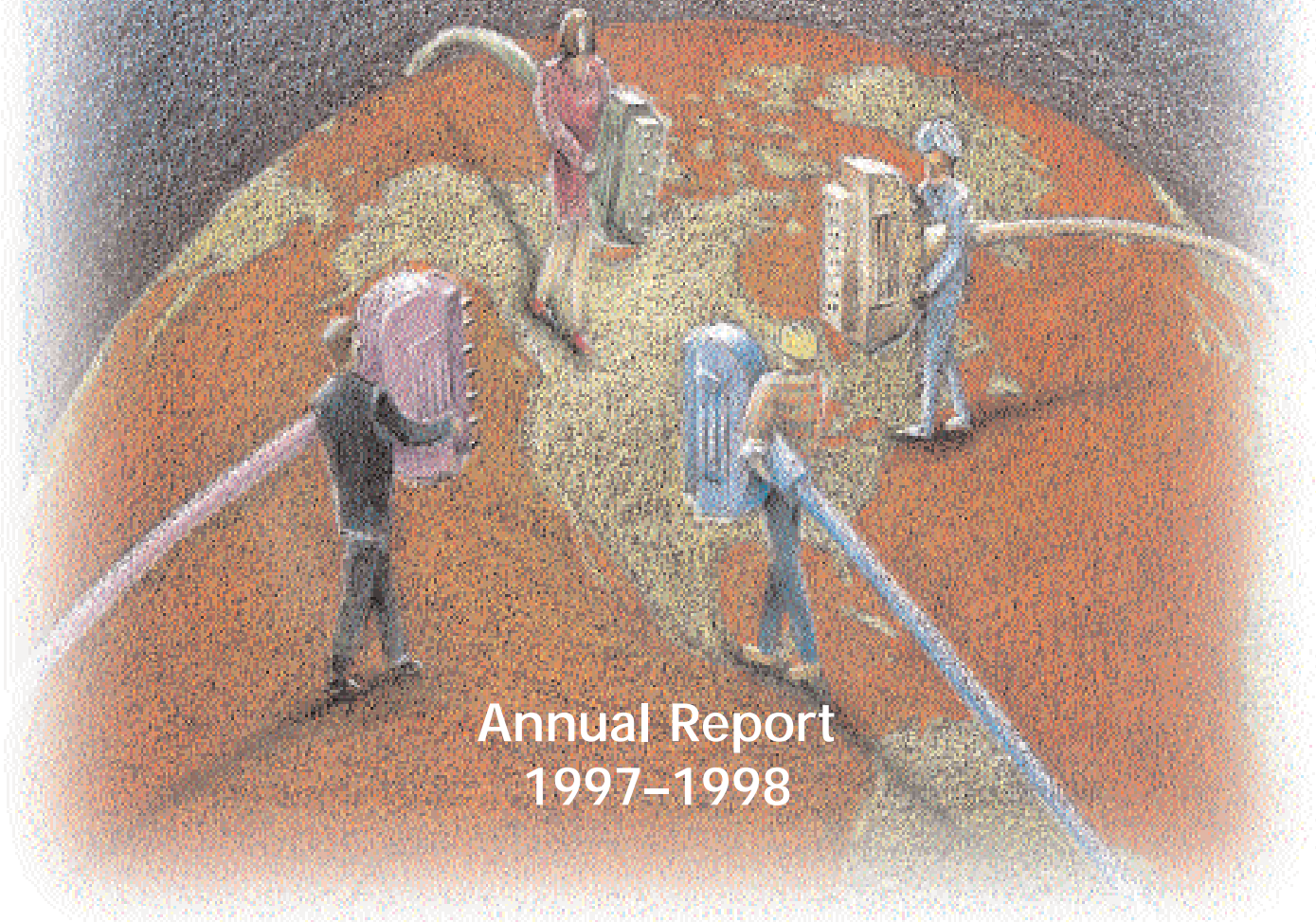




# Standards Council of Canada



Annual Report  
1997-1998

## *Standards Council of Canada membership 1997-1998*

### **Chair**

Richard Lafontaine      Lawyer

### **Vice-Chair**

Linda Lusby      Associate Professor and Coordinator, Environmental Science, Acadia University

### **Members**

André Fleury      Québec Vice-President, Canadian Federation of Labour  
Philippe Fontaine      Director, Standardization and Conformity Assessment, Bureau de normalisation du Québec  
Gary Harkness      Assistant Deputy Minister, Safety and Standards,  
Ministry of Municipal Affairs and Housing, British Columbia (membership ended Dec. 1997)  
Gregg Hook      Assistant Deputy Minister, Alberta Public Works, Supply and Services (membership began Jan. 1998)  
John Kean      President and Chief Executive Officer, Canadian Standards Association  
Hans Konow      President and CEO, Canadian Electricity Association  
Hugh Krentz      President, Canadian Institute of Steel Construction  
Lise Lachapelle      President and CEO, Canadian Pulp and Paper Association  
Phil Saunders      Vice-President, Commercial Relations, Northern Telecom Limited  
Marcia Schaefer      President, CIG Computer Imaging Group Inc.  
Irene Seiferling      Chair, Board of Directors, Consumers' Association of Canada  
Heather Shannon      Phillips, Hager & North Investment Management Ltd.  
Andrei Sulzenko      Assistant Deputy Minister, Industry and Science Policy, Industry Canada  
Stephen Van Houten      President, Alliance of Manufacturers & Exporters Canada

### **Corporate Secretary**

Sandra Watson

### **Staff Directors**

Michael McSweeney      Executive Director  
Larry Moore      Director, External Relations  
Rick Parsons      Treasurer and Director, Administration  
Dr. Jack Perrow      Director, Standardization

## *Our mandate*

The mandate of the Council is to promote efficient and effective voluntary standardization in Canada, where standardization is not expressly provided for by law and, in particular, to

- promote the participation of Canadians in voluntary standards activities,
- promote public-private sector cooperation in relation to voluntary standardization in Canada,
- coordinate and oversee the efforts of the persons and organizations involved in the National Standards System,
- foster quality, performance and technological innovation in Canadian goods and services through standards-related activities, and
- develop standards-related strategies and long-term objectives, in order to advance the national economy, support sustainable development, benefit the health, safety and welfare of workers and the public, assist and protect consumers, facilitate domestic and international trade and further international cooperation in relation to standardization.

From the *Standards Council of Canada Act* (1996, c. 24)

Ottawa, June 1998



**Canada**

Printed in Canada on recycled and recyclable paper



May 21, 1998

The Honourable John Manley, P.C., M.P.  
Minister of Industry  
Ottawa, Canada

Mr. Minister:

I am pleased to present you with the Annual Report of the Standards Council of Canada for fiscal year 1997-98. The volume of activity carried out over the period and its impact on so many critical areas – from trade to the protection of personal information – is indicative of the growing influence of standards in the new knowledge-based economy.

During the year, the Standards Council put in place a number of initiatives intended to help Canada effectively address this new reality. A new Internet-based service, for example, enables Canadians to take part in standardization from their homes and offices. A planned Canadian Standards Strategy will provide a standards master plan for the country. And new accreditation programs will contribute confidence to such critical areas as mineral assay testing, forensic testing and environmental management registration.

Internationally, the Standards Council worked with counterpart organizations around the world to make global markets more accessible to Canadians, to provide standards tools that support sustainable development and to address consumer concerns related to the global marketplace and to privacy in a wired world.

These and the many other achievements contained in this report are the result of a great deal of sacrifice and commitment on the part of the volunteers, staff and partner organizations of the Standards Council. My thanks go out to all of them, and in particular, I applaud outgoing Chair Richard Lafontaine for his steadfast commitment to providing Canada with one of the world's most "efficient and effective" standards systems. I look forward to building on his success.

Sincerely,

Linda Lusby  
Chair, Standards Council of Canada

# *A growing stake in standardization*

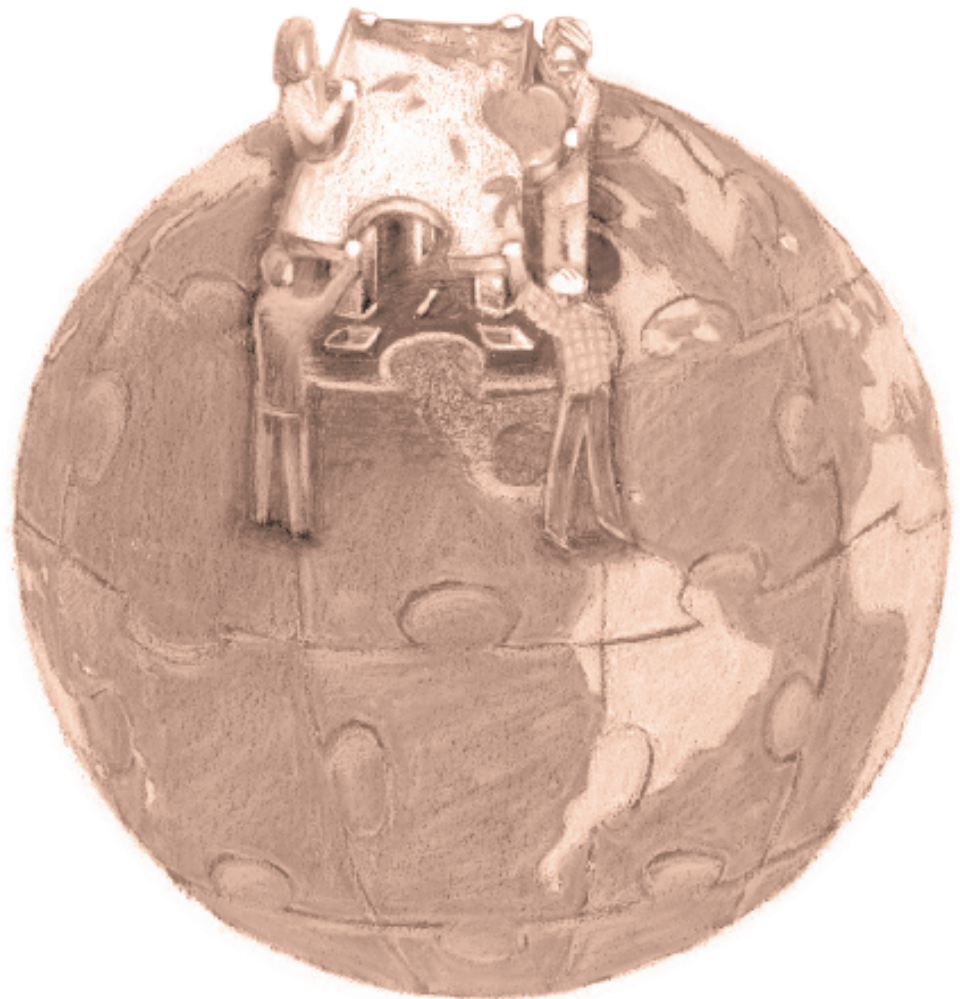
*a year marked by renewed focus on strategy, collaboration, technology*

## **Strategic plan takes Standards Council into the new millennium**

In 1997-98, the Standards Council developed a three-year strategic plan based on a commitment to excellence and to the enhancement of national competitiveness and social well-being. It will provide leadership in standardization through the maintenance of effective relationships, strategic action and quality of service.

The plan provides for 22 major initiatives, including a Canadian Standards Strategy; a volunteer recruitment, training, support and recognition program; a focus on customer, volunteer and employee satisfaction; and the achievement of ISO 9001 and 14001 recognition/registration.

The new strategic plan will take effect April 1, 1998.



In 1997, Sun Microsystems sought permission from two of the world's foremost standardization bodies to submit its Java programming specifications for acceptance as international standards.

It was a strategy that seemed to go against conventional wisdom – not unlike a chef applying to give away a secret recipe. When a specification becomes an international standard, its evolution is governed by rigorous consensus procedures. If the consensus is to “double the oregano,” there is intense pressure to do so even if it goes against the chef's culinary preference.

But while Sun's approach to standardization may have appeared unorthodox, the underlying strategy of using standardization for competitive advantage was not. Sun had simply joined the growing legions of companies around the world that have come to recognize the influence that standards can have on technologies and markets. By aligning themselves with international standards, these companies are gaining important advantages in terms of brand acceptance and preference.

### Setting a new course

Standardization's rising prominence presented both opportunities and challenges for the Standards Council during fiscal year 1997-98. While this new prominence opens the door for the organization to play a more important role in the socio-economic life of the country, it is also resulting in heightened demands on resources, new competitive pressures and mounting customer expectations.

The Standards Council took stock of this new reality and responded with the development of a new three-year strategic plan, which focuses on effective relationships, strategic action and quality of service as a means of enhancing customer satisfaction and positioning the organization as a world leader for standardization (For more details please see "Strategic plan takes Standards Council into the new millennium," on p. 2).

### A Canadian Standards Strategy

The Standards Council's strategic plan provides for the development of a Canadian Standards Strategy designed to harness the entire standards infrastructure to promoting economic progress and social well-being.

The Canadian Standards Strategy will set out the country's master plan in relation to its standards activities, and will identify the roles to be played by the various stakeholders, including government, industry, consumers and standards organizations. This level of collaborative effort is unusual in the world today and promises competitive advantage for the Canadian economy. The Canadian Standards Strategy is slated for completion in 1999.

### Building the infrastructure together

The Canadian Standards Strategy promises to build upon the existing collaborative spirit that characterizes standardization activity in Canada. For example, in 1997-98 the Standards Council continued to work in partnership with a variety of government bodies under Industry Minister John Manley's Standards Initiatives Program (SIP) – a four-year, \$8-million program aimed at building a stronger standards infrastructure for the country.

Perhaps the most important SIP project was SCC.CA, a World Wide Web-based standardization resource launched in October 1997. Users are able to search hundreds of thousands of pages of standards-related information and collaborate on the development of international standards (for more details please see "SCC.CA lets Canadian businesses surf past competition," in the sidebar).

### SCC.CA lets Canadian businesses surf past competition

In October 1997, the Standards Council launched a new Internet-based resource that gives Canadian businesses an important advantage in global markets.

SCC.CA ([www.scc.ca](http://www.scc.ca)) puts the equivalent of a standards reference centre into any computer linked to the World Wide Web, enabling users to obtain standards-related market information faster and more efficiently than was ever before possible.

At the heart of SCC.CA are searchable databases containing information on international standards; national standards from Canada, France, Britain, Germany and Australia; federal regulations referencing standards; WTO/NAFTA notifications; and organizations accredited by the Standards Council.

SCC.CA is also being used by Canadians as a strategic tool to collaborate in the development of international standards, saving volunteers time and reducing the need to travel. By the end of the fiscal year, some 60 committees, representing some 650 volunteers, were using SCC.CA, and the Web site was experiencing well over a hundred thousand hits a month.

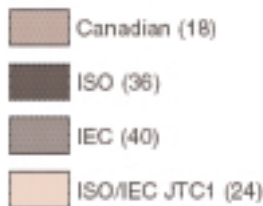
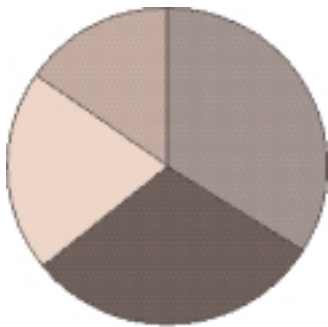
The site is hosted by the Standards Council and was developed with funding from Industry Canada.





The Standards Council is the Canadian member of the International Organization for Standardization (ISO) and sponsor of the Canadian National Committee of the International Electrotechnical Commission (IEC).

### An international influence



Canadians increasingly rely on international standards. Of the 118 National Standards of Canada approved by the Standards Council of Canada in 1997-98, 100 were adopted from or based on international standards.

## International standards

### stepping stones to global markets

International standards have come to play a central role in issues related to trade and technology. They are helping industries build bridges between markets, assisting governments in efforts to streamline regulatory regimes and helping consumers to shop the global marketplace with confidence.

In 1997-98, the Standards Council coordinated the participation of some 3,000 Canadian volunteers in the work of two of the world's major voluntary standards development bodies – the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC).

Between them, the two organizations published 1,374 new and revised publications covering everything from hydrogen technology to banking. This volume of work illustrates a strong demand for voluntary standards – but it is not a licence for complacency. In order to meet the needs of a rapidly changing marketplace, ISO and IEC have recognized the need for ongoing innovation.

In fact, the recent growth in industry-developed public specifications has caused ISO and IEC to re-examine the speed, efficiency and market orientation of their operations.

During the year, ISO and IEC decided to respond to the needs of fast-moving industries through the introduction of minimum specifications that can be delivered more quickly than standards. At the end of the fiscal year, the two organizations were consulting on a common approach to this new type of deliverable.

ISO and IEC also continued to encourage industry consortia to submit their public specifications for fast-track adoption as international standards, and expanded the use of business plans as a means of ensuring marketplace orientation in the development of standards.

These and other measures are expected to help ISO and IEC respond to the needs of a competitive, fast-paced economy. However, the two international organizations recognize that efforts to sustain market relevance must extend to their member bodies, which are largely responsible for the administration of committees and the application of standards-development procedures.

During the year, ISO established a working group to recommend techniques for measuring the performance of technical committee secretariats and member bodies in relation to their ISO strategic responsibilities. The Standards Council's Executive Director, Michael McSweeney, was given the responsibility for chairing this group, which is to report to ISO Council in June 1998.

### Ensuring a strong voice for Canada

The growth and evolution of international standardization has major implications for Canada. In 1997-98, 78 per cent of standards approved by the Standards Council as National Standards of Canada were adoptions, or adoptions with revisions, of ISO and IEC standards.

Though it bodes well for Canada, the move from made-in-Canada standards to the adoption of international standards is not without its challenges. It implies a shift from a development process in which all voices at the table are Canadian to one in which Canada is only one voice among many. The need for effective Canadian representation at ISO and IEC has never been so critical. As the Canadian member of these organizations, the Standards Council is committed to securing such representation.

During the year, Standards Council officials and Canadian volunteers were elected to, or continued to occupy, positions in virtually every key policy group within ISO and IEC, including ISO's governing Council and Technical Management Board and IEC's Council Board, Committee of Action and Conformity Assessment Board. Through these groups, Canadians are able to influence the directions taken by the two bodies.

On the technical side, the Standards Council's new strategic plan calls for a volunteer recruitment, training, support and recognition program as a means of enriching Canada's pool of standards volunteers and equipping them with the knowledge to more effectively take part in ISO and IEC activities. As a first step in this initiative, the Standards Council developed and conducted a survey to determine volunteer training needs. The results will be analyzed early in fiscal year 1998-99.

The Standards Council also continued to work with accredited standards development organizations to better link Canada's national and international standards development efforts. Many standards development committees already work in both spheres, ensuring that efforts are strategically coordinated. In 1997, the Standards Council and the Canadian Standards Association approved a move to further integrate national and international efforts in the key area of electrical safety standards.

One of the most pressing issues for the Standards Council is the need to balance resources with opportunities for participation in ISO and IEC. This involves an ongoing assessment of new and existing committees and initiatives to determine those that are most relevant to Canada's interests. In 1997-98, Canadians took part in over 550 ISO and IEC committees. An examination of a few of these makes clear the importance of this effort.

### Protecting privacy

Standards Council Vice-Chair Linda Lusby, Associate Professor and Coordinator, Environmental Science, Acadia University, headed up an advisory group studying whether ISO should consider the development of a standard to deal with privacy and the protection of personal information. The privacy issue has gained significant ethical and commercial dimensions as a result of the growing interconnection of computers.

The prospect of an international privacy standard proved to be a difficult and controversial matter for the advisory group. Such a standard might help avoid trade barriers caused by the development of incompatible privacy rules in different jurisdictions. It would also be a seminal document for the growing information technology security industry. However, there are concerns that a privacy standard might impose a significant burden on the global economy, especially if it were to lead to a program for third-party audits.

### The international stage

Canada takes part as a participant or observer in over 550 of the technical committees and subcommittees that develop international standards for the International Organization for Standardization (ISO), the International Electrotechnical Commission (IEC), and their Joint Technical Committee on Information Technology (ISO/IEC JTC1).

	ISO	IEC	ISO/IEC JTC1	Total
<b>Participant status</b>				
Technical committees	90	59	1	150
Subcommittees	203	49	14	266
<b>Observer status</b>				
Technical committees	35	31	1	67
Subcommittees	50	15	7	72
				555

## An international leader

Canada plays an influential role in international standardization. In addition to providing chairs and secretaries for the technical committees listed below, Canadians lead over 100 subcommittees and working groups for the International Organization for Standardization (ISO), the International Electrotechnical Commission (IEC) and their Joint Technical Committee on Information Technology (ISO/IEC JTC1).

### ISO

Paper, board and pulps (TC 6) ✓†  
 Nickel and nickel alloys (TC 155) ✓†  
 Corrosion of metals and alloys (TC 156) ✓  
 Timber structures (TC 165) ✓†  
 Quality management and quality assurance (TC 176) ✓†  
 Animal (mammal) traps (TC 191) ✓†  
 Hydrogen technologies (TC 197) ✓†  
 Environmental management (TC 207) ✓†

### IEC

Hydraulic turbines (TC 4) ✓†  
 Overhead electrical conductors (TC 7) ✓  
 Electrical apparatus for explosive atmospheres (TC 31) ✓  
 High-voltage testing techniques (TC 42) †  
 Live working (TC 78) †  
 Fire hazard testing (TC 89) †  
 Electrical insulation systems (EIS) (TC 98) ✓

(✓) = Canadian chair

(†) = Canadian secretary

## Exterminating the Year 2000 bug

In 1997-98 the Standards Council performed an initial assessment of information processing and embedded systems to determine the risks and challenges posed by the Year 2000 problem. By the end of the fiscal year the Standards Council had developed an action plan and was in the process of addressing costs, schedules and legal implications.

The Standards Council worked to ensure that Canadians played a prominent role in the advisory group's deliberations, and that Canadian stakeholder groups had the opportunity to be heard. Privacy experts from Industry Canada and Stentor Telecom served as members of the advisory group. They were supported by a 43-member Canadian Stakeholder Group on Privacy and the Protection of Personal Information. The ISO advisory group is expected to make a recommendation to ISO's Technical Management Board by June 1998.

## Bringing consistency to environmental and quality management

In 1997-98, the Standards Council continued to hold the international secretariat for ISO Technical Committee 176 (TC 176), which oversees the development of the influential ISO 9000 series of quality management standards, and for Technical Committee 207 (TC 207), which oversees the development of the ISO 14000 series of environmental management standards. Both secretariats are operated by the Canadian Standards Association on behalf of the Standards Council.

The two committees were also headed by Canadian chairs. During the year, Pierre Caillibot, Quality Systems Adviser to the General Manager of Procurement and Services at Hydro-Québec, assumed the Chair of TC 176, replacing another prominent Canadian quality expert, outgoing Chair Reginald Shaughnessy. Margaret Kerr, Vice-President for Human Resources and Environment at Nortel, completed her first full year as Chair of TC 207.

As it prepares to revise the ISO 9000 series, TC 176 is dealing with a variety of marketplace issues, including the ease of use of the standards and pressures to develop documents that are more directly linked to specific sectors and industries, such as the automotive sector. TC 207 spent the year advancing and finalizing core documents of the ISO 14000 series covering such topics as environmental labelling, life-cycle assessment and vocabulary.

A particularly critical issue for the committees is a marketplace concern related to the cost of implementing both an ISO 14000 and an ISO 9000 management system. To deal with this issue, ISO's Technical Management Board formed a technical advisory group (TAG 12) to make recommendations on closer integration of the ISO 9000 and ISO 14000 series. The Standards Council enabled Canadians to participate in this process through a Canadian Advisory Committee, which met twice during the year, and subsequently provided TAG 12 with a Canadian position. ISO has directed the two technical committees to make the two series more compatible by 2001.

## Information technology

The single largest contingent of Canadians involved in ISO and IEC takes part in the Joint Technical Committee on Information Technology (JTC 1). Some 400 Canadians are involved in this collaborative effort, which brings together 27 countries and encompasses 17 subcommittees dealing with issues such as interoperability, security and software quality.

In 1997-98, the Standards Council hosted the 10<sup>th</sup> anniversary plenary meeting of JTC 1 and also hosted an international workshop on cultural adaptability of computers. Canadians chaired the JTC 1 subcommittee dealing with software engineering and were convenors for working groups on identification cards and machine-readable travel documents, databases, programming languages and vocabulary. Some of the biggest challenges facing standardization come from this field, characterized by complex technology, intense competition and short product life-cycles.



### Addressing consumer concerns

Canada has an active contingent of consumer representatives taking part in ISO's Consumer Policy Committee (COPOLCO), and has had a significant influence on the committee's agenda. In 1997-98, Canadian consumer representatives were able to get action on such key concerns as energy efficiency and privacy. They also participated in a number of ISO and COPOLCO projects, including the development of a guide on graphic symbols in standards of consumer interest and a project on the needs of an aging society.

One initiative of particular note was a COPOLCO working group studying the impact on consumers of a globalized marketplace. Canada hosted the first meeting of this working group, and the Standards Council's Canadian Advisory Committee on COPOLCO coordinated Canadian input into its deliberations. The working group is scheduled to report to COPOLCO in May 1998.

### Supporting Canadian trade policy

In fiscal year 1997-98, the Standards Council provided a wide range of support to the Department of Foreign Affairs and International Trade (DFAIT) in efforts to foster stronger trade links with key markets around the world.

One important focus of this support was the Pacific Rim. During the year, Standards Council Chair Richard Lafontaine served as Chair of the Asia-Pacific Economic Cooperation (APEC) Subcommittee on Standards and Conformance (SCSC).

SCSC members worked towards alignment between national and international standards in areas such as electrical appliances, rubber products, and building and construction standards. The SCSC advanced mutual recognition of conformity assessment in electrical equipment, toy safety and food. A number of initiatives promoted enhanced transparency and provided technical assistance to developing economies in the region. In addition, SCSC initiated ad hoc discussions with the European Union, and forged closer cooperation with the private sector.

The Standards Council also played a role in the implementation of the *North American Free Trade Agreement* (NAFTA). During the year, Canada assumed the Chair of the North American Calibration Cooperation (NACC), a group aimed at enhancing mutual confidence in the measurement capabilities of the three NAFTA partners. The Standards Council provided technical support to DFAIT within the NAFTA Committee on Standards-Related Measures and within the Free Trade Area of the Americas Working Group on Standards and Technical Barriers to Trade.

On the European side, the Standards Council worked with DFAIT as it negotiated an agreement that will facilitate trade in a variety of products (for more details, please see "Easing the way for trade with Europe," on p. 9). The Standards Council itself concluded a number of agreements during the year aimed at supporting Canadian exporters by promoting the international acceptance of Canadian test reports, certifications and registrations. More on these efforts follows in the next section.

### Partnership gives Canadians fast access to standards

To effectively compete in the global market, Canadian businesses need easy access to foreign and international standards. During 1997-98, the Standards Council took steps to improve service to its clients by signing a partnership agreement that will make IHS Canada / Micromedia Limited's Global Information Centre the official distributor of ISO and IEC standards in Canada. For customers, this will mean one-stop shopping for standards and other business information products and fast, efficient print-on-demand service. The agreement will come into effect on April 1, 1998.

The Standards Council's sales staff will find a new home at the Global Information Centre. Their knowledge of both the world of standards and clients' needs is expected to contribute substantially to the success of the partnership.

## Accreditation

### *wrapping Canadian products and services in confidence*

International standards are essential to cementing the marketplace confidence and compatibility needed for liberalized trade. But standards are only part of the solution. Equally important are the methods used to demonstrate conformity to the requirements of standards – a field known as conformity assessment. In today's global marketplace, exporters and consumers alike rely on the peace of mind that comes from proven conformity assessment services.

The Standards Council contributes to this peace of mind through its national accreditation programs for conformity assessment organizations involved in testing, calibration, certification, registration of quality and environmental management systems, and auditor training and certification. By the end of fiscal year 1997-98, some 237 organizations were accredited by the Standards Council (for more details, please see "The National Standards System," on p. 13).

To maximize the international credibility of these programs, the Standards Council operates in accordance with international criteria and guidelines.

During the year, the Standards Council focused on both the development of the Canadian conformity assessment infrastructure and its interconnection with similar infrastructures in other countries. The following sections describe some key areas of progress.

#### **Enhancing the acceptance of Canadian ISO 9000 and ISO 14000 registrations**

Registration to an ISO 9000 quality management system model has become important to doing business in the global market. The ISO 14000 series of environmental management standards is also starting to have competitive implications.

In 1997-98, the Standards Council worked to ensure that Canadian companies had access to accredited management systems registration services. To this end, the Standards Council accredited its first ISO 14000 series registrar – the Quality Management Institute (QMI) – and maintained the accreditation of 14 ISO 9000 registrars. The criteria used to accredit ISO 14000 registrars were posted on the Standards Council's Web site during the year, providing for enhanced access by applicants and other interested parties. Criteria documents for the Standards Council's other accreditation programs will be posted on the Web site in fiscal year 1998-99.

In response to market demand, the Standards Council also turned its attention to the credentials of the auditors who play a critical role in the registration process. To enhance confidence in these professionals, the Standards Council launched new accreditation programs for auditor certifiers and auditor training course providers. Both programs began accepting applications late in 1997. The Standards Council enlisted the assistance of the Canadian Council on Human Resources in the Environment Industry (CCHREI) to undertake the assessment of environmental auditor certifiers and course providers.

#### **Small "c" identifier benefits regulators, consumers**

Variety may be the spice of life, but the growing proliferation of products certified to the requirements of multiple markets poses a challenge for regulators safeguarding the health and safety of consumers. Increasingly, it is becoming difficult to tell just what a given certification mark means.

Many provincial regulators in Canada call for products to be certified to Canadian requirements by Standards Council-accredited certification organizations. The Standards Council has accredited 14 certification organizations, including 6 based in the United States.

In 1997-98, the Standards Council introduced a requirement for an identifier to indicate that a given mark is in fact an indication of conformity to Canadian requirements, where such requirements are called for by the relevant regulatory authority.

A small "c" at the 8 o'clock position alongside a Standards Council-accredited certification organization's trademark indicates compliance with Canadian requirements. Use of the small "c" identifier may be required by regulatory authorities where there is a risk to health and safety.

## Putting that acceptance to the international test

Fiscal year 1997-98 was a landmark year in the Standards Council's efforts to secure formal recognition for its ISO 9000 accreditation program in foreign markets. A large part of this success can be attributed to the development of the organization's new quality management system.

During the year, this system underwent a joint assessment by the International Accreditation Forum (IAF) and the Pacific Accreditation Cooperation (PAC), two key groups working towards the global acceptance of registration certificates.

The Standards Council received a positive assessment, and was subsequently invited to sign the PAC and IAF multilateral recognition agreements. Fifteen other accreditors signed the IAF agreement, including bodies from Australia/New Zealand, Europe, the United States, Japan and China. Three of these also signed the PAC document. These bodies have now agreed to recognize each other's accreditation programs as equivalent – providing a new measure of credibility to the registrations of Canadian companies venturing into foreign markets.

Another assessment conducted during the year led to the conclusion of a mutual recognition agreement (MRA) between the Standards Council and the American National Standards Institute/Registrar Accreditation Board (ANSI/RAB). This agreement further cements the relationship between Canada and its most important trading partner – the United States.

## Securing a billion dollars in fastener business

The Standards Council's quality management system also contributed to the organization's acceptance by United States fastener regulators – an acceptance that helped safeguard a billion dollars worth of Canadian exports.

In 1997-98, the Standards Council joined with the fastener industry to develop a laboratory accreditation program aimed at satisfying test requirements under the new U.S. *Fastener Quality Act*. U.S. regulators gave this program their blessing following a favorable assessment by the National Institute of Standards and Technology (NIST).

A further evaluation may be required as a result of new implementation criteria announced late in the year by NIST. These criteria will require fastener manufacturers to have a quality system that is registered by an organization accredited by a recognized accreditation body. The Standards Council is considering whether it should seek this further level of recognition.

## New ISO 9000 agreements

The Standards Council signed two multilateral recognition agreements that enhance the international credibility of Canadian ISO 9000 registrations. Listed below are signatories to the International Accreditation Forum (IAF) agreement and the Pacific Accreditation Cooperation agreement (PAC). These organizations have agreed to recognize each other's accreditation programs for ISO 9000 registration organizations as equivalent.

Country	IAF	PAC
Australia and New Zealand	✓	✓
Canada	✓	✓
China	✓	✓
Denmark	✓	
Finland	✓	
France	✓	
Germany	✓	
Italy	✓	
Japan	✓	✓
Netherlands	✓	
Norway	✓	
Spain	✓	
Sweden	✓	
Switzerland	✓	
United Kingdom	✓	
United States	✓	

## Laboratory accreditation enhances confidence

The Standards Council helps government and private-sector partners to establish laboratory accreditation specialty programs to enhance confidence in their industries and sectors. A number of new specialty programs were launched or under development in 1997-98.

Program	Status
Fastener testing	(L)
Forensic testing	(UD)
Food testing	(L)
Mineral assay testing	(L)
Research and development	(UD)
Good laboratory practices	(UD)
Proficiency testing	(UD)

(L) = launched

(UD) = under development

## Easing the way for trade with Europe

The Standards Council provided advice and technical support to DFAIT in the negotiation of an MRA with the European Union. The MRA facilitates trans-Atlantic trade in over \$12 billion worth of goods, including medical devices, pharmaceuticals, recreational boats, electrical goods and telecommunications products.

During negotiation of the agreement, the Standards Council provided DFAIT with technical expertise in the area of conformity assessment and led national consultations on the electrical safety annex of the agreement. Once the agreement has been ratified, the Standards Council will take part in an 18-month confidence-building phase by acting as facilitator of the Canadian Implementation Committee for the Electrical Safety Annex.

## Accredited laboratories test everything from gold dust to DNA

The Standards Council was able to help a number of government and private-sector partners establish laboratory accreditation specialty programs to enhance confidence in their industries and sectors. These programs benefit from the efficiencies inherent in the use of an existing accreditation infrastructure, and also benefit from the credibility of the Standards Council's internationally recognized Program for the Accreditation of Laboratories – Canada (PALCAN).

One specialty program was developed in collaboration with the Canadian Food Inspection Agency (CFIA) for the accreditation of laboratories involved in the testing of foods for domestic and export markets. The Standards Council assumes the responsibility for accrediting the testing laboratories while CFIA remains the technical authority and provides the technical component of the assessment team. This approach provides a model of efficiency and effectiveness for other government departments and agencies to follow.

Also new in 1997-98 was a specialty program for mineral analysis laboratories. Under development were programs focusing on good laboratory practices, forensic laboratories and research and development laboratories.

## A new service ethic

### putting customers front and centre

Customer satisfaction is an ongoing priority at the Standards Council – a fact that is apparent in the organization's new three-year strategic plan. The document places a high degree of emphasis on quality of service and commitment to excellence. The development process for the plan included a customer satisfaction survey to determine where the Standards Council was succeeding and where action was needed. The plan calls for the establishment of yearly targets for improved customer satisfaction and surveys to gauge achievement of these targets.

The success of the Standards Council's customer orientation is evident in the level of customer support for programs and services. A decade ago, eight dollars out of every ten spent by the Standards Council came directly from federal government appropriation. By fiscal year 1997-98, government appropriation accounted for slightly less than half of the Standards Council's expenditures. While this figure was supplemented through contracts with Industry Canada under the department's Standards Initiatives Program, revenue from customers still covered a significant 42 per cent of the Standards Council's expenditures.

These figures represent more than a reduced dependence on government funding. They imply a new relationship with customers – one that is reshaping the Standards Council's culture and priorities, and prompting innovation in the way programs are delivered.

### Marketing standardization

The Standards Council continued to develop its corporate marketing program as a means of identifying the standards needs of Canadians and enhancing its product and service offerings to best meet those needs. A revitalized marketing committee acquired training in marketing strategy fundamentals and proceeded to draft divisional business reviews – repositories of research and analysis needed for sound marketing decisions.

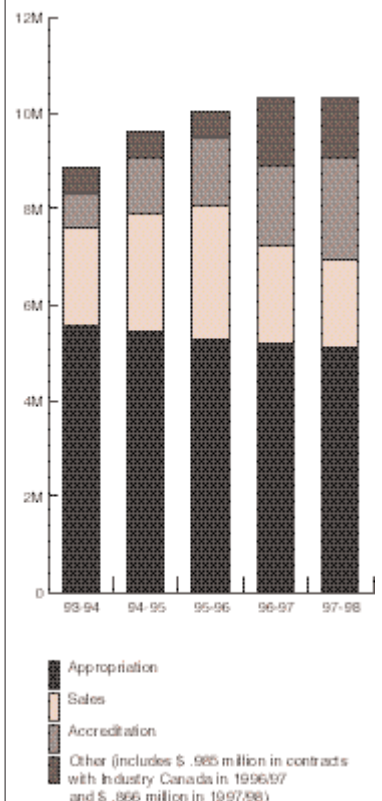
The growing marketing orientation of the Standards Council was evident in a number of projects, including research on the standards information needs of Canadians, the development and launch of SCC.CA (which generated national media attention), targeted communications to export-ready mid-sized companies, and plans for a corporate branding strategy consistent with the needs of the marketplace and the objectives of the new strategic plan.

### Providing information in a knowledge-based economy

Because standards are knowledge-intensive products, more customers come to the Standards Council for information than for any other single product or service. A large proportion of these are small and medium-sized enterprises wishing to satisfy regulators and customers.

In 1997-98, some 9,000 individuals contacted the Standards Council with questions about standards or regulations. As well, 5,500 received *CONSENSUS*, Canada's bimonthly magazine of standardization news and issues. The organization's World Wide Web site received over 1.78 million hits. Some 3,500 individuals also purchased standards from the Standards Council. A new partnership agreement will make for a significantly different sales operation offering faster service in the years ahead (for more details, please see "Partnership gives Canadians fast access to standards," on p. 7).

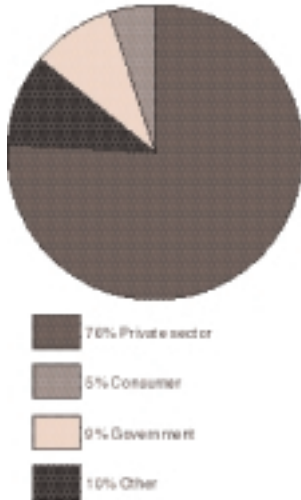
### Standards Council revenue and federal appropriation





## Information/Research Service

### All enquiries (9,186)



### Private-sector enquiries (of companies that indicated size)



The Standards Information/Research Service handled over 9,000 requests in FY 1997-98 regarding standards, technical regulations and conformity assessment schemes. The breakdown of requests by customer type is outlined above.

The Standards Council is the official Canadian World Trade Organization/NAFTA Enquiry Point, a function that is carried out under contract with DFAIT. The WTO/NAFTA Enquiry Point enables the federal government to satisfy information-sharing obligations of trade agreements, and gives Canadians access to advance notification of changes to the technical regulations of other markets.

The launch of SCC.CA provided for a variety of enhancements to the dissemination of standards information in Canada. In addition to providing a powerful new information delivery channel, SCC.CA also promises to automate and streamline many activities related to information dissemination. The result will be less time spent on processing information and more time spent adding value (for more details please see "SCC.CA lets Canadian businesses surf past competition," on p. 3).

### New ideas in standards development and accreditation

SCC.CA is likewise revolutionizing the way Canadians develop standards, by reducing the need to exchange paper and hold face-to-face meetings. For organizations seeking accreditation from the Standards Council, there are plans to make requirements and application documents available on SCC.CA. In addition, the Standards Council is working with foreign accreditation bodies to conduct joint assessments and to exchange information and assessment reports – measures that save customers time and money.

### Growing the most valuable resource

In developing its new strategic plan, the Standards Council recognized that people are the organization's most valuable resource. Employees were invited to participate in a survey that gauged their satisfaction with a number of operational and workplace issues.

An employee task force reviewed the results and made a variety of recommendations for changes and improvements. By fiscal year-end, an implementation plan was in place and many task force recommendations had already been realized.

An employee monitoring committee has been tasked with seeing the process through to completion, at which time another employee satisfaction survey will be conducted.

# The National Standards System

## A year of accomplishments

The Standards Council oversees the National Standards System, which includes almost 15,000 volunteers who contribute to Canadian and international voluntary standards, and a variety of organizations concerned with standards development, promotion and implementation.

Four Canadian organizations have been accredited by the Standards Council to develop voluntary standards. The standards-development responsibilities of a fifth accredited organization, the Canadian Gas Association, were assumed by the Canadian Standards Association during the year.

Here is a brief overview of some of the accredited standards-development organizations' achievements during 1997-98.

- **The Canadian Standards Association (CSA)** published *Risk Management: Guideline for Decision-Makers* (CAN/CSA Q850-97). This National Standard of Canada provides a comprehensive process to aid decision-makers in identifying, analyzing, evaluating and controlling all types of risk, including risks to health and safety, property and the environment. A key feature in the guideline is the involvement of stakeholders to provide vital information and ensure that any decisions reflect their needs, issues and concerns.
- **The Canadian General Standards Board (CGSB)** developed two National Standards of Canada for fireline workwear for forest fire fighters. The standards address the manufacture, performance, testing, selection and maintenance of protective clothing for forest fire fighters. CGSB is also in the process of developing a certification program to assist the industry to establish a greater level of confidence among the purchasers of this clothing.
- **The Bureau de normalisation du Québec (BNQ)** continued its work on finding productive uses for industrial by-products by publishing a standard on liming materials from industrial processes that are used as soil conditioners. *Liming Materials from Industrial Processes* (NQ 0419-090) applies to residues from lime kilns, pulp-and-paper mills, cement kilns and other industrial sources which are used to raise the pH of soil. BNQ plans to submit this document to the Standards Council for approval as a National Standard of Canada, and to establish a certification program.
- **Underwriters' Laboratories of Canada (ULC)** was chosen to update and maintain all Canadian thermal insulation standards, and issued its first four National Standards of Canada in this area. ULC plans to ensure consistency among insulation standards, including format, test procedures and terminology, in order to make thermal insulation standards more user friendly and to promote their credibility and use.

The Standards Council also accredits organizations to determine whether products, services or systems conform to the requirements of standards. These include laboratories, certification organizations, quality and environmental management systems registrars, auditor certifiers and auditor training course providers. For a list of organizations accredited in 1997-98, please see the sidebar.

### The following organizations were newly accredited in 1997-98:

#### Laboratories

Canadian Food Inspection Agency, Centre for Veterinary Drug Residues, Saskatoon, SK; Agri-Lab, Granby, QC; Regional Municipality of Hamilton-Wentworth, Regional Environmental Laboratory, Hamilton, ON; A&L Canada Laboratories East, Inc., London, ON; AG Spec Analytical Services Limited, Enviro-Test Laboratories Saskatoon, Saskatoon, SK; Environment Canada, Water Quality Laboratory, Saskatoon, SK; Areco Canada Inc., Nepean, ON; InNOVAcorp (Nova Scotia Innovation Corporation), Analytical and Environmental Chemistry Laboratory, Dartmouth, NS; Canadian Food Inspection Agency, Laboratory Services Division West, Food Laboratory, Calgary, AB; Stelco Inc., Hilton Works, Metallurgical and Chemical Laboratories, Hamilton, ON; Canadian Food Inspection Agency, Laboratory Services Division, Ottawa, ON; Paprican (Pulp and Paper Research Institute of Canada), Physical Testing Section and Calibrations Group, Pointe Claire, QC; Canadian Food Inspection Agency, Health of Animals Laboratory, Centre for Animal Parasitology, Saskatoon, SK; Southwest Research Institute, Department of Fire Technology, San Antonio, TX; Health Canada, Health Protection Branch, Health of Animals Laboratory, Guelph, ON; Activation Laboratories Ltd., Ancaster, ON

#### Certification organizations

Quality Auditing Institute, Port Coquitlam, BC; Air-Conditioning & Refrigeration Institute, Arlington, VA

# WHAT WE PROMISED AND WHAT WE DELIVERED

IN FISCAL YEAR 1997-98

*Fiscal year 1997-98 was a transitional one for the Standards Council of Canada. In addition to being the final year of the Council's previous five-year strategic plan, it saw the development of a new three-year plan (for more details please see "Strategic plan takes Standards Council into the new millennium," on page 2). The following section provides a brief report on progress made toward the goals identified in the old plan and indicates, where applicable, milestones from the new plan that were achieved in 1997-98.*

## International activities

**Strategic thrust:** *International leadership*

**Result:** *The Standards Council will be clearly seen as providing leadership and playing an effective role internationally.*

- Canadians were elected to key management positions in the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC), including ISO Council and IEC's Council Board and Committee of Action.
- Canadians maintained or assumed leadership roles in key ISO and IEC technical committees (TCs), subcommittees and working groups, including 27 chairs, 32 secretariats and 102 working group convenorships.
- Standards Council Chair Richard Lafontaine served as Chair of the Subcommittee on Standards and Conformance of the Asia-Pacific Economic Cooperation (APEC).
- Canada hosted the 10th anniversary plenary meeting of the ISO/IEC Joint Technical Committee on Information Technology (JTC 1), the world's leading developer of information technology standards.
- Canada was chosen to chair an ad hoc ISO advisory group examining whether to develop an international standard for the protection of personal information.
- Canada is a leader among ISO and IEC members in applying information technology. The Standards Council's new Internet-based information service, SCC.CA, which was officially launched in October 1997, hosts the Web sites for several ISO secretariats, including TC 176 and TC 207. SCC.CA also gives international and Canadian committees the ability to participate in standards development work over the Internet, using an ordinary Web browser.
- Council staff began the development of a recruitment, training, support and recognition program for Canadian volunteers taking part in international standardization. The program will be launched in fiscal year 1998-99.

**Strategic thrust:** *Development of Mutual Recognition Agreements (MRAs)*

**Result:** *To have in place MRAs with foreign and international standardization organizations that will have a significant impact on Canada and Canadian industry.*

MRAs and multilateral agreements (MLAs) enhance Canada's participation in international trade by providing for mutual recognition of accreditation, testing and certification systems. Canadian exporters save time and money because they are not required to have their products or management systems retested or recertified every time they enter a new market.

### ISO 9000:

- Together with 15 other accreditation bodies, the Standards Council signed MLAs with the International Accreditation Forum (IAF) and the Pacific Accreditation Cooperation (PAC).
- The Standards Council signed an MRA with the American National Standards Institute (ANSI) and the Registrar Accreditation Board (RAB) of the United States on the accreditation of quality management systems registrars.

## Product certification, calibration and testing

- The U.S. Occupational Safety and Health Administration (OSHA) and the Standards Council formally agreed to cooperate in the accreditation of organizations that certify products used in the workplace by sharing information, participating in each other's assessments and audits, and harmonizing policies and procedures.
- The U.S. National Institute of Standards and Technology (NIST) accepted the Standards Council as a recognized accreditation body under the U.S. *Fastener Quality Act*.
- In January 1998, the Standards Council began a two-year term as Chair of the North American Calibration Cooperation (NACC), which promotes co-operation in calibration laboratory accreditation between Canada, the U.S. and Mexico.
- The Standards Council provided technical expertise to the Department of Foreign Affairs and International Trade on the standards-related aspects of a number of international agreements. These included the *North American Free Trade Agreement* (NAFTA), the proposed Free Trade Area of the Americas (FTAA), and the electrical safety annex of an MRA with the European Union.

## Domestic activities

**Strategic thrust:** *Increased efficiency and effectiveness*

**Result:** *Increased revenue, reduced costs, faster processes and increased client satisfaction.*

- The Standards Council entered a partnership with IHS Canada / Micromedia Limited that will lead to better and faster service for Canadian purchasers of foreign and international standards. In April 1998, IHS will assume responsibility for the Standards Council's sales service.
- The documentation stage of the Standards Council's quality management system was completed, resulting in streamlined processes that are expected to lead to improved client satisfaction. The system underwent its first significant tests through evaluations by IAF, PAC, ANSI-RAB and NIST, and was found to meet all necessary requirements. The first full cycle of internal audit of the system will take place in fiscal year 1998-99.
- SCC.CA enables users to search databases of Canadian, foreign and international standards, federal and provincial legislation referencing standards, and organizations accredited by the Standards Council, all from a home or office computer. Since this should provide satisfactory answers to most routine queries, Information Services staff will have more time to conduct detailed research and can therefore provide better service to clients.
- Efforts continued to incorporate laboratory accreditation programs operated by other organizations into the Standards Council's Program for the Accreditation of Laboratories — Canada (PALCAN). The Standards Council signed an agreement with the Canadian Food Inspection Agency for an accreditation program for food testing laboratories. A similar agreement governing good laboratory practices, based on the Organisation for Economic Co-operation and Development (OECD) guidelines, was signed with the Pest Management Regulatory Agency (PMRA). A program for the accreditation of mineral analysis laboratories was also launched and, by the end of the fiscal year, had conducted its first accreditation visit.
- The accreditation programs for laboratories and certification organizations adopted a new and more equitable fee structure. Under the new system, fees paid to achieve and maintain accreditation will be based on the size of the organization. Further changes will be made in 1998-99.

**WHAT WE  
PROMISED  
AND WHAT WE  
DELIVERED**

IN FISCAL YEAR 1997-98

**“The Standards Council provided technical expertise to DFAIT on the standards-related aspects of a number of international agreements.”**

## WHAT WE PROMISED AND WHAT WE DELIVERED

IN FISCAL YEAR 1997-98

*“The Standards Council accredited the first organization under its accreditation program for environmental management systems registrars.”*

- In response to market demands, the Standards Council launched programs for the accreditation of quality and environmental systems auditor certifiers and auditor training course providers.
- By conducting joint audits with its MRA partners where possible, the Standards Council was able to streamline its accreditation procedures, reducing costs and inconvenience for its clients.

**Strategic thrust:** *Domestic leadership*

**Result:** *The Standards Council will be clearly seen as providing leadership in Canada.*

- The Standards Council accredited the first organization under its accreditation program for environmental management systems registrars. Several other accreditations were in progress at year-end.
- The Standards Council was the first organization in Canada to make fully searchable databases of standards information available on the World Wide Web. It was also the first to provide Web-based standards-development tools, which are being shared with other Canadian organizations such as the Canadian Standards Association (CSA) and the Telecommunications Standards Advisory Council of Canada (TSACC).
- Standards Council staff took part in a number of business conferences and trade shows, including Industry Canada's cross-country series of Info-Fairs, to raise awareness of the importance of standards and standardization.
- The Canadian National Committee on IEC (CNC/IEC) surveyed Canadian IEC participants during the year to determine ways to improve their satisfaction and effectiveness. As a result of the survey, CNC/IEC will hold the first in a series of biennial workshops for volunteers in April 1998.
- The Standards Council approved a plan to integrate the Canadian committees that develop electrical product safety standards at the national (CSA) and international (IEC) level.
- A study by the Canadian Association for Environmental Analytical Laboratories (CAEAL) found that laboratories accredited under the accreditation program operated by the Standards Council and CAEAL produced consistently better results than non-accredited labs.
- During the year, Canada was invited to present its national position on a number of standards initiatives taking place at the international level. These included the MRA with the European Union (see above), the ISO initiative on the protection of personal information (see above), and efforts to better align the ISO 9000 and ISO 14000 series. In each case, the Standards Council brought together Canadian stakeholders, coordinated the development of a Canadian position, and brought that position forward in the appropriate forum.
- The Standards Council began the development of a Canadian Standards Strategy which, when completed, will guide standardization activities in Canada.

### *Staff roles and responsibilities*

**Strategic thrust:** *Motivated and trained staff*

**Result:** *Directors, managers and staff will be better motivated and trained resulting in improved service to clients.*

- The Standards Council conducted a survey of employee satisfaction and established an Employee Task Force to respond to issues raised in the survey.
- In support of the marketing effort, much of the year's training focused on marketing.



**Strategic thrust:** *Establish clear roles and responsibilities*

**Result:** *The roles and responsibilities of the Council, Executive committee, management and staff will be clearer, resulting in improved efficiency.*

- The new quality system developed over the course of the year presents a clear and detailed outline of roles and responsibilities.
- The development of marketing business reviews helped to focus efforts and highlight the most critical aspects of the Standards Council's day-to-day operations.
- The Standards Council initiated a process to review and reorganize the structure of its advisory committees.

## Profile

**Strategic thrust:** *Increase the profile of the Standards Council*

**Result:** *An increased profile will improve the efficiency and effectiveness of the Standards Council's operations, both domestically and internationally. It will increase the profile of standards and standardization within Canada. The result should be increased participation from senior government and industry representatives.*

- The Standards Council used the launch of SCC.CA, which took place on October 14, 1997, World Standards Day, to promote the importance of standards and standardization. The launch was covered by leading general-interest and trade publications, including the *Financial Post*, the *Globe and Mail* and the *Ottawa Sun*.
- SCC.CA promoted recognition of the Standards Council among Internet users. The Web site received 1.78 million "hits" during the year. According to one Internet search engine, more than 350 other Web sites around the world have links to SCC.CA.
- The Standards Council participated in a number of high-profile trade shows and exhibitions, including Globe 98, an international trade fair and conference on business and the environment.
- *CONSENSUS*, the Standards Council's newsmagazine, presented news and feature stories about standards in a format that was appealing to both technical experts and a more general audience. Highlights included feature articles and special issues on ISO 14000, the Confederation Bridge, information technology, standards and trade, and the January 1998 ice storm. The production schedule changed from eight to six issues a year, with a greater emphasis on in-depth reporting. An e-mail news bulletin is being considered for the future.
- The incorporation of outside accreditation programs into PALCAN (see above) is providing government agencies and their clients with a greater awareness of the Standards Council.
- Positioning the Standards Council as the leader for standardization in Canada is one of the key objectives of the new Strategic Plan.

**WHAT WE  
PROMISED  
AND WHAT WE  
DELIVERED**

IN FISCAL YEAR 1997-98

**"The Web site  
received  
1.78 million  
hits during  
the year."**

## Report of Management's Responsibility

The Honourable John Manley, P.C., M.P.  
Minister of Industry

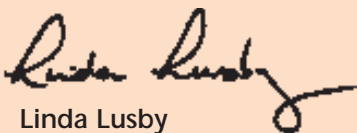
Mr. Minister,

The accompanying financial statements and all information in the Annual Report are the responsibility of the Council and its officers. The financial statements were prepared by management in conformity with generally accepted accounting principles appropriate to Council's operations. The non-financial information provided in the Annual Report has been selected on the basis of its relevance to Council's objectives.

Council maintains a system of financial and management controls and procedures designed to provide reasonable assurance that the transactions undertaken by the Council are appropriately authorized, that assets are safeguarded and that financial records are properly maintained to provide reliable financial statements. These controls and procedures are also designed to provide reasonable assurance that transactions are in accordance with the Council's objectives and within its mandate as stated in the *Standards Council of Canada Act*.

The Auditor General annually provides an independent, objective review of the financial records to determine if the financial statements report fairly the operating results and financial position of the Council in accordance with generally accepted accounting principles.

Council, through its Audit Committee, is responsible for reviewing management's financial and reporting practices in order to satisfy itself that these responsibilities are properly discharged by management. The Audit Committee, comprised solely of Council members, meets with management and the Auditor General to review the annual financial statements and reports on them to the Council.



Linda Lusby  
Chair, Standards Council of Canada  
May 15, 1998

## Auditor's Report

To the Minister of Industry

I have audited the balance sheet of the Standards Council of Canada as at March 31, 1998 and the statements of operations and equity of Canada and changes in financial position for the year then ended. These financial statements are the responsibility of the Council's management. 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 Council as at March 31, 1998 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Council that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Standards Council of Canada Act* and the by-laws of the Council.



Richard Flageole, FCA  
Assistant Auditor General  
for the Auditor General of Canada

Ottawa, Canada  
May 15, 1998

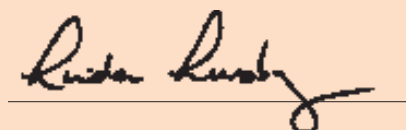
**Balance sheet**

as at March 31

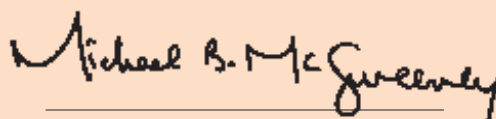
	1998	1997
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 759,653	\$ 748,718
Accounts receivable:		
Federal government departments and agencies	597,514	894,056
Other	1,308,359	998,455
Parliamentary appropriation receivable	156,000	322,000
Inventory of foreign standards	54,500	161,313
Prepaid expenses	273,388	347,345
	<u>3,149,414</u>	<u>3,471,887</u>
<b>Capital assets (Note 3)</b>	<u>952,384</u>	<u>767,049</u>
	<u>\$ 4,101,798</u>	<u>\$ 4,238,936</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 1,027,746	\$ 1,221,639
Contributions	63,006	144,946
Deferred revenue	-	28,132
Deferred revenue related to capital assets (Note 4)	549,420	357,660
	<u>1,640,172</u>	<u>1,752,377</u>
<b>Long-term</b>		
Accrued employee severance benefits	<u>75,335</u>	<u>110,467</u>
	<u>1,715,507</u>	<u>1,862,844</u>
<b>EQUITY OF CANADA</b>		
Equity of Canada	<u>2,386,291</u>	<u>2,376,092</u>
	<u>\$ 4,101,798</u>	<u>\$ 4,238,936</u>

*The accompanying notes are an integral part of these financial statements*

Approved by the Council:



The Chair



Executive Director

## Statements of operations and equity of Canada

for the year ended March 31

	1998	1997
<b>Revenue</b>		
Sales of standards	\$ 1,808,928	\$ 2,041,068
Accreditation fees	2,135,937	1,682,728
Standards Initiatives Program funding	866,391	984,805
WTO/NAFTA Enquiry Point	274,692	261,163
Other	102,401	151,648
	<u>5,188,349</u>	<u>5,121,412</u>
<b>Expenses</b>		
Salaries and employee benefits	3,825,546	3,694,307
Professional and special services	1,216,919	1,067,349
Travel	1,172,502	1,071,447
Memberships in international organizations	1,039,118	1,209,778
Direct cost of standards sold	863,448	926,507
Office accommodation	753,323	754,586
Publications and printing	408,392	432,623
Telecommunications and postage	274,054	291,431
Amortization of capital assets	266,629	179,796
Office supplies	109,773	130,809
Public relations	80,199	89,593
Meetings	68,777	38,233
Rental of office equipment	62,088	69,421
Other	148,382	153,037
	<u>10,289,150</u>	<u>10,108,917</u>
Net result of operations before government funding	5,100,801	4,987,505
Parliamentary appropriation	5,111,000	5,184,000
<b>Net Income</b>	<b>10,199</b>	<b>196,495</b>
Equity of Canada at the beginning of the year	2,376,092	2,179,597
<b>Equity of Canada at the end of the year</b>	<b>\$ 2,386,291</b>	<b>\$ 2,376,092</b>

The accompanying notes are an integral part of these financial statements

## Statements of changes in financial position

for the year ended March 31

	1998	1997
<b>Operating activities</b>		
Net Income	\$ 10,199	\$ 196,495
Item not requiring an outlay of cash:		
Amortization of capital assets	<u>266,629</u>	<u>179,796</u>
	276,828	376,291
Payment of accrued employee severance benefits	(35,132)	(38,638)
Changes in current liabilities and current assets other than cash	<u>221,203</u>	<u>288,103</u>
Cash applied to operating activities	462,899	625,756
<b>Investing activities</b>		
Additions to capital assets	<u>(451,964)</u>	<u>(557,405)</u>
Increase in cash during the year	10,935	68,351
Cash at beginning of the year	<u>748,718</u>	<u>680,367</u>
Cash at end of the year	<u>\$ 759,653</u>	<u>\$ 748,718</u>

*The accompanying notes are an integral part of these financial statements*



## Notes to financial statements

March 31, 1998

### 1. AUTHORITY, OBJECTS, AND PROGRAMS

The Standards Council of Canada was created by Parliament as a corporation under the *Standards Council of Canada Act* in 1970 (revised, 1996) to be the national coordinating body for voluntary standardization. The Council is a Crown corporation named in Part I of Schedule III to the Financial Administration Act.

The mandate of the Council is to promote voluntary standardization in Canada, where standardization is not expressly provided for by law, in order to advance the national economy, support sustainable development, benefit the health, safety and welfare of workers and the public, assist and protect consumers, facilitate domestic and international trade and further international cooperation in relation to standardization.

In carrying out its mandate, the SCC performs the following activities:

- Accrediting organizations engaged in standards development and conformity assessment;
- representing Canada's interests regionally and internationally through membership in the International Organization for Standardization (ISO), the International Electrotechnical Commission (IEC), the Pacific Area Standards Congress, the Pan American Standards Commission, the International Laboratory Accreditation Cooperation, the Pacific Accreditation Cooperation, the Inter-American Accreditation Cooperation and the International Accreditation Forum;
- overseeing and coordinating Canada's participation in international standardization work;
- approving National Standards of Canada;
- providing advice and assistance to the Government of Canada in the negotiation of standards-related aspects of international trade and mutual recognition agreements;
- working with international and foreign standards bodies to develop standardization agreements that facilitate trade;
- fostering and promoting an understanding of the benefits and usage of standards and conformity assessment;
- collecting and distributing information on standards activities; and
- operating Canada's North American Free Trade Agreement and World Trade Organization enquiry points on behalf of the federal government.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Inventory

Inventory of foreign standards is valued at the lower of cost and net realizable value.

#### (b) Prepaid expenses

Annual membership fees paid to ISO and IEC for periods extending beyond the fiscal year are recorded as prepaid expenses.

#### (c) Capital assets

Capital assets are recorded at cost and amortized on a straight-line basis over the estimated useful life of the assets as follows:

Furniture	5 years
Equipment	4 years
Leasehold improvements	term of the lease

#### (d) Revenue and deferred revenue

Revenue is recorded on an accrual basis in the year in which it is earned. Amounts invoiced for accreditation services which have not been rendered are deferred and the revenue recorded as the services are provided.

#### (e) Employee severance benefits

Up to March 31, 1994, employees earned specified benefits payable on termination as provided for under their conditions of employment. Benefits due to employees as of that date will be paid out over a five year period ending March 31, 1999, or upon an employee's termination if prior to March 31, 1999. The fair value of outstanding benefits approximates their carrying value.

#### (f) Recoverable expenses

Recoveries of expenses in respect of an agreement for the operation of the World Trade Organization/North American Free Trade Agreement (WTO/NAFTA) Enquiry Point are recognized as revenue at the time the expenses are incurred.

#### (g) Parliamentary appropriation

Operating expenditures and the acquisition of capital assets are financed by a parliamentary appropriation which is recorded in the Statement of Operations and Equity of Canada in the year for which it is approved.

**(h) Pension plan**

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The Council's contributions to the plan are limited to matching the employee's contributions for current service. These contributions are expensed during the year in which services are rendered and represent the total pension obligations of the Council.

**3. CAPITAL ASSETS**

	1998		1997	
	Cost	Accumulated amortization	Net book value	Net book value
Furniture	\$ 265,683	\$ 249,974	\$ 15,709	\$ 28,496
Equipment	1,891,461	1,038,019	853,442	635,344
Leasehold improvements	157,433	74,200	83,233	103,209
	<u>\$ 2,314,577</u>	<u>\$ 1,362,193</u>	<u>\$ 952,384</u>	<u>\$ 767,049</u>

**4. DEFERRED REVENUE RELATED TO CAPITAL ASSETS**

In 1997 and 1998, the Council was awarded various contracts under the Industry Canada Standards Initiatives Program. Some of the contracts required the acquisition of capital assets for the delivery of services over an estimated period of four years. Amounts received pursuant to these contracts have been recorded as deferred revenue and are being amortized to income on the same basis as the related capital assets. The changes in the deferred revenue related to capital assets balance for the period are as follows:

	1998	1997
Beginning balance	\$ 357,660	\$ —
Add acquired assets	298,511	382,772
Less amounts amortized to revenue	<u>106,751</u>	<u>25,112</u>
Ending balance	<u>\$ 549,420</u>	<u>\$ 357,660</u>

**5. FINANCIAL INSTRUMENTS**

Accounts receivable and accounts payable are incurred in the normal course of business. All are due on demand and non-interest bearing. The carrying amounts of each approximate fair values because of their short maturity. There are no concentrations of accounts receivable with any one customer and, accordingly, no significant credit risk exists.

**6. LEASE COMMITMENT**

The Council is leasing office space for a ten year term which expires in May 2002. The future minimum annual rental under this agreement, exclusive of operating and realty tax expense, is \$416,008.

**7. RELATED PARTY TRANSACTIONS**

In addition to those related party transactions disclosed elsewhere in these financial statements, the Council is related in terms of common ownership to all Government of Canada created departments, agencies, and Crown corporations. The Council enters into transactions with these entities in the normal course of business.

**8. COMPARATIVE FIGURES**

Certain of the 1997 comparative figures have been reclassified to conform to the current year's presentation.

# *The Standards Council of Canada*

## *Principal activities*

### **Standards development**

- Coordinates Canada's participation in technical committees of the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC), two of the world's most important voluntary standardization bodies
- Accredits organizations in Canada engaged in standards development
- Approves National Standards of Canada

### **Conformity Assessment**

- Accredits organizations that provide Canadians with the means to determine whether a product, service or system conforms to a standard
- Takes part in international activities relating to conformity assessment and negotiates the mutual recognition of accreditation programs as a means of facilitating trade

### **Standards information and sales**

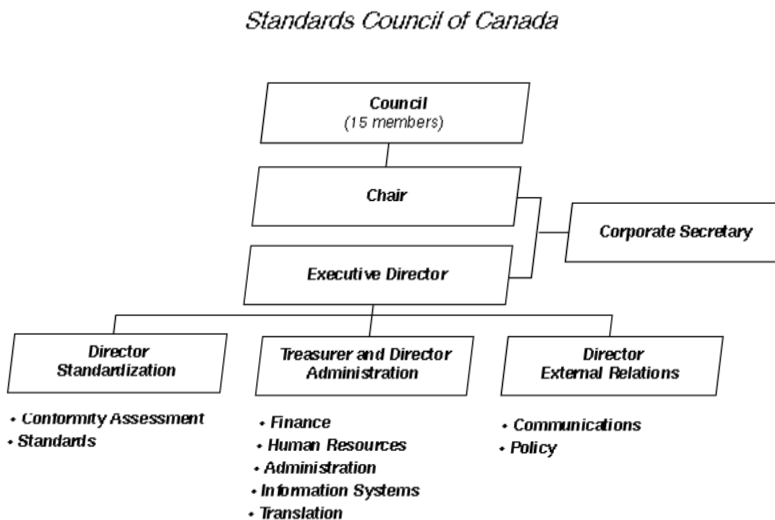
- Responds to enquiries related to standards, technical regulations and conformity assessment
- Acts as World Trade Organization/North American Free Trade Agreement (WTO/NAFTA) Enquiry Point
- Provides a sales service for Canadian, international and foreign standards (As of April 1, 1998, this service will be provided through the Global Information Centre of IHS Canada / Micromedia)
- Disseminates a variety of informational and educational products

## Corporate governance and structure

The Standards Council of Canada is a Crown corporation reporting to Parliament through the Minister of Industry.

The organization's governing Council consists of a Chair, Vice-Chair, one member each from the federal government and Council's Standards Development Organizations Advisory Committee (SDOAC), two from Council's Provincial-Territorial Advisory Committee (PTAC) and nine others from the private sector, including non-governmental organizations (NGOs). Both PTAC and SDOAC are established by provision of the Standards Council of Canada Act. Other advisory committees have been struck by Council to assist in such matters as standards development, certification and testing, quality and environmental management systems.

The strategies and policies established by Council are implemented by a staff of approximately 70, located in the corporate offices in Ottawa. Staff are organized into branches and divisions with specific program responsibilities, as illustrated in the organizational chart below.



## Corporate Governance Statement

Following the release of the Department of Finance and Treasury Board of Canada's *Guidelines on Corporate Governance in Crown Corporations and Other Public Enterprises*, the Standards Council established during the year a Corporate Governance Committee, composed of five Council members, to examine corporate governance issues and to make recommendations on these matters to the Council.

The terms of reference for this Committee include responsibility for setting the objectives of the Executive Director, reviewing and assessing the performance of the Executive Director, defining the responsibilities of the Chair and of the Executive Director, developing and monitoring a code of ethics, reviewing the Council's committee structure and the terms of reference of Council committees, reviewing the performance of the Council, its members and its committees on the basis of established criteria, reviewing the methods and processes by which the Council fulfills its duties and responsibilities, receiving and considering any significant concern of individual Council members, ensuring an appropriate corporate governance statement is included in the Council's Annual Report, and recommending changes to the Council's By-Laws.

At its first meeting held on 2 March 1998, the Committee reviewed a concept for the organization and structure of SCC Advisory Committees, a Conflict of Interest Code for SCC members, the responsibilities of the Executive Director and Chairperson, SCC By-Laws, and the 1998-99 performance objectives for the Executive Director. These matters were disposed of by the Council at its meeting of 23 March 1998.

*How to reach us*

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