



**CANOLA  
CANADA**

CANOLA COUNCIL  
OF CANADA

**2005–2006  
ANNUAL REPORT**

# 2005–2006 Board of Directors

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**Board of Directors 2005-06** | Left to Right. **First Row:** Stewart Gilroy, Adrian Man, Herb Schafer, Ken Stone, Ernie Sirski **Second Row:** Dave Dzisiak, Brent Fenton, Pat Van Osch, Ross Ravelli, Dave Parsons, Lach Coburn, Richard Wansbutter, Brian Conn, Jim Caughlin, Dave Charne  
**Missing:** Garth Hodges



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# Corporate Affairs Report

The Canola Council of Canada continued to enjoy strong participation and support from the industry's major stakeholders in 2005.

Highlights of the year included:

- Greater focus on consumer awareness of canola's benefit through the expansion of our US oil promotion program.
- Visibly heightened profile with the federal government as a result of our placement of full-time representation in Ottawa.
- Resolution of issues related to pesticide residues and GE that could have represented non-tariff barriers to trade in several important canola markets.
- Completion of the Canola Quality Review recommendations.
- Application in the US for a qualified health claim pertaining to canola's benefits in heart health.

It was also a year in which we developed action plans for 2006 to deal with significant issues including:

- An initiative to speed the opening of the EU market to canola seed exports.
- Development of plans to resolve tariff and non-tariff barriers in key markets such as China and India.
- The national policy regime that will be necessary for Canada to have a large-scale biodiesel industry that uses canola as its foundation feed stock.
- A program to increase farmers' awareness of the relationship between production practices and customers' food safety regulation.
  - Creation of an infrastructure to undertake innovative canola product research, which will hopefully include a product research foundation and a new, dedicated research program at the Richardson Centre for Functional Foods and Nutraceuticals.

## The Corporate Affairs function is responsible for:

Industry Protection and Enhancement

Policy and Issues Management

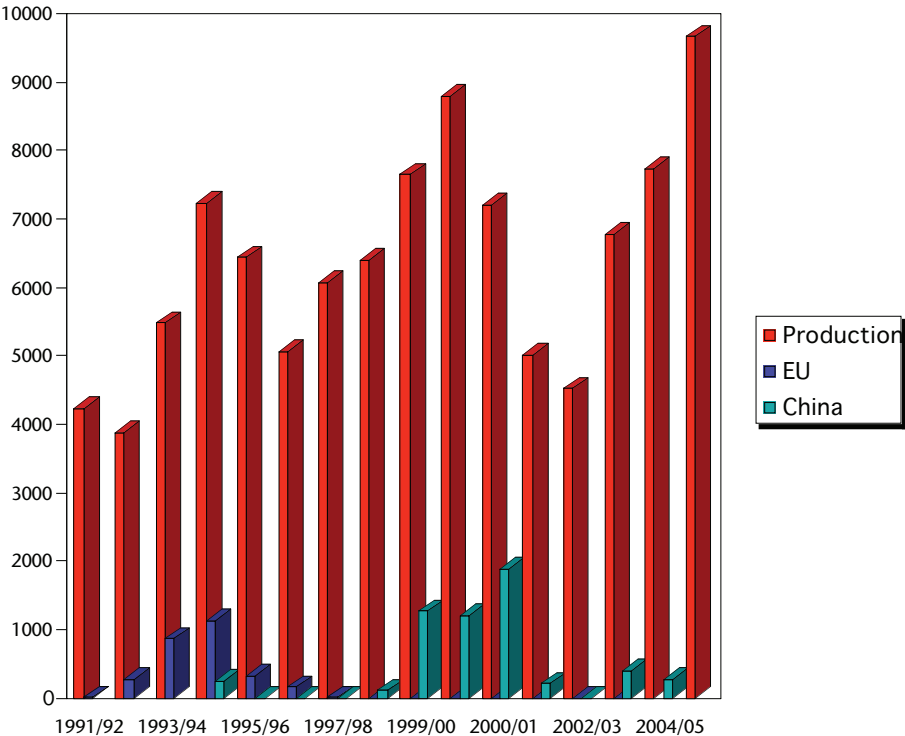
Association Management

Corporate Governance

**Industry Protection and Enhancement** | In 2002, the Council announced the creation of the objective of achieving sustained markets and production of seven million tonnes by 2007. In 2005, the production target was dramatically exceeded due to favourable growing conditions. While we anticipate record crushing and seed demand, competitors also produced large crops, placing significant pressure on price.

Further, challenges in marketing the large quantity of canola produced in 2005, have been compounded by the fact that there have been changes in two major markets which have been destinations for periods of peak production, the EU and China. In 1995, when production reached a new high, the EU became an important residual market for canola. In 1996, the introduction of the GM moratorium closed this market. It remains closed today. In the beginning of this decade, China entered the market as a major buyer of canola but in 2002, China acceded to the WTO and at this time, a disparity was created between soybean seed tariff relative to canola seed and canola/soybean oil. Although demand for oilseeds is driven by protein, there have been several instances this year in which potential sales to China have been limited due to the crush margin advantage enjoyed by tariff-advantaged soybeans.

**Production Levels Relative to EU and Chinese Imports**





The industry is well aware of the role it plays in sustaining the livelihoods of grains and oilseeds farmers and the need to ensure profitable returns from canola production relative to farmers' other choices if we are to prevent production declines.

As a result, CCC and its sister canola organizations have redoubled their efforts to increase demand in the North American market which is essentially barrier-free. Initiatives include expansion of the US oil promotion to include Canada and support for a national biodiesel policy to create a new demand canola demand category. CCC has also recognized the importance of resolving global regulatory issues that inhibit our access to markets. As a consequence, we have placed additional resources towards improving the domestic and global regulatory environment through the placement of a trade specialist in Ottawa and expanding the area of Crop Production to formally include Biotechnology.

While we are moving into 2006 knowing that there are many current and pressing issues to address, it will also be a year in which we look forward.

CCC's Board of Directors has begun the process of setting a post-2007 strategy for the industry. Directors met in January to establish preliminary industry scenarios for 2015 and to discuss the principles in "Good to Great"<sup>1</sup> and how they can be applied to the canola industry in order to achieve extraordinary performance on a sustained basis. Information gathered from delegates to the 2005 convention has been extremely beneficial in setting the tone of things to come.

**Policies and Issues Management** | The Council strengthened its ability to actively engage on policy and government relations issues in 2005 with the addition of a dedicated resource located in Ottawa. We now have a Government Relations Advocacy Team (i.e., Committee) and comprehensive strategic plan in place to help guide the canola industry's work in positively influencing decision-makers in Ottawa, provincial capitals and abroad. This has already begun to demonstrate worth in terms of the level of political understanding of our issues along with greater cooperation among the segments of our value chain in government advocacy activities.

We continued to represent the industry's interests in a wide range of policy discussions. The most notable activities for 2005 included:

- Strong participation during provincial and federal government consultations on the World Trade Organization negotiations to ensure canola's priorities of deep subsidy cuts, addressing tariff escalation and achieving tariff parity between canola and competitor product tariffs, are met;

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<sup>1</sup> The book, *Good to Great*, written by Jim Collins chronicles the factors which differentiate the world's most successful companies from their competitors. According to Collin's research, companies that achieve extraordinary results focus on the intersection of what they can be the best in the world at, their primary economic drivers and what they can be passionate about. These questions are being addressed by the Council's board with the objective of developing a strategy for 2015 that goes beyond numerical targets and takes us to new heights of performance.

- Working with government officials to develop canola bilateral market access strategies for three key markets (China, India and Pakistan);
- Cooperating with other agriculture organizations in lobbying the federal government for a more proactive agenda on bilateral free trade agreements;
- Helping to establish an informal agri-food industry coalition to respond positively to the federal government’s Smart Regulation initiative to create an efficient and effective regulatory environment;
- Supporting western provincial governments in their successful challenge of Quebec’s margarine colour regulations as well as ongoing efforts to ensure Ontario’s position on dairy-oil blends is canola friendly;
- Seeking positive changes to Canada’s Internal Agreement on Trade to strengthen our ability to remove internal barriers to trade during the first review of the Agreement;
- Ensuring the canola industry did not experience any negative effects as a result of the dairy labeling proposal under Bill C-27;
- Pressing the Trans Fat Task Force to consider saturated fat intake in addition to *trans* fat given canola’s healthy profile; and
- Ongoing excellent cooperation between the Council and government officials (particularly AAFC and Internal Trade Canada) on a variety of regulatory and market access issues.

For 2006, the Council will focus its efforts on achieving canola’s policy positions in two main areas which we believe could have a major impact on the profitability of our industry: international trade and biodiesel. With respect to government relations, the arrival of a new government in January 2006 will require concerted efforts on our part to bring MPs’ basic knowledge, as well as understanding of our issue specific interests, up to a level where they can be effective advocates for the canola industry.

**Association Management** | The Council uses the Canadian Society of Association Executive “Strategic Planning Process” to set and achieve association work plans and measure personnel performance. This process, considered “best practice” for not-for-profit organizations, is based upon establishing annual work plans to achieve measurable departmental and staff objectives on an annual basis but driven off meeting long-term goals, which for the Council has been the “Seven by Seven Objectives”. This process, which has been in place for three years, has been instrumental in providing focus to the Council’s activities and in improving performance.



There have been two significant changes at the Council's senior management level.

Tyler Bjornson has been hired by Council to serve as the industry's Ottawa voice. During his tenure with International Trade Canada, Tyler developed extensive trade negotiation experience in both tariff and non-tariff issues. To create synergies with sister organizations, CCC shares office space with the Grain Growers of Canada and the Canadian Agri-Food Trade Alliance (CAFTA).

We have also expanded JoAnne Buth's responsibilities to include Biotechnology in order to focus on resolving short-term issues related to GM technology and to pursue global improvements in GM regulatory regimes. As a result, the Crop Production team, led by John Mayko, has taken on greater responsibility for day-to-day management of the Canola Advantage production extension program.

In 2006, there will also be changes to the Council's Utilization area. Lisa Campbell, who returned from maternity leave on a part-time basis in fall 2005, will take on responsibility for canola product research activities. One new full-time position, that of AVP, Canola Utilization, for which we are currently undertaking a search, has been approved by the Board. The AVP, Canola Utilization will be responsible for oil promotion. This will allow Dave Hickling to place more focus on meal utilization and the Canola Quality Review.

Jennifer Simpson, who has been serving as the Council's part-time Special Projects Officer, has now joined the Council full-time as Corporate Affairs Officer, reporting directly to the President.

Kelly Funke and Nicole Guay both expanded their families and are currently on maternity leave.

The Council is currently conducting a formal review of job descriptions and salary ranges and levels, which will be presented to the Board of Directors in August 2006.

The Council continues to sub-let office space to the Manitoba Canola Growers Association, the Canadian Canola Growers (Winnipeg), and the Flax Council of Canada.

**Corporate Governance** | The Council continues to be guided by knowledgeable and dedicated individuals who are doing their utmost to strengthen the canola industry. In addition to their input at regular meetings, throughout the year individual board members have provided invaluable input and advice on the Council's many initiatives and issues.

Respectfully submitted,

Barbara Isman

President, Canola Council of Canada

Tyler Bjornson

Vice-President, Corporate Affairs



# Crop Production Committee Report

Canola growers harvested 13.0 million acres in 2005 and produced a record 9.7 million tonnes. The average yield across the prairies was a record 32.6 bu/acre up from 2004 at 27.9 bu/ac. Growing conditions were variable depending on region with parts of Manitoba having the greatest challenge with weather and excess moisture.

**Canola Advantage Program** | The Canola Advantage program continued to focus on improving on-farm profitability through extension and on-farm projects. Eight Council agronomists interacted directly with more than 12,000 growers in 2005 through meetings, tours, field visits and individual requests. Matthew Stanford was hired for the Southern Alberta region this year. Extension projects included distribution of over 34,000 publications such as fact sheets (time of weed control, fertilizing canola, date of seeding, seed vigour), Insect Identification Sweep Cards, Canola Growers Manuals, the CD-ROM, revised Time of Swathing Guide and the new Canola Tips Booklet which was revised to include new insect and disease threats.

Projects included:

- “Canol@Watch” – a weekly in-season e-mail bulletin of crop conditions and management options for growers and industry. Over 1,000 people received the bulletin directly for 22 weeks. Many recipients passed the e-mails on. Information from Canol@Watch generated numerous radio and newspaper articles. Surveyed recipients rated the bulletin as timely and very useful. One major issue that Canol@Watch dealt with was the early arrival of diamondback moths and the resulting damage to canola at the early bud stage.
- Seventeen news releases were issued this summer on topics ranging from spring harvesting, seed establishment, insect, disease and weed scouting and management, fertility, harvest management and canola storage. Numerous interviews with newspapers and radio were conducted as a follow up to the news releases.
- The agronomists tested the Sclerotinia checklist on 8 farms to determine the accuracy in predicting yield loss and fungicide application decisions.
- A Soil Fertility Workshop was held with 30 researchers, soil fertility specialists, agronomists and industry representatives to discuss: hybrid vs. OP fertilizer



recommendations, sulphur fertilizer recommendations, other nutrient requirements and soil testing recommendations. Recommendations from the group will be developed further for growers and industry agronomists.

- A Canola Disease Workshop was held with 30 researchers, specialists and agronomists to discuss the research priorities for blackleg and sclerotinia.
- Three “Canola Colleges” were conducted on soil fertility and optimizing canola production to increase knowledge of industry agronomists. Over 180 agronomists attended.
- Canol@Facts, short on-line fact sheets that deal with specific issues were initiated this year. Ten sheets were developed on issues of seeding, fertilizing and combining.

**Special Projects** | The **Canola Agronomic Research Program** is funded by growers and administered by the CCC. Sixteen projects were funded in 2005, (11 new and 5 continuing) for a total amount of \$356,550. Projects included research on insect, weed and disease management, volunteer canola and herbicide injury. Ten research projects have been summarized for posting on the web.

Council staff continue to coordinate the **Western Committee on Canola/Rapeseed Recommending Committee** and sit on the committee and board. In 2005, 66 canola varieties were recommended for registration.

The international rapeseed/canola research meeting (**GCIRC**) was held in Winnipeg June 27-29. The meeting was attended by 150 people from 20 countries; sessions were held on economics, crop protection, breeding and quality issues. CCC provided input into the program, coordination and financial management.

The industry completed a study on **Herbicide Tolerant Volunteer Management** as a supplement to the “Agronomic and Economic Impact of Transgenic Canola” study conducted in 2001. A review of weed survey data from AAFC and a grower survey was completed and showed that growers rarely target volunteer canola specifically in their weed control programs.

The Canola Council coordinates the **Prairie Canola Variety Trials**. Fifty *Brassica napus* varieties were entered into the PCVT trials this year and were grown at 47 sites across western Canada. Results were published in the three provincial variety publications and the Canola Guide and the Canola Digest. The on-line variety database, POD, was upgraded based on feedback from grower focus groups to make it more effective.

The CCC initiated a project with Agriculture and Agri-Food Canada and the World Wildlife Fund under the **Pesticide Risk Reduction program** to explore IPM planning with growers that participate with Agri-Trend Agrology.



**Market Access and Protection** | 2005 brought more challenges in the area of market access due to an increasing number of issues related to pesticides and biotechnology approvals.

Under new legislation that will come into force in May 2006, the Japanese government will increase testing for pesticides and enforce a zero tolerance for those pesticides that exceed a maximum residue limit (MRL). The CCC worked with the Japanese industry to harmonize MRLs of all canola pesticides, except four that have limited use. The CCC completed a study in cooperation with the Canadian Grain Commission on the source of the malathion residues that can be found in canola and has developed an action plan to inform the industry and growers not to store canola in bins treated with malathion for stored product insect management.

The CCC worked with the biotechnology developers to deal with issues related to approvals for transgenic canola in Korea, European Union, re-approvals in Japan and building relationships with Chinese regulators. Discontinued events or those not approved in all export markets also posed challenges this year.

As part of the Canada Grains Council and International Grain Trade Coalition, the CCC continued to work with government and industry on minimizing the impact of the Biosafety Protocol on canola trade.

The CCC worked with industry to update its policy on the requirements for regulatory approval of new transgenic canola varieties in key export markets.

As a result of issues related to canola production and maintaining market access a communications program is being planned to inform growers of the need use practices that are acceptable to export markets.

Respectfully submitted,  
Jim Caughlin  
Chairman, Crop Production Committee

JoAnne Buth  
Vice President, Crop Production



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# Utilization Committee Report

**Staffing** | Lisa Campbell returned from maternity leave on October 4, 2005. She will work as Program Manager, Canola Utilization on a 4 day per week basis. Shelley Hiron's maternity leave replacement contract was extended until the end of January 2006.

**Utilization Committee** | The Utilization Committee met in June and November of 2005. Meetings were well attended with excellent representation from canola producers, crushers and exporters. The main topics of discussion were related to the U.S. and Canadian Canola Oil Promotion Programs, the pending Qualified Health Claim for Canola Oil in the U.S., the Canola Quality Review and market development activities in Mexico, China and Pakistan, and canola utilization research activities.

**U.S. and Canadian (North American) Canola Oil Promotion Program** | The U.S. Canola Oil Promotion Program is in its second full year of activity. Over \$1 million in activities were completed or are currently underway this year. A number of new consumer and food industry initiatives were added to the program, as well as a strengthened presence at health and culinary professional events. There is also increasing emphasis on generic promotion of high stability canola oil in the U.S. We have seen success in the market place with a substantial increase (almost 100,000 tonnes) in canola oil usage in the U.S. in the past year. Several structural changes have been made to the program and further changes are planned. Resource materials and communications were centralized under the direction of Diane Wreford.

A Canadian Canola Oil Promotion Plan was initiated with funding from the CCC and the three prairie provincial grower organizations. This committee will be merged with the U.S. Oil Promotion Program and will operate under the banner of the North American Canola Oil Promotion Program (excluding Mexico). The program will continue to be managed by the Canola Council of Canada.



**Qualified Canola Oil Health Claim in the U.S.** | The Canola Council, in conjunction with the U.S. Canola Association, supported the development and submission (January 2006) of a qualified health claim for canola oil in the U.S.. The health claim features the high levels of unsaturated fatty acids in canola as a means to reduce heart disease. It is hoped that the FDA approval of the health claim will be achieved in late 2006. A communications plan to leverage the benefits of the health claim is under development.

**Research** | There were meetings with the University of Manitoba, Syngenta and the Canola Council to develop the application for the NSERC Research Chair positions in the Department of Human Nutritional Sciences. Dr. Carla Taylor was selected as the Senior Chair focusing on researching the health aspects of canola oil, and interviews for the Junior Chair position which focuses on canola oil stability and functionality research, were conducted in February 2006. The submission of the application to NSERC is pending and it is hoped for the chair positions to begin in late 2006.

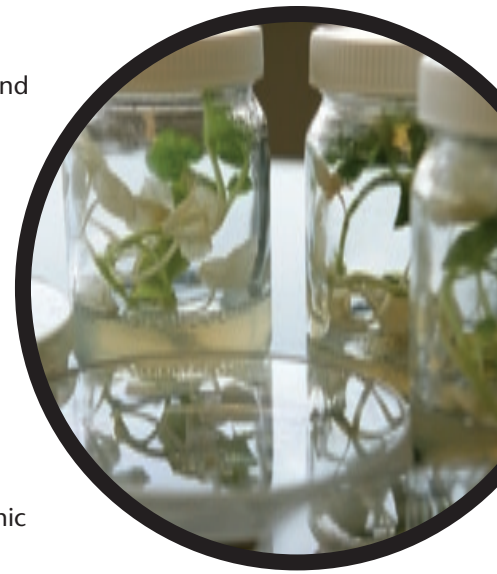
The Canola Council, in conjunction with the Flax Council is co-funding a study at the University of Toronto to study the relationship between alpha-linolenic acid levels in the diet and the incidence of prostate cancer (PSA marker).

The Canola Council will be launching a Canola Product Research Foundation. This Foundation has the end goal of increasing the value of canola to industry stakeholders through improved utilization of both the oil and meal. The Canola Council has committed funds to research, and will also be responsible for the administration. As part of an industry-wide commitment, the grower groups and a number of seed and crop protection companies will be approached to contribute to the Foundation. Matching funding from both provincial and federal governments will also be sought.

The Council has also provided seed funding for a project by Dr. Harold Aukema which aims to use a new methodology to show the conversion of alpha-linolenic acid to longer chain omega-3 fatty acids in the body, thereby supporting the use of ALA-containing plant oils over fish oil.

**Canola Quality Review** | The results of the canola quality review were presented just prior to March 2005 Board of Directors meeting. There was follow-up Board discussion on the report in April 2005. There was agreement on four main areas for canola quality improvement:

1. Increase the oil content in canola seed
2. Reduce the chlorophyll content in canola seed
3. Ensure reduced saturated fatty levels in canola oil
4. Increase the energy content of canola meal.



These recommendations were discussed at several industry events in 2005-06, including the Canola Council Annual Convention and at WCC/RRC meetings. The project is currently in the strategy development to implement phase. Some additional work to investigate the costs/benefits of commercial oil premium systems as well as to better understand genetic X environmental interaction on canola quality is underway.

**International Market Development Activities** | Dr. Ruojun Wang was hired as a canola meal technical consultant in China. He is working with the Chinese crushing and feed industries to help them better differentiate canola meal from rapeseed meal. There is currently a canola meal dairy feeding trial underway and an aquaculture feed trial planned to start in the spring of 2006.

Dave Hickling visited India and the U.A.E. in November 2005 to give canola oil seminars to the local industry and investigate market development activities for canola oil.

**CAFI** | The Canola Council received CAFI funding of \$949,172 for 2005/06. This was over 98% of the amount applied for. The difference was for some ineligible non-generic expenses. Funding received for 2005/06 is 35% higher than in 2004/05.

Respectfully submitted,

Adrian Man  
Chairman, Utilization Committee

Dave Hickling  
Vice-President, Canola Utilization



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# Public Affairs Report

The Public Affairs team of Kelly Funke and Diane Wreford with Jennifer Dyck has planned and executed many extremely varied and innovative canola communication campaigns during 2005-06.

**Grower communication** | The July meeting of the Grower Communication Advisory Team (GCAT) approved Canola Digest editor Kelly Funke's plan to work with Direct Focus in Winnipeg to produce a new editorial direction and look for the Digest. Beginning with the Sept/Oct issue, the Digest editorial and design were planned to position the Digest as the trusted and current source of inside information about all aspects of the canola industry. We plan to survey growers in the fall of 2006. Kelly left a few weeks earlier than planned in January to deliver her second child and begin a year of maternity leave. Tracey Bryksa of Direct Focus, is now editing the Digest with guidance from Diane and the GCAT. Tracey's contract runs until the Jan/Feb 2007 edition of the Digest is completed. The printing and ad contract with Direct Focus expires at the end of July this year but it is expected to be renewed at the GCAT meeting in March. A Canola Digest minisite has been posted on the Canola Council site to improve access to information by potential advertisers. Issues from the past three years are posted on the site. The goal is to break even this year and we are aiming to increase our ad revenue in order to meet the target.

**Agronomic communication** | During the 2005 growing season, a total of 17 agronomic releases were prepared for Canola Advantage. Pickup was monitored via Prairie Media Watch and Council review of ag newsletters. Community newspapers and radio stations ran 38 stories related to the releases and farm magazines and papers ran 22 stories based on the releases. The Western Producer and Farmers' Independent Weekly in Manitoba accounted for most of the pickup. During the 2005 growing season, six Canol@fact sheets were posted on the website. The sheets are posted as pdfs suitable for printing. Agronomists encouraged clients and associates to access the sheets on our website. The Public Affairs team edited 20 weekly canola production advice and progress updates prepared by prairie canola agronomists during the 2005 growing season. Diane is working now on a major agronomic initiative to increase grower awareness of the connection between their practices on the farm and the reception of their product in the marketplace.

**US and Canadian canola oil promotion activities** | As part of the support team for both major canola oil promotion thrusts, the Public Affairs unit is involved in every project. Diane Wreford is directly responsible for management of Resources and General Media and is an integral



part of the management of several other projects including Allrecipes.com, posting canola oil recipes and generic ads on an established web recipe resource, and NAPS, providing two canola oil recipes and photos to a guaranteeing placement service. A new 10 x 10 foot tradeshow display has just been developed for use in major shows such as the American Heart Association, the American Dietitians' Association and the International Association of Culinary Professionals shows.



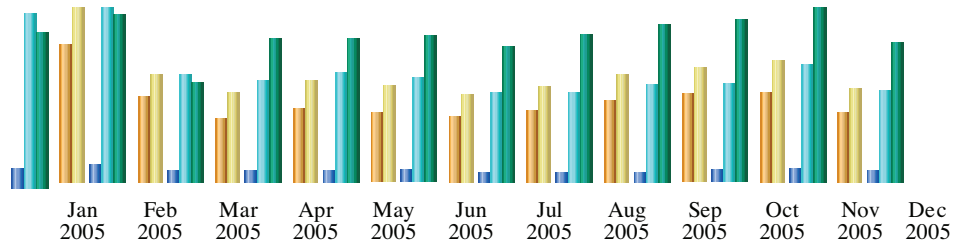
Diane works closely with all members of the US and Canadian promotion working groups to coordinate development of messaging and promo items. All written material for projects such as Taste of Home, Chef Educator, radio media tours and doctors' brochures from ads through brochures and signs was prepared or coordinated by the Public Affairs team.

Just completed is the beginning of a major initiative to connect with food service and food product designers through the US magazine Food Product Design. The Council is developing a supplement first to be mailed with Food Product Design and second to be distributed through the Council. The 16 page publication will replace the canola book. The plan is to produce the supplement at least every two years to make sure it contains the most up to date information. The Council will have approximately 10 thousand to distribute.

**Special events** | The Public Affairs team played an important planning role for the canola grower industry displays at the Royal Agricultural Winter Fair in Toronto in early November. Most of the team's event planning efforts however were focused on making the Canola Council's annual convention in New York City March 15 – 17, 2006 the best yet. Industry support is extremely generous, the speakers are excited to participate and attendance is up from the previous year. The goal is to provide an opportunity for growers, processors and exporters to rub shoulders with celebrity chefs and food media who have a big influence on consumers who do or don't choose canola oil.

**General media and websites** | The Public Affairs team coordinated media requests made to the Council and prepared media releases on general industry topics. Pickup is monitored via Prairie Media Watch. For three months, Bowdens was contracted to monitor print media but the service proved to be cost in-effective.

The number of documented website hits on the Canola Council website continues to increase following the relaunch in March 2005.



Month	Unique visitors	Number of visits	Pages	Hits	Bandwidth
Jan 2005	19830	26752	116023	1072323	6.70 GB
Feb 2005	21845	28649	105603	1097883	7.20 GB
Mar 2005	13408	17077	66043	656945	4.27 GB
Apr 2005	10102	14021	68612	620663	6.18 GB
May 2005	11533	16029	68998	664693	6.18 GB
Jun 2005	10836	15116	65450	629964	6.23 GB
Jul 2005	10362	13897	57539	546516	5.77 GB
Aug 2005	11320	15220	60550	548766	6.29 GB
Sep 2005	12849	17022	60567	589553	6.71 GB
Oct 2005	13714	17835	68156	594761	6.94 GB
Nov 2005	14285	19154	81354	714512	7.74 GB
Dec 2005	11041	14941	61441	554725	5.95 GB
Total	161125	215713	880336	8291304	76.17 GB

We know the most popular pages are the Properties, then the Growing and Cooking and then the list of supplier and contacts. The key driving words are canola and oil. Go Ask Alice and canolaharvest are bringing the most hits via links. But the challenge of moving the site up the Google ladder continues.

In May 2005, the Council commissioned a Search Engine Optimization and Internet Marketing Report via Direct Focus. It contained hundreds of pages of research into keywords and phrases related to canola and canola oil. This research revealed how various websites rated for these keywords and phrases used on the most popular search engines including Google, MSN and Yahoo.

It also analyzed why certain websites rated higher than the Canola Council for the term “canola oil”. The Council’s site was (and still is) first for the keyword “canola” on all three search engines, but was rated lower for the phrase “canola oil” on Google and not at all on Yahoo.

The report pointed out that Google had recently changed its algorithms to rate the number of inbound and – to lesser degree – outbound links much higher than it had previously. Also, many “negative” websites were hosted on university and other servers that were deemed “authority sites” by the search engines.

The report made several recommendations, including:

1. Using headlines, subheads and sentences wherever possible that lead with the term “canola oil”. This resulted in significant rewriting and restructuring of the “Healthy Cooking with Canola Oil” section (now “Canola Oil for Healthy Cooking”).
2. Changing almost all ALT tags and META tags to lead or, at least, include the phrase “canola oil”.
3. Converting a substantial number of PDFs that contained the phrase “canola oil” to HTML, which is more easily read by search engines.

The report recommended using Pay-Per-Click Advertising on Yahoo in particular, to create a presence on the first page when the keyword “canola oil” was entered. It also recommended “fixing” the optimization on the CanolaInfo site and establishing as many links as possible between the sites.

In the fall of 2005, we decided to implement the first three steps of the report and watch the resulting ratings before taking further action.

At the time of the report (May), the Council website was Number One on MSN, Number 18 on Google and there were no rankings at all on Yahoo for the search term “canola oil”. By fall, the website had slipped to the mid-20s on Google.

Completing the first two and making a good start on the third recommendation boosted the Google rankings to Number 16 where the site has more or less resided since. It appeared at #66 on Yahoo.

For the Council’s website to rise further for the term “canola oil”, more action will be required in terms of establishing inbound and outbound links as well as adding fresh content (with the term “canola oil” in it) as often as possible. Ads on Yahoo and Google are being considered.

The CanolaInfo website was updated and relaunched in February. This site is directly linked to the Council’s site and specializes in providing consumer and professional information that doesn’t highlight canola’s Canadian connection. CanolaInfo is the identifying source of all information directed to the US and increasing as the source in Canada as well of all but agronomic and industry facts.

Respectfully submitted,  
Diane Wreford  
AVP, Public Affairs



CANOLA  
CANADA  
CANOLA COUNCIL  
OF CANADA

# Finance & Planning Committee Report

**2005 Fiscal Year** | The accounting firm of Lazer Grant has examined the financial records of the Canola Council of Canada and has presented audited Financial Statements to December 31st, 2005. The attached statements were prepared in accordance with the Canadian Institute of Chartered Accountants (CICA) handbook's reporting requirements on accounting and disclosure standards for not-for-profit organizations. This report summarizes these statements.

In the 2005 fiscal year, core revenue of \$2,566,079 and project and grant revenue of \$2,820,072 produced total revenue of \$5,386,151. Core revenue consists of levy funds collected on 6.262 million tonnes of seed crushed or exported, interest, and membership fees. Project and grant revenue consists of funds received from grower organizations, government, corporate sponsors, service fees, sales, and donated materials and services.

The following table summarizes the revenue sources in 2005:

Export Assessment	\$ 1,308,658	24.3%
Crush Assessment	1,195,977	22.2
Memberships & Interest	<u>61,444</u>	<u>1.2</u>
Core Revenue	<u>\$2,566,079</u>	<u>47.7</u>
Grower Organizations	1,207,411	22.4
Corporate Sponsors	565,706	10.5
Government	696,264	12.9
Service Fees	309,333	5.7
Sales	<u>41,358</u>	<u>0.8</u>
Project & Grant Revenue	<u>\$2,820,072</u>	<u>52.3</u>
Total Revenue	<u>\$5,386,151</u>	<u>100.0%</u>



In 2005, actual expenses for Council program areas totaled \$5,120,846. The program areas are: crop production, utilization, public affairs, corporate affairs, finance and overhead, and salaries and benefits.

The following summarizes the program area expenditures:

Crop Production	\$1,305,081	25.5%
Utilization	1,577,517	30.8%
Public Affairs	531,100	10.4%
Corporate Affairs	256,492	5.0%
Finance & Overhead	180,445	3.5%
Salaries and Benefits	<u>1,270,211</u>	<u>24.8%</u>
	<u>\$5,120,846</u>	<u>100.0%</u>

In the 2005 fiscal year, the excess of revenues over expenditures totaled \$265,305 (\$5,386,151 less \$5,120,846). With this addition to the existing 2004 unrestricted surplus of \$1,795,382, total Council unrestricted surplus is now \$2,060,687.

On July 20, 2005 the Board of Directors approved a revised 2005 budget providing a budget surplus of \$22,185. This budget was based on annual seed disposition of 6.4 million tonnes of exports and crush.

The attached Auditor's Reports, Statement of Financial Position and Statement of Operations prepared by Lazer Grant represent excerpts from the audited financial statements for the year ended December 31, 2005 and do not include the Statement of Cash Flows, Statement of Changes in Net Assets, Notes to Financial Statements and supporting schedules. The complete financial statement is available at the offices of the Canola Council of Canada.

**2006 Fiscal Year Budget** | For the 2006 fiscal year, the Board of Directors has approved a surplus budget with expenses of \$5,802,964, revenues of \$5,873,125, and an addition to surplus of \$70,161. This budget is based on a levy assessment of 40 cents per tonne on 7.2 million tonnes of seed crushed or exported. Council unrestricted surplus will increase to \$2,130,848, which is above the 2006 surplus contingency requirements of \$1,240,373.

**Appointment of Auditor** | We recommend the appointment of the Winnipeg accounting firm of Lazer Grant LLP as Canola Council of Canada auditors for 2006.

Respectfully submitted,

Ernie Sirski

Chairman, Finance & Planning Committee

Jason Anderson, CGA

Director, Finance & Administration



# LAZER GRANT LLP

Chartered Accountants and Business Advisors

## AUDITORS' REPORT

To the Members of  
Canola Council of Canada

We have audited the statement of financial position of Canola Council of Canada as at December 31, 2005 and the statements of operations, changes in net assets and cash flow for the year then ended. These financial statements are the responsibility of the corporation's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at December 31, 2005 and the results of its operations and cash flow for the year then ended in accordance with Canadian general accepted accounting principles.


Winnipeg, MB  
February 7, 2006


  
LAZER GRANT LLP  
CHARTERED ACCOUNTANTS

CANOLA COUNCIL OF CANADA  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2005

	2005	2004 (restated)
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 1,446,806	\$ 1,493,694
Short-term investments (market value: \$237,747; 2004: \$237,747)	237,747	237,747
Accounts receivable (Note 8)	1,449,844	1,016,575
Prepaid expenses	<u>115,437</u>	<u>97,894</u>
	3,249,834	2,845,910
<b>CAPITAL ASSETS (Note 4)</b>	<u>275,525</u>	<u>349,576</u>
	<u>\$ 3,525,359</u>	<u>\$ 3,195,486</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 721,199	\$ 519,205
Research grants payable	111,059	178,500
Deferred administered project funds	87,463	137,040
Deferred revenue	<u>163,142</u>	<u>183,550</u>
	<u>1,082,863</u>	<u>1,018,295</u>
<b>NET ASSETS</b>		
<b>NET ASSETS INVESTED IN CAPITAL ASSETS</b>	\$ 275,525	\$ 349,576
<b>NET ASSETS INTERNALLY RESTRICTED FOR RESEARCH PURPOSES</b>	106,284	-
<b>UNRESTRICTED NET ASSETS</b>	<u>2,060,687</u>	<u>1,827,615</u>
	<u>2,442,496</u>	<u>2,177,191</u>
	<u>\$ 3,525,359</u>	<u>\$ 3,195,486</u>

APPROVED ON BEHALF OF THE BOARD:

  
Director

  
Director



**CANOLA COUNCIL OF CANADA  
STATEMENT OF OPERATIONS**

YEAR ENDED DECEMBER 31, 2005	Actual 2005	Budget (Unaudited) 2005	Actual 2004 (restated)
<b>REVENUE, Schedule 1</b>			
<b>Core revenue</b>			
Export assessment	\$ 1,308,658	\$ 1,320,000	\$ 1,144,076
Crush assessment (Note 8)	1,195,977	1,268,000	1,260,671
Investment interest	37,542	33,000	31,060
Memberships	<u>23,902</u>	<u>24,000</u>	<u>24,237</u>
<b>Total core revenue</b>	<u>2,566,079</u>	<u>2,645,000</u>	<u>2,460,044</u>
<b>Project and grant revenue</b>			
Utilization	1,088,577	1,111,000	684,305
Crop production	1,056,309	827,375	841,713
Communication services	512,095	556,515	504,202
Salaries	125,090	153,000	143,345
Corporate affairs	<u>38,001</u>	<u>15,300</u>	<u>8,333</u>
<b>Total project and grant revenue</b>	<u>2,820,072</u>	<u>2,663,190</u>	<u>2,181,898</u>
<b>Total revenue</b>	<u>5,386,151</u>	<u>5,308,190</u>	<u>4,641,942</u>
<b>EXPENDITURES</b>			
Utilization, Schedule 2	1,577,517	1,686,000	1,091,261
Crop production, Schedule 3	1,305,081	1,177,570	1,099,604
Communication services, Schedule 4	531,100	579,930	539,431
Salaries	1,270,211	1,293,400	1,219,049
Corporate affairs, Schedule 5	256,492	368,880	198,952
Finance and overhead, Schedule 6	<u>180,445</u>	<u>180,225</u>	<u>178,811</u>
<b>Total expenditures, Schedule 7</b>	<u>5,120,846</u>	<u>5,286,005</u>	<u>4,327,108</u>
<b>DIFFERENCE BETWEEN REVENUE AND EXPENDITURES</b>	<u>\$ 265,305</u>	<u>\$ 22,185</u>	<u>\$ 314,834</u>





**CANOLA  
CANADA**

CANOLA COUNCIL  
OF CANADA

**2005-2006  
ANNUAL REPORT**

