculture sector in Ontario, we work every day to keep this economic engine operating efficiently while maintaining rigorous standards for high-quality milk and food safety. It is a team effort to coordinate the collection of over three billion litres of milk annually, supporting producers on 3,187 farms

across Ontario, and serving our industry partners and customers. From ensuring regulatory compliance and quality assurance to billing to policy development and enforcement, it all contributes to strong public confidence in every drop of milk.

DFO finished 2024 in a strong position. The continued focus on cost containment allowed us to offset more inflationary increases than expected and end the year well ahead on all budgets. Retail grocery market trends continue to show Ontario performing well – growing both volume and dollars in all dairy categories and outpacing the rest of Canada on almost all measures. Advancing our strategic goals, we continue to lead change through increased efficiencies across operations, logistics and with quality improvements from enhanced testing frequencies. More initiatives and achievements can be found in the Annual Report. Our collective actions to deliver safe, high-quality milk and drive consumption translate into dairy being a \$4.7 billion dollar category in Ontario and it is growing at 6% in dollars.¹

Celebrating 60 years of hard work, dedication, and success, we are focused on high-impact initiatives to deliver continued growth for the next generation of dairy farm families. With our provincial and national colleagues, DFO is working to secure processing investment in our sector, drive consumption of dairy, advance sustainable net-zero and explore circular economy solutions for dairy.

The stability and predictability of Canada's dairy supply management system has proven its foundational value to our sector, province and country. Heading into 2025, we are working to safeguard and strengthen this critical resource for Canadian agriculture and healthy communities.

The accomplishments reflected in this year's annual report are only made possible by a dedicated team. I am grateful for my executive and all the DFO team who help ensure we continue to deliver on our mandate and support Ontario dairy farmers. Thank you to Mark Hamel for his leadership and support over the last year, stepping into the Chair role with a growth and collaboration mindset to champion our vision and mission. On behalf of the DFO team, thank you to the board directors for all they do in service of Dairy Farmers of Ontario and the entire dairy industry.

It is a privilege to work in Canadian dairy; where every day, every glass of milk is a testament to the farms, employees, industry partners, and the communities we proudly nourish. That is something to celebrate.

Cheryl Smith, Chief Executive Officer

1. Source: Fuse Insights. Ontario n=507. February 2024



1

Bart Rijke

Ottawa-Carleton
(twp. of Cumberland), Glengarry,
Prescott and Russell

Annual Production: 273,397,269

GDP Contribution: \$737,014,000

Number of Producers: 255



2

Brian Burnett

Dundas, Ottawa-Carleton
(except for twp. of Cumberland),
and Stormont

Annual Production: 210,108,780

GDP Contribution: \$566,408,000

Number of Producers: 208



3

John Wynands

Frontenac, Grenville, Lanark,
Leeds, and Renfrew

Annual Production: 151,051,039

GDP Contribution: \$407,198,000

Number of Producers: 200



7

Albert Fledderus

Brant, Haldimand, Halton, Niagara,
Norfolk and Wentworth

Annual Production: 160,990,445

GDP Contribution: \$433,988,000

Number of Producers: 168



8

Pete Overdeest

Oxford and Waterloo

Annual Production: 568,407,628

GDP Contribution: \$1,532,295,000

Number of Producers: 532



9

Vicky Morrison

Elgin, Essex, Kent,
Lambton, and Middlesex

Annual Production: 298,042,448

GDP Contribution: \$803,453,000

Number of Producers: 212



10

Roger Boersen, Vice-Chair

Huron and Perth

Annual Production: 560,368,175

GDP Contribution: \$1,510,623,000

Number of Producers: 445



11

Mark Hamel, Chair

Bruce and Grey

Annual Production: 220,636,254

GDP Contribution: \$594,783,000

Number of Producers: 277



12

Steve Runnalls

Districts of Northern
Ontario and Haliburton

Annual Production: 81,000,286

GDP Contribution: \$218,357,000

Number of Producers: 100



4

Adam Petherick

Hastings, Lennox and Addington, Northumberland, and Prince Edward

Annual Production: 117,021,369

GDP Contribution: \$315,463,000

Number of Producers: 151

5

Don Gordon, 2nd Vice-Chair

City of Kawartha Lakes, Durham Region, Peterborough, and York

Annual Production: 108,562,722

GDP Contribution: \$292,661,000

Number of Producers: 159

6

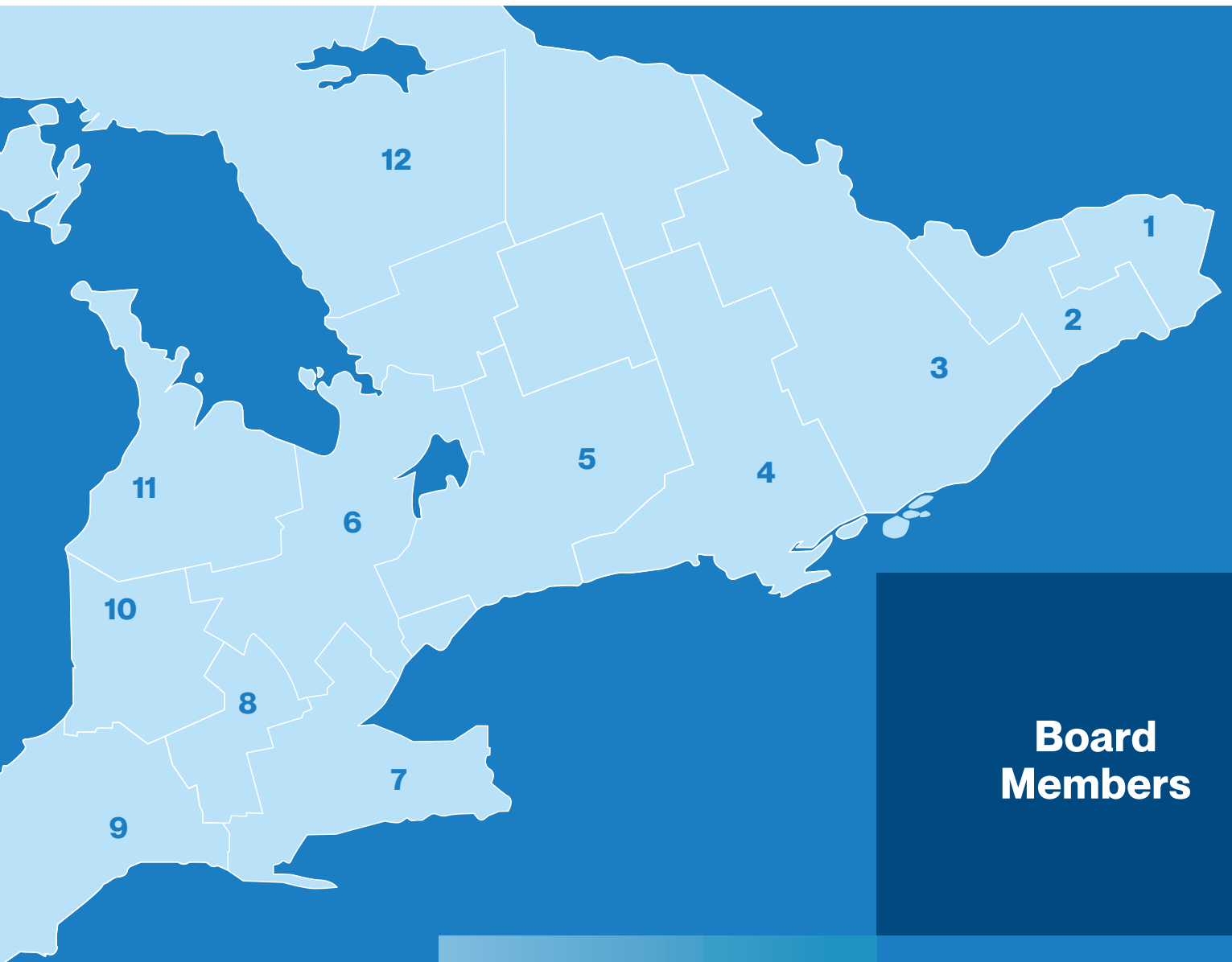
George Van Kampen

Dufferin, Peel, Simcoe and Wellington

Annual Production: 398,327,712

GDP Contribution: \$1,073,802,000

Number of Producers: 480



Board Members

Executive Team

Cheryl Smith, Chief Executive Officer



Patrice Dubé, Chief Economics & Policy Development Officer



Arlene Minott, General Counsel & Corporate Secretary



Eva Lehman, Executive Director, People & Culture



Kristin Benke, Chief Business Officer



Rosa Checchia, Chief Marketing Officer



Rey Moisan, Chief Financial Officer



Alex Hamilton, Executive Director,
Regulatory Compliance & Quality Assurance



Rosemary MacLellan, Executive Director,
Communications & Corporate Affairs



Ann Blom | Uma Paramananthan



Carol Mascaro

DFO works with tremendous pride to uphold excellence in the production of Canadian milk. Our Business, Economics, Policy, Government Relations, Production and Logistics teams directly deliver on our mandate as the regulator and sole delegated authority of milk in Ontario. With \$8.5 billion contributed to our provincial GDP, we are proud to be a driver of key economic growth and prosperity for communities across our province. Our work goes beyond economic growth; we maintain a system that matches supply of high-quality milk to consumer demand and ensures efficient producers are compensated fairly. We focus on delivering the provincial raw milk program and ensure milk transportation and allocation run smoothly. We have a deep sense of responsibility to the industry, producers, government and people of Ontario. Simply put we are dairy done right.

Economic Driver

Marissa Gareau | Loraine Baker-Richards



Catherine Mastropiero

Policy & Business, Economics

Market requirements

National total requirements have increased by 2.28 per cent for the 12-month period ending October 2024. This compares to an increase of 2.9 per cent in national supply for the same 12-month period.

P5 fluid quota increased by 1.6 per cent, industrial milk requirements increased by 2.0 per cent, including DIP and MAG requirements which increased over the previous calendar year. Total quota increased by 1.9 per cent over the previous year based on the monthly total quota calculation for the 12-month period ending October 2024.

Total quota in the WMP increased by 3.6 per cent for the 12-month period ending October 2024. This was a result of a 4.4 per cent increase in fluid BF requirements and a 3.1 per cent decrease in industrial milk requirements.

Production

The P5 filled 101.5 per cent of its quota during the 2023-2024 fiscal year. Production in the P5, and especially the butterfat test, have been strong with P5 filling quota. Quota is determined using a monthly calculation to ensure quota is immediately aligned with current requirements. Under the monthly quota calculation, pools are penalized only if the national pool is above 1.25 per cent or below minus two per cent. The national pool cumulative difference, or the pool credit position, was -0.49 per cent at the end of Oct 2024. The P10 was within the tolerances over the last 12 months.

Sales for the national retail market have been increasing for much of 2024, which is an improvement over last year's decline in sales. Across all dairy product categories, sales are positive at the end of October 2024. It's important to keep in mind the retail market is only a part of the market that contributes to total requirements and that there were significant declines in demand from hotels, restaurants, and institutions (HRI) during the COVID-19 lockdown.

In Ontario, production was 1.25 per cent lower than the last fiscal year on a volume basis, or up 0.35 per cent on a butterfat basis. The credit position in Ontario decreased slightly over the dairy year from -0.55 days in November 2023 to -1.36 days in October 2024.

Butter Stocks

As of October 2024, total industry butter stocks held by processors and the CDC were 30,975 tonnes. This is an increase of 4,118 from the stock levels held in October 2023. The P10 target for normal stock levels for July is 32,494 tonnes. The current stock forecast has stocks above the target stock levels for July 2025.

Cheese Stocks

At the end of October 2024, total cheese stocks were 99,390 tonnes. This was an increase of 199 tonnes compared to stocks held in October 2023. Stock levels include the purchases of additional cheese stocks through the Plan C stock program that was introduced to help with surplus milk.

Producer Quota

There was a one per cent quota increase issued effective September 1, 2024. This increase was as a result of continued and anticipated demand increases. There was one incentive day issued per month for February, March and April 2024. As well, incentives were increased for the fall of 2024 to two days in August and November, and three days for September and October. An additional one per cent quota increase was also announced for December 1, 2024. The P5 quota committee continues to monitor the production and market situation.



Pricing

A 1.7736 per cent price increase was announced by CDC for implementation on May 1, 2024. This increase was based on the national pricing formula but was delayed from the usual February 1 implementation date to May 1, 2024, after stakeholder consultation. The price adjustment results in an increase in the farm gate milk price of \$1.53/hL over the next 12 months.

For the 12-month period ending October 2024, the within-quota component price paid to Ontario producers averaged \$13.7572/kg for BF, the average within-quota component and market ratio component price was \$10.0679/kg for protein and \$0.8817/kg for other solids (\$96.39/hL at the Ontario average composition). There was a 2.1 per cent increase in the producer blend price compared with the previous dairy year, at a consistent composition.

The price of most dairy products had reached recent highs through most of 2022. There have been several factors, including shortages and logistics issues, which led to higher prices on the world market. However, in 2023 there has been a decline in the price of most dairy products as a result of softer demand. The decline in world price over the last 12 months has an impact on the blend price for Canadian producers. Nationally, 11 per cent of the butterfat market is in Class 5, which is based on world prices for cheese and butter, and 19 per cent of the SNF is based on, or influenced by, the world price. Given the significance of these markets, every \$100/tonne increase in the SMP price results in an increase of \$0.30/hL.

Solids – Not Fat (SNF) to Butterfat (BF) Ratio

Ontario finished the 2023-2024 fiscal year with an SNF to BF production ratio of 2.1605, which is 1.5 per cent below the SNF to BF ratio of 2.1934 in the previous year.

The two-tier SNF payment policy was implemented in the P5 to have producer payment better reflect the value of SNF from the market. In the P5, the no-pay ratio is 2.20, and the market ratio price, for SNF above 2.0, is 70 per cent of the class 4a price for protein, and the other solids price was set at 70 per cent of \$0.90/kg, or \$0.63/kg of other solids.



Government Relations

Federal Matters

DFO, alongside DFC, continue to have discussions with the federal government, including providing recommendations on the federal pre-budget, securing funding for a foot-and-mouth disease vaccine bank, protecting biosecurity on farms, advocating for access to and approval of antimicrobials and alternatives, seeking exemptions for nutritious dairy products from front-of-package labelling and marketing to kids, creating a grocery code of conduct, and advocating for Bill C-282. DFO is also closely monitoring the Canada-United States-Mexico Agreement (CUSMA) review and other trade agreements to ensure no domestic market access is granted and that Canadian food sovereignty is preserved.

DFO continues to work with the provincial marketing boards and DFC to represent the interests of dairy farmers across Canada. In many areas of common interest, producers collaborated with DPAC and other agricultural commodity groups.

Supply Management Bill C-282

In the past year, DFC's advocacy efforts have helped make significant progress on Bill C-282, an Act to Amend the Department of Foreign Affairs, Trade and Development Act, which would prohibit the government from negotiating market access concessions in future trade negotiations. In April 2024, the bill achieved a crucial milestone by passing second reading in the Senate. In partnership with other supply-managed organizations, DFC initiated a digital-writing campaign to assist farmers in sending more than 38,000 letters to senators about the importance of supporting supply management and Bill C-282. The bill has been studied by a senate committee and is currently under debate in the Senate chamber.



Federal Lobby Day

DFO participated in DFC's federal lobby day on February 6. DFO met with nearly 25 government officials to highlight critical issues impacting Canada's dairy sector and advocate for the industry. Three asks were prioritized for this year's lobby day, along with a separate ask for Bill C-282. The first included thanking government for processing investment and highlighting its importance in the future, the second involved discussion on protecting dairy standards of identity and the third discussed trade and included discussion on eliminating CUSMA's dairy export surcharges and protecting Canada's sovereignty.

DFO meets on an on-going basis with MPs from all federal parties to inform them of our priorities.

Trade

CUSMA Review

DFC identified its priorities regarding the upcoming CUSMA review in front of a parliamentary committee, which included:

- Canada must respect its commitment to not grant any more access to our domestic dairy market, and senators need to pass Bill C-282 swiftly to protect supply management and take it off the negotiation table;
- The review process should not be used by the United States to relitigate the most recent panel decision;
- Overriding the panel decision through the review would call the whole agreement into question; and
- DFC respects Canada's position of not reopening the agreement. However, if one of the other signatories were to seek gains from the review, the Canadian government would have to pursue the elimination of the surcharge on certain dairy exports.

U.K. – CPTPP Accession Process and Trade Negotiations

On July 16, Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) parties officially welcomed the United Kingdom as the agreement's 12th party to the agreement. The U.K. will have access to dairy TRQs already available to all CPTPP members. No new access has been granted. The U.K. has 18 months to ratify the agreement. Negotiations stalled on the Canada-UK trade agreement in January 2024. Beyond dairy, disputes over beef, pork, autos, nontariff barriers and the trade of goods and services further complicated the talks and ultimately led to the halt of negotiations.

Provincial Matters

DFO continues to work closely with the Ontario Farm Products Marketing Commission, Ontario Ministry of Agriculture, Food and Agribusiness, Ontario Dairy Council and national stakeholders like DFC and Dairy Processing Association of Canada on matters of interest for the industry. This includes meetings with government officials on processing investment and Ontario Milk Act amendments. Aside from provincial lobby day, meetings continue to be held with government officials across the province.



Provincial lobby day and reception

DFO met with numerous MPPs during its provincial lobby day in Toronto on April 24. Meetings focused on requesting a partnership between the dairy sector and government to bring jobs, economic growth and increased processing capacity to the dairy sector through investments in new processing facilities in Ontario, and there was strong support from MPPs for the dairy industry on the issues discussed. A reception was held with around 250 government officials and their political staff at Queen's Park in the legislative dining room. The event had strong attendance, and many discussions were on the collaborative effort between the dairy industry in Ontario and the government.



International Plowing Match

The 2024 event was held in Kawartha Lakes this year and provided an opportunity for DFO Board and staff to have informal conversations with government officials and their staff including Premier Doug Ford, Minister of Agriculture, Food and Agribusiness Rob Flack, and Minister of Rural Affairs Lisa Thompson. A farm tour was held the same day at Maryland Farms, with attendance from MPPs and their staff.

William Law



Angela Maningas



Kateryna Dmytrakova



Cecil Avey



Gregory Gray



Gagandeep Khinday



Daniel Biggs



Paul Cornell



Ashley Wannemaker | Robert Matson



Guy Seguin

Joanna Yalcinkaya



Michael Arent



Production & Logistics

Quota Transfer Trends

Quota can be transferred through the quota exchange, through an ongoing operation sale and purchase or within family, pursuant to the applicable sections of DFO's Quota and Milk Transportation Policies Book.

The following chart summarizes quota transfers on the quota exchange and through ongoing dairy operations from November 2023 to October 2024, compared with November 2022 to October 2023.

Type of transfer	Nov. 2023 to Oct. 2024	Nov. 2022 to Oct. 2023	Percentage change
Quota sold on the exchange (kg)	3,866	4,844	-20.2%
Producers selling total quota	59	74	-20.3%
Producers selling partial quota	167	238	-29.8%
# of ongoing farm transfers	22	17	29.4%

As a result of low volumes of quota being offered for sale, as per policy, the March, July and September 2024 quota exchanges were cancelled compared to one quota exchange cancelled in the prior fiscal year.

New Entrant Quota Assistance Program (NEQAP)

NEQAP was introduced in August 2009 to assist new entrants entering the dairy industry, with production to start in 2010. From March 2010 to October 2023, 124 producers entered the industry through NEQAP. The program continues to be well received, with approximately 92 per cent remaining in the industry.

New Producer Program (NPP)

Introduced in August 2009, the NPP allows new producers to enter the dairy industry, via means other than through the purchase of an existing farm operation or NEQAP. Since its inception, 152 producers have used the NPP to enter the industry and 133 are currently shipping milk.

Effective June 1, 2021, DFO's Board decided to review the NPP program. During the review process the Board temporarily suspended the addition of new NPP applicants to the queue and collection of the advance deposit of \$10,000 from NPP applicants. Those applicants who had already submitted the \$10,000 deposit were permitted to continue through the program as per the previous process.

The Board announced in March 2022 that effective January 2024, DFO will allow one new producer applicant to participate on a single quota exchange from January to April, for a total of four per year. As a result, given the number of applicants currently in the queue and the decrease in annual positions from twelve to four, DFO will continue with the temporary suspension of the NPP and not accept any new applications. The suspension will be reviewed annually.

Quality Assurance and Regulatory Compliance

Raw Milk Quality and Penalties

The Raw Milk Quality Section of the Production Department is committed to ensuring compliance with the standards established in Regulation 761 and the Raw Milk Quality Programs. Its main objective is to enhance the quality of milk delivered by dairy producers. By implementing rigorous monitoring and evaluation processes, the section upholds high standards in milk production, ensuring that all products meet regulatory requirements and satisfy consumer expectations.

SCC is an important indicator of milk quality and animal health. In the period ending October 31, 2024, the lowest provincial SCC weighted average was in February at 164,000 cells per millilitre. The month of August 2024 had the highest weighted average SCC at 206,000 cells/mL. The provincial SCC weighted average in the 12-month period ending October 2024 was lower than 200,000 cells/mL during 10 out of 12 months.

During the same period, the bacteria provincial average ranged from 22,000 IBC/mL in October 2024 to 27,000 IBC/mL in November and December 2023.

As shown in the table on next page, in the 12-month period ending October 2024, the number of freezing point and non-Grade A penalties increased while SCC, bacteria and inhibitor penalties decreased.



Ross Crawford



Betty-Anne Elliott



Wesley Emmott



Scott Hartle

Raw Milk Quality Penalties

Raw milk quality area	Number of penalties	
	12-month period ending October 2024	12-month period ending October 2023
SCC	235	239
Bacteria	60	77
AFP	226	193
Non-Grade A	88	71
Inhibitors	13	21

Raw Milk Quality Recognition Program

The table below shows the number of producers who received a Raw Milk Quality Certificate for milk shipped in the 2023 and 2022 calendar years, respectively. Raw Milk Quality Certificates were issued for 41.9 per cent of all producers in Ontario for milk shipped in 2022.

Raw Milk Quality Certificates

Quality Certificate	Quality certificate results for 2023 calendar year (issued in 2024)		Quality certificate results for 2022 calendar year (issued in 2023)	
	#	%	#	%
Gold	532	16.4	638	19.4
General	823	25.5	841	25.5
No Certificate	1,876	58.1	1,817	55.1
Total	3,231	100	3,296	100

Field Services and Grade A Inspections

The Field Services team, composed of 13 Field Service Representatives (FSRs), have played a crucial role in maintaining high standards across the province. This dedicated team is responsible for conducting Grade A inspections, ensuring producer compliance with regulatory requirements and industry standards.

In addition to inspections, FSRs actively assist producers in troubleshooting milk quality issues, providing expert guidance and support to enhance production practices. Their commitment to excellence not only helps maintain quality but also fosters strong relationships with producers, ultimately contributing to the overall success of their operations.

A total of 1,986 initial Grade A inspections were conducted.

As the first point of contact for producers, FSRs are well-versed in DFO quota policy, licensing, and general information, enabling them to effectively assist producers in their day-to-day operations. Their extensive knowledge ensures that producers receive accurate guidance and support, whether they are navigating regulatory requirements or seeking solutions to operational challenges.

As shown in the table below, during the 12-month period ending in October 2024, a total of 1,986 initial Grade A inspections were conducted. From these inspections, 86.6 per cent resulted in Grade A classification.

Grade A Inspections

Classification	12-month period ending October 2024		12-month period ending October 2023	
	#	%	#	%
Grade A	1,719	86.6	1,824	88.5
Conditional Grade A	203	10.2	188	9.1
Non-Grade A	60	3	48	2.3
Unsanitary non-Grade A	4	0.2	1	0.0
Total	1,986		2,061	

Adam Lefebvre



BTMG Program

The Director of Regulatory Compliance has the authority and responsibility for Bulk Tank Milk Grader (BTMG) certification, recertification and monitoring. DFO has a BTMG Program that includes requirements for BTMG certification and recertification, apprentice and routine performance evaluations, performance accountability and BTMG recognition.

There are ~650 active BTMGs in Ontario. In 2023, 59 apprentice and 81 routine performance evaluations were conducted. The 59 apprentice drivers attended one of the five 2.5-day BTMG certification courses to become certified.

Earlier this year, 15 renewal courses were held across the province and 95 BTMGs renewed their certificates. Out of the 95 drivers that renewed, 12 BTMGs received a Certificate of Excellence for meeting the requirements of the DFO recognition program.

Milk sample testing

Milk sample testing acts as standardized baseline for quality control and fair compensation for the producers. Our strengthened cold chain allows us to deliver sample results with high suitability, which supports all our industry stakeholders in their efforts to maintain the highest standard of milk quality on a daily basis. Starting March 1, 2024, DFO has launched Enhanced Sample Testing, which marks a significant advancement in our industry and aims to provide our dairy farmers with improved testing and reporting frequency.

In the 12-month period ending October 2024, sample suitability was 98.7 per cent.

In the 12-month period ending October 2024, sample suitability was 98.7 per cent, ranging from 99.9 per cent in the Orleans sample depot to 90.8 per cent in the Burford sample depot. Two major causes of suitability issues during this period were depot fridge breakdowns and power outages.

Jeff Hyndman



Tony MacDonald



Andrew McDonald



Blythe Mackie



Paul Norris | Karen Thomson



Emily McDonald

Jean-Guy Seguin



Heather McFarlane



proAction Program

proAction is a national quality assurance initiative mandated for all Canadian dairy farms, aimed at ensuring high standards in dairy production. In Ontario, the Production Department implements and coordinates this program, providing producers with notices and reminders while managing penalties and appeals.

Starting June 1, 2021, Lactanet has taken on the responsibility of conducting proAction validations and reviewing self-declarations on behalf of Dairy Farmers of Ontario (DFO). The Lactanet proAction team consists of two coordinators and nine validators.

As of October 31, 2024, a total of 99 per cent of Ontario producers were registered under proAction. The rest includes producers with overdue validations or who have been withdrawn from the program, as well as new producers awaiting validation.



A total of 99 per cent of Ontario producers were registered under proAction.

From November 1, 2023 to October 31, 2024, Lactanet conducted a total of 1,604 full validations and approved 1,636 self-declarations.

Since the proAction suspension policy came into effect in January 2021, there have been four producers that had their milk pickups suspended.

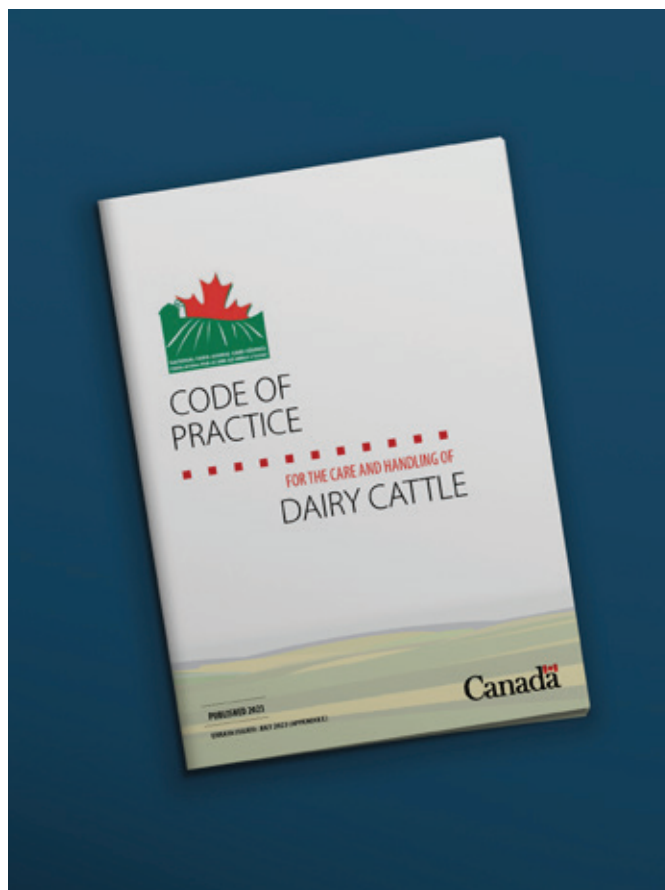
Code of Practice

The proAction animal care program is based on current requirements of the Code of Practice for the Care and Handling of Dairy Cattle, which was first issued in 2009. In 2019, the National Farm Animal Care Council (NFACC) initiated a revision of the Code of practice. The process included a public comment period done in late 2021. The updated code was publicly released on March 31, 2023. As of April 1, 2024, Canadian dairy farmers were required to follow an updated version of the dairy Code of Practice.

A number of the changes in the new code will be implemented gradually, some over the course of years, giving producers a chance to adjust their practices or infrastructure if needed.

For more information, the final version of the updated dairy Code of Practice can be found at <https://www.nfacc.ca/codes-of-practice/dairy-cattle>

All new Code of Practice requirements will be incorporated into the proAction program by April 2027.



Milk Transportation

From November 2023 to October 2024, there was a \$0.31 increase in the transportation charge to producers, on a per hL basis, compared with the previous year. This is a net result of transportation costs increasing YOY by \$0.20 per hL and transportation revenue and P5 cost sharing decreasing by \$0.11 per hL over the same timeframe as shown in the table below rounded to the nearest penny.

Transportation Charge to Producers – Fiscal Year-Over-Year (YOY)

Fiscal year-to-date	Cost per hectolitre		
	Transportation cost	Transportation revenue and P5 cost sharing	Charge to producer
Nov. 2022 to Oct. 2023	\$3.40	\$(0.10)	\$3.50
Nov. 2023 to Oct. 2024	\$3.60	\$(0.21)	\$3.81
YOY variance	\$0.20	\$(0.11)	\$0.31

The \$0.20 per hL increase in transportation costs is a net result of individual components shown below, rounded to the nearest penny.

Transportation expense	YOY variance (\$/hL)	Description
Inflation	0.12	Labour and equipment increases in rate formula
Fuel & Maintenance	(0.01)	Decrease in fuel and maintenance costs
Niche Milk	0.02	Increase in cost of niche milk routes
Other	0.03	Administrative adjustments
Operations	0.04	Increase in KMs due to meeting higher fluid demand (YOY)
Net increase	0.20	Net change in transportation costs

The \$0.11 per hL decrease in transportation revenues is a result of the following rounded to the nearest penny:

Transportation revenue	YOY variance (\$/hL)	Description
P5 pooling	(0.13)	Decrease in P5 pooling transfers to Ontario
Niche Milk	0.02	Increase in Niche Milk revenues
Net Decrease	(0.11)	Net change in transportation revenues

Chris Laskaris



Vanessa Beaven



Hayley Ehnmann



Supreet Kahlon



Paul Risebrough



Peter Mann



Scott Thompson



Jack Zakaria



Janet Wallace



Research

\$2.15 Million in research funding contributed by Dairy Farmers of Ontario

Five cents per hL from each milk pickup in Ontario goes into the DFO Research Program. This year, Dairy Farmers of Ontario established four pillars to align investments under specific priorities:

(1) Dairy Farm Efficiency –

Research focused on advancements in dairy cattle genetics, reproduction, nutrition, forage management, big data analysis, biosecurity, and economic performance.

- Examples of projects include Dewatering Milk and Cheese Whey and Optimizing Purebred and Crossbred Calf Performance.

(2) Dairy Farm Sustainability –

Research focused on reducing environmental footprint, improving soil health, and understanding how to leverage biodiversity for better farm management.

- Examples of projects include Strategies to Enhance Pasture System Resilience in Organic Dairy Production, Leveraging Dairy Genomics to Mitigate Impact of Climate Change for Food Security and the Ontario Living Lab.

(3) Animal Health and Welfare –

Research focused on addressing infectious diseases, genetic disease resistance, lameness, transition period health, pain management, sustainable barn design, calf and cow well-being, and understanding societal perspectives on animal welfare practices.

- Examples of projects include Research and Innovation Chair In Animal Welfare And Artificial Intelligence (WELL-E) and the DFO Dairy Animal Health Research Chair.

(4) Milk Composition, Quality and Safety –

Research focused on the impact of microbes, managing chemical and biological hazards, the influence of farm practices on milk quality, natural modulation of milk composition for improved value, and sustainable alternatives to antimicrobials.

- Examples of projects include investigating Elevated Free Fatty Acids in Ontario Bulk Tank Milk and Developing Alternatives to Antibiotics.

Additionally, DFO invests in the Canadian Dairy Research Council (overseen by DFC) along with other provincial marketing boards nationwide. This program focuses on a fifth research pillar in addition to the previously mentioned four:

(5) Milk Products and their Components in Human Nutrition and Health



Julia Kuziw



Jennifer McCulloch

As one of the most nutrient-rich foods, milk supports our bodies and minds and strengthens community bonds. Every day, we see this nutritious, high-quality milk from Ontario dairy farms transformed into dairy products Canadians know and love. Our marketing team is always striving to nourish Ontarians by expanding the market for milk, driving consumption and bolstering our corporate responsibility.

To do so, we rely on three core pillars: increasing relevance, strengthening industry perception, and helping young people re-embrace milk and dairy. From nutritional programs and building farmer trust to pro-sports partnerships and experiential popups, our team connects with audiences on a shared love of milk.

Dynamic Growth



Audrie Bouwmeester | Kim Romany

Thanusha Tharmakulasingam | Emma Vickers

Marketing

Re-embracing Milk and Dairy

To ensure Gen Z audiences re-embrace milk and dairy, we stimulated renewed confidence in milk by providing exciting and customized integrated experiential moments: Dairy Chill in January and Cownty Fair in August and November.

Dairy Chill positioned dairy as a 'cozy companion' to all the fun that winter has to offer by creating a winter wonderland in the iconic Bentway skating trail in downtown Toronto. Gen Zs were invited to enjoy warm and delicious Ontario dairy treats and our iconic merchandise from trendy local makers, all with our post-to-pay model. The campaign garnered tremendous support from the media and influencers during the VIP preview which resulted in lines that were more than three hours long every day. The highly anticipated campaign saw consumers eagerly posting photos, engaging on social media and consuming dairy. The campaign garnered 8,700 new followers on social media, 14.7M impressions and more than 7,000 attendees.

Over 26M impressions across 2 events. Over 16K attendees. Over 15K new followers on social.

Cownty Fair continued the momentum by reminding Gen Z audiences of the delicious and versatile role local dairy has to offer. We brought the event to Ottawa for ten days to reach a wider demographic in eastern Ontario and fulfil our community requests to come back. Tapping into the cowboy aesthetic loved by Gen Z, we created a county fair-inspired experience full of outrageously tasty dairy eats, milk-forward merchandise, interactive activities and fun photo opportunities.



The Cownty Fair attendance reached an all-time high with 9,600 attendees in 10 days, 6,800 new followers on social media and over 12M impressions. This success allowed us to pop up in Toronto in November utilizing existing assets multiple times.

Partnerships

We leveraged our partner network and community connections to strengthen milk's perceptions and relevance for Gen Z's and the general population with the iconic Milk Patch on the Toronto Maple Leafs Sweater, The Milk Zone at the Ottawa Senators and to diversify our portfolio, we brought on the Professional Women's Hockey League (PWHL), sponsoring the Toronto Spectres and the Ottawa Charge.

The iconic Milk patch on the Toronto Maple Leafs' jerseys garnered unprecedented exposure with a two-year total impressions of 25.7B and this season alone, resulted in 1.5B social impressions and the Ottawa Senators partnership delivered more incremental value than planned.



The iconic Milk patch on the Toronto Maple Leafs' jerseys garnered unprecedented exposure with a two-year total impressions of 25.7B and this season alone, resulted in 1.5B social impressions

At the Ottawa Senators we included extensive digital and static messaging in-venue and a brand new branded soft-serve ice cream and chocolate milk concession stand “Sparty’s Faves” selling over 7,000 ice creams from April 1st - July 1st. The Milk Zone sponsored by Milk sold 56,745 tickets throughout the season – one of the most exciting and affordable areas in the Canadian Tire Centre – to help make hockey more accessible for consumers.

MilkUP and Live Nation continued to meet Gen Zs and drive consumption at events that matter to Gen Z. MilkUP showed up with a new activation – a digital photobooth – connecting Gen Zs to our online community at 25 shows and 2 festivals.

Grassroots and DPC



We continued to nurture and grow our youth sport partnerships reaching over 1M youth across the province.

In F24 we have fulfilled 338 DPC hyper-local sponsorship requests.

To build and strengthen our connections to local communities and drive consumption on milk, the MilkUP DPC program showcased team and tournament sponsorships, event activations, giveaways and sampling. In F24 we have fulfilled 338 DPC hyper-local sponsorship requests.

Increasing Milk and Dairy’s Relevance



Masterbrand

In support of our efforts to increase milk and dairy’s relevance, DFO marketing launched the *Everybody Milk* campaign on February 19 and ran until the end of March 2024; the campaign celebrated the universal love for milk with the aim of increased milk relevance and consumption. The six-week campaign emphasized the unignorable desire for milk and through various media channels, reinforced the irreplaceable taste of milk that satisfies cravings and connects us to joyful moments.

The campaign delivered 165 million impressions across Ontario.

The campaign leveraged the existing and successful 30- and 15-second *Everybody Milk* TV commercials, online and social media video ads and billboards, and was complemented by refreshed creator content, public relations, radio ads and broadcast segments featuring milk-inspired recipes on CTV Your Morning.

The campaign delivered 165 million impressions across Ontario.

Nutrition

In Fiscal 2024, DFO marketing executed meaningful campaigns highlighting the nutritional value of milk. Focusing on key consumption moments, where consumers are looking for nutritional foods, we launched integrated campaigns featuring our *Milk Glass* creative in January and September 2024. Both integrated campaigns featured a combination of TV, Video, Social, Out-of-Home (OOH), PR events and influencer tactics to ensure our messaging reached our target consumers in a meaningful way. Combined, these campaigns delivered over 200M impressions across the 2 integrated campaigns.

Combined, these campaigns delivered over 200M impressions across the 2 integrated campaigns.



Building off of our *Milk glass* campaign, DFO was able to lean into The summer Olympics in Paris. It was an opportune moment to partner with Olympic-bound athletes and their nutritionist to share how milk supports their top performance.

Through social content, audiences followed along as these athletes prepared for the Olympics, and saw how they incorporated milk in their nutrition routine to provide the nutrients they need. These athletes were also highlighted in various Toronto Star articles sharing the important role of milk's 15 nutrients in health and wellness. To complement this campaign, we also launched Olympic-inspired creatives showing milk glasses participating in Olympic activities – proving that milk is an important part of fuelling top performance. We also leveraged our original *Milk Glass* creative as it continues to deliver strong results. DFO amplified these creatives through Broadcast TV, CBC Gem (digital streaming), YouTube (online video) and social platforms including Facebook, Instagram and TikTok. Lastly, DFO marketing continued to support our healthcare community by providing fact-based information on the role milk and dairy play in disease prevention and the maintenance of good health. By partnering with healthcare professionals and associations such as nurse practitioners and pharmacists, we continued to arm these professionals with useful information, research studies and fact sheets which these professionals use to care for and educate their patients.



Culinary

Another way DFO marketing increased the relevance of milk and dairy was through our culinary efforts which highlight the irreplaceability of milk and dairy in great-tasting meals. By using chefs and food influencers as our spokespeople, we showcased all the delicious creations made with milk and dairy. Our spring campaign educated consumers on the integral role of milk and dairy in everyday cooking and came to life across social and digital platforms. This campaign successfully reached a wide audience through a variety of chefs and food influencers with large and engaged social followers. Partnering with these personalities allowed for an authentic delivery of our key messages with culinary content seamlessly integrated into their social channels. Leveraging chefs proved to be a strong strategy as we launched *Milk Masters* for a second season in October 2024. On the heels of a successful season one in 2023, *Milk Masters* returned with even more renowned judges, and talented contestants. This year's series, streaming on CTV.ca, followed 5 chefs as they competed for a donation to their favourite local food charity by creating delicious dishes using a variety of milk and dairy products. Leveraging chefs in this competition inspired audiences with delicious culinary



creations and showcased a wide variety of local milk and dairy products. This campaign was amplified by social, digital and PR tactics to reach a large audience. Lastly, the iconic Milk Calendar program is consistent in driving dairy inspiration throughout the year to our loyal consumer base. Reaching over 300 thousand eager consumers, the milk calendar celebrates the irreplaceability of milk and dairy products in everyday meals. This campaign has successfully evolved to include a digital download of the recipes featured in the milk calendar to ensure that we are reaching a younger demographic with our culinary content.

School Programs



The school programs team continued to focus on providing milk as well as critical thinking opportunities to Ontario students that leave them nourished and with a positive attitude about milk and the dairy industry.

The education team worked to refresh the dairy farming teaching resource materials available to educators to make content more relevant, and to bridge a gap in programming for junior and intermediate students. 18 new resources were created to engage students and help them retain dairy farming key messages connected to Ontario curriculum in Science, Social Studies, and Environmental stewardship.



School Milk

The School Milk Program is committed to providing elementary students with servings of milk to help support their health and wellness.

The DFO school programs team continues to build on resources and supports schools across Ontario through school milk and breakfast rebate programs. Combined, the breakfast and school milk programs have delivered more than three million milk servings to over a million Ontario students in the 2023/24 school year. The team was able to reduce operating expenses significantly and reinvest in consumption.

Combined, the breakfast and school milk programs have delivered more than three million milk servings to over a million Ontario students in the 2023/24 school year.



Alicia Sumar



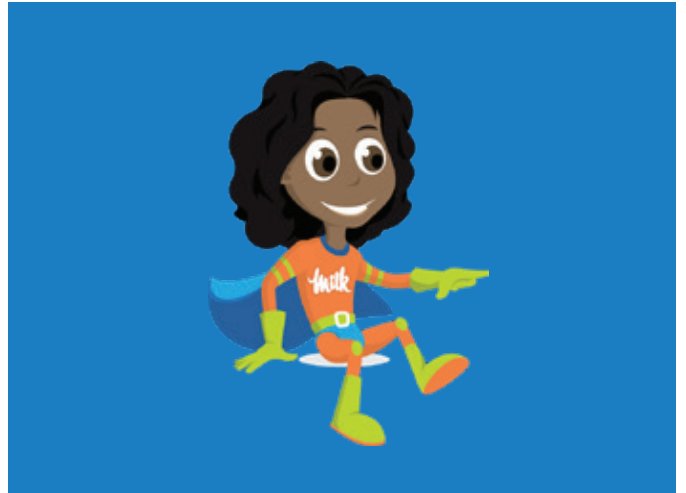
Muriel Silva



Dawn Stewart

Milk Club

An always-on communication vehicle to bridge consumption habits between school and home, Milk Club continues to grow membership and participation with 197,000 events by 9,216 members. Given its popularity, Milk Club was moved onto a new digital platform.



Strengthening Industry Perceptions

Farmer Equity

DFO's farmer equity initiatives continue to strengthen dairy industry perceptions of local, high-quality and care. The campaign had two waves: April 8 to end of May and October 21 to end of November, the campaign leveraged a variety of content to reinforce an emotional connection between Ontario dairy farmers, milk and consumers. The campaign reminded Ontarians of the shared love for milk and everything dairy farmers put into making high-quality milk for everybody.



The Spring wave delivered more than 118 million impressions, and the Fall campaign is planned to deliver 88 million impressions.

The campaign reached Ontarians across multiple mediums, anchored by the successful *Set the Table* TV commercial. After watching the ad, consumers are 13 per cent more likely to consume more dairy. New social media and content creator videos leveraged both the storytelling and “ask me anything” trend to breakthrough. The campaign was also supported by billboards, mobile display ads and public relations, including a feature in *House & Home* online magazine of the Poole family farm in Milverton, Ont. The Spring wave delivered more than 118 million impressions, and the Fall campaign is planned to deliver 88 million impressions.

Milk and Cookies

DFO launched its 5th consecutive *Milk and Cookies* holiday campaign with a donation of \$500,000 to SickKids and other Ontario children’s hospitals in Hamilton (McMaster Children’s Hospitals), London (Children’s Hospital) and Ottawa (Children’s Hospital of Eastern Ontario). This campaign strengthened industry perceptions, establishing Ontario dairy farmers’ support for their communities through the longstanding partnership with SickKids, and drove consumer awareness and engagement.

The campaign delivered 130 million impressions, with a 47% increase in earned media impressions vs. previous year.



The successful Home for Christmas TV commercial ran for a second time and was supported by billboards, social media, creator content, public relations, radio, and multiple broadcast segments on Breakfast Television. DFO gave magical milk glasses to children who spent the holidays at the hospital to enable their participation

in the magical ritual of leaving milk and cookies out for Santa, even while in the hospital. Children across the province were invited to help design the milk glasses by submitting drawings which were printed on the side of the glass with a cookie cutter on the bottom. The campaign delivered 130 million impressions, with a 47% increase in earned media impressions vs. previous year.

Dairy Education

The 2023/24 school year was successful with our 46 educators visiting 1,003 schools, delivering 8,624 engagements and interacting with 213,319 students. The education team produced 18 new teaching resources about dairy farming.

In May, our virtual dairy educators presented to 1,020 students in 68 special education classes for Special Olympics Ontario.

Digital Dairy

The 36 lessons in the Learning Management System have received 27,810 events from 2,458 registered users since Sept. 1, 2023. The French version of the LMS has received 578 events from 105 registered users since Sept. 1, 2023. This indicates a continued need for self-directed digital learning for Ontario Teachers.

Shows – Consumer Education

Educators are proud to strengthen industry perceptions in their communities and together have supported DPCs at 164 special events, fairs and festivals across Ontario.

The Canadian National Exhibition saw more than 1.49 million people in 2024. The milkhouse and live animals were a big draw for visitors. The 48 producer volunteers and 22 dairy educators engaged with more than 700,000 guests to the Farm building. The Farm building is the number one attraction at the CNE and this event creates an opportunity for conversations with consumers who have little to no exposure to agriculture. Bleachers were filled to capacity and even overflowed during milking demos.

Dairy educators supported DPCs at 164 special events, fairs and festivals across Ontario.

To ensure the consumer experience has more mass appeal and relevance and is engaging for all ages, the team has developed a new strategy to get Gen Alpha, Gen Z and Millennial event attendees, who want to discover and learn through in-person experiences, to engage with the Dairy Farmers of Ontario.



The School of Moo launched at the Royal Agricultural Winter Fair on November 1, 2024, and optimizes the consumer experience leveraging existing assets and activations and immerses audiences in a relevant, guided and 'edutaining' interactive play experience.

Learning about dairy at the School of Moo is a journey of discovery. As kids move through the space they are armed with classic school "worksheets" containing simple questions, and they are encouraged to find the answers among the displays to earn a diploma and graduation photo.



Start Up/Scale Up Innovation Program

DFO supports dairy entrepreneurs providing mentoring and grants to both on-farm processors and new entrants as they innovate and drive incremental growth for the category. We have 24 on-farm processors across the province and several more in early development. In 2024, 8 grants have been awarded to participants who have been investing in product development or have successfully moved into production and distribution of their innovations.

Communications

The communications team oversees a wide range of communications activities and provides strategic communications support to various DFO team members on important topics to producers and DPCs.

The team is responsible for media relations, internal and external communications, crisis communications, collaborating with various teams on communications strategies and activities, public relations, website content management for industry and MMS pages, traditional and digital publications, corporate event management, DPC engagement activities, and supporting communications on marketing initiatives.

In the past year, the division has communicated on various policies and programs including but not limited to reports, presentations and briefings, *Milk Producer* magazine, Annual Report and the issues management processes. The Communications team also continued to formalize processes that allow for more effective communications planning and support and provided strategic communications counsel to other departments.

As HPAI became a growing concern in the U.S., communications staff initiated DFO's crisis communications and emergency response plans to monitor the issue and be ready to respond if the virus occurred on a Canadian farm. Staff continue to liaise with both internal and external stakeholders as the HPAI situation evolves.

Communications staff also maintained participation in the Issues Management Working Group (IMWG), comprising provincial and national staff in communications and government relations who come together to share information pertaining to media, communications, issues management and parliamentary and regulatory affairs.

DFO and Industry Events

Spring Policy Conference

March 26-28, 2024

The 2024 Spring Policy Conference was held in late March. More than 130 DPC members attended the three-day event at the Nottawasaga Resort in Alliston, Ont. The agenda included topics on investment programs, policy, quality, carbon markets, research and team updates from DFO.

CDX

April 3 & 4, 2024

DFO and *Milk Producer* magazine jointly hosted an information booth at the Canadian Dairy Expo (CDX). DFO was present with a new tradeshow booth with staff giving away milk. The DFO logo was featured prominently on staff and volunteer lanyards & t-shirts.

Canada's Outdoor Farm Show

September 10-12, 2024

Board members, field services representatives and staff worked the DFO information booth in the TD Dairy Producer Pavilion for the duration of the show. A steady week of sunshine allowed many visitors to visit the booth throughout the three days and enjoy a cheese string and chat with booth staff.



Partnerships: Farm & Food Care Ontario

DFO is a proud platinum partner of Farm & Food Care Ontario (FFCO) and is prominently featured in a variety of impactful projects throughout 2024. These collaborations provide meaningful engagement opportunities, showcasing the dairy industry across Ontario.

The partnership kicked off in April with the first Breakfast on the Farm (BOTF) event in 2024, held in conjunction with the 60th annual Elmira Maple Syrup Festival, which attracted 15,000-plus visitors. Featuring a dairy cattle display, a live milking demonstration and a special partnership with the Wellington DPC. Thousands of samples, including cheese, milk and yogurt tubes were distributed.

Breakfast on the Farm events attracted over 20,000 guests across three events.

On June 22, Eastern Ontario hosted the second BOTF at Blackrapids Farm near Ottawa. The Ruitter family welcomed more than 2,300 guests. Attendees explored the farm's state-of-the-art dairy barn, featuring fully automated feeding and milking systems. The third BOTF took place on Sept. 14 at Hillmanor Holsteins, where the Louwagie family welcomed more than 2,000 visitors. Additionally, FFCO joined forces with DFO at the Canadian National Exhibition (CNE) to present the newly updated virtual reality dairy farm tour. More than 1,400 guests immersed themselves in the virtual tour.

Annual General Meeting

On January 16 to January 18, 2024, DFO hosted the 2024 Annual General Meeting at the Fairmont Royal York Hotel in Toronto. DFO is looking forward to celebrating its 60th anniversary at the 2025 Annual General Meeting.

Laura Bodini | Julie Granger



Sharon Laidlaw | Samia Ali

Sandy Hunt | Raman Battu



Bitia Farhang | Joanne Yeung

Lily Bennett | Pat Logan



Juli Mandelbaum



Chelsea Mehrotra



Shilpa Mukund

We lead and uphold excellence in the production of Canadian milk. Because of that, we are continuously looking to improve and strengthen our own organization, from maintaining physical and digital infrastructure to integrating policy changes into existing systems. Our teams, including DFO's Board Services, Finance, Information Services and Human Resources teams, strive every day to create the environment for all of us to thrive, make the right decisions, and serve DFO's mandate. To us, dairy done right means dedication, persistence and self-improvement – every day.

Organizational Effectiveness



Jay Ahmed



Shreya Mukund

Legal Services & Board

The Legal Services team is responsible for Legal Services, including legislative and regulatory compliance, contract review and negotiation, litigation, legal support and advice, as well as Board matters, including Board governance, policy development review, internal controls and accountability measures. The team also holds the positions of General Counsel, Corporate Secretary and Privacy Officer. Legal Services ensures DFO’s authority, decisions and policies are upheld before the Agriculture, Food and Rural Affairs Tribunal and the Canadian Justice System.

Board Retirements

Murray Sherk, Board Member for Region 8 and Chair of the Board, retired from DFO’s Board effective Jan. 18, 2024. On behalf of the DFO staff and Board, we thank Mr. Sherk for his service to Ontario dairy producers.

DFO Board Election Results 2023

At DFO’s board meeting held on Sept. 26, 2023, in accordance with Ontario Regulation 760, as amended, under the *Milk Act*, R.S.O. 1990, the Board approved Adam Petherick’s election by acclamation to serve as the Board Member for Region 4. This is Mr. Petherick’s second term on the Board. The Board approved Steve Runnalls’ election by acclamation to serve as the Board Member for Region 12. This is Mr. Runnalls’ fourth term on the Board.

Board Governance

The Board engaged in the following governance and educational initiatives to enhance Board culture and effectiveness.

Board Effectiveness and Board Culture Initiative Kim Andres Consulting	Initiative to improve Board effectiveness and Board culture using tools such as Board evaluation, 1:1 coaching, meeting assessment, educational workshops and the creation of governance strategies.	June 2023 - ongoing
Governance Training Jim Brown – Org Health	Two-Day Governance Workshop: Discuss governance fundamentals and facilitate group application of principles and concepts to DFO context.	November 27 & 28, 2023
Leadership Covenant	The Board developed and approved a Leadership Covenant which each Board Member signed to show their commitment to upholding the Board’s shared values.	February 2024
Strategic Thinking Workshop	Designed to teach intentional and rational process that focuses on analyzing critical factors and variables that will influence the long-term success of DFO.	April 18, 2024
Influencing with Impact Workshop	Empowers Board members to advocate for strategies, policies or values that align with the organization’s mission and stakeholder interests.	October 29, 2024

At DFO’s board meeting held on Nov. 29, 2023, in accordance with Ontario Regulation 760, as amended, under the *Milk Act*, R.S.O. 1990, the Board approved Pete Overdevest’s election to serve as the Board Member for Region 8. This is Mr. Overdevest’s first term on the Board.

Immediately following the adjournment of DFO’s Annual General Meeting (AGM) on Jan. 18, 2024, the four-year term of these Board Members commenced.

Board Executive Elections

At a special board meeting held on Jan. 18, 2024, following DFO’s AGM, DFO’s Board elected its 2024 Board Executive. Mark Hamel, Board Member for Region 11, was elected as Chair; Roger Boersen, Board Member for Region 10, was elected as Vice-Chair; and Don Gordon, Board Member for Region 5, was elected as 2nd Vice-Chair. Arlene Minott was re-appointed as Corporate Secretary to the Board. Rey Moisan was re-appointed as Treasurer to the Board.

Board Meetings

DFO’s Board has fully returned to in-person meetings but continues to use the efficiencies of virtual meeting technology to increase the effectiveness of DFO Board committee meetings and special meetings.

The Board meets every month for its two-day regular board meeting for a total of 12 regular board meetings annually (24 days). The Board also holds special board meetings to conduct urgent business or address time-sensitive issues. In 2023-24, the Board held 4 special board meetings.

Finance

DFO's Finance team is responsible for budgeting, financial and accounting services, including billing of processors and payment to producers and transporters, pool accounting, blend price calculations and quota administration.

Credit Program Update

DFO continues to monitor the financial stability of its customers through a third party to safeguard the financial interests of Ontario dairy producers. From a risk perspective, four processors account for about 84 per cent of total milk sales; however, their financial stability is very strong. The accounts receivable protection fund totalled \$5.5 million at the end of October 2024.

Milk Utilization Audit Services

KPMG continues to provide milk utilization audit services. There are currently 89 DFO-supplied plants and 10 Non-DFO-supplied plants included in the audit scope.

MUV Inc.

MUV system is a web-enabled electronic application used by processors to declare how the milk they receive from their marketing boards is used for the purposes of billing and verification. When the MUV system was licensed to other provinces, DFO and ODC agreed to incorporate the system to operate it as an independent entity. MUV Inc. is now managed by a separate board comprising of ODC and DFO representatives. Updates to MUV software and systems continue to be implemented to add functionality for processors and reflect changes in policy.

Accounting Systems

DFO continues to evolve its accounting system. As part of a continuous improvement mindset, staff continued with automation of various processes in 2024. These automations will further the use of electronic document sharing and electronic approval processes, allowing more business to be conducted remotely without significant impact to day-to-day operations. This will increase the resilience of the organization and permit more efficient access to information.



Lena Kolyesnikova



Bhagyesh Patel



Bill Connolly

Information Technology

The IT team is responsible for information technology services, including programming and maintenance of DFO's information technology systems and data centre, as well as security, infrastructure, networks and IT customer service and support.

Software Development and Maintenance

Milk Management System (MMS) development continues to be focused on final development and testing of billing and payment systems, along with integration into our accounting platform.

Enhancements to MMS are ongoing and are scheduled and deployed during regular monthly maintenance cycles. Quota Exchange enhancements have been completed and improvements to the Emergency Communication System are underway.

Additionally, vendor selection was completed for two significant new projects. The first project is to build a new software platform in support of operations to coordinate farm evaluations and milk quality monitoring. The second project is to implement new third party software for milk allocation and routing and integrating them with MMS.

Infrastructure

New Internet and site-to-site networks were installed in 2024 which brings significant performance improvements and cost savings to DFO's network infrastructure.

The implementation of a cloud-based email service was completed during the year. The new email system brings significant improvements in security, reliability and operational costs to DFO.

During the year we also completed enhancements to on-premise meeting room technology. The updates have improved overall meeting experience and increased the ease of conducting in-person and hybrid meetings.

Security

The security of our IT infrastructure continues to be a focus and is frequently being enhanced. It is critical that we ensure our systems are protected from threats and are tested regularly, while also being recoverable in the event of a disaster.

A major project completed in this area this year was to modernize our disaster recovery solution, increasing redundancy and decreasing recovery time.

A secondary but ongoing focus was to increase the cyber awareness of employees. We continue to work with employees to improve threat detection and awareness through various training and knowledge-sharing initiatives which will ultimately decrease our exposure to potentially malicious activities.



Amarjeet Singh | Haileab Teklemichael



Ameer Mirza

Len Wilson | Vinayak Shanbhag



John Wilkinson

Dianne Champion | Jacob Blesiadecki



Carole Lewis



Kiran Pal



Frank Brasil



Varsha Williams

Human Resources

The DFO team consists of individuals that are hard working and committed to supporting producers and processors succeed in supplying dairy products to the consumer. In every role, passion for the dairy industry and belief in the importance of it are the key elements that connect and motivate all of us. Irrespective of how big or small the direct impact of a specific task has on the achievement of DFO's Corporate Strategy, each person's individual contributions are needed and valued. The purpose and focus of the Human Resources Team are to continue to build our culture and environment to one that is effective in attracting and retaining top talent. We work to create engagement amongst existing employees who strive for continuous improvement in the work performed and quality of how services are provided to internal and external customers.

Our first ever employee engagement survey launched this year.

Through our first-ever employee engagement survey launched this year, we provided the opportunity for employees to offer their input and feedback related to all aspects of the organization. We were very pleased that most employees participated and wanted the opportunity to be heard. Several different sessions were scheduled throughout the year to share results, have discussions, and provide answers and/or explanations. The commitment to continue to communicate and strive to improve our culture and environment is ongoing. As recommendations and suggestions are considered, a great deal of importance is placed on making changes that foster opportunities for growth and development today and into the future (professional, personal and industry).

The HR function may not have an opportunity to increase the consumption of milk, but we work and contribute to the creation of an environment that encourages employees to care and do their best for dairy farming in Ontario, across Canada and for future generations.



Financial Reports

Independent Auditor's Report

To the Members of Dairy Farmers of Ontario

Opinion

We have audited the financial statements of Dairy Farmers of Ontario (the Entity), which comprise:

- the statement of financial position as at October 31, 2024
- the statement of operations and changes in fund balance - unrestricted, marketing and business development, research, accounts receivable financial protection and quota exchange funds for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at October 31, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditor's report thereon, included in the annual report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in the annual report as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants,
Licensed Public Accountants
Vaughan, Canada

December 18, 2024

Statement of Financial Position

October 31, 2024 with comparative information for 2023

	2024	2023
Current assets		
Cash and cash equivalents	\$ 62,026,639	\$ 65,054,556
Accounts receivable (notes 2 & 19)	270,239,694	255,993,700
Prepaid expenses	1,012,607	855,241
	333,278,940	321,903,497
Investments (note 4)	41,484	41,484
Capital assets (note 5)	2,587,419	2,638,404
Intangible assets (note 6)	2,145,289	2,803,484
	\$ 338,053,132	\$ 327,386,869

Liabilities and Fund Balances

Current liabilities

Accounts payable and accrued liabilities (notes 3, 7 & 8)	\$ 296,987,460	\$ 281,912,441
Deferred capital contributions (note 9)	423,189	550,146

Fund balances


Unrestricted	20,622,665	20,363,081
Marketing and Business Development	10,800,604	15,765,867
Research	2,782,766	2,590,501
Accounts Receivable Financial Protection	5,483,753	5,252,138
Quota Exchange	952,695	952,695
	40,642,483	44,924,282

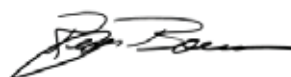
Commitments (note 18)
Contingencies (note 21)

\$ 338,053,132	\$ 327,386,869
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See accompanying notes to financial statements.

On behalf of the Board,


Chair



Audit Committee Chair, 1st Vice-Chair

Statement of Operations & Changes in Fund Balance Unrestricted

Year ended October 31, 2024 with comparative information for 2023

	2024	2023
Revenue		
Administrative licence fees (note 11)	\$ 21,247,328	\$ 21,492,228
Investment income (note 4)	2,237,569	1,996,819
Raw milk quality and ProAction programs (note 13)	962,932	1,107,318
Quota exchange administrative fees	63,754	79,407
Gain on disposal of capital assets	-	42,500
Other revenue	430,893	2,707,392
	24,942,476	27,425,664
Expenses		
Administrative and policy development (note 12)	15,729,842	15,540,940
Raw milk quality and ProAction programs (note 13)	2,787,850	2,827,740
Milk tests, central laboratory (note 13)	2,201,821	1,112,767
Payments to affiliates (note 15)	1,149,999	1,144,001
Dairy producer committees	1,000,705	827,542
Annual meeting	540,749	331,973
Processor utilization audit	292,626	222,625
Loss on disposal of capital assets	24,819	-
Depreciation	954,481	993,823
	24,682,892	23,001,411
Excess of revenue over expenses	259,584	4,424,253
Unrestricted funds, beginning of year	20,363,081	15,938,828
Unrestricted funds, end of year	\$ 20,622,665	\$ 20,363,081

See accompanying notes to financial statements.

Statement of Operations & Changes in Fund Balance Marketing and Business Development

Year ended October 31, 2024 with comparative information for 2023

	2024	2023
Revenue		
Market expansion fees collected (note 16)	\$ 44,051,578	\$ 44,559,489
Investment income (note 4)	737,873	1,211,826
Milk producer magazine	451,828	327,610
	45,241,279	46,098,925
Program expenditures		
Brand advertising and mass media	22,198,513	22,826,696
Consumer marketing	9,764,478	11,096,424
Community	3,327,345	3,195,030
Business development	1,164,008	2,453,917
National projects (note 15)	8,950,952	8,474,211
	45,405,296	48,046,278
Support costs (note 14)	4,645,309	5,053,455
Depreciation	155,937	468,837
	50,206,542	53,568,570
Excess of expenditures over revenue	(4,965,263)	(7,469,645)
Fund balance, beginning of year	15,765,867	23,235,512
Fund balance, end of year	\$ 10,800,604	\$ 15,765,867

See accompanying notes to financial statements.

Statement of Operations & Changes in Fund Balance Research

Year ended October 31, 2024 with comparative information for 2023

	2024	2023
Revenue		
Research fees (note 17)	\$ 1,573,240	\$ 1,591,321
Toronto Stock Yards Land Development (note 17)	186,961	177,381
Investment income (note 4)	148,578	144,282
	1,908,779	1,912,984
Disbursements		
Research projects (note 15)	647,528	783,445
Dairy Animal Health Research Chair	205,000	200,000
Dairy Science Research Chair	200,000	200,000
Toronto Stock Yards Land Development (note 17)	174,950	176,000
Ontario Dairy Farm Accounting Project	165,545	138,838
Scholarships and grants-in-aid	139,930	224,019
Allocation of administration costs (note 14)	183,561	72,069
	1,716,514	1,794,371
Excess of revenue over disbursements	192,265	118,613
Fund balance, beginning of year	2,590,501	2,471,888
Fund balance, end of year	\$ 2,782,766	\$ 2,590,501

See accompanying notes to financial statements.

Statement of Operations & Changes in Fund Balance Accounts Receivable Financial Protection

Year ended October 31, 2024 with comparative information for 2023

	2024	2023
Revenue		
Investment income (note 4)	\$ 291,654	\$ 266,121
Disbursements		
External administrator	60,039	63,527
	60,039	63,527
Excess of revenue over disbursements	231,615	202,594
Fund balance, beginning of year	5,252,138	5,049,544
Fund balance, end of year	\$ 5,483,753	\$ 5,252,138

See accompanying notes to financial statements.

Statement of Operations & Changes in Fund Balance Quota Exchange

Year ended October 31, 2024 with comparative information for 2023

	2024	2023
Sales	\$ 92,798,640	\$ 116,248,800
Cost of sales		
ADD:		
Inventory (shortfall), beginning of year	(269,040)	(281,520)
Purchases	92,318,160	116,261,280
LESS:		
Inventory (shortfall), end of year (note 3)	(749,520)	(269,040)
	92,798,640	116,248,800
Excess of sales over cost of sales	-	-
Fund balance, beginning of year	952,695	952,695
Fund balance, end of year	\$ 952,695	\$ 952,695

See accompanying notes to financial statements.

Statement of Cash Flows

Year ended October 31, 2024 with comparative information for 2023

	2024	2023
Cash provided by (used in) Operating activities		
Excess of revenue over expenses (expenses over revenue)		
Unrestricted fund	\$ 259,584	\$ 4,424,253
Marketing and Business Development fund	(4,965,263)	(7,469,645)
Research fund	192,265	118,613
Accounts Receivable Financial Protection fund	231,615	202,594
Items not involving cash		
Depreciation	1,110,418	1,462,660
Gain/ loss on disposal of capital assets	24,819	(42,500)
Amortization of deferred capital contributions	(126,957)	(126,957)
Change in non-cash working capital		
Accounts receivable	(14,245,994)	(3,123,863)
Quota inventory	(480,480)	12,480
Prepaid expenses	(157,366)	1,590,128
Accounts payable and accrued liabilities	15,581,005	8,014,765
	(2,576,354)	5,062,528
Investing activities		
Changes in investments	-	3,000,000
Purchase of capital assets	(451,563)	(743,259)
Proceeds on disposal of capital assets	-	42,500
	(451,563)	2,299,241
Increase (decrease) in cash and cash equivalents	(3,027,917)	7,361,769
Cash and cash equivalents, beginning of year	65,054,556	57,692,787
Cash and cash equivalents, end of year	\$ 62,026,639	\$ 65,054,556

See accompanying notes to financial statements.

Notes to Financial Statements

Year ended October 31, 2024

Dairy Farmers of Ontario (DFO) is a marketing board incorporated under the Milk Act as a not-for-profit organization. Formed in 1965 as the Ontario Milk Marketing Board, it was reconstituted as Dairy Farmers of Ontario in 1995 following the merger of the Ontario Milk Marketing Board and the Ontario Cream Producers' Marketing Board. DFO is exempt from income tax under Section 149.1 (l) of the Income Tax Act (Canada).

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the Chartered Professional Accountants of Canada Handbook.

(a) Fund accounting:

The Unrestricted Fund includes revenue and expenses that represent DFO's oversight and management of the milk distribution, economic policy development, producer support and administrative cost to support these activities.

The Marketing and Business Development Fund reports the promotion fees collected from producers and disbursements on marketing and business development programs and all costs to support these programs.

The Research Fund reports the research fees collected from producers and disbursements on research and education programs.

The Accounts Receivable Financial Protection Fund reports the funds available to compensate Ontario dairy producers for any deficiencies in payments in respect of milk sold by DFO. The Accounts Receivable Financial Protection Fund includes investment income earned on resources of the fund and expenditures related to administering the fund.

The Quota Exchange Fund reports the dollar value of quota exchange trading conducted by DFO.

(b) Revenue Recognition:

DFO follows the restricted fund method of accounting for revenue.

Unrestricted contributions are recognized as revenue of the Unrestricted Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Designated contributions related to operations are recognized as revenue in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Investment income, which is recorded on an accrual basis, includes interest income, net gain (loss) on sale of investments and change in net unrealized gains (losses).

(c) Cash and cash equivalents:

Cash and cash equivalents consist primarily of cash on hand and cash balances with banks and other institutions. An investment qualifies as cash and cash equivalents when it has a maturity of 3 months or less from the date of maturity.

(d) Investment in joint venture:

DFO accounts for its investment in Milk Utilization Verification (MUV) Inc., a jointly controlled not-for-profit organization, using the equity method. The investment is carried at cost and adjusted for any contributions or withdrawals and its share of the excess of revenues over expenses.

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. All financial instruments are subsequently measured at cost or amortized cost, and management has not elected to carry any such financial instruments at fair value.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, DFO determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount DFO expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

Investments must comply with the requirements as prescribed in the investment by-laws of the Milk Act.

Investment income earned is allocated to funds based on fund balances and recognized as revenue in each fund.

(f) Capital assets:

Purchased capital assets are recorded at cost. Repairs and maintenance costs are charged to expenses. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to DFO's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Building and building improvements	5-20 years
Office furniture, fixtures and equipment	5-10 years
Computer hardware	3-5 years
Vehicles	3-12 years

Assets under construction are amortized once the assets are completed and available for use.

Assets purchased in support of marketing fund activities are aggregated separately and amortized into the Marketing and Business Development Fund.

(g) Intangible assets:

Intangible assets are comprised of assets that have a definite life. Intangible assets are subject to amortization and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software and websites	3-7 years
--------------------------------	-----------

Intangible assets under construction are amortized once the assets are completed and available for use.

Intangible assets purchased in support of marketing fund activities are aggregated separately and amortized into the Marketing and Business Development Fund.

(h) Allocation of indirect costs:

DFO uses fund accounting and allocates certain of its general support expenses from the Unrestricted Fund to the Marketing and Business Development Fund and Research Fund by identifying the appropriate basis of allocating each expense. Salaries and general administrative costs are allocated based on usage, and occupancy costs are allocated on the basis of square footage used.

(i) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses, and changes to fund balances during the year. Actual results could differ from those estimates.

2. Accounts receivable:

Accounts receivable consist primarily of amounts receivable from processors for the value of October milk shipments from DFO. Such amounts are receivable on the first and fifteenth of each month following the month of shipment.

3. Quota inventory:

Quota inventory represents the quota remaining in DFO's bank as a result of balancing quota exchange activities valued at the October exchange clearing price. Inventory shortfalls are aggregated in accounts payable and accrued liabilities.

4. Investments

(a) Investments consist of:

	2024		2023	
Shares of producer co-operative	\$	131	\$	131
Investment in joint venture		41,353		41,353
	\$	41,484	\$	41,484

(b) Investment income:

Investment income in the Statement of Operations – Unrestricted is comprised of:

	2024		2023	
Investment income	\$	3,415,674	\$	3,619,048
Allocation to Marketing and Business Development Fund		(737,873)		(1,211,826)
Allocation to Accounts Receivable Financial Protection Fund		(291,654)		(266,121)
Allocation to Research Fund		(148,578)		(144,282)
	\$	2,237,569	\$	1,996,819

(c) Risk management:

Risk management involves understanding and managing risks in all areas of the business and its operating environment. Investments are primarily exposed to interest rate and market risk. DFO has formal policies and procedures that establish target asset mix. DFO's policies limit investments to bonds that are guaranteed by the Government of Canada and other investments as provided in the investing by-laws of the Milk Act. There has been no change to the risk exposure from 2023.

Interest rate risk arises from the possibility that changes in interest rates will affect the value of fixed income securities held by DFO.

Market risk arises as a result of trading in fixed income securities. Fluctuations in the market expose DFO to a risk of loss. DFO mitigates this risk through controls to monitor and limit concentration levels.

Credit risk refers to the risk that counterparty may default on its contractual obligations. This risk is mitigated by the Accounts Receivable Protection Fund, and a credit program policy that includes processes in place to monitor the health of customers and where necessary require additional security.

5. Capital assets:

			2024	2023
	Cost	Accumulated Amortization	Net book value	Net book value
Land	\$ 506,203	\$ -	\$ 506,203	\$ 506,203
Building and building improvements	3,508,046	2,812,370	695,676	773,133
Office furniture, fixtures and equipment	750,664	442,961	307,703	331,550
Computer hardware	1,759,766	1,496,271	263,495	354,805
Vehicles	1,640,454	826,112	814,342	672,713
	\$ 8,165,133	\$ 5,577,714	\$ 2,587,419	\$ 2,638,404

Capital assets are held in the Unrestricted Fund, except for the following, which are held in the Marketing and Business Development Fund: Office furniture and fixtures of \$34,521 (2023 – \$40,874), Computer hardware of \$64,165 (2023 – \$85,247) and Building improvements of \$91,599 (2023 – \$105,156).

6. Intangible assets:

			2024	2023
	Cost	Accumulated Amortization	Net book value	Net book value
Computer software	\$ 4,892,640	\$ 2,747,351	\$ 2,145,289	\$ 2,692,337
Websites	1,268,078	1,268,078	-	111,147
	\$ 6,160,718	\$ 4,015,429	\$ 2,145,289	\$ 2,803,484

Intangible assets are held in the Unrestricted Fund, except for the following, which are held in the Marketing and Business Development Fund: Websites of nil (2023 – \$111,147).

Included in computer software are assets under construction totaling \$759,161 (2023 - \$723,286) relating to components of the new business software.

7. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities include amounts payable to producers and transporters for the value of October milk shipments managed by DFO. Payments to producers are made on the first and fifteenth of each month following the month of shipment.

8. Milk and Transportation Pool Operations:

Included in accounts payable and accrued liabilities is the net amount recoverable from producers in respect of pool operations.

	2024	2023
Milk value		
Sales	\$ 3,025,200,461	\$ 2,952,611,702
Purchases	3,025,217,927	2,952,578,918
	(17,466)	32,784
Recoverable from producers, beginning of year	(25,738)	(58,522)
Recoverable from producers, end of year	(43,204)	(25,738)
Transportation		
Recovered from producers	113,236,846	108,194,236
Expenses	113,228,468	108,239,900
	8,378	(45,664)
Recoverable from producers, beginning of year	(49,572)	(3,908)
Recoverable from producers, end of year	(41,194)	(49,572)
Total Recoverable from producers, end of year	\$ (84,398)	\$ (75,310)

9. Deferred capital contributions:

	2024	2023
Balance, beginning of year	\$ 550,146	\$ 677,103
Amortization of deferred capital contributions	126,957	126,957
	\$ 423,189	\$ 550,146

These contributions relate to funds received through the Traceability Foundations Initiative (TFI) Contribution Agreement. The Agreement provided DFO with \$1,422,501, of which \$1,237,500 of the contributions related to capital. These amounts are accounted for as deferred capital contributions and are amortized and recognized in income over a period of 5 to 7 years to match the useful life of the related transporter handheld devices and the new business software. The component related to the new business software was put in use with the launch of the stakeholder website in February 2021. The amortization recorded in the current year for this component was \$126,957 (2023 - \$126,957). The component related to the transporter handheld devices was placed in use in 2014 and has been fully amortized as of 2019.

10. Management of capital:

DFO defines its capital as the amounts included in its fund balances. DFO's objective when managing its capital is to safeguard its ability to continue as a going concern so that it can continue to provide the appropriate level of benefits and services to the producers.

A portion of DFO's capital is restricted in that DFO is required to meet certain requirements in order to utilize its externally restricted funds, as described in note 1. DFO has been in compliance with these restrictions throughout the year. DFO sets the amount of internally restricted funds in proportion to risk, manages the net asset structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

11. Administrative licence fees:

Licence fees for administrative purposes remained at \$0.675 per hectolitre.

12. Administrative and policy development expenses:

Administrative and policy development expenses are detailed as follows:

	2024	2023
Staff salaries and benefits (i)	\$ 10,415,345	\$ 10,289,905
Assistance from contractors and staff support (ii)	723,991	605,900
Board Members' per diems, allowances and travel, elections (iii)	1,199,086	1,173,945
Professional fees	315,106	641,664
Office (iv)	494,882	524,736
Hiring costs, staff travel, and meetings costs	689,953	606,135
Equipment rental and maintenance	466,761	428,362
Insurance	513,810	434,291
Office maintenance, utilities, taxes and rent	264,435	261,328
Communication programs and activities (v)	444,480	413,855
Calibration truck operations	201,993	160,819
	\$ 15,729,842	\$ 15,540,940

- (i) DFO has a defined contribution pension plan. The assets of the plan are held separately from those of DFO in an independently administered fund. The pension expense is equal to the contribution paid by DFO. The contributions paid and expensed by DFO during the year amounted to \$612,550 (2023 – \$565,133).
- (ii) Assistance from contractors and staff support includes consulting costs, clerical support, translation costs, and training costs.
- (iii) Board members' per diems, allowances and travel include an annual honorarium for the Chair of \$72,286 (2023- \$69,505), Vice-Chair \$36,865 (2023 – \$35,447), 2nd Vice-Chair \$24,577 (2023 – \$23,632) and other Board Members of \$15,006 (2023 – \$14,429). Board Members were paid per diem rates of \$345 (2023 – \$330) and a half-day rate of \$172 (2023 – \$165). Board Members' travel includes a travel allowance of \$1,680 (2023 – \$1,680).
- (iv) Office expenses include amounts for stationery, supplies, subscriptions, postage, courier costs, and similar expenses. This includes materials and distribution costs for materials sent to producers from the various functions included in the Unrestricted Fund.
- (v) Communication programs and activities include the costs of producer and government communications, information brochures and the annual report.

13. Activities of the Delegated Authority

DFO, under an agreement with the Ontario Ministry of Agriculture, Food and Agribusiness (OMAFRA), is responsible for administering provincial activities of Regulation 761 pertaining to farm premises, Raw Milk Quality (RMQ) testing, truck-tank inspections, penalty applications, and Bulk Tank Milk Grader (BTMG) certification, recertification and monitoring.

Total dollar amount received from milk quality penalties under section 55 of Regulation 761 is \$780,638 (2023 - \$800,397). The total dollar amount received from other fees, charges, penalties or costs established under section 19.1 of the Milk Act is \$58,500 (2023 – \$101,500).

The total costs of testing loads of milk for inhibitors; is \$2,133,784 (2023- \$2,135,177). The total losses from rejected loads of milk for reasons related to non-compliance under the Milk Act is \$843,295 (2023 - \$709,789). In addition to the forementioned items, direct expenses incurred by the Delegated Authority in administering and enforcing the Designated Legislation and exercising any regulation also include DFO's share of costs for sample acquisition, management, and testing of \$1,993,700 (2023 – \$912,322).

14. Allocation of indirect costs:

Indirect costs for services and salaries to support activities of the Marketing and Business Development Fund were allocated from the Unrestricted Fund as follows:

	2024	2023
Staff salaries and benefits	\$ 510,000	\$ 650,004
Office maintenance, utilities, taxes and rent	88,145	85,942
Office expenses	110,213	67,035
	\$ 708,358	\$ 802,981

In the current year, indirect costs were also allocated from the Unrestricted Fund for services and salaries to support activities of the Research Fund in the amount of \$183,561 (2023 – \$72,069).

15. Payments to affiliates:

Payments to affiliates consist of payments to Dairy Farmers of Canada (DFC). DFC is a national association that advocates for Canadian dairy. DFO has representation on its board of directors and helps support their activities. In the current year, DFO's contributions were recorded as \$1,149,999 (2023 - \$1,144,001) in activity of the Unrestricted Fund, \$270,000 (2023 - \$270,000) in activity of the Research Fund, and \$8,950,952 (2023 - \$8,474,211) in activity of the Marketing and Business Development Fund.

16. Marketing and Business Development:

Market expansion and promotional activities fees remained at \$1.40 per hectolitre.

17. Research fund:

- (a) Research fees remained at \$0.05 per hectolitre on milk marketed by DFO.
- (b) The Research Fund balance at year end includes an unspent allotment of \$108,991 (2023 - \$96,980) from the Toronto Stock Yards Land Development Fund. Spending of these funds is restricted for research and educational purposes.

18. Commitments:

During the year DFO entered into long term contracts and commitments in support of its Marketing and Business Development Fund activities and its Research Fund activities. These contracts have resulted in commitments that extend beyond the current year as follows:

	2025	2026	2027	2028	2029
Marketing contracts	\$ 12,760,690	\$ 13,759,989	\$ 10,549,622	\$ -	\$ -
Research commitments	\$ 618,775	\$ 278,854	\$ 170,000	\$ 80,000	\$ -
	\$ 13,379,465	\$ 14,038,843	\$ 10,719,622	\$ 80,000	\$ -

19. Related party transactions:

DFO has invested in Milk Utilization Verification (MUV) Inc., a jointly controlled not-for-profit organization. DFO and Ontario Dairy Council jointly contributed their share of the MUV system, which is the web-enabled electronic application used by processors to declare how the milk they receive from their marketing boards is used for the purposes of billing and verification. The initial contribution was recorded at net book value of \$45,948. During the course of the year, net costs of \$68,387 (2023 - \$70,908) were expensed in the unrestricted fund, and included in accounts receivable at year end are \$585,060 (2023 - \$470,612) due from MUV Inc.

20. Credit facility:

DFO's credit facility remains at \$35 million at a rate of prime less 0.8% (2023 - prime less 0.8%). DFO has not drawn on the credit facility as of October 31, 2024 and 2023.

21. Contingencies:

DFO is involved from time to time in litigation, which arises in the normal course of operations. Liabilities on any litigation are recognized in the financial statements when the outcome becomes reasonably determinable.

22. Comparative information:

Certain comparative figures have been reclassified from those previously presented to conform with the financial statement presentation adopted in the current year.

Ontario Ministry of Agriculture,
Food and Agribusiness-Dairy Farmers
of Ontario Administrative Agreement:
DFO Business Plan and Annual Report
November 29, 2024

Annex

1.0 OMAFA/DFO Administrative Agreement – Business Plan

Executive Summary

The high-level goal of Dairy Farmers of Ontario (DFO) for the Raw Milk Quality (RMQ) Program is to administer and enforce Regulation 761 of the Ontario Milk Act related to cow's milk and ensure that appropriate resources are available to carry out the responsibilities delegated to DFO by OMAFA.

Overall, this breaks down into five strategic long-term objectives:

- (1) Enforcement of Reg 761 with the long-term goal of improving milk quality and Grade A compliance.
- (2) Staff training, consistency and competency objectives- Appointed inspectors for Reg 761 enforcement.
- (3) Management of milk testing and sample transportation requirements.
- (4) Bulk Tank Milk Grader (BTMG) training and licensing requirements.
- (5) Truck tank inspection requirements.

Long-Term Strategic Objectives and Timelines

- (1) Enforcement of Reg 761 with the long-term goal of improving milk quality and Grade A compliance:

Ontario Regulation 761: Milk and Milk Products, under the Ontario Milk Act, outlines the regulations on the production, transportation, and processing of milk. Regulation 761 provides the requirements producers must meet to offer milk for sale to DFO. Regulation 761 is available online (<https://www.ontario.ca/laws/regulation/900761>) on the Ontario government website. DFO, under an agreement with the Ontario Ministry of Agriculture, Food and Agribusiness (OMAFA), is responsible for administering those provisions of provincial Regulation 761 delegated to DFO pertaining to farm premises, RMQ testing, truck-tank inspections, penalty applications, and BTMG certification, recertification and monitoring.

The Director of Regulatory Compliance (DRC) is appointed by DFO to oversee the administration of the Ontario RMQ Program. The DRC has overall responsibility for overseeing sampling, milk and water

quality testing, farm inspections, penalty applications, and BTMG activities and performance. The DRC may call a hearing if a producer or BTMG does not meet regulatory requirements.

The RMQ Section of the Production Department is committed to ensuring compliance with the standards established in Regulation 761 and the RMQ Programs. Its main objective is to enhance the quality of milk delivered by dairy producers. By implementing rigorous monitoring and evaluation processes, the section upholds high standards in milk production, ensuring raw milk complies with regulatory requirements and meets consumer expectations.

Through funding partnerships with OMAFA and producer license fees, DFO ensures that financial capacity is available, and regulations are enforced.

- (2) Staff training, consistency and competency objectives - Appointed inspectors for Reg 761 enforcement:

In accordance with Regulations 761, the DRC appoints inspectors to inspect farms and carry out enforcement duties as required. A regional manager ensures appropriate training and oversight of inspector duties to ensure all enforcement activities are completed. The DRC is accountable for all enforcement activities carried out by appointed inspectors.

The Field Services team, composed of 13 Field Service Representatives (FSRs), has played a crucial role in maintaining high standards across the province. This dedicated team, which is DRC- appointed, conducts Grade A inspections and ensures producer compliance with regulatory requirements and industry standards.

In addition to inspections, FSRs actively assist producers in troubleshooting milk quality issues (including BSN, SCC and AFP), providing expert guidance and support to enhance production practices. Their commitment to excellence helps maintain quality and fosters strong relationships with producers, ultimately contributing to the overall success of the producer's operation.

Section 4(1) and (2) of the Milk Act provides appointed Fieldpersons with the authority to "enter and inspect any premises or conveyance used for the producing, processing or marketing of milk or milk products and inspect anything relevant to the inspection found in the premises or conveyance." The Milk Act or its regulations do not require an inspector to provide notice. Therefore, a farm can be inspected at any time without advance notice. The current procedure is to inspect all farms every two years, with additional inspections conducted as needed to ensure Grade A requirements are maintained.

(3) Management of milk testing and sample transportation requirements:

DFO and OMAFA use labs approved by the Director under the Milk Act to provide testing services for all milk samples in Ontario. Funding for sample testing comes from OMAFA, Dairy Farmers of Ontario and the Ontario Dairy Council (ODC).

DFO is solely responsible for managing sample transportation from the farm to the laboratory. Funding for sample transportation comes from OMAFA, DFO and ODC.

DFO's long-term strategy for sample testing and transportation has been to increase services to producers to ensure they have the information they need to manage milk quality and production as efficiently as possible.

Starting in 2024, DFO provides seven-day-a-week milk testing, with up to 98% of samples reported to the producer within two days. For 2025, DFO aims to update the agreement with the Agriculture and Food Laboratory (University of Guelph) for milk testing and reporting.

(4) Bulk Tank Milk Grader (BTMG) training and licensing requirements:

The DRC has the authority and responsibility for BTMG certification, re-certification and monitoring. DFO has a BTMG Program that includes requirements for BTMG certification and re-certification, apprentice and routine performance evaluations, performance accountability and BTMG recognition.

DFO's long-term strategy is to ensure graders are properly trained, properly supervised, and held accountable for meeting Regulatory requirements as they perform their duties. BTMGs are an important line of defense to ensure milk delivered to plants meets requirements.

(5) Truck tank inspection requirements:

Tank truck inspections are conducted annually and more often if there is a concern. These inspections verify that the vehicles transporting raw milk to the processors are clean, well-maintained, properly equipped, and meet industry standards. Although not a regulatory requirement, DRC considers truck tanks to be an important milk contact surface that could affect milk quality. DFO therefore conducts truck inspections as part of the Raw Milk Quality Program.

1.1 Corporate Overview

Dairy Farmers of Ontario (DFO) is the delegated authority to administer and enforce the Designated Legislation, which are the provisions of the Milk Act, including provisions of Regulation 761. DFO is accountable to the minister and the Ontario Ministry of Agriculture, Food and Agribusiness (OMAFA), which is responsible for DFO's fulfilment of its Statutory Mandate.

As the Administrative Authority, DFO provides valuable information to the government regarding the operational effectiveness of the Act. DFO recognizes the benefit of maintaining a strong collaborative relationship with OMAFA to ensure they are acting in the public interest in administering all provision of the Milk Act.

2.1 Organizational Overview

1. Introduction

DFO is the regulator and sole delegated authority for the marketing of milk in Ontario. DFO is also the Delegated Authority responsible for administering and enforcing the provisions of the Milk Act related to cow's milk. Our accountability to the Ontario Farm Products Marketing Commission and the Ministry of Agriculture, Food and Agribusiness remains steadfast.

We are guided by our mission, vision and foundation of supply management, as well as who we serve (producers, processors, consumers). DFO's mission is to provide leadership and excellence in the production of Canadian milk, and DFO's vision is toward a dynamic profitable growing Canadian dairy industry. Our commitment is to serve with integrity, collaboration and accountability.

Ontario dairy contributes more than \$8.5 billion to the province's gross domestic product and supports nearly 89,040 jobs. Every day more than 10,000 Ontario dairy farmers and their families commit to producing high-quality milk on 3187 dairy farms across the province, from which more than 3 billion litres of milk is delivered to processors every year.

2. Mandate

Dairy Farmers of Ontario is the regulator and sole delegated authority for the marketing of milk in Ontario. Our accountability to the Ontario Farm Products Marketing Commission and the Ministry of Agriculture, Food and Agribusiness remains steadfast. As the largest sector of Ontario agriculture, we continue to support a dynamic, profitable, growing Canadian dairy industry for the benefit of all Ontario producers collectively.

3. Overview of the Organization

Dairy Farmers of Ontario is a marketing board incorporated under the Milk Act as a not-for-profit organization. Formed in 1965 as the Ontario Milk Marketing Board, it was reconstituted as Dairy Farmers of Ontario in 1995 following the merger of the Ontario Milk Marketing Board and the Ontario Cream Producers' Marketing Board. In 1998 DFO became the sole designated authority to administer and enforce the provisions of the Milk Act, including provisions of Regulation 761 related to cow's milk in Ontario.

4. Nature of the relationship between the DFO and the Ministry

Dairy Farmers of Ontario is the regulator and sole delegated authority for the marketing of cows milk in Ontario. DFO is also the designated authority responsible for administering the Raw Milk Quality Program as it relates to cow's milk. Our accountability is to the Ontario Farm Products Marketing Commission and the Ministry of Agriculture, Food and Agribusiness. DFO understands and supports OMAFA's responsibilities for oversight of DFO's activities specifically related to the enforcement of Reg. 761.

2.2 Report on Performance

Period: November 1, 2023 - October 31, 2024

Baseline Information:

- l) a summary of the activities of the delegated authority in respect of the administration and enforcement of the Designated Legislation and the exercise of regulation-making powers delegated to the Authority under section 19.1 of the Milk Act (currently described in O.Reg. 143/98) during the previous fiscal year:

Activities	Completed (#)
Grade A inspections (initial and follow-up)	2,283
Inspections on tank trucks	282
Certification of BTMG	156
New	61
Recertification	95
Evaluation of BTMG	142

- ll) ll) as part of the audited financial statements of the delegated authority for the previous fiscal year, a specification of:

A: the total dollar amount received from milk quality penalties under section 55 of Regulation 761, or any successor legislation; &

B: the total dollar amount received from other fees, charges, penalties or costs established under section 19.1 of the Milk Act;

A. RMQ Penalties	
Bacteria penalty	\$ 122,995.01
Inhibitor penalty	\$ 72,199.02
Freezing point penalty	\$ 134,664.85
Somatic cell penalty	\$ 354,146.78
Subtotal	\$ 684,005.66
B. Grade A	
Non-grade A penalty	\$ 96,632.20
Farm inspection*	\$ 58,500.00
Subtotal	\$ 155,132.20
Total	\$ 839,137.86

Note: * A farm inspection fee of \$250 is charged for any additional inspection required over and above the routine bi-annual or a required reinstatement inspection.

C: the total costs of testing loads of milk for inhibitors;

Test	Cost of testing loads (\$)
Inhibitors	\$ 2,128,094

Note: All loads of milk are pre-screened for inhibitors prior to being accepted by a processor. DFO supplies tests kits to 61 processors for this purpose.

D: the total losses from dumping loads of milk for reasons related to non-compliance under the Act;

Reasons for dumping loads	Total losses (L)
Inhibitors	352,259
Quality	580,801
TOTAL	933,060

Note: * Loads of milk that pre-screened positive for inhibitors and were rejected by the processor. These loads are not marketed and are disposed of.

** All loads are subject to grading by a plant receiver prior to unloading. Grading is done by sight and smell. Any rejection based on sight or smell is considered a quality rejection. These loads are not marketed and are disposed of. Reasons for a quality rejection include foreign matter, butter balls, black specks, high temperature, malty, rancid or other.

E: the total direct expenses incurred in administering and enforcing the Designated Legislation and exercising any regulation-making powers delegated under subsection 19.1 of the Milk Act;

Direct costs in support of administering and enforcing the Designated Legislation (inclusive of inhibitor screening costs) was \$2,151,808 (2023 – \$2,147,200)

Cost for sample transportation, sample management, sample supplies, and laboratory testing (after reduction for cost sharing with partners) was \$2,201,821 (2023 – \$1,112,767). OMAFA's contribution to the items is \$458,160 (2023 - \$458,160). Capital investments consisting of sample fridges and Time Temperature Recorders to support this activity was \$28,015 (2023 – \$22,244).

Performance Measurers

A: Performance Statistics:

(1) Enforcement of Regulation 761

DFO conducts Grade A inspection to ensure compliance with Milk Act requirements. Appointed field persons conduct farm inspections at least once every two years. Inspections are performed more frequently as necessary to ensure consistent and continued compliance with regulatory requirements.

Initial Inspections Conducted	Total Number of Producers	% Complete (50% minimum required)	Target Achieved
1,986	3171	62.6%	Yes

(2) Staff Training:

DFO goal is to conduct two training sessions per year for Field Service Representatives. These sessions are designed to provide technical training to ensure FSRs are able to provide quality troubleshooting services to Ontario dairy producers.

Date	Location	Topic	Target Achieved
May 14-15	Brantford, ON	Raw Milk Quality	Yes
Oct. 9-10	Stratford, ON	Raw Milk Quality	Yes

(3) Milk Testing and Sample Transportation:

Sample Type	# of Samples Tested	Requirement	Target Achieved
SCC	593,801	1/month	Yes
BSN	445,701	1/month	Yes

(4) BTMG Training and Licensing:

Training Type	# of Courses	# of BTMGs Trained	Target Achieved
New Certificate	5	61	Yes
Recertification	15	95	Yes

(5) Tank Truck Inspections:

Inspection Type	#	Target Achieved
Full	269	Yes
Spot-Check	13	Yes

B: Review of Legislation, By-Law and Policy Changes:

There were no changes made to DFO’s “Raw Milk Quality Program Policies” booklet between November 1, 2023 and October 31, 2024.

C: French Language Services:

DFO has 106 French producers. This represents 3.34% of producers. These producers receive all correspondence and services in French. Additionally, all programs and policies DFO provides are available in both official languages.

D: Complaint Handling Process:

Any complaints regarding DFO’s application of the legislation or challenge to a decision of the Director of Regulatory Compliance are ultimately appealable to the Agriculture, Food and Rural Affairs Appeal Tribunal. Prior to that, however, DFO attempts to ensure that complaints and challenges are addressed in an efficient and logical manner in order to de-escalate and resolve issues, if possible, prior to the Tribunal process being initiated. Producers wishing to challenge a result or decision may do so by submitting a written challenge to DFO. The DRC will initiate an investigation based on the challenge. Depending on the nature of the challenge, the investigation could involve sample logistics, Time Temperature Recorder (TTR) data, University of Guelph Lab Services, Bulk Tank milk Graders, DFO Staff and Field Staff. The purpose of the investigation is to verify if proper procedures were followed or if there are any grounds to allow the Director to confirm, vary or rescind a sample result or decision. The following Challenges were received in 2024. Each submission received an acknowledgement letter followed by a decision letter following the investigation.

Challenges received by DFO from licenced producers:

Challenge Category	Number of Challenges (2024)	Number Granted (2024)	Number Denied (2024)
Inhibitor	2	0	2
Composition	9	7	2
Freezing Point	8	6	2
NGA	0	0	0
BSN	10	1	9
SCC	0	0	0
Other-Rejected Tank	1	1	0
Total	30	15	15

Complaints that may impact dairy plants are investigated by Field Staff on farm to attempt to identify the source of the issue and correct it. The following rejected loads were investigated this year:

Reason for Rejection	Nov 23 to Oct 24 (#)
Butter balls	0
Foreign matter	26
High temperature	4
Malty	3
Rancid	0
Other	5
Total	38

There was one significant complaint in 2024, which was escalated to the appeal process; however, the tribunal has not yet heard the appeal.

In situations where a complainant is likely to reach out to the Minister, DFO would advise OMAFA staff. The instance above may reach the Minister, and that was disclosed and discussed with the staff of OMAFA.

E: Accessible Goods, Services, or Facilities

Dairy Farmers of Ontario is committed to excellence in serving all customers including people with disabilities. Our policy is based on the principles of independence, dignity, integration and equal opportunity for our customers.

Assistive Devices:

We will ensure that our staff are trained and familiar with various assistive devices that may be used by customers with disabilities while accessing our goods or services (i.e. wheelchair lift, accessible entrance door, accessible washrooms on the ground floor).

Communication:

We will communicate with people with disabilities in ways that take into account their disability.

Service Animals:

We welcome people with disabilities and their service animals. Service animals are allowed on the parts of our premises that are open to the public.

Support Persons:

A person with a disability who is accompanied by a support person will be allowed to have that person accompany them on our premises.

Training for Staff:

Dairy Farmers of Ontario will provide training to all employees who deal with the public.

Last year DFO received zero inquiries for accessible goods, services or facilities.

2.3 Corporate Governance

Information on Corporate Governance is available on the DFO website.

2.4 Management Discussion and Analysis

Material Financial Changes

The material financial changes in 2024 to DFO's Raw Milk Quality program relate to the new Enhanced Lab Services (ELS) and the associated increase in BSN testing and sample transportation. ELS saw the U of G AHL increase testing from five to seven days per week. This increase allowed DFO to increase BSN testing with the goal of providing a result for every shipment. This means producers will receive approximately 15 BSN tests per month.

The increase in samples tested, combined with the seven-day-per-week service, required increased sample transportation, which led to a cost increase of \$1.75M for these services. The total cost of these increases is borne solely by DFO.

Risk Management Plan

DFO has built a robust risk management strategy into the RMQ program, including risk assessment, mitigation, and evaluation elements.

In preparing the Ontario dairy industry for disease-related sector-wide emergencies, DFO staff, with the collaboration of OMAFA, Beef Farmers of Ontario, and Veal Farmers of Ontario, developed an Animal Health Emergency Management (AHM) Producer Handbook for the Ontario Dairy Cattle Sector.

Following OMAFA's recommendation, 50 DFO employees participated in and successfully completed the IMS 100 – Introduction to Incident Management training offered by Fitzgerald & Co. in 2024. The IMS 100 training is intended to build awareness and a basic understanding of Ontario's Incident Management System (IMS), and this specific offering provides participants with examples of how the IMS system applies to agriculture.

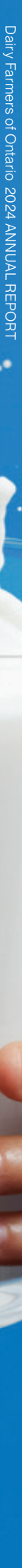
DFO has developed and maintains its own corporate Emergency Response Plan. In relation to the RMQ program, DFO has a comprehensive schedule for Field Services coverage. DFO also maintains an IT back-up to ensure continued service and data integrity. Additionally, DFO has verified that the University of Guelph Agriculture and Food Laboratory has an emergency response plan ensuring on-going sample testing. In the event of an emergency, DFO would work with the appropriate municipal, provincial and federal entities to coordinate their response.

IN 2025 WE CELEBRATE



60 years of DFO and our commitment to dairy excellence, 30 years of Dairy Education programming, and 100 years of the Milk Producer Magazine.





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