

## Saskatchewan Canola Development Commission

### **VISION:**

*Shaping canola's future for producer profitability*

### **MISSION:**

*To enhance canola producers competitiveness and profitability through a producer led and controlled fund which supports research, market development, and extension activities*

## STATE OF THE INDUSTRY

Saskatchewan growers seeded 6.15 million acres and harvested 5.7 million acres of canola in 2004. The average yield was 22.5 bushels per acre with total production being 2.9 million metric tonnes. Quality was a problem as frost damage occurred in late August; this led to a frustrating marketing season for both the seller and the buyer. High production, mainly in other provinces, and poor quality caused prices to become lower. How did growers respond? Other crop markets and prices did not look promising plus timely spring rains resulted in 6.6 million acres of canola seeded in 2005.

The Saskatchewan Canola Development Commission (SCDC) invests in market development, research, and communications programs with an objective of improving producer profitability. Growers have been told the key to success is to reduce the costs per unit of production by growing more and/or lowering cost. This happened and we again face negative margins.

Traditionally research has focused on production enhancements. This focus needs to shift to adding value, processing, and pursuit of vehicles to put more dollars in farmers pockets. The option of grower ownership of varieties has significant difficulties but this effort may be a satisfying pursuit in the near future.

The Federal and Provincial governments have paid little attention to the policies that affect canola. The SCDC is currently in the growth phase of learning how to play the lobby game to impact grower profitability.

The canola industry faces issues of international trade disparities and barriers that may be the greatest restraint to canola demand. The Kyoto Accord will affect canola by impacting production costs, equipment

technology needs, and the cost of meeting environmental regulations. A biodiesel mandate and real value of carbon credits would have a huge impact on domestic demand. Environmental and food safety issues raise concerns over pesticide use. These concerns are real and producers must remain responsible users of pesticides and technologies.

If producers are absent or silent on industry issues, we cannot complain about our position. Board members speak for you on many other boards, councils, and committees. The voice of producers is so important when decisions influencing our future are made by government, researchers, and industry.

Thank you for attending the Annual General Meeting. Your opinion is important to your directors and the canola industry. ☺

### **DIRECTORS**

Wayne Bacon  
Kinistino, SK

Jim Caughlin  
Tisdale, SK

Kelvin Meadows  
Moose Jaw, SK

Fred Meister  
Radisson, SK

John Serhienko  
Blaine Lake, SK

Tim Wiens  
Herschel, SK

**Saskatchewan**

**Canola**

**Development**

**Commission**

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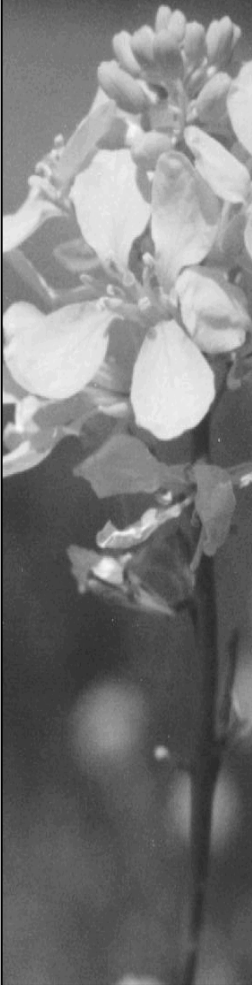
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## RESEARCH

SCDC invested \$440,356 in research projects for the fiscal year August 1, 2004 to July 31, 2005. The SCDC identified two major objectives for research funding:

1. Developing new products and uses for canola seed oil and meal.
2. Improving producer's net return by increasing price or yield and providing more cost effective utilization of inputs.

Research projects funded were conducted by Agriculture and Agri-Food Canada (AAFC), University of Saskatchewan, University of Manitoba, Alberta Research Council, and the Agri-ARM sites in Saskatchewan.

SCDC appreciates the matching, investment-initiative funding provided by AAFC. AAFC matched the funds provided by the Commission and also provided research scientists and facilities to conduct research projects. The Saskatchewan Government through the Agriculture Development Fund also provided funding for a number of canola research projects.

The SCDC Board of Directors met with AAFC researchers to review research priorities and prioritize new projects for funding. The Canola Council of Canada (CCC), Alberta Canola Producers Commission (ACPC), and Manitoba Canola Growers (MCGA) also met with the SCDC to identify production research priorities and to co-ordinate research funding in Western Canada.

The SCDC was able to fund a number of new projects in 2004/2005. The new projects funded are as follows:

- ⊗ Flea beetle and drought resistance in canola.
- ⊗ Biological control of virulent strains of blackleg.
- ⊗ Marker-assisted breeding for fusarium wilt resistance.
- ⊗ Assessing impact of swede midge on canola production in

the Prairies and Ontario.

- ⊗ Reducing canola seed damage from metering and air distribution systems.
- ⊗ Evaluating yield potential in canola using the GreenSeeker™ sensor.
- ⊗ Hybrid canola response to high fertility regimes in east central Saskatchewan.
- ⊗ Potential impacts from the expiry of patents on herbicide tolerant canola varieties.
- ⊗ A genomics approach to sclerotinia resistance in *Brassica napus*.
- ⊗ Use of canola, peas, and flax for fish feeds.
- ⊗ Development of functional protein products from canola/rapeseed meal.
- ⊗ Straight cutting canola using the stripper header and the extended header.
- ⊗ Summarizing seed vigour research projects.

A list of research projects funded by SCDC is available from the SCDC office. Also, a brief summary of the projects is posted on the SCDC website at [www.saskcanola.com](http://www.saskcanola.com). ⊗

## EXTENSION

The SCDC Annual Meeting, featuring Barb Isman (Canola Council of Canada), Dr. Bob Elliott (Agriculture and Agri-Food Canada) and John Mayko (Canola Council of Canada), remains one of the extension highlights for the year. During Crop Production Week, SCDC exhibited jointly with the Saskatchewan Canola Growers Association (SCGA) at the Crop Production Show in Saskatoon which provided an opportunity to discuss SCDC programs with producers. The SCDC also displayed at the Saskatchewan Soil Conservation Association convention in Saskatoon. This continues to be a very well attended event and is deemed to be worthwhile to participate in.

The SCDC also sponsored grower extension meetings and field days in co-operation with the SCGA, the

Canola Council of Canada's Canola Advantage Program, Saskatchewan Agriculture and Food, and Agriculture and Agri-Food Canada. Directors and staff of the SCDC spoke at more than 15 meetings in rural Saskatchewan about canola production.

The Canola Digest magazine, a co-operative effort between the canola organizations in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and the Canola Council of Canada, continues to be the primary vehicle for communication with producers. It is published four times per year and sent to all canola producers in the above-listed provinces. Contact with Saskatchewan growers was also made by airing radio tapes on many Saskatchewan radio stations during seeding and harvest. The tapes were interview-style format with Kevin Hursh as the interviewer, and touched on topics such as nitrogen placement, fan speeds for seeding, date of seeding, spring frost damage, seeding rates, burn off, pest monitoring, ground speed for seeding, seed vigour index, biodiesel, prairie variety trials, saving hybrid seed, bio-bus project, China market, and canola demand. Other means of communications included monthly columns and full page advertorials in the *Western Producer*, as well as weekly radio spots on CJWW's agriculture program.

The SCDC, along with the other provincial canola organizations, funds and manages the Canola Learning Centre at the Royal Agricultural Winter Fair in Toronto. This takes the form of a 50-foot display that is part of a multi-commodity based Education Center at the Fair. Attendance at the 2004 Fair was approximately 35,000 school children and 350,000 adults.

The SCDC sponsored one Agriculture in the Classroom program – formerly known as the Teachers Writing Workshop – now called the Agriculture Roadshow. At the Roadshow, teachers toured the Grasslands featuring the diversity of Saskatchewan agriculture and

learned about specific agricultural related topics. Curriculum related materials were then created.

The 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 of canola to school children from a nutritional, agronomic, economic, and biotechnology perspective.

The SCDC continued to make improvements to its website, which is found at [www.saskcanola.com](http://www.saskcanola.com). ☺

## MARKET DEVELOPMENT

The SCDC partners with the Canola Council of Canada and Canadian and US grower groups to implement market development initiatives under the name CanolaInfo.

CanolaInfo targets health professionals, foodservice personnel, and food media. Each target has a separate strategy. CanolaInfo also continues to answer questions for consumers, and added some direct-to-consumer promotions. These include the development of a microsite, banner advertising, and a canola oil recipe collection on the very popular [allrecipes.com](http://allrecipes.com) website, as well as food demonstrations in the Taste of

Home traveling cooking school and advertising in the *Taste of Home* magazine.

The health professional's strategy included exhibiting at the American Dietetic Association trade show, the American Heart Association, and several other nutrition/health related conferences across the US. We published a new nutrition fact sheet on the new labeling initiatives in Canada and the US which now include trans fats on the label. We also updated and redesigned our most popular resource – the dietary fat chart.

The CanolaInfo website, [www.canolainfo.org](http://www.canolainfo.org), continues to be an important tool for us. The internet is a cost-effective way to provide instant access to all our information. Our website resources include an educator's manual, student fact sheets, video, PowerPoint presentation, written information, patient resources, frequently asked questions, and pdf formats of current resources. By far, the two areas that receive the most hits are the recipe and the dietitian pages.

The CanolaInfo food media strategy included attending the International Association of Culinary Professionals conference, radio and TV interviews, and Canola Camp. Janice Bissex, a US dietitian was hired as a spokesperson for various projects.

SCDC continues to support Canola Council of Canada in export, biodiesel and meal activities. ☺

## MANAGEMENT'S REPORT

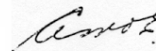
The Commission's management is responsible for establishing and maintaining a system of internal control, complying with authorities, maintaining financial records, and preparing financial statements. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

The Commission's Board oversees management in the performance of its financial reporting duties.

The Provincial Auditor of Saskatchewan annually examines the Commission's system of internal control, compliance with authorities and financial statements. A copy of the Provincial Auditor's opinions on the internal control, compliance with authorities, and the financial statements are enclosed. ☺



Roy Button, Executive Director



Arlaine Moe, Financial Administrator

Saskatoon, Saskatchewan  
October 7, 2005

## 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, 2005 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 Canadian 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, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan  
October 7, 2005



Fred Wendel, CMA, CA  
Provincial Auditor

**SASKATCHEWAN CANOLA DEVELOPMENT COMMISSION**  
**Statement of Financial Position**  
**As at July 31**

	2005	2004
<b>ASSETS</b>		
Current assets:		
Cash	\$ 75,629	\$ 332,355
Accounts receivable	358,723	226,145
Advances	27,382	15,052
Accrued interest receivable	91,910	79,106
Prepaid expenses	15,196	8,192
	568,840	660,850
Investments (Note 4)	1,603,215	1,467,621
Capital assets (Note 5)	29,276	8,503
	\$ 2,201,331	\$ 2,136,974
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	\$ 71,912	\$ 121,155
Net Assets (Statement 3):		
Invested in Capital Assets	29,276	8,503
Internally Restricted (Note 6)	1,400,000	1,200,000
Unrestricted	700,143	807,316
	2,129,419	2,015,819
Commitments (Note 7)	\$ 2,201,331	\$ 2,136,974

On behalf of the Board: , Director , Director

(See accompanying notes to the financial statements)



**SASKATCHEWAN CANOLA DEVELOPMENT COMMISSION**  
**Statement of Cash Flows**  
**For the Year Ended July 31**

	<u>2005</u>	<u>2004</u>
Cash flows from operating activities:		
Receipts from producers	\$ 1,595,509	\$ 1,367,617
Receipts from CanolaInfo	---	139,898
Receipts from Levy Central	91,649	93,423
Receipts from Western Economic Diversification	69,891	40,933
Receipts of interest and other income	48,681	75,522
Payments for research and development projects, grants, and scholarships	(621,886)	(359,220)
Payments to board members	(70,670)	(74,580)
Payments to producers	(94,714)	(59,045)
Payments to suppliers and employees	<u>(1,117,210)</u>	<u>(838,026)</u>
	<u>(98,750)</u>	<u>386,522</u>
Cash flows from investing activities:		
Purchase of capital assets	(29,118)	(1,716)
Disposal of capital assets	6,736	43,272
Purchase of investments	(750,622)	(557,041)
Disposal of investments	<u>615,028</u>	<u>204,560</u>
	<u>(157,976)</u>	<u>(310,925)</u>
Net (decrease) increase in cash position	(256,726)	75,597
Cash position, beginning of year	<u>332,355</u>	<u>256,758</u>
Cash position, end of year	<u>\$ 75,629</u>	<u>\$ 332,355</u>

(See accompanying notes to the financial statements)

**SASKATCHEWAN CANOLA DEVELOPMENT COMMISSION**  
**Notes to the Financial Statements**  
**July 31, 2005**

**1. Authority**

The Saskatchewan Canola Development Commission (SCDC) was established on February 6, 1991. It operates pursuant to *The Saskatchewan Canola Development Plan Regulations* (Regulations), under the authority of *The Agri-Food Act, 2004*. The purpose of SCDC is to develop and implement production and development projects and programs to improve and develop the market opportunities for canola.

**2. Significant Accounting Policies**

The financial statements are prepared in accordance with Canadian 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) Revenue

Check-off Fees and Refunds

Producer check-off fees are recognized when canola is sold. Refunds are recognized based on management's best estimate of expected refunds.

### Levy Central Income

Levy central income is the fee from the Saskatchewan Mustard Development Commission, the Saskatchewan Flax Development Commission and the Saskatchewan Pulse Crop Development Board (related parties) that SCDC charges for administering their check-off fee programs. Income is recognized as work is performed.

### Transfers

Western Economic Diversification transfers are reimbursements of eligible costs incurred by SCDC for a research project. Transfers are recognized as revenue when the transfer is authorized and any eligibility criteria are met.

b) Basis of Presentation for Joint Ventures

SCDC accounts for its proportion of joint ventures on the equity basis.

c) 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 and furniture	3 - 5 years
Farm equipment	10 years

d) Grants and Research and Development Projects

Expenses are recognized when grants and/or projects are approved and the recipient has met eligibility criteria. Cash given to recipients prior to eligibility criteria being met are recorded as advances.

e) Investments

Short-term investments are recorded at cost which approximates their fair market value. Long-term investments are recorded at cost.

## 3. Financial Instruments

SCDC's financial instruments include accounts receivable, advances, accrued interest receivable, accounts payable, and investments. The receivables, advances and accounts payable have a fair value that approximates their carrying value due to the immediate or short-term maturity of these financial instruments. Fair values of investments approximate market values (Note 4).

SCDC is exposed to credit risk from potential non-payment of accounts receivable. Most of the accounts receivable were received shortly after year-end.

## 4. Investments

SCDC invests in bonds that are considered to be high quality as described below.

	Years to Maturity	2005			2004		
		Cost	Market Value	Yield to Maturity	Cost	Market Value	Yield to Maturity
Federal	1 - 5	\$ 144,447	\$ 177,953	5.03%	\$ 144,447	\$ 167,874	5.03%
Provincial	1 - 5	707,470	770,834	3.30 - 5.21%	658,528	727,062	4.18 - 5.75%
	6 - 10	---	---		150,000	145,313	4.12%
Corporate	1 - 5	751,298	761,756	2.57 - 4.35%	514,646	510,642	3.66 - 6.19%
Total		<u>\$ 1,603,215</u>	<u>\$ 1,710,543</u>		<u>\$ 1,467,621</u>	<u>\$ 1,550,891</u>	

The market value of the bonds is determined by reference to closing year-end sale prices from recognized security dealers or, in the absence of recorded sales, by reference to closing year-end bid and ask prices.

## 5. Capital Assets

		2005		2004	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value	
Farm equipment	\$ 41,038	\$ 40,504	\$ 534	\$ 6,159	
Equipment and furniture	93,981	65,239	28,742	2,344	
	<u>\$ 135,019</u>	<u>\$ 105,743</u>	<u>\$ 29,276</u>	<u>\$ 8,503</u>	

## 6. Internally Restricted Net Assets

SCDC has internally restricted net assets for completion of certain projects and to refund the check-off fees to producers in the event of disestablishment of SCDC. Management needs the Board of Directors' approval to use the money from these restricted assets.

### Completion of projects

	2005	2004
Balance, beginning of year	\$ 600,000	\$ 550,000
Transfer from unrestricted to restricted during the year	<u>100,000</u>	<u>50,000</u>
Balance, end of year	<u>\$ 700,000</u>	<u>\$ 600,000</u>

### Refunds of check-off fees

	2005	2004
Balance, beginning of year	\$ 600,000	\$ 550,000
Transfer from unrestricted to restricted during the year	<u>100,000</u>	<u>50,000</u>
Balance, end of year	<u>\$ 700,000</u>	<u>\$ 600,000</u>
Internally Restricted Net Assets	<u>\$ 1,400,000</u>	<u>\$ 1,200,000</u>

## 7. Commitments

SCDC is committed to funding research and development projects over several years to benefit the canola industry. At July 31, 2005, these commitments totalled \$993,177 over the next four years (2004 - \$1,026,713).

## 8. Budget

The Board approved the budget for the year on July 27, 2004. The SCDC's members approved the budget at the annual meeting on January 12, 2005.

## 9. Producer Check-off Fees

Under the Regulations, each registered buyer of canola is required to pay SCDC a check-off fee deducted from any payments made to producers. Pursuant to board order #16/04, the check-off fee is \$0.75 per tonne effective August 1, 2004. Producers can request a refund for check-off fees paid from August 1 to January 31 or from February 1 to July 31 by submitting a refund application by February 28 or August 31 respectively.

## 10. Research and Development Projects

	Budget 2005 (Note 8)	Actual 2005	Actual 2004
Agronomic research	\$ 272,100	\$ 159,765	\$ 164,445
Germplasm development	220,780	179,700	69,588
Usage research	<u>147,120</u>	<u>100,891</u>	<u>115,482</u>
	<u>\$ 640,000</u>	<u>\$ 440,356</u>	<u>\$ 349,515</u>

## 11. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to SCDC by virtue of common control or significant influence by the

Government of Saskatchewan (collectively referred to as 'related parties'). Also, SCDC is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are settled on normal trade terms. The following table summarizes the routine related party transactions for the year:

	<u>2005</u>	<u>2004</u>
Investment held		
- Government of Saskatchewan	\$ ---	\$ 200,000
Accounts payable	15,600	33,828
Capital asset purchases	4,264	---
Expenses:		
- Research and development projects	69,255	20,718
- General and administration	40,816	32,976
- Scholarships and educational support	23,600	46,800

In addition, SCDC pays Provincial Sales Tax to the Saskatchewan Department of Finance on all of its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amount due to/from them are described separately in the financial statements and notes thereto.

## 12. Joint Ventures

### a) Canola Digest

SCDC has equal representation in a joint venture with Alberta Canola Producers Commission, Manitoba Canola Growers Association and the Canola Council of Canada to publish the Canola Digest Newsletter. Revenues and expenses are distributed to the joint venturers based on each organization's total qualified grower circulation. SCDC's qualified grower circulation is 55.9% (2004 – 59.2%).

Upon establishment of the joint venture, the venturers did not put any money or other assets into the joint venture. Direct Publications Ltd. is used to produce, print, and distribute the Canola Digest Newsletter. The current newsletter agreement between the venturers expires July 31, 2005, but the venturers are negotiating an extension.

SCDC's proportion of the joint venture's revenues, expenses, assets, liabilities, and cash flows are shown below. The net income is recorded as other income and the net (loss) is recorded as Extension expense.

	<u>2005</u>	<u>2004</u>
Current Assets	\$ 33,004	\$ 19,999
Current Liabilities	33,004	19,999
Net Assets (Deficit)	---	---
Revenues	184,378	221,236
Expenses	203,347	201,237
Net (Loss)/Income	(18,969)	19,999
Cash (used in) operating activities	(13,005)	(9,536)
Cash provided by financing activities	13,005	9,536

### b) U.S. Canola Promotion

Effective January 1, 2004, SCDC entered into an equal representation joint venture with Alberta Canola Producers Commission, Manitoba Canola Growers Association, the Canola Council of Canada and Dow Agrosciences Inc. to promote canola oil and its uses in the United States. Unspent funds at the end of the program are to be returned to the venturers based on each venturer's funding contribution percentage. If total expenditures exceed total revenues at the end of the program, the venturers will be billed based on their funding contribution percentage. SCDC's funding contribution percentage is 35.7% (2004 – 32.8%).

Upon establishment of the joint venture, the venturers each contributed monies to fund projects to promote canola oil. Under the agreement between the venturers, the program was to be completed by March 31, 2005, but the venturers are negotiating an extension.

SCDC's proportion of the joint venture's revenues, expenses, assets, liabilities, and cash flows are shown below. The net (loss) is recorded as Market Development expense.

	<u>2005</u>	<u>2004</u>
Current Assets	\$ 85,643	\$ ---
Current Liabilities	---	28,174
Net Assets (Deficit)	85,643	(28,174)
Revenues	112,144	12,142
Expenses	230,555	123,341
Net Loss	(118,410)	(111,199)
Cash (used in) operating activities	(188,202)	(83,025)
Cash provided by financing activities	188,202	83,025

## AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the Saskatchewan Canola Development Commission's control as of July 31, 2005 to express an opinion as to the effectiveness of its control related to the following objectives.

- To safeguard public resources. That is, to ensure its assets are not lost or used inappropriately; to ensure it does not inappropriately incur obligations; to establish a financial plan for the purposes of achieving its financial goals; and to monitor and react to its progress towards the objectives established in its financial plan.
- To prepare reliable financial statements.
- To conduct its activities following laws, regulations and policies related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

I used the control framework developed by The Canadian Institute of Chartered Accountants (CICA) to make my judgements about the effectiveness of the Saskatchewan Canola Development Commission's control. I did not audit certain aspects of control concerning the effectiveness, economy, and efficiency of certain management decision-making processes.

The CICA defines control as comprising those elements of an organization that, taken together, support people in the achievement of the organization's objectives. Control is effective to the extent that it provides reasonable assurance that the organization will achieve its objectives.

The Saskatchewan Canola Development Commission's management is responsible for effective control related to the objectives described above. My responsibility is to express an opinion on the effectiveness of control based on my audit.

I conducted my audit in accordance with standards for assurance engagements established by the CICA. Those standards require that I plan and perform an audit to obtain reasonable assurance as to effectiveness of the Saskatchewan Canola Development Commission's control related to the objectives stated above. An audit includes obtaining an understanding of the significant risks related to these objectives, the key control elements and control activities to manage these risks and examining, on a test basis, evidence relating to control.

Control can provide only reasonable and not absolute assurance of achieving objectives reliably for the following reasons. There are inherent limitations in control including judgement in decision-making, human error, collusion to circumvent control activities and management overriding control. Cost/benefit decisions are made when designing control in organizations. Because control can be expected to provide only reasonable assurance and not absolute assurance, the objectives referred to above may not be achieved reliably. Also, projections of any evaluation of control to future periods are subject to the risk that control may become ineffective because of changes in internal and external conditions, or that the degree of compliance with control activities may deteriorate.

In my opinion, based on the limitations noted above, the Saskatchewan Canola Development Commission's control was effective, in all material respects, to meet the objectives stated above as of July 31, 2005 based on the CICA criteria of control framework.



Fred Wendel, CMA, CA  
Provincial Auditor

Regina, Saskatchewan  
October 7, 2005

## AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have made an examination to determine whether the Saskatchewan Canola Development Commission complied with the provisions of the following legislative and related authorities pertaining to its financial reporting, safeguarding public resources, spending, revenue raising, borrowing and investing activities during the year ended July 31, 2005:

*The Agri-Food Act, 2004*  
The Saskatchewan Canola Development Plan Regulations  
Commission Orders #8/02 to #16/04

My examination was made in accordance with Canadian generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, the Saskatchewan Canola Development Commission has complied, in all significant respects, with the provisions of the aforementioned legislative and related authorities during the year ended July 31, 2005.

Regina, Saskatchewan  
October 7, 2005



Fred Wendel, CMA, CA  
Provincial Auditor

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### MAJOR VARIANCES BETWEEN PLANNED FINANCIAL RESULTS AND ACTUAL

The expenditures for research and development projects were \$199,644 less than budget as 5 project reports were submitted and payments made in September; one research contract was not signed until after July 31 and an advance payment for an AAFC project was not expensed by AAFC during the fiscal year.

One scholarship for \$15,200 was not awarded by the University of Saskatchewan prior to July 31 and the intent is to award it in the fall of 2005.

The market development budget was underspent by \$109,946 as the new website and American Test Kitchen projects were completed after July 31; the consultant time was less than anticipated; and the budgeted amount for new projects was not utilized.

The extension expenses were \$61,628 less than budgeted as fewer opportunities presented themselves for new initiatives, fewer trade shows were attended, and the website was used to disseminate information which was more cost effective.

SCDC provided an additional \$20,000 to the Canola Council of Canada's Canola Advantage program in order to improve distribution of production information to growers.