

SCDC 99/00 Annual Report

Saskatchewan Canola Development Commission

Saskatchewan

Canola

Development

Commission

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SCDC / State of the Industry

The Aug/99 to July/00 crop year is still showing an over production of vegetable oils around the world. Most of the vegetable oil production areas in the world have had favorable growing conditions, consequently we are experiencing the lowest prices we have seen in ten years.

At this time I would like to commend the Saskatchewan Canola producers for maintaining a high level of commitment to the Canola Commission in these tight margin markets. This ongoing commitment shows the Board of Directors the value that Saskatchewan producers place on agronomic research, market development and extension activities done by the Saskatchewan Canola Commission.

This past year the Commission has continued to work on alternate uses for canola oil. Marketing plans are being developed and investigated to see where bio-diesel and other canola oil derivatives will fit into the market place. Industrial uses of canola oil, if used appropriately, would help Canada achieve its commitment to reducing harmful emissions into the atmosphere, under the Kyoto Agreement.

The Saskatchewan Canola Commission has maintained a high level of commitment to agronomic research so that our producers will have access to the most current data regarding canola production practices. A three year study of considerable interest to producers on canola seed vigor was completed in the fall of 2000 and a final report will be published in the spring of 2001.

GMO issues concerning canola have been a hot topic throughout the winter months of 2000. The main issue behind this concern appears that consumers have not been well informed as to the crop breeding techniques used

in the past, as compared to the systems being used today. I believe that the current genetic modification systems now being implemented gives our scientists a clearer picture of what is happening in the crop breeding programs. Extension in this area must continue as needed, to inform consumers of what the industry is doing in the production of safe food products.

Another area of concern is the quality of canola meal being supplied into the market place. It appears that some new methods of producing better canola meal are evolving in the laboratories. If this initiative proceeds in the next year or two we should have a higher quality canola meal to sell into the market place. This higher quality meal should add a higher return to our canola crop.

The Saskatchewan Canola Commission continues to provide extension services to consumers, industry partners and producers by way of the Canola Information Service and the Canola Digest publication. CIS continues to receive good response to their programs nationally and internationally. These extension programs are beneficial to producers as they continue to promote the quality of our canola oil and meal.

In closing, I would like to compliment our staff and board members for their professionalism and dedication in pursuing the mandate of the Saskatchewan Canola Commission.

SCDC / Research

The Saskatchewan Canola Development Commission invested \$635,945 in research projects and crop production centers in 1999-2000. Approximately 45% of funding was spent on agronomic projects, 17% on crop production centers, 13% on germplasm and 17% on crop utilization and other research projects.

The Canola Council of Canada, Canola Agronomic Research Proposals (CARP) are sent to Saskatchewan, Alberta, and Manitoba Canola Growers Organizations and projects are selected for joint funding. The Saskatchewan Canola Development Commission also has a call for proposals from researchers for funding of other projects. Research committees with representatives from SCDC, SCGA, research scientists, Saskatchewan Agriculture and Food and other organizations meet to evaluate and prioritize research projects for funding.

Research projects are conducted with agencies such as Agriculture and Agri Food Canada (AAFC), the University of Saskatchewan (U of S), Alberta Research Council (ARC) and other agencies. Matching funds to cover about 50% of the cost of research projects has been obtained from either Agriculture and Agri-Food Canada's Matching Initiative Fund or the Agriculture Development Fund from Saskatchewan Agriculture and Food.

SCDC / New Project Funding

New projects that were funded in 1999-2000 are listed below:

- Identification & quantification of a new canola wilt – Lange, AB Research Council.
- Management of lygus bugs and cabbage seedpod weevils – Carcamo, AAFC.
- Biochemical test for low seedling vigour – Buckley, AAFC.
- Optimizing seedling establishment of late fall seeded canola in the water limited, heat & drought stressed environments in the brown soil zones – Gan, AAFC.
- Reducing the occurrence of volunteer canola as a weed – Shirliffe, U of S.
- Improving disease management in canola using planned limited tillage – Irvine, AAFC.
- Determining the barriers to higher canola yields: an extensive analysis and a closer look at heat stress – Brandt, AAFC.
- Seeding dates, tillage systems and fertilizer placement in fall and spring seeded canola – Oystryk, East Central Research Foundation
- Relationship between lodging resistance and sclerotinia stem rot tolerance – Kutcher, AAFC.
- Improved canola meal value through changes in amino acid and energy utilization – Newkirk, U of S.

- Regulation of male sterility in canola for use in hybrid seed production – Sawhney, U of S.
- Development of genetically stable blackleg resistant Brassica rapa germplasm – Falk, AAFC.
- Identity preserved production systems for Canadian crops – Philips, U of S.
- Field evaluation of direct injected diesel engine wear performance with a canola oil derivative (COD) lubricity additive at minimal treat rates in low sulfur diesel fuels – Hertz, U of S.
- Funding the Saskatchewan Agriculture Biotechnology Information Centre – Ag West Biotech.

SCDC / Extension

The SCDC Annual Meeting, featuring Australian farmer Mick McGinnis, remains one of the extension highlights for the year. During Crop Production Week, SCDC exhibited at the Crop Production Show in Saskatoon which provided an opportunity to discuss SCDC programs with producers.

SCDC also sponsored grower extension meetings and field days in cooperation with the Saskatchewan Canola Growers Association, the Canola Council of Canada (Canola Production Centres), Saskatchewan Agriculture and Food and Agriculture and Agri-Food Canada.

Representatives of the Saskatchewan Canola Development Commission spoke at more than 40 meetings in rural Saskatchewan about biotechnology and its impact on canola production.

The Canola Digest magazine, a co-operative effort between the BC, Alberta, Saskatchewan, Manitoba and Ontario canola organizations and the Canola Council of Canada was launched this year. It is issued bi-monthly and sent to all canola producers in the above listed provinces.

The SCDC mascot "Buddy" continued to entertain and raise awareness at local fairs and parades around the province.

SCDC sponsored three Agriculture in the Classroom programs - the Agriculture Resource Directory, Lunch Kits for growing plants and a Teachers Writing Workshop. At the Teachers Writing Workshop, teachers learned about agriculture and then created curriculum friendly materials.

SCDC continued to support the school program, including Canola Corner at the Canola Learning Centre, which is part of the Conservation Learning Centre in Prince Albert. The objective is to bring awareness to

school children about canola - from a nutritional, agronomic, economic and biotechnology perspective.

In co-operation with the Canadian Canola Growers Association, the position paper "Canola Producers Perspective on Biotechnology" was printed and distributed. In addition, six agronomic factsheets based on SCDC funded research were developed and distributed and are also located on the SCDC website.

SCDC initiated and organized a farmer training workshop on biotechnology to assist farmers in talking with media on this important topic.

SCDC / Market Development

The Canola Information Service (CIS) is the market development and promotion arm of Saskatchewan Canola Development Commission. The Food Writers Tour (Canola Camp) was again one of our most successful programs. This year Canola Camp hosted eight food writers from across Canada and the US to tour and taste canola. Participants walked fields, attended seminars on biotechnology and canola nutrition, and tasted food prepared with canola oil. This program influences the opinion leaders in the food industry.

Another exciting program initiated by Canola Information Service is Saskatchewan Bounty, an organization that promotes joint projects between commodity organizations; thereby stretching producers' levy dollars for promotion. Activities include "By Word of Mouth" articles and recipe brochure. Future plans include a media tour and work with chefs.

New resources from Canola Information Service include a vinaigrette recipe brochure, magazine cookbook, and CD ROM video presentation.

Canola Information Service attended nine food service and nutrition related trade shows in Canada, the US and Korea in cooperation with the Canola Council of Canada and other provincial grower organizations.

The Canola Information Service continues to work with like-minded organizations to promote canola. In conjunction with Canola Council of Canada and Canola grower groups, Canola Information Service participated in development of three nutrition fact sheets, a biotechnology brochure and advertising in foodservice and dietetic magazines.

The Canola Information Service continues to answer

questions from consumers, Dietitians, foodservice and media. Our website (www.canolainfo.org) receives over 40,000 hits per month from all over the world and e-mail remains the most popular way to contact us with canola questions.

SCDC / Administration and Finance

The Provincial Auditor of Saskatchewan annually examines the Commission's systems of internal control, legislative compliance and financial statements. The Commission's Board of Directors and management are responsible for establishing and maintaining a system of internal control, complying with applicable regulations, maintaining financial records and preparing financial statements. A copy of the financial statements, audited by the Provincial Auditor, is enclosed.

There are thirty buyers registered with the Commission who purchase canola and submit levy. The Commission received check-off of \$1,487,415 and refunded \$45,564 or 3.0% of gross check-off. In accordance with the Commission's regulations the check-off is \$.50 per tonne and producers may request a refund of check-off paid.

SCDC maintains two internally restricted funds with each fund approximating six months of levy collection. The general fund is to provide funds to complete projects in the event of a reduction of producer check-off fees and the refund fund is to provide refunds of check-off fees in the case of the disestablishment of the SCDC.

The Commission administers the Saskatchewan Pulse Growers and the Saskatchewan Flax Development Board levies in accordance with the respective contracts.

There were no nominees for the annual election. The positions were offered to and accepted by Kelvin Meadows, Moose Jaw and Michelle Fleury, McKague. The appointments terminate January 2001.

The Commission employed five full time staff and contracted two consultants.

SCDC / Financial Statements
For the Year Ended July 31, 2000

SCDC / Auditor's Report

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Saskatchewan Canola Development Commission as at July 31, 2000 and the statements of operations, changes in net assets, and cash flows for the year then ended. The Commission's management is responsible for preparing these financial statements. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at July 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.



Regina, Saskatchewan
September 14, 2000

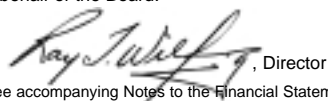
Fred Wendel, CMA, CA
Acting Provincial Auditor

SCDC / Statement of Financial Position

As at July 31
Statement 1

	2000	1999
ASSETS		
Current assets:		
Cash	\$121,994	\$96,277
Accounts receivable (Note 3)	310,577	135,449
Accrued interest receivable (Note 3)	28,416	68,248
Prepaid expenses	4,771	5,339
	465,758	305,313
Investments (Note 3)	1,083,364	1,153,512
Capital assets (Note 4)	112,995	130,986
	\$1,662,117	\$1,589,811
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable (Note 3)	\$73,351	\$66,053
Net Assets:		
Invested in Capital Assets	112,995	130,986
Internally Restricted (Note 5)	1,200,000	1,000,000
Unrestricted	275,771	392,772
	1,588,766	1,523,758
	\$1,662,117	\$1,589,811
Commitments (Note 6)		

On behalf of the Board:



Ray Wilby, Director



B. P. Meadows, Director

(See accompanying Notes to the Financial Statements)

SCDC / Notes to the Financial Statements

July 31, 2000

1. Authority

The Saskatchewan Canola Development Commission (SCDC) was established on February 6, 1991, pursuant to The Saskatchewan Canola Development Plan Regulations (Regulations), under the authority of The Agri-Food Act. The purpose of SCDC is to develop and implement production and development projects and programs to improve and develop the market opportunities for canola. During the year, the operations and accounts of Canodev Research Inc. were merged into SCDC.

2. Significant Accounting Policies

The financial statements are prepared in accordance with generally accepted accounting principles for not-for-profit organizations. SCDC follows the deferral method of accounting for contributions. The following accounting policies are considered to be significant:

a) Accrual Basis

The financial statements are prepared on the accrual basis of accounting.

b) Capital Assets

Capital assets are carried at cost less accumulated amortization. Amortization of capital assets is calculated on the straight-line basis in amounts sufficient to amortize the cost of capital assets over their estimated useful lives as follows:

Equipment & furniture	3 - 5 years
Farm equipment	10 years

c) Grants and Research and Development Projects

Expenses are recognized when grants and/or projects are approved and the recipient has met eligibility criteria.

d) Investments

Short-term investments and investments in Saskatchewan Savings Bonds are recorded at cost which approximates their fair market value. Long-term investments in strip bonds are recorded at amortized cost.

e) Cash

Cash consists of bank balance and cash on hand.

3. Financial Instruments

SCDC's financial instruments include accounts receivable, accrued interest receivable, and accounts payable.

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SCDC / Statement of Operations

For the Year Ended July 31
Statement 2

	Budget 2000	Actual 2000	Actual 1999
	(Note 7)		
Revenues:			
Producer check-off fees	\$1,500,000	\$1,487,415	\$1,376,009
Less: Producer check-off refunds	(75,000)	(45,564)	(51,360)
Net check-off fees (Note 8)	1,425,000	1,441,851	1,324,649
Interest and other income	70,000	61,015	72,727
Levy Central income	52,000	67,074	44,844
Canola Information Service income	50,000	150,119	73,299
Commercial Sales from Research and Development projects	---	---	12,500
	1,597,000	1,720,059	1,528,019
Expenses:			
Research and development projects (Note 9)	580,000	494,745	377,895
Market Development Extension	518,000	490,090	320,644
Canola Production Centre grants	147,000	86,627	153,165
Salaries and benefits	110,000	110,000	80,328
Board of Directors	181,000	173,767	153,703
Annual meeting	90,000	81,617	83,159
Scholarships & educational support	10,000	9,954	9,914
General and administration	35,000	31,200	41,200
Election	68,000	58,100	61,731
Amortization	1,000	429	44,821
Allowance for loan receivable (Note 9)	31,000	34,689	32,883
Rent	---	50,000	---
Refundable Investment Tax Credit Not Considered Recoverable	15,000	14,112	14,112
Management travel	---	---	86,423
	1,801,000	1,655,051	1,472,878
Excess of revenues over expenses (expenses over revenues)	\$ (204,000)	\$ 65,008	\$ 55,141

(See accompanying Notes to the Financial Statements)

SCDC / Statement of Changes in Net Assets

For the Year Ended July 31
Statement 3

Net Assets	Invested in Capital Assets	Internally Restricted	Unrestricted	2000	1999
Balance, beginning of year	\$130,986	\$1,000,000	\$392,772	\$1,523,758	\$1,468,617
Excess of revenue over expenses	(34,689)	---	99,697	65,008	55,141
Interfund transfers	---	200,000	(200,000)	---	---
Purchase of capital assets	16,698	---	(16,698)	---	---
Balance, end of year	\$112,995	\$1,200,000	\$275,771	\$1,588,766	\$1,523,758

(See accompanying Notes to the Financial Statements)

SCDC / Statement of Cash Flows
For the Year Ended July 31
Statement 4

	2000	1999
Cash flows from operating activities:		
Cash received from producers	\$1,404,346	\$1,349,906
Cash received from Canola Information Service income	63,521	40,316
Cash received from Levy Central income	61,613	36,044
Cash received from customers	---	12,500
Cash received from interest and other income	100,847	54,877
Cash paid to recipients of research and development projects, grants, and scholarships	(685,945)	(499,423)
Cash paid to board members	(74,214)	(83,159)
Cash paid to producers	(44,564)	(49,359)
Cash paid to suppliers and employees	(853,337)	(753,185)
	(27,733)	108,517
Cash flows from investing activities:		
Purchase of capital assets	(16,698)	(7,629)
Purchase of investments	(618,513)	(993,731)
Disposal of investments	688,661	822,857
	53,450	(178,503)
Net increase (decrease) in cash	25,717	(69,986)
Cash, beginning of year	96,277	166,263
Cash, end of year	\$121,994	\$96,277

(See accompanying Notes to the Financial Statements)

SCDC / Notes to the Consolidated Financial Statements continued...

The receivables and accounts payable have a fair value that approximates their carrying value due to the immediate or short-term nature of these financial instruments.

SCDC is exposed to credit risk from potential non-payment of accounts receivable. Most of the accounts receivable were received shortly after year-end and were due from canola buyers which reduces the credit risk.

SCDC's investments consist of \$577,070 of strip bonds with market yields to maturity that range from 4.93% to 6.50% and mature within the next four years. SCDC has \$383,700 of Saskatchewan Savings Bonds with fixed interest rates ranging from 5.00% to 6.75% and maturing within five years. A \$100,000 investment by SCDC had a fixed annual yield of 7.00% until December 11, 1999; thereafter, the rate is calculated at 10.75% minus the 90-day Bankers Acceptance Note until its maturity date in 2006. The fair value of SCDC's investments is \$1,071,460 (1999 - \$1,184,673).

4. Capital Assets

	2000		1999	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Farm equipment	\$180,564	\$90,002	\$90,562	\$108,990
Equipment and furniture	73,359	50,926	22,433	21,996
	\$253,923	\$140,928	\$112,995	\$130,986

5. Internally Restricted Net Assets

SCDC has two internally restricted funds with the balance of each fund approximating six months of levy collection. The purpose of the general fund is to provide funds to complete projects in the event of reduction of producer check-off fees. The purpose of the refund fund is to provide refunds of check-off fees in the case of the disestablishment of SCDC. In 1999-2000, SCDC transferred \$100,000 to each of the two internally restricted funds from unrestricted net assets.

General fund

	2000	1999
Balance, beginning of year	\$500,000	\$500,000
Internally restricted, during the year	100,000	---
Balance, end of year	\$600,000	\$500,000

Refund fund

	2000	1999
Balance, beginning of year	\$500,000	\$500,000
Internally restricted, during the year	100,000	---
Balance, end of year	\$600,000	\$500,000

Internally Restricted Net Assets	\$1,200,000	\$1,000,000
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6. Commitments

As at July 31, 2000, SCDC is committed to funding research and development projects over several years to benefit the canola industry. These commitments amount to \$722,589 (1999 - \$682,486).

