Standards Council of Canada
Conseil canadien des normes

BUILDING
CONNECTIONS

ANNUAL REPORT 2003-2004

national **standards** system

Canada

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HIGHLIGHTS: LIST OF FIGURES

Message from the Chairman – Hugh A. Krentz

Canadians know a thing or two about making connections; after all, that's how we built this country. Years ago, technologies like the railway brought us together as a nation. Since then, Canadian inventions from the telephone to the Blackberry have kept us close despite distance. Everyday, we reach out to friends next door and strangers on the other side of the world. Making new connections isn't always easy and there is usually a certain amount of risk involved, but more often than not, the rewards are worth the effort. I think this is also the case for the standards business.

Over this past year, the Standards Council of Canada has dedicated much of its efforts to building bridges within the standardization community – both internationally and within Canadian borders. It has also taken steps to maintain and reinforce the foundations of existing structures in order to ensure the continued support of its network of stakeholders within the National Standards System.

The importance of global connections was seen in numerous aspects of the SCC's work in 2003-2004, but never was it more evident than last October at the 67th annual general meeting of the International Electrotechnical Commission (IEC). The event brought over 1,000 participants to Montreal under the banner: "Canada – Where the World Connects".

International bonds were also strengthened at the 2nd ISO Networking Conference held in Ottawa last May. In addition to taking on the task of hosting the meeting, the Standards Council demonstrated its commitment to promoting full participation of developing countries in international standardization work by sponsoring delegates from four developing nations in the Americas to take part in the knowledge-building event.

Canada was active at many more meetings and conferences around the globe last year. Just to name a few, SCC staff participated in the ISO General Assembly in Argentina and the Pacific Area Standards Congress meeting in Vietnam, and also made important contributions to the triennial review of the World Trade Organization's Technical Barriers to Trade (WTO/TBT) agreement in Geneva. Equally notable were SCC Executive Director Peter Clark's bridge-building efforts with our regional partners at the Pan American Standards Commission (COPANT). He was appointed to the board of directors during the organization's annual general assembly in Kingston, Jamaica last June.

The importance of finding new linkages was just one of many ideas shared by Canadian stakeholders during ongoing discussions concerning the renewal of the current national standardization framework - the Canadian Standards Strategy. Work on the initiative is progressing well and will remain a priority leading up to, during and following the second National Standards System Conference next November.

Another key initiative that saw progress in 2003-2004 was the examination of new sources of funding for standards work in Canada. The Task Force on Innovative Funding Solutions (TFUNS) presented a number of possibilities to Council and as a result further research has begun on several promising options.

None of this important work could have been accomplished without the direction and dedication of individuals within the National Standards System. This leadership was evident with the awarding of the 2003 Head of the Public Service Award of Excellence in the policy category to Andrei Sulzenko, SCC Council member and Industry Canada Senior Assistant Deputy Minister. Equally impressive was the appointment to the Order of Canada of Mr. Wally Read, chair of the SCC's Advisory Committee on Standards.

The diverse and talented members of the SCC's governing Council took advantage of opportunities to increase their knowledge and expertise during 2003-2004. For some of the more recently appointed members, this was accomplished at an orientation session last April. Additionally, all council members were invited to participate in special training sessions on governance offered by the Privy Council's Office for board members of Crown corporations.

This dedication to professional development is testament to the high calibre of individuals we have to thank for the success of the National Standards System. After all, when we consider the important connections that have been made throughout time, the one common thread has been the commitment of people to a vision.

Looking ahead to 2004-2005, the Standards Council of Canada will focus on reinforcing the important foundations upon which it has built bridges and making more connections that will sustain our National Standards System as a national success story and a model for global emulation.

Message from the Executive Director – Peter Clark

Building strong and lasting connections was central to the work of the Standards Council of Canada over the last 12 months. The annual report is an important component in maintaining solid links with those who support and participate in this work, because of the opportunity it presents to review and reflect on the accomplishments and challenges encountered in 2003-2004.

As I look back on this year, I am proud of both the variety and quality of work undertaken by the Council. The initiatives outlined and quantified in the pages that follow represent a sampling of the important contributions made by SCC staff —vital connections that will sustain the continued growth of the National Standards System in Canada and reinforce its reputation around the world.

The Standards Council of Canada occupies a challenging position as both the national coordinator of Canadian standardization activity and as Canada's representative on the international standardization scene. More than ever before these roles are overlapping as standardization efforts the world over focus on the goal of: "One standard, one test – accepted everywhere".

In recent years, the SCC has been fine-tuning its approaches and operations in order to better reflect changing realities on a national and global scale. This involves being aware of evolving conditions and trends.

Notable changes to the operations at the SCC in 2003-2004, included the launch of two new programs that complement the range of existing conformity assessment accreditation services. The first to be added was the Inspection Body Accreditation Program, followed by the Personnel Certification Body Accreditation Program, extending SCC's customer base to organizations that perform inspection services and those that certify professional and trade persons.

The SCC formed positive connections in diverse sectors of the Canadian economy, from IT to agriculture, co-sponsoring the 2003 Global Standards Collaboration meeting with Industry Canada's Telecommunications Standards Advisory Council of Canada and pursuing discussions with North American organic crop certifiers.

Engaging new partners will continue to be a priority in the coming year as the SCC oversees efforts to renew the Canadian Standards Strategy (CSS) and continues preparations towards the second National Standards System Conference in November 2004.

Over the past year the SCC continued to address the objectives set out in the current Canadian Standards Strategy, including the goal of increasing the integration of standardization with regulations. Of particular note in this area was the Standards Council's contribution to the federal government's Smart Regulation initiative. Work with provincial partners on drinking water safety, sustainable forest management and organic food certification remained priorities.

In addition to its role in preparing national standardization goals for the coming years, the Standards Council also contributed to ISO Horizon 2010, a strategic planning exercise being undertaken by the International Organization for Standardization (ISO). While 2003 marked the conclusion of Canada's rotating appointment to the ISO Council, the influence of Canada's voice at the international table will resonate in the appointment of Mr. Kevin McKinley, former director of the SCC's Standards Branch, to the position of ISO Deputy Secretary-General. We look forward to a continued close relationship with ISO.

The work of the Standards Council was also forefront at the International Accreditation Forum where the SCC was instrumental in authoring an IAF Code of Conduct for Accreditation Body Members, which we have also adopted. The code of conduct affirms the Standards Council's regard for ethical and professional conduct. At our Ottawa offices, these values are supported by the SCC's ongoing efforts to improve internal practices through its corporate Quality Management System. Results from internal auditing over the last year have shown important improvements since the system's implementation.

This same commitment to improvement was evident in the accomplishments of SCC staff who continued to define challenging objectives for themselves as part of our Performance Management System. The SCC is committed to supporting the personal growth of its staff, and in 2003 it announced a new policy to encourage employee-volunteerism. However, if the results of the 2004 United Way fundraising initiative are any indication, they don't need much incentive. In its most successful campaign yet, the 89-member staff pledged over $14,000 to help their fellow citizens in the National Capital Region.

As I turn my attention to the year ahead, I feel optimistic that the SCC will continue to build upon the solid foundations that have been established, constructing and reinforcing positive connections that enable members of our National Standards System to play a leadership role on the national and world stages.

Year at a glance

April 7, 2003 – The SCC publishes a revised version of CAN-P-1011, the procedural document detailing consumer and public interest participation in standardization.

April 27 - May 1, 2003 – The SCC co-sponsors the Global Standards Collaboration Meeting (GSC8) with Industry Canada and Telecommunications Standards Advisory Council of Canada (TSACC) in Ottawa.

May 14, 2003 – The SCC hosts a session of Canadian Standards leaders in Ottawa with ISO Secretary-General Alan Bryden.

May 15-16, 2003 – The SCC hosts the 2nd ISO Networking Conference in Ottawa.

June 4, 2003 – The SCC's governing Council approves the proposed approach for updating the Canadian Standards Strategy.

June 5, 2003 – Executive Director Peter Clark delivers a presentation entitled: "Inclusiveness/Exclusiveness: ISO Council Member's Perspective", to a meeting in Geneva of the Chairs and Secretaries of ISO Technical Committees.

June 6-7, 2003 – Executive Director Peter Clark is appointed to the Pan American Standards Commission (COPANT) board of directors during the COPANT 2003 General Assembly held in Kingston, Jamaica.

July 7, 2003 – The SCC and Canadian Association for Environmental Analytical Laboratories (CAEAL) sign an agreement with the Ontario Ministry of the Environment to formalize their relationship concerning laboratory accreditation services in Ontario – as set out in the Ontario Safe Drinking Water Act.

August 13, 2003 – The SCC launches the Inspection Body Accreditation Program.

August 17, 2003 – Director of Standards Kevin McKinley is appointed Deputy Secretary-General of ISO, effective November 17.

August 24-25, 2003 – The Canadian National Committee of the IEC, including SCC staff members, attend a tri-national IEC meeting in Mexico with their American and Mexican counterparts.

September 8, 2003 – Executive Director Peter Clark delivers a presentation entitled: "New Directions in Accreditation: SCC's Perspective" to the Canadian Council of Independent Laboratories in Toronto.

September 15 –20, 2003 – Canada attends the 26th ISO General Assembly in Buenos Aires, Argentina.

September 22, 2003 – Executive Director Peter Clark delivers a presentation in Geneva to the ISO International Technical Committee on Drinking Water—highlighting SCC's involvement in Ontario water safety legislation.

October 7, 2003 – Executive Director Peter Clark delivers a presentation at the plenary meeting of the Telecommunications Standards Advisory Council of Canada in Ottawa.

October 12-17, 2003 – The SCC hosts the 67th annual International Electrotechnical Commission (IEC) General Meeting in Montreal. Executive Director Peter Clark is elected to the IEC Council Board.

October 14, 2003 – The SCC celebrates "World Standards Day" with the release of a special issue of Consensus magazine. The issue entitled "Standards for the Global Village" features articles that examine the phenomenon of "globalization" and highlight the critical role played by the Standards Community in addressing world dynamics.

November 5, 2003 – The SCC launches its re-designed Web site and solicits user feedback through an online survey.

November 12-14, 2003 – Executive Director Peter Clark visits the National Standards Authority of Ireland (NSAI) and meets with the Minister of Agriculture and Minister of Enterprise.

November 19, 2003 – The SCC presents a paper entitled: "Application of IEC Standards in Technical Regulations – Situation in Canada" at the Asia-Pacific Human Resources Development Seminar in Singapore, jointly hosted by the Japanese Industrial Standards Committee and the International Electrotechnical Commission's Asia-Pacific Regional Centre.

November 25-28, 2003 – The SCC signs the Pacific Area Cooperation Environmental Management System Multilateral Recognition Arrangement during the Pacific Area Cooperation 10th Plenary Meeting of the Developing Programs Committee in New Delhi India.

December 3, 2003 – The SCC congratulates Council Member Mr. Andrei Sulzenko, Senior Assistant Deputy Minister, Industry Canada, on being chosen for the Public Service Award of Excellence in the policy category.

December 10, 2003 – The SCC congratulates Wally Read, chair of the SCC's Advisory Committee on Standards (ACS), on his appointment to the Order of Canada.

December 15, 2003 – The SCC publishes its comments on the ISO Horizon 2010 consultation process.

DECEMBER 15, 2003 – The period for transition to the ISO 9001:2000 standard expires. From this date forward, the SCC will only accredit organizations that register companies to the new version of the standard.

January 5, 2004 – The Personnel Certification Accreditation Body Program (PCBAP) is officially launched.

January 5, 2004 – The SCC Member Program issues a call for nominations for the SCC Awards, which will be presented in November 2004.

January 14, 2004 – Executive Director Peter Clark addresses the American Society for Quality (ASQ) in Ottawa. His presentation is entitled: "Our Presence and its Value in Standardization within the Marketplace".

February 4, 2004 – The SCC adopts the International Accreditation Forum (IAF) Code of Conduct for Accreditation Body Members.

February 4, 2004 – The SCC signs a hosting agreement with the Austrian Federal Ministry for Economic Affairs and Labour for the Implementation of *Export Alert!*.

February 5, 2004 – Executive Director Peter Clark delivers a keynote address at the Enviro-Test Laboratories 9th annual Environmental Seminar in Calgary.

February 11, 2004 – The SCC releases its submission to the External Advisory Committee on Smart Regulation (EACSR).

March 2, 2004 – ISO/CASCO Secretary Graeme Drake delivers a presentation in Ottawa entitled: "Principles, standards and guides for international conformity assessment".

March 11, 2004 – Executive Director Peter Clark delivers a presentation to the American National Standards Institute (ANSI) ISO Council in Washington, DC on the topic of Canada's approach to developing positions for ISO.

March 25, 2004 – Executive Director Peter Clark delivers the keynote address at the Annual Meeting of the Council for Harmonization of Electrotechnical Standards of the Nations of the Americas (CANENA) in Toronto.

March 28 – April 2, 2004 – The SCC co-hosts the Standards in E-Learning: Towards Enriching and Sharing Our Educational Heritage Forum in Montreal with the Conference of Rectors and Principals of Quebec Universities, and the Telecommunications Standards Advisory Council of Canada (TSACC).

March 31, 2004 – The SCC renews its contract with International Trade Canada (ITCan), *formerly the Department of Foreign Affairs and International Trade,* for the delivery of Canada's Enquiry Point Services, as required in the World Trade Organization Technical Barriers to Trade Agreement and the Agreement on the Application of Sanitary and Phytosanitary Measures.

March 31, 2004 – SCC Council member Daniel Gagnier is appointed as the governing Council's Vice-Chairman.

Corporate profile

The Standards Council of Canada is a federal Crown corporation that oversees Canada's National Standards System.

Standardization is the development and application of standards — publications that establish accepted practices, technical requirements and terminologies for products, services and systems. Standards help to ensure better, safer and more efficient methods and products, and are an essential element of technology, innovation and trade.

The Standards Council carries out a variety of functions intended to ensure the effective and coordinated operation of standardization in Canada. It also represents Canada's interests in standards-related matters in foreign and international forums.

Mandate

The Standards Council takes its mandate from the *Standards Council of Canada Act*, its governing legislation:

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
a) promote the participation of Canadians in voluntary standards activities,
b) promote public-private sector cooperation in relation to voluntary standardization in Canada,
c) coordinate and oversee the efforts of the persons and organizations involved in the National Standards System,
d) foster quality, performance and technological innovation in Canadian goods and services through standards-related activities, and
e) 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.

Subsection 4.(1), Standards Council of Canada Act,
R.S.C. 1970, c. 41 (1st Supp.), amended 1996, c.24

History

In 1964, the federal government conducted a comprehensive review of standards activity in Canada. The study identified a number of deficiencies in the country's approach to standardization, including coordination and long-term planning, support from industry and government, and Canadian involvement in international standardization. The government responded by establishing the Standards Council of Canada through the *Standards Council of Canada Act*, which received Royal Assent in 1970.

In 1973, the Standards Council accredited four standards development organizations, three of which are still active participants in the National Standards System. In 1980, the first certification organization was accredited, followed a year later by the first two laboratories. The first three quality management systems registration bodies earned their accreditation in 1993, followed in later years by environmental management systems registration bodies and auditor course providers and certifiers.

The Standards Council also set to work establishing a higher profile for Canada in international standards organizations such as the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC). By 1972, Canada held a seat on ISO's governing Council, and in 1988, a Canadian was elected ISO President.

The SCC's information efforts began in 1973, with the publication of its first booklet. It started selling standards in 1976, and in 1977, created what is now the Information and Research Service.

An extensive public consultation led to a major revision of the *Standards Council of Canada Act* in 1996. The SCC's governing Council was reduced from 57 members to 15. The scope of its activities was expanded to address the environment, information technology, natural resources and service sectors. The amendments also authorized the SCC to sign recognition agreements with its foreign counterparts and advise the federal government on standards-related aspects of international trade agreements .

The amendments were followed by the development of the Canadian Standards Strategy. Launched in March 2000, the Strategy provides direction and leadership on how to use standardization to advance the social and economic well-being of Canadians. Its recommendations continue to underpin the SCC's plans and strategies.

In August 2002, an Order was published in *Canada Gazette* expanding the list of countries in which the SCC can accredit conformity assessment organizations to include the countries that are members of the World Trade Organization.

STRUCTURE

COUNCIL
The organization's governing Council is appointed by the federal government, and reports to Parliament through the Minister of Industry. It consists of up to 15 members: a Chair, a Vice-Chair, one member from the federal government, one member from the Council's Standards Development Organizations Advisory Committee, two members from the Council's Provincial-Territorial Advisory Committee and nine others from the private sector, including non-governmental organizations.

ADVISORY COMMITTEES
The Standards Council's advisory committees ensure that Council has access to a wide variety of advice, information and viewpoints.

Two of these committees, the Provincial-Territorial Advisory Committee and the Standards Development Organizations Advisory Committee, are established in the *Standards Council of Canada Act*. The rest have been created by Council.

Advisory Committee on Conformity Assessment (ACCA)
ACCA provides guidance and support to the Standards Council's accreditation programs for conformity assessment organizations, and the national and international guides, standards, programs and activities connected with them. The committee's membership includes representatives of regulatory authorities, the federal government, industry, conformity assessment bodies and the Consumer and Public Interest Committee. The Canadian advisory committee to CASCO, ISO's committee on conformity assessment, reports to ACCA.

Advisory Committee on Standards (ACS)
ACS looks at issues related to national, regional and international standards development. It encourages broad participation in standards development and the widespread use of the National Standards System. It also oversees the Standards Council's accreditation program for standards development organizations. The committee's membership includes representatives of standards development organizations, regulators, the federal government, industry, the Canadian National Committees on ISO and IEC, and the Consumer and Public Interest Committee.

COUNCIL MEMBERS 2003 | 2004

Chairman: **Hugh Krentz**
Chairman and CEO, Canadian Steel Construction Council; Executive Director, Steel Structures Education Foundation

Vice-Chairman: **Daniel Gagnier**
Senior Vice President, Corporate and External Affairs, Alcan Inc.

Charles Cipolla
President, Rockwell Automation Canada

David Fardy
General Manager, Protrans Personnel Services Inc.

Philippe Fontaine
Vice-Chair, Provincial-Territorial Advisory Committee
Consultant in standardization and certification

Jacques Girard
Chair, Standards Development Organizations Advisory Committee
Director of Standardization and Certification, Bureau de normalisation du Québec (BNQ)

Hans Konow
President and CEO, Canadian Electricity Association

Charles LaFlèche
President and Chief Executive Officer, Momentum Healthware

Danielle Laramée
Partner, Commodity Taxes and CSST, Ernst & Young

David MacKinnon
Executive Director, Ontario Public Health Association

Suzanne Morin
Senior Counsel, Regulatory Law, Bell Canada

James Reichert
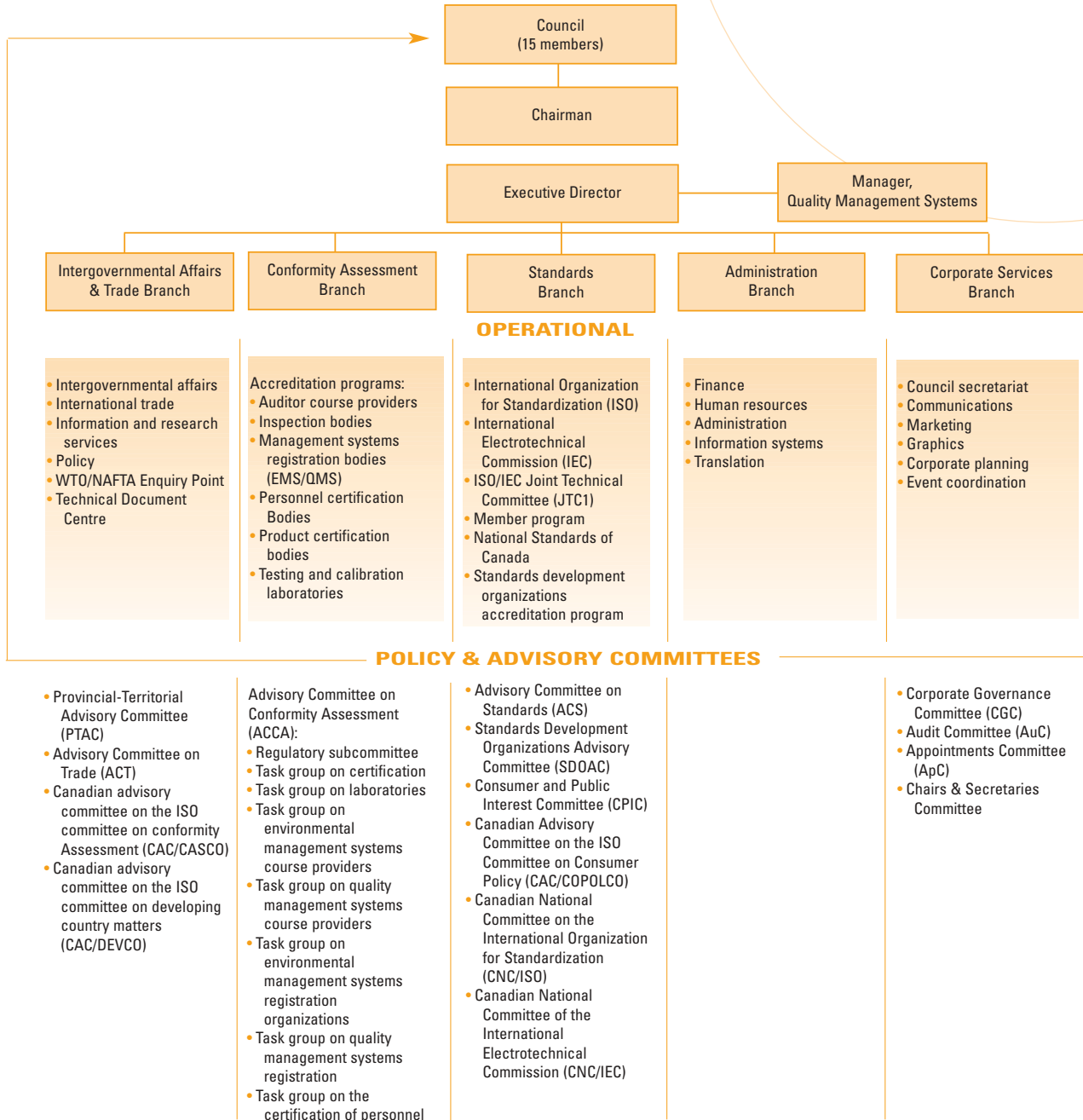Vice-President Research and International, British Columbia Institute of Technology

Mark Schnell
Chair, Provincial-Territorial Advisory Committee
Business Development Manager, Saskatchewan Economic Development Corporation

Andrei Sulzenko
Senior Assistant Deputy Minister, Policy Sector, Industry Canada

Yuen Pau Woo
Vice-President Research and Chief Economist, Asia Pacific Foundation of Canada

Corporate, Council and Committee Structure

Council
(15 members)

Chairman

Executive Director

Manager,
Quality Management Systems

Intergovernmental Affairs & Trade Branch	Conformity Assessment Branch	Standards Branch	Administration Branch	Corporate Services Branch

OPERATIONAL

- Intergovernmental affairs
- International trade
- Information and research services
- Policy
- WTO/NAFTA Enquiry Point
- Technical Document Centre

Accreditation programs:
- Auditor course providers
- Inspection bodies
- Management systems registration bodies (EMS/QMS)
- Personnel certification Bodies
- Product certification bodies
- Testing and calibration laboratories

- International Organization for Standardization (ISO)
- International Electrotechnical Commission (IEC)
- ISO/IEC Joint Technical Committee (JTC1)
- Member program
- National Standards of Canada
- Standards development organizations accreditation program

- Finance
- Human resources
- Administration
- Information systems
- Translation

- Council secretariat
- Communications
- Marketing
- Graphics
- Corporate planning
- Event coordination

POLICY & ADVISORY COMMITTEES

- Provincial-Territorial Advisory Committee (PTAC)
- Advisory Committee on Trade (ACT)
- Canadian advisory committee on the ISO committee on conformity Assessment (CAC/CASCO)
- Canadian advisory committee on the ISO committee on developing country matters (CAC/DEVCO)

Advisory Committee on Conformity Assessment (ACCA):
- Regulatory subcommittee
- Task group on certification
- Task group on laboratories
- Task group on environmental management systems course providers
- Task group on quality management systems course providers
- Task group on environmental management systems registration organizations
- Task group on quality management systems registration
- Task group on the certification of personnel

- Advisory Committee on Standards (ACS)
- Standards Development Organizations Advisory Committee (SDOAC)
- Consumer and Public Interest Committee (CPIC)
- Canadian Advisory Committee on the ISO Committee on Consumer Policy (CAC/COPOLCO)
- Canadian National Committee on the International Organization for Standardization (CNC/ISO)
- Canadian National Committee of the International Electrotechnical Commission (CNC/IEC)

- Corporate Governance Committee (CGC)
- Audit Committee (AuC)
- Appointments Committee (ApC)
- Chairs & Secretaries Committee

Advisory Committee on Trade (ACT)

ACT looks at issues related to interprovincial and international trade, including trade agreements such as the North America Free Trade Agreement (NAFTA) and the World Trade Organization (WTO). The committee's membership includes representatives of conformity assessment bodies, the federal government, industry and several other Council advisory committees. The Canadian advisory committee to DEVCO, ISO's committee on developing country matters, reports to ACT.

Canadian National Committee of the International Electrotechnical Commission (CNC/IEC)

CNC/IEC serves as the Canadian IEC member body and oversees the work of the 113 Canadian committees that provide Canadian input to IEC's technical work. The committee is closely aligned with national work through its membership structure. Its members include representatives of industry, standards development organizations, the federal government, electrical safety regulators, the Consumer and Public Interest Committee and the Provincial-Territorial Advisory Committee.

Canadian National Committee on the International Organization for Standardization (CNC/ISO)

CNC/ISO proposes Canadian contributions to ISO's governance committees and oversees the work of the 315 committees that provide Canadian input to ISO's technical work. The committee's membership includes representatives of industry, standards development organizations, the federal government, the Consumer and Public Interest Committee and the Provincial-Territorial Advisory Committee.

Consumer and Public Interest Committee (CPIC)

CPIC looks at consumer and social issues such as health, safety and the environment. The committee's membership includes representatives of consumers, environmental organizations, labour, the academic community, occupational health and safety organizations, standards development organizations and the federal government. The Canadian advisory committee to COPOLCO, ISO's committee on consumer policy, reports to CPIC.

Provincial-Territorial Advisory Committee (PTAC)

PTAC looks at standardization issues from the perspective of provincial and territorial governments. It promotes cooperation and communications between the provinces, the territories and the Standards Council, and provincial and territorial participation in the National Standards System. The committee's membership consists of a representative of each provincial and territorial government.

Standards Development Organizations Advisory Committee (SDOAC)

SDOAC looks at standardization issues from the perspective of the standards development organizations accredited by the Standards Council. It also promotes cooperation and communications between the Standards Council and the standards development organizations. The committee's membership consists of representatives appointed by each accredited standards development organization.

Corporate Governance

The governing Council of the SCC is responsible for the strategic direction of the organization, ensuring the fulfillment of SCC's mandate and providing direction on governance matters. This work includes accreditation of standards development and conformity assessment organizations, approval of standards submitted as National Standards of Canada (NSCs), adoption of relevant policies to support SCC programs and services, and approval of budgets and audited financial statements. Council also works closely with the organization's Executive Director and management in the development of relevant plans and strategies.

Membership on SCC's governing Council has changed significantly over the last two years, with the addition of six new members, renewal of terms for several others and the appointment of a Vice-Chairman. Enhanced openness and transparency practices adopted by the government in the area of the appointments to boards of directors of Crown corporations enabled the SCC to play a proactive role in the recruitment, nomination and selection process of its new members. Through the use of SCC's skills profile, detailing the preferred characteristics of Council members, the SCC worked collaboratively with the government, resulting in an exceptional slate of new appointments to Council.

During 2003-2004, Council members were actively engaged in their functions as stewards of the corporation and focused efforts on monitoring and updating of the SCC's strategic direction and that of the National Standards System (NSS). Council's ongoing priority in refreshing SCC's strategic direction will continue into the next fiscal year with an updated Canadian Standards Strategy and Corporate Plan.

The SCC remained committed to its efforts in the area of risk management, with the continuation of quality management systems (QMS) audits in all branches of the organization. It also conducted internal audits pursuant to a plan presented by SCC's external auditors. Results of these audits are reported on and monitored through the Corporate Governance and Audit Committees of Council. Pursuant to ongoing requirements of the Financial Administration Act (FAA), the quinquennial (5-year) special examination of the SCC will take place during the upcoming fiscal year and will review progress against the last special examination conducted in 1999. During this past year, staff and members of the Council's Audit Committee reviewed the proposed approach for the audit.

In response to government-wide enhanced disclosure practices, the SCC has undertaken to proactively make public, through its Web site, information relating to travel, hospitality and other

related expenses incurred by its Chairman and Executive Director. While this information has, in past, been reported on to the SCC's Audit Committee, SCC wishes to indicate its support for such practices.

Corporate Governance Committee

The Corporate Governance Committee of Council oversees and improves the functioning of the Council and its advisory committees. Duties and responsibilities include: reviewing and approving the responsibilities, objectives and performance of the Executive Director, the responsibilities and objectives of the Chair, monitoring and reviewing conflict of interest guidelines, SCC advisory committee structure and terms of reference, the performance of Council and committees and reviewing the methods by which the Council fulfills its duties and responsibilities. Members also ensure that the organization stays attuned to emerging governance issues requiring consideration by Council. The Committee consists of five Council members, including the Chairman.

In 2003-2004, the Council's Corporate Governance Committee met quarterly, carried out the following activities, and reported on such matters to Council:

- Monitored progress with the Minister's Office on nominations to Council and on the appointment of Vice-Chairperson;
- Reviewed outcomes from SCC orientation session and Privy Council Office (PCO) training provided to new Council members;
- Updated Council's Conflict of Interest Code, adding a guidance document, and instituting annual sign-off requirement to the Code;

- Developed Conflict of Interest Declaration Form for SCC advisory committee members, reviewed membership and terms of reference of specific committees;
- Updated Council decision-making accountability chart, indicating items requiring Council /Standing Committee review and/or approval;
- Reviewed SCC procedures for the handling of enquiries and representations, in consultation with the Office of Ethics Counsellor;
- Reviewed the roles and responsibilities of Council members participating in the work of SCC advisory committees;
- Reviewed accreditation and re-accreditation schedules and provision of service in official languages within SCC accreditation programs;
- Reviewed staff action taken in the area of internal disclosure of information concerning wrongdoing in the workplace;
- Enhanced communication with Audit Committee members by holding annual joint meeting to consider issues of mutual interest and avoid areas of potential duplication;
- Reviewed outcomes of SCC internal Quality Management Systems (QMS) audits;
- Reviewed the job description, objectives and performance of the Executive Director and that of the organization.

Audit Committee

The Audit Committee of Council oversees the financial management of the organization. Duties and responsibilities include: reviewing and providing recommendations on the financial components of the Corporate Plan (5-year operational plan) and Annual Report (audited financial statements), annual expenditure and capital budget and the quarterly financial

Business connections: Issue resolution

Business item/ issue → Staff → Implementation/ Tactics

Staff → Report/ Recommendations

Business item/ issue → Relevant Advisory Committee*

Consultation

Report/ Recommendations → Council

Implementation/ Tactics → Approve/Request Revisions → Council

* see pg 7 for descriptions of committees
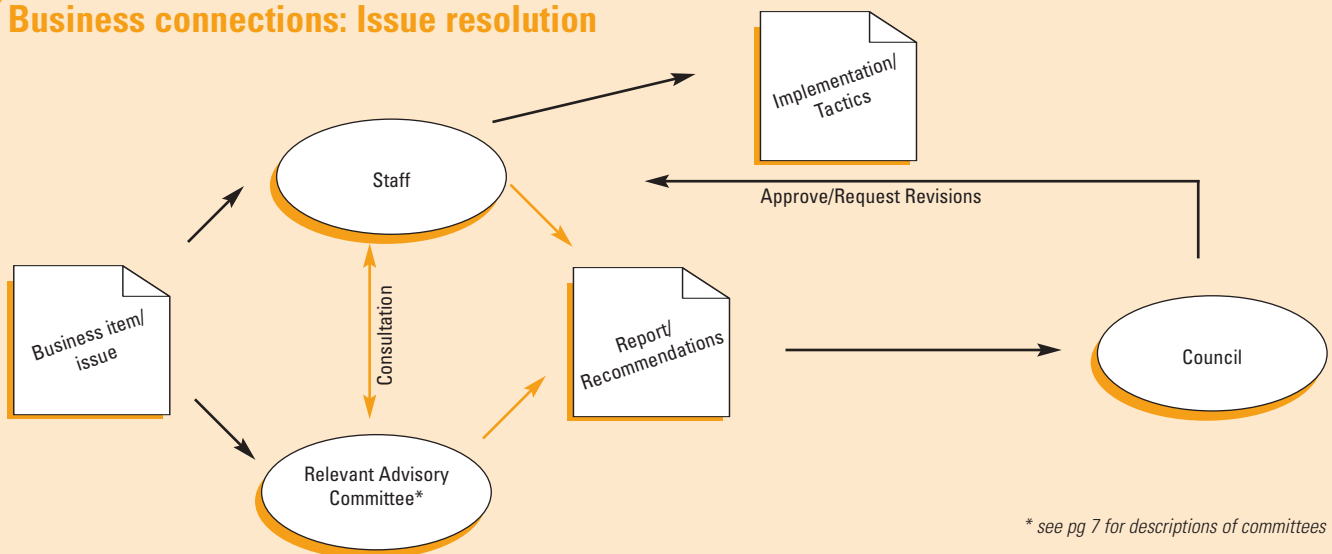
statements. Members are also responsible for assessing and making recommendations on the effectiveness of internal controls and areas of potential risk or exposure, for reviewing and providing advice to Council on any internal audits or special examinations, and for monitoring any management responses to these plans or reports.

In view of the changes to Council's membership, Council's Audit Committee was also refreshed. Membership on this Committee was updated to reflect membership makeup recommendations included in "Treasury Board's Guidelines for Audit Committees in Crown Corporations and Other Public Enterprises" and includes a mix of members with significant financial, accounting and business expertise, including two Chartered Accountants.

In 2003-2004, the Council's Audit Committee carried out the following activities and reported on such matters to Council:
- Reviewed and recommended Council approval of SCC's annual budget, five-year operational plan (financial component to the Corporate Plan) and audited financial statements;
- Reviewed the quarterly financial statements, including financial information on cost-recovery levels within each of the conformity assessment programs;
- Reviewed proposed approach with staff from the Office of the Auditor General's Office for the SCC's quinquennial (5-year) special examination;
- Reviewed quarterly travel and hospitality expenses of senior officials within the organization, attestation of conformance of expenses to financial guidelines set by the Clerk of the Privy Council for GIC appointees, and recommended Council approval of proactive disclosure practices of such information through the SCC Web site;
- Reviewed results of two internal audits conducted, and monitored progress against audit recommendations;
- Reviewed SCC's information technology security strategy;
- Reviewed and noted progress and final outcomes of SCC Critical Performance Indicators;
- Reviewed budgetary plans for hosting of national and international meetings.

Appointments Committee

The Appointments Committee of Council meets as required to review and recommend nominations for membership to SCC advisory committees, which are active in the area of standards policy (including domestic and international), trade, conformity assessment, and consumers and public interest. Its mandate is to ensure that suitable membership on these committees is maintained, in order to enable committees to operate in an efficient and effective manner. Membership on the Appointments Committee includes a mix of Council members and SCC staff to bring a balance of views and interests on prospective nominees to the table.

Staff

The strategies and policies established by Council are implemented by a staff of some 89 people, based in the corporate offices in Ottawa.

Executive Director: **Peter Clark**

Administration Branch
Treasurer and Director, Administration: **Rick Parsons**
Administration Branch provides administrative and management services to the Standards Council. Its functions include finance, administration, human resources, information systems and translation.

Conformity Assessment Branch
Director: **Pat Paladino**
Conformity Assessment Branch operates the Standards Council's accreditation programs for conformity assessment, including testing and calibration laboratories, product and personnel certification bodies, quality and environmental management systems registration, inspection bodies, and auditor course providers.

Corporate Services Branch
Director: **Sandra Watson**
Corporate Services Branch provides secretariat and governance policy support to Council and its standing committees. It also coordinates the corporate planning and reporting processes, and provides marketing and communications services for the organization.

Intergovernmental Affairs and Trade Branch
Director: **Elva Nilsen**
Intergovernmental Affairs and Trade Branch offers policy services, operates the Information and Research Service, Technical Document Centre and WTO/NAFTA Enquiry Points. It promotes the use of standards systems by governments and regulators, conducts standardization research and coordinates the SCC's activities in support of international trade.

Standards Branch
Director: **Michel Bourassa**
Standards Branch manages Canada's participation in ISO, IEC and regional standards bodies, and manages the member program. It also approves National Standards of Canada and manages the accreditation program for Canadian standards development organizations.

ACTIVITIES
The Standards Council's work falls into three principal areas.

Standards
The Standards Council accredits organizations that develop standards in Canada. (Accreditation is the verification that an organization has the competence necessary to carry out a specific function. The Standards Council's accreditation programs are based on internationally recognized guides and standards.)

Accredited standards developers may submit their standards for approval as National Standards of Canada. This designation indicates that a standard is *the* official Canadian standard on a particular subject. It also shows that the development process met certain specified criteria. National Standards of Canada may be developed in Canada or adopted, with or without changes, from international standards.

Internationally, the Standards Council manages Canada's participation in ISO and IEC, two of the world's most important voluntary standardization bodies, and in regional standards organizations. It also encourages the adoption and application of international standards in Canada.

Conformity assessment
Conformity assessment is the practice of determining whether a product, service or system meets the requirements of a particular standard. The Standards Council accredits six types of conformity assessment organizations:

- testing and calibration laboratories
- management systems registration bodies
- personnel certification bodies
- product certification bodies
- inspection bodies
- auditor course providers

The Standards Council is also a member of a number of organizations that are developing agreements to ensure the international acceptance of conformity assessment results.

Intergovernmental Affairs and Trade
The Standards Council advises federal, provincial and territorial governments, industry organizations and non-governmental bodies on standards and conformity assessment related aspects of trade and regulatory policy. A major focus is to encourage governments and industries to make greater use of the National Standards System in regulatory activities and trade agreements.

The Standards Council offers Canadians the latest and most comprehensive information on standards, technical regulations and conformity assessment in Canada and around the world through its Web site, Information and Research service and Technical Document Centre. The Standards Council also serves as Canada's World Trade Organization and North America Free Trade Agreement (WTO/NAFTA) Enquiry Point.

GLOBAL CONNECTIONS
The Standards Council works closely with its counterparts in the Americas, the Pacific Rim and around the world. Here are just a few of the organizations to which the SCC is connected and/or is a member:

International	Regional
• International Organization for Standardization (ISO) • International Electrotechnical Commission (IEC)	• Pacific Area Standards Congress (PASC) • Pan American Standards Commission (COPANT) • IEC Asia-Pacific Steering Group
• International Laboratory Accreditation Cooperation (ILAC) • International Accreditation Forum (IAF) • IEC System for Conformity Testing and Certification of Electrical Equipment (IECEE) - Certification Body (CB) Scheme and Full Certification Scheme (FCS) • IEC Scheme for the Certification to Standards for Electrical Equipment for Explosive Atmospheres (IECEx)	• Asia-Pacific Laboratory Accreditation Cooperation (APLAC) • Interamerican Accreditation Cooperation (IAAC) • North American Calibration Committee (NACC) • Pacific Accreditation Cooperation (PAC) • European Accreditation (EA) • The Southern African Development Community (SADC) • US National Cooperation for Laboratory Accreditation (NACLA)
• World Trade Organization (WTO)	• North America Free Trade Agreement (NAFTA) • Asia-Pacific Economic Cooperation (APEC) • Free Trade Area of the Americas (FTAA)

Operating environment and context

Evolving economic, political and social dynamics in Canada and around the world shape and define the milieu in which the Standards Council of Canada operates. Globalization, evolving standards alternatives, public policy trends, changing demographics, emerging information technologies, and environmental concerns are just some of the issues that influence the SCC's operating context.

Bridging the work of the SCC and its partners in the National Standards System are connections - built and fortified over time. As it addresses new realities, the SCC is tasked with maintaining existing bridges while at the same time continuing to survey the environment to identify potential locations for new connections.

Building Global Connections:

Canada's role in international standardization has been an element of the Standards Council's mandate since its creation more than 30 years ago, but its importance has increased dramatically in the last decade. A significant portion of the SCC's work is devoted to promoting and supporting international standards development, advocating global solutions to accreditation services and facilitating Canadian input in international standards and trade-related processes. In conducting this range of work, the SCC is confronted with a variety of issues and challenges.

Standardization activity takes place on many levels and through the work of various organizations. To stay connected, Canada must continue to play an active role through memberships and participation in organizations and committees on a global and regional scale. This commitment is necessary to ensure Canadian input into multilateral agreements and to increase Canada's profile in international standardization work. At the same time, this work is vital to assuring that international standardization practices are relevant for Canadians and that SCC programs continue to reflect international requirements.

The goal of increasing global recognition of standards and related conformity assessment practices is fundamental to the Standards Council of Canada and its counterparts worldwide. To this end, the SCC must continue to pursue new arrangements to assure that SCC-accredited organizations are recognized abroad.

These connections are vital to Canada's coordinated efforts to comply with provisions in the World Trade Organization, NAFTA and other agreements aimed at limiting non-tariff barriers to trade.

Efforts to harmonize standardization practices around the world also provide the SCC with an important opportunity to measure its performance against that of its international counterparts. The peer assessment process used to evaluate compliance to the requirements of Mutual Recognition Arrangements provides the SCC with valuable feedback and recommendations for improvement.

While rewarding, this work requires considerable financial and human resources. Although information and communication technologies have addressed some of the logistical challenges of international cooperation, participation in regular face-to-face meetings is crucial to remaining influential and building new connections. It is also imperative that the SCC maintain adequate resources to fulfill its hosting obligations as an engaged member in international and regional forums.

The SCC's commitment to building relationships with emerging economies remains strong. In order to help developing countries bridge the financial and technical gaps that lessen their ability to fully participate in international standardization work and global trade, the SCC must actively pursue partnerships with other non-governmental organizations and granting agencies involved in economic and social development initiatives.

Building National Connections:

The Standards Council of Canada is also committed to identifying new opportunities to forge ties nationally. Governments and the private sector alike are increasingly seeing the benefits of standardization as a transparent, reliable and cost effective means of demonstrating commitment to the safety and quality of products and services, whether through the traditional use of voluntary standards and conformity assessment or as an alternative or complement to regulation. As this evolution continues, the SCC must focus on sustaining existing connections and developing new ones with partners in government, small and medium-sized enterprises, industry,

consumers and other special interest groups that form the foundation of the National Standards System.

As Canada's national standardization body and a Crown corporation, the SCC maintains a strong relationship with the Government of Canada in areas of mutual interest. Recent SCC collaborations include: Industry Canada's Innovation efforts, greenhouse gas and climate change activities, food and water safety initiatives and Smart Regulation.

As is evidenced by its Smart Regulation initiative, the federal government is considering viable alternatives to regulation, and the SCC needs to make the most of these opportunities to highlight the benefits and value of integrating standardization practices in regulatory work. In order to be successful, the SCC must overcome certain obstacles including: public misperceptions about standards, the need to better quantify the cost savings regulators can expect by utilizing the standards model and encouraging Canadian stakeholders affected by regulations (importers, exporters and consumers) to become more actively involved in the regulatory framework.

The SCC's involvement in these initiatives is an important mechanism for increasing awareness about standards and conformity assessment and promoting the increased integration of standardization in public policy development. It must balance these benefits with the demands of this type of work. Where appropriate the SCC should seek out partnerships to maximize cost-savings and efficiency.

In addition to making new connections, the SCC must strengthen its existing foundation. In the coming year, renewal

of the Canadian Standards Strategy (CSS) will deal specifically with these objectives. In order to build upon the successes of the inaugural CSS, the SCC must assure that the necessary resources are available to support an ongoing stakeholder-driven national approach to standardization.

Agreements to increase international recognition of accreditation are crucial to global standardization efforts, but Canadian participation in these arrangements has the potential to impact its client base for accreditation services. Although some regulations specifically require organizations to obtain SCC accreditation (such as Health Canada's Canadian Medical Devices Conformity Assessment System), the majority are free to use accreditation services offered by other signatories to Mutual Recognition Agreements for conformity assessment in areas where Canada is also a signatory.

Vital to the continuing success of the National Standards System are ongoing efforts to attract qualified and enthusiastic individuals to represent Canada at the various levels of standards work. As many of the members currently involved in this work approach retirement age, the SCC must consider approaching stakeholders from less traditional sectors and also pursue new tactics to attract qualified individuals and to provide the necessary support to retain a strong membership. The SCC must also address concerns raised by members about reducing the financial costs associated with participation in international standards development work.

HOSTED IN CANADA

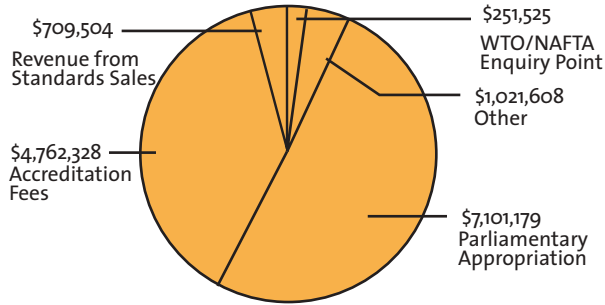### In 2003-2004, the SCC was host to the following:

April 2003:	ISO/IEC Joint Technical Committee and Sub-Committee on IT Security Techniques (JTC 1/SC 27), Quebec City.
	ISO Technical Committee and Sub-Committee on fire-fighters' personal equipment (TC 94/SC 14), Winnipeg.
	ISO/IEC Joint Technical Committee on information technology and Sub-Committee on Biometrics (JTC 1/SC 37), Ottawa.
May 2003:	International Organization for Standardization (ISO) Networking Conference, Ottawa.
September 2003:	ISO Technical Committee and Sub-Committee on design, manufacture, marking and testing (TC 153/SC 1), Mont-Tremblant.
	ISO Technical Committee on service activities relating to drinking water supply systems and wastewater systems (TC 224), Ottawa. ISO Technical Committee /Sub-Committee on security management and general banking operations (TC 68/SC 2), Toronto.
October 2003:	International Electrotechnical Commission (IEC) Annual General Meeting, Montreal (11 Governance Meetings/ 35 Technical Committee and Sub-committee and numerous Working Group Meetings took place during the event).
February 2004:	International Accreditation Forum (IAF) Peer Evaluator Training and Technical Committee, Vancouver.
March 2004:	ISO/IEC Joint Technical Committee and Sub-Committee on Information Technology for Learning, Education and Training (JTC 1/SC 36), Montreal.
March 2004:	International Accreditation Forum (IAF) Executive Committee Meeting, Vancouver.

Future international and national events to be hosted by SCC, include:

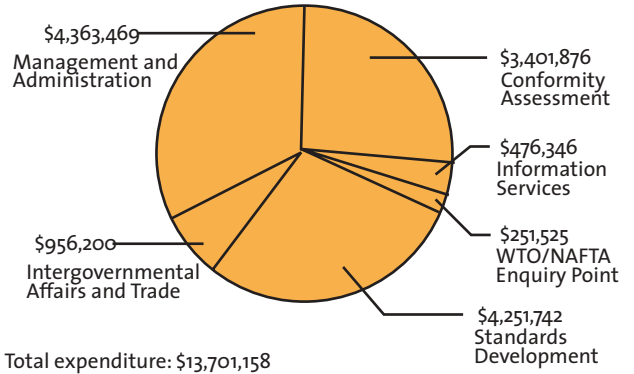|	
May 2004:	Pacific Area Standards Congress (PASC), Vancouver.
July 2004:	Interamerican Accreditation Cooperation (IAAC) Executive Committee, Ottawa.
November 2004:	National Standards System (NSS) Conference, Calgary.
May 2005:	ISO Committee on Consumer Policy (COPOLCO), Toronto.

FINANCIAL HIGHLIGHTS

Revenues

$709,504
Revenue from
Standards Sales

$251,525
WTO/NAFTA
Enquiry Point

$1,021,608
Other

$4,762,328
Accreditation
Fees

$7,101,179
Parliamentary
Appropriation

Total revenue: $13,846,144

Expenditures

$4,363,469
Management and
Administration

$3,401,876
Conformity
Assessment

$476,346
Information
Services

$251,525
WTO/NAFTA
Enquiry Point

$956,200
Intergovernmental
Affairs and Trade

$4,251,742
Standards
Development

Total expenditure: $13,701,158

Corporate Operations and Reports by Business Line

The Standards Council of Canada (SCC) is currently in the process of revising and streamlining its strategic planning and reporting processes in order to strengthen its ability to relate planned performance to actual results. The diverse roles and responsibilities of the SCC make this a challenging endeavour, but developments to date have been encouraging.

In order to measure its progress, the SCC relies on two main documents, the Canadian Standards Strategy (CSS) and the Corporate Plan Summary. The CSS provides an overall direction for the National Standards System, as overseen by the SCC, while the Corporate Plan Summary pinpoints corporate objectives and performance indicators specific to the SCC. A process to renew the current CSS, which was launched in 2000, is underway and will be completed in 2005.

In 2003-2004, the Corporate Plan was derived from the 3-to-5 year Strategic Plan. Beginning in 2004-2005, the strategic plan will be incorporated into the corporate plan to reduce unnecessary duplication of work and to bring the SCC in line with the practices of other government agencies.

To further streamline this year's annual reporting process, the SCC reduced the number of corporate objectives and key performance indicators (KPIs) identified in its 2003-2004 Corporate Plan Summary. At the same time it continued to monitor and adjust KPIs with an emphasis on creating benchmarks that would both help set new objectives in the future and derive more meaningful results from the process. The SCC's Audit Committee monitors progress in this area.

Corporate Operations

The Standards Council of Canada continued to set challenging targets for improving its operations and business activities in 2003-2004 as it contributed to the organization's goal of building connections to promote voluntary standardization and the role of the National Standards System.

A considerable amount of effort was dedicated in 2003-2004 to the **hosting of and planning for major international and national events.** Several years of preparatory work culminated in the very successful hosting of the IEC Annual General Meeting in Montreal in October 2003 and of the ISO Networking Conference in Ottawa in May 2003. Both events were given high marks by participants who took part in surveying and SCC staff was commended for their professionalism and organizational skills.

The SCC was also occupied over the last year with preparations for a number of upcoming events including the PASC annual meeting in Vancouver in May 2004 and the plenary meeting of ISO's Consumer Policy Committee (COPOLCO) in May 2005. This was in addition to important progress in planning the biggest event on the SCC calendar in 2004 – the second National Standards System Conference. The event will bring stakeholders from across the nation to Calgary in November for workshops on a range of emerging issues affecting standardization work.

Performance Indicator:

Net Income/Loss versus overall budget

Difference in Percentage

1.04%   **1.33%**

Excess of Revenue over Expenditures

Less: Total Operating Expenses

Total Income from all Sources

15,000,000
12,000,000
9,000,000
6,000,000
3,000,000
0

2002-2003   2003-2004

The SCC continued to meet its target of remaining within 1.5% of its budget. The net financial result for 2003-2004 was a net income of $144,986.

Source: SCC Finance Division

One component of the meeting's agenda will be an update on **the renewal process for the Canadian Standards Strategy (CSS)** for the period of 2005 to 2008. Work on this strategic planning exercise was a priority throughout the past year. The SCC is seeking input from its stakeholders in the NSS on new initiatives to address the objectives set out in the strategy. All of the SCC's advisory committees have taken part in renewal planning sessions and the governing Council and SCC staff are scheduled to take part in strategic direction-setting exercises in April 2004. Public input on the strategy renewal is being solicited through the SCC's recently re-designed Web site.

The renovated Web site went live in November 2003 with a new look and features to make the information tool more user friendly. Changes were made to reflect a survey conducted in 2000 which indicated that 59 per cent of the visitors to the site were not familiar with the Standards Council or the National Standards System.

The site re-design also included the introduction of a content management system that will allow for greater continuity and easier day-to-day maintenance of web content by SCC staff. Work progressed on plans to integrate e-commerce elements into the site in partnership with IHS, which handles the sale of international standards on the SCC's behalf. These changes should be integrated in 2004-2005. A mini survey conducted shortly after the launch indicated that 69 per cent of users were satisfied with the site and that 67 per cent had found the information they were seeking.

A more comprehensive satisfaction survey of the Web site was undertaken in March 2004. Initial results from the exercise indicate that although the satisfaction target identified for this round of surveying was not met, the SCC did maintain its level of customer satisfaction following the transition to the new site. A majority of those surveyed also felt that the new site was an improvement over the previous version.

Customer satisfaction surveying also provided valuable feedback about how the SCC is serving its clients in other areas. Based on the rotating schedule established in 2000, in addition to the Web user survey, customers of the lab accreditation services were also surveyed, as were standards development volunteers (their title was changed to "members" to reflect the views of those surveyed). The SCC exceeded its targets for increasing customer satisfaction in both these areas. Work also began on a trade and policy customer satisfaction survey that will be completed during the next fiscal year.

Marketing of the National Standards System and the SCC's services was a priority throughout the past year. The SCC participated in six tradeshows in 2003-2004 and continued to document examples of Canadian standards-related successes for posting on the Web site and inclusion in the SCC's magazine *CONSENSUS*. Work was also completed on the NSS Core

PERFORMANCE INDICATOR:

CUSTOMER SATISFACTION
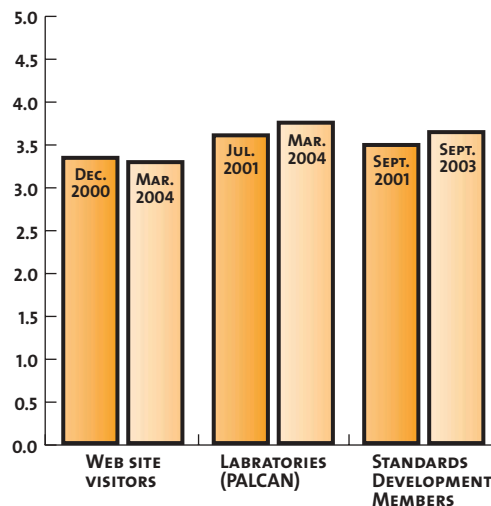
In the 2003-2004 fiscal year, the SCC once again surveyed a segment of its client base (on the established alternating two-year cycle) to determine satisfaction levels. Satisfaction is measured on a scale of 0 to 5, with 0 representing not satisfied and 5 representing very satisfied. The graph above illustrates the results of surveys conducted during 2003-2004. The graph below shows the last scores and new targets for programs/services that will be surveyed in 2004-2005.
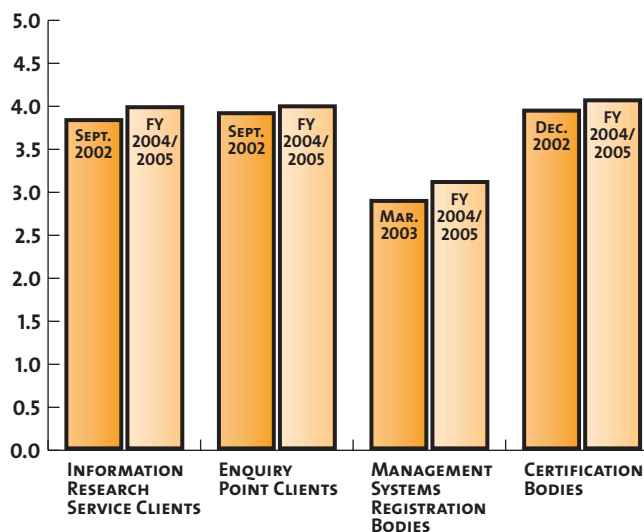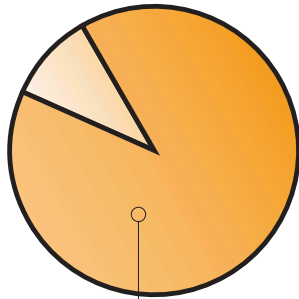

Source: Phase 5 Customer Satisfaction Survey Findings Report.

Presentation, which was developed as a tool for educating Canadians about the National Standards System and the work of the Standards Council. The PowerPoint presentation and accompanying speaking notes are available for use by all NSS stakeholders and SCC staff.

As part of the Quality Management System (QMS), which was implemented by the SCC three years ago, 16 internal audits were completed in 2003-2004 (up from nine audits in 2002-2003). Additional steps were taken to further align corporate planning activities with the quality management system. As of the end of the fiscal year, all branches within the SCC had drafted documentation and procedures to support quality practices and enhance service delivery to clients.

Based on analysis from the previous year's audit, several branches at the SCC have developed and launched internal electronic forums for confidentially handling feedback from staff. Also of note was the offering of a QMS internal auditor training course to interested SCC staff. Six people successfully completed the intensive three-day seminar and are now qualified to take part in internal audits conducted at the SCC.

The SCC experienced only an eight per cent staff turnover in 2003-2004, up one per cent from the previous year, while at the same time increasing the overall staff total by three employees. During the summer of 2003, the SCC employed six students who were exposed to the range of work being undertaken by the

SCC, while building valuable skills and experience. The SCC provided ongoing professional and personal support to employees, including access and support for continuing education and training opportunities and a number of informal employee appreciation and recognition events throughout the year.

Standards

Standards accomplishments in 2003-2004 were part of the SCC goal of building awareness and broadening connections – both internationally and nationally. Throughout the year, activities demonstrated a commitment to strengthening Canada's influence and input in existing standardization organizations while at the same time seeking out and developing new partnerships and links.

The International Electrotechnical Commission Annual General Meeting (IEC-AGM), hosted by the Standards Council in Montreal in October 2003, was an important illustration of this balancing of priorities. The event brought together electrical standards experts from around the world for a week of meetings by governance and technical committees and sub-committees, as well as numerous working groups. Preparations for the major event required a significant commitment of financial and human resources by the SCC. In return, the conference provided an excellent opportunity to showcase the National Standards System.

Another example of the SCC's commitment to building better understanding between countries was Canada's key role in discussions that lead to the approval of policies at both the IEC and ISO on Global Relevance. At the IEC, the Canadian push for recognition of policies in international standards development that better reflect variable global realities was led by Mr. Tony Flood, Chairman of the Canadian National Committee on the IEC (CNC/IEC). In addition to chairing the IEC Committee on Global Relevance, Mr. Flood campaigned to become the next IEC president. His efforts were supported by the SCC and by the Electro-Federation of Canada, where Mr. Flood holds the title of Vice-President.

Although Mr. Flood was not elected, the SCC was extremely proud of his efforts and the positive attention his campaign brought to Canada's profile within the international standardization community. Canada lost its place on the IEC Standards Management Board (SMB), but was selected during the Montreal meeting to sit on the IEC Council Board for the coming year. This appointment came as the SCC was ending its term on the International Organization for Standardization Council. Canada will be eligible to sit on the Council again in 2005.

In order to maximize the impact of Canadian input in international standards development, the SCC took steps toward

the realization of its objective to **increase the proportion of ISO/IEC national committees that are harmonized with SDO committees,** including the updating of the procedural documents concerning harmonization. As of the end of fiscal year, 202 Canadian advisory committees and subcommittees had been harmonized with international standards development committees. This represents an increase of seven per cent over the previous year when the number of harmonized committees was 189.

The SCC also made an important contribution to the drafting of a new five-year strategic plan for ISO – ISO Horizon 2010. Based

PERFORMANCE INDICATOR:

Canadian Use of International standards

The proportion of National Standards of Canada (NSCs) that were either adopted directly or adapted from international standards increased in 2003-2004. Use of international standards helps ensure that Canadian goods and services will be accepted in foreign markets. The percentages in the above graph are based on the total number of standards adopted as NSCs.

Source: International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC) and National Standards of Canada Approval Log.

on feedback received so far from the international body, it is probable that many of the SCC's recommendations – based on input from Canadian stakeholders – will be incorporated into the new strategy.

Canada also strengthened its connections in regional standards bodies over the last year. Case in point was the appointment of SCC Executive Director Peter Clark to the Pan American Standards Commission (COPANT) Board of Directors during its General Assembly in Jamaica in June 2003, followed by Canada's appointment to COPANT's Technical Management Commission in December 2003. Canada's influence in Asia-Pacific standards circles was evidenced by the Pacific Area Standards Congress (PASC) decision to hold its 2004 meeting in Vancouver.

While considerable time and effort were dedicated to international standards issues in 2003-2004, important work was also undertaken to address the national standards environment and to further integrate and expand the role of Canadian stakeholders in the National Standards System. The Standards Council built a number of new connections last year as it pursued the ongoing objective of **promoting standards and conformity assessment as important tools in policy debate.**

Although standards work is expanding to touch all types of industry across Canada, a significant amount of time was dedicated to the Information Technology (IT) sector during the past year. The SCC met on numerous occasions with leaders from the federal government and the Ontario government to underline the important role the SCC can play in developing IT standards.
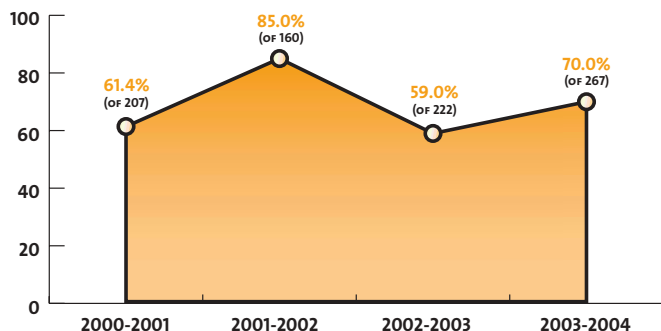
As a result of these overtures, the Treasury Board is updating its Web site to include information on this issue, and has included a link to SCC. They have also amended a proposed policy document that will be posted on their site to reflect use of National Standards of Canada as a priority over others.

In addition to targeting increased participation by different levels of government in national and international standards work, the SCC also continued to pursue **new linkages with sectors, emerging technologies and consortia to achieve improved coherence and appropriate representation of Canadian stakeholders.** To this end, the SCC attended Object Management Group (OMG) meetings and presented an overview of SCC and ISO/IEC Joint Technical Committee on IT (JTC 1). OMG is a well established body bringing together industry players to develop standards in IT that is also active in ISO work through a liaison with JTC 1.

Based on the feedback from these interactions, the SCC developed a proposal to launch a pilot project to provide a depository of knowledge of safety issues to a multi-sector group using advanced technology. The emerging concept of 'functional

safety' is used to define the reliability of IT systems and ensure they are designed to prevent failure or malfunction.

Another priority for the SCC in 2003-2004 was building a stronger link with Canadian consumers and citizens through the **implementation of a framework developed by the SCC's Consumer and Public Interest Committee (CPIC)** to better identify and address standardization priorities in the area of health, safety, the environment and other social issues. The mechanism developed by CPIC is a checklist of consumer and public interest criteria to be used by stakeholders who wish to raise new items for discussion and possible action by CPIC.

Noteworthy was a significant increase in the number of standards approved as National Standards of Canada by the SCC. In 2003-2004, a total of 267 standards were approved compared to 222 over the same period in the previous year – a 20 per cent increase. In addition to increasing the number of National Standards of Canada approved, the SCC is also working to make the process faster. In late 2003, the SCC Council approved a pilot project for this purpose which is currently being considered for use by Canada's four Standards Development Organizations. Work also continued during the past year on the revision of Canadian procedural documents (CAN-Ps), based on the schedule established in 2001-2002.

The ongoing Standards Development Organization (SDO) Accreditation Program, which is seen by the SCC and SDOs as an opportunity to improve the system of standards development in Canada, has progressed to the annual surveillance audit stage. The Task Group on SDOs (TGSDO) - which reviews the audit reports - ensures a consistency amongst SDOs in the standards development process.

Supporting the vital role of the Canadian experts who donate both their time and knowledge to standards development work on behalf of Canada was a continuing priority in 2003-2004. In order to become more responsive to the needs of this group, the SCC conducted market research and a customer satisfaction survey. The findings indicated that while participants were generally very satisfied with the steps being taken by the SCC to support this work, there was room for improvement – especially in the areas of financial assistance and notification of new opportunities to become involved in committee work. The desire for more training and knowledge building workshops was also identified.

One immediate step taken as a result of the survey was to rename the "SCC Volunteer Program", as the "SCC Member Program". A review of the funding policy for members is now underway and the SCC has begun using its Web site to notify the public of openings on committees and call for applications. Improvements were also made to address concerns about training. A total of eight sessions were offered to members and staff during the fiscal year, four of which were pilots of new

workshops that are now ready for general offering. Nine workshops will be offered to members in different locations across Canada in 2004-2005.

Market research identified a number of untapped sectors for attracting new members to the NSS. Making these new connections will remain a focus over the coming year as the SCC prepares for the second National Standards System conference in Calgary next fall. The efforts and achievements of members will be showcased at a special awards dinner and ceremony during the event.

Ongoing efforts by the Task Force on Innovative Funding Solutions (TFUNS) to find a solution to the problem of sustainable funding for standards work in Canada resulted in some further progress on the issue. The task force, which was established in 2001, submitted a report to the SCC governing Council in December 2003. As a result, additional research into the possibility of developing a tax credit system and the idea of re-establishing federal government funding for translation of National Standards of Canada have been requested. In addition, Industry Canada committed funding to support research on the plausibility of establishing accords between National Standards System stakeholders and the federal/provincial/territorial governments or industry concerning funding for standards work.

Conformity Assessment

The SCC made a number of new connections through its conformity assessment activities last year - both in terms of its accreditation programs and its leadership role in work with national, regional and international partners.

In 2003-2004, the SCC introduced two new accreditation programs to complement the range of services it already provides. The first to come on board was the Inspection Bodies Accreditation Program, which was launched in August 2003. The program provides accreditation for inspection services ranging from specialty electrical services to home inspections. It was developed by the SCC in cooperation with Canadian electrical regulators.
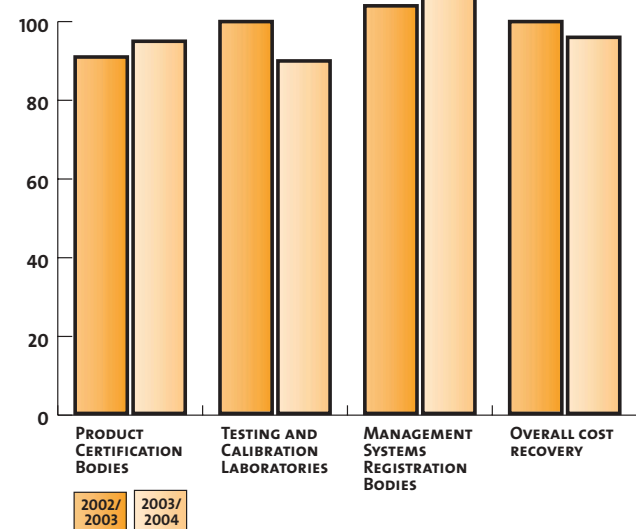
Performance Indicator:

Responding to Complaints

Due to delays in the implementation of the branch's complaints procedure and system, the SCC was unable to assess whether all conformity assessment complaints were addressed within the target timeline.

The complaints system is expected to be functional in FY 2004-2005.

Accreditation Program for hog farming operations based on a newly developed national standard for environmental management of hog farms. The SCC expects the program to be up and running in late spring 2004. The SCC also expanded its reach in the area of organic product certification. The United States Department of Agriculture (USDA) recognized the SCC as an accepted accreditation body under its National Organic Program, which means the SCC can now accredit organic food certifiers for both the Canadian and US markets.

The SCC is continuing to build important connections as it promotes standardization - including the various forms of conformity assessment - as a tool for regulators and industry. It is obvious that electrical regulators have already realized the potential cost-savings and efficiencies of utilizing the standardization model, but others are also following suit.

In July 2003 the Ontario Ministry of the Environment signed an agreement with the SCC and the Canadian Association for Environmental Analytical Laboratories (CAEAL) for the accreditation of water testing laboratories as set out in the new Ontario Safe Drinking Water Act.

Work progressed on other initiatives to build new connections between the SCC and the Ontario Medical Association for the accreditation of medical laboratories, and with the Conseil d'accréditation du Québec (CAQ) for accreditation of organic food certifiers.

An arrangement between the SCC and the Canadian Lumber Standards Accreditation Board for the accreditation of lumber-grading inspection bodies was unable to advance until the introduction of the Inspection Bodies Accreditation Program; work will be ongoing in 2004-2005.

Another example of the SCC's commitment to building connections with regulators is its continued work with the National Public Safety Advisory Committee. This group is examining what role the National Standards System can play to reduce inter-provincial barriers that hamper national safety work. At its May 2003 meeting, the SCC provided an update on its activities, including the Personnel Certification Accreditation Bodies Program, as part of ongoing efforts to encourage the use of accreditation services to assist regulators in meeting their obligations.

International activities continued to focus on the goal of moving towards a global accreditation network that facilitates trade. In addition to increased market relevance for local accreditation bodies, a global accreditation network translates into cost saving for Canadian exporters. Cooperative efforts towards a global accreditation network are being realized through voluntary Multilateral Arrangements (MLAs), Mutual Recognition Agreements (MRAs) and Memorandums of Understanding (MOUs).

The Canadian Advisory Committee on Electrical Safety will require organizations conducting field evaluations of electrical equipment to be accredited under the new program by December 2004. Once the deadline has passed, electrical regulators will reject products inspected and labelled by unaccredited inspection bodies. The SCC will make every effort possible to ensure that all applicants meet this deadline.

The Personnel Certification Bodies Accreditation Program was launched in January 2004. It replaces the former auditor certification program offered by the SCC. The new program encompasses the existing program and adds the accreditation of bodies who certify professionals and trade persons such as auditors, engineers and welders. The role of certification bodies involves assessing the individuals' competencies, and ensuring these are appropriate to the work being performed.

Agriculture was another industry where the SCC built new connections in 2003-2004. At the request of the Canadian Pork Council, work commenced on the development of a new sector specific program under the Environmental Management System

Increasing the Client Base and Completing All Audit Activities
The SCC continued to build its clientele and to ensure the ongoing compliance of existing clients to its accreditation requirements.

Number of Accredited Organizations and Audits conducted

	2001-2002 Total	2002-2003 Total	2003-2004 Client target	2003-2004 Client total*	2003-2004 Audits targets	2003-2004 Audits total
Testing and Calibration Laboratories	328	363	440	397	220	189
Product Certification Bodies	22	24	27	26	27	26
Management Systems Registration Bodies (EMS/QMS)	17	30	24	31	88	129
Auditor Course Providers	1	1	N/A	1	N/A	1
Personnel Certification Bodies Accreditation Program	N/A	1	N/A	2	N/A	4
Inspection Bodies	N/A	N/A	N/A	0	N/A	1
All Programs	368	419	491	457	335	350

* Client totals include some organizations that are accredited by the SCC in more than one program.

Source: Conformity Assessment Branch tracking reports

In 2003-2004, the SCC's Environmental Management System (ISO 14001) accreditation program was accepted into the Pacific Accreditation Cooperation (PAC) Multilateral Recognition Arrangement and will be accepted into the International Accreditation Forum (IAF) in 2004-2005. The Certification Body Accreditation Program was also found to be acceptable by PAC and the SCC will sign that arrangement once the MRA has been operationalized. The SCC also supported ongoing efforts by the IAF and the International Laboratory Accreditation Cooperation (ILAC) to implement cross-frontier accreditation initiatives.

Another noteworthy item was the commencement of discussions with the American National Standards Institute-Registrar Accreditation Board (ANSI/RAB) on the expansion of the current MRA between the SCC and ANSI to include other key accreditation bodies under a new Multilateral Cooperative Accreditation Agreement. This development was the result of work undertaken by the SCC-ANSI/RAB Harmonization Committee, which was created in 2002 to look at the consistency in application of accreditation requirements and harmonization of procedures among accreditation bodies.

The SCC continued to pursue enhanced relationships in the area of conformity assessment at the International Electrotechnical Commission, taking on two leadership roles. This addressed an **SCC objective to become more actively involved in the IEC**

Conformity Assessment Board (IEC/CAB) and the IEC's system for conformity testing and certification of electrical equipment (IECEE) Certification Scheme. Canadian Joe Gryn was named chairman of IECEE/Committee of Testing Laboratories and Vice-Chairman of the IEC Committee on certification to standards for electrical equipment for explosive atmosphere (IECEx). The SCC also attended and contributed to the IECEE CMC (Certification Management Committee) as part of a six-member Canadian delegation. SCC was involved with the two Canadian preparatory meetings, as well as the North American tri-national preparatory meeting.

An important milestone in international conformity assessment circles was marked with the conclusion on December 15, 2003 of the transition period for changeover to the new version of the ISO 9000 quality management standard. The SCC continues to work with its QMS clients to assure that as many registration bodies as possible successfully meet the requirements of the new ISO 9001:2000 standard.

Intergovernmental Affairs and Trade

Knowledge is key to expanding the scope of voluntary standardization and better supporting those involved in this work. Without a clear understanding of the factors impacting national, regional and international markets it would be nearly impossible to recognize how the role of standardization is changing and evolving and equally hard to make the necessary adjustments to effectively address these realities and make new connections.

As has been noted, a large portion of SCC's national efforts over the past year have been geared at increasing the role for standardization within public policy development and most notably as a tool for refining regulatory policies to better address the need for transparency, efficiency and cost-effectiveness. This message was consolidated in the Standards Council's February 2004 submission to the External Advisory Committee on Smart Regulation.

The independent committee, appointed by the Government of Canada, asked the SCC to consider six different factors (international cooperation, federal/provincial/territorial cooperation, process efficiency, risk management, instruments for government action, and defining the public interest) in drafting its response. Within this framework, the SCC outlined how its programs and cooperative arrangements could be used to improve current regulatory processes and also provided eight suggestions for integrating standardization measures into "Smart Regulation".

Also worthy of note were efforts to broaden understanding among provincial and territorial regulators about the benefits of standardization. At the request of Provincial-Territorial Advisory Committee (PTAC), a discussion paper was prepared in response to a 2002 report on regulatory reform in Canada by the Organisation for Economic Co-operation and Development (OECD). The paper addressed some of the policy options identified in the report from the perspective of the provinces and territories. PTAC also undertook a survey of its members and provincial-territorial policy staff during 2003-2004 to determine which standardization issues they considered most significant. The survey results will be an important source of information for future strategic planning.

The SCC remained Canada's central point of contact for information on standards, technical regulations and conformity

DEVELOPING CONNECTIONS

The Standards Council of Canada is committed to supporting developing countries to become full contributing members in international standardization work and to build their own national standards systems. The list below illustrates the range of assistance offered to developing countries in 2003-2004:

| Date	Country	Type of Assistance
April-May 2003	Algeria	Hosts a training session on standardization processes and Enquiry Point management for a visiting delegation of standardization, trade and industry officials.
May 2003	Saint Lucia Trinidad & Tobago Costa Rica Bolivia	Sponsors delegates to attend the ISO Networking Conference hosted by the SCC and provides training on standardization processes, including various electronic tools and services utilized at the SCC.
September 2003	Argentina Malawi	Sponsors a delegate to attend an ISO technical committee meeting (ISO/TC 224).
November 2003	Rwanda	Drafts a cooperation agreement with the Rwanda Bureau of Standards.
December 2003	Algeria Ukraine Cuba Bolivia Egypt	Provides training on Notification Authority management in Algeria and standardization training in Ottawa (follow-up to Spring 2003 training session in Ottawa). Presents information about its WTO/TBT Enquiry Point operations and gives a tour of SCC facilities to delegation of trade officials. Provides information and training on SCC's electronic resources – including demonstration of Sitescape. Prepares for implementation of Spanish language version of Export Alert! in Bolivia in 2004. Sponsors a delegate to attend an ISO technical committee meeting (ISO/TC 207).
March 2004	Cuba Indonesia	Provides information and training on various electronic resources and other SCC programs and services (follow-up to SCC visit to Cuba in December 2003). Sponsors a delegate to attend an ISO technical committee meeting (ISO/TC 207).

Alert Services
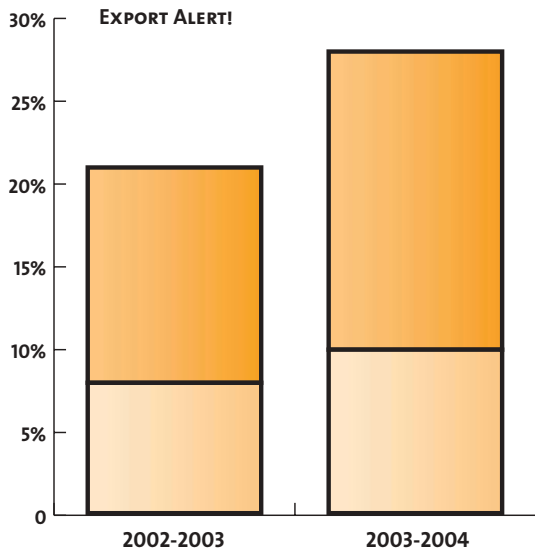
Export Alert!

Export Alert! is an electronic service that notifies Canadian exporters of changes that may affect their products or services. It continued to exceed its target for attracting new users in 2003-2004.

Source: SCC's Web database of ExportAlert! subscribers
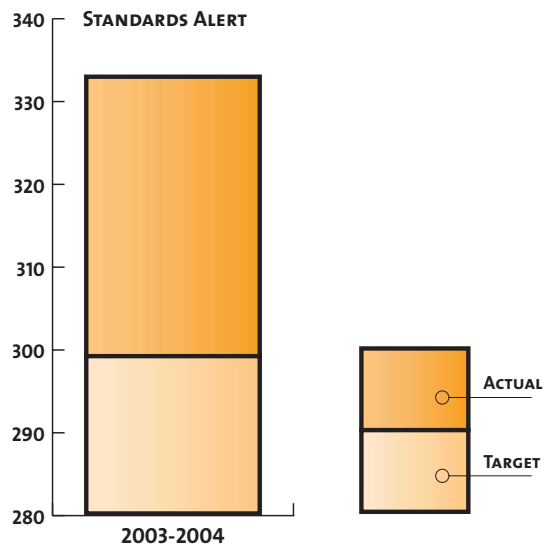
Standards Alert

Standards Alert! surpassed its target for increasing the number of users of the service to 300 in 2003-2004. The service provides e-mail notification on new and revised Canadian and international standards. It was launched by the SCC in 2002-2003. This was the first year that client statistics were tracked.

Source: SCC's Web database of Standards Alert! subscribers

assessment procedures, fielding over 4,000 enquiries from stakeholders through the Information and Research Service in FY 2003/2004. At the same time, the SCC stayed plugged into new developments in standards information delivery and management. In November 2003, SCC staff participated in the inaugural meeting of the newly formed Information Retrieval Tools Group (IRTG) in Geneva. The group was formed to update internationally recognized standards information, classification and retrieval tools.

In addition to providing valuable information and resources to Canadian stakeholders, the **SCC made sharing its resources and expertise with developing countries a priority.** Throughout the year, the SCC has hosted delegations from around the world and also made visits to developing countries to offer training, support and advice on a range of standardization and related trade issues.

Of particular interest to many emerging economies assisted by the SCC were the various technological tools it employs to coordinate the work of National Standards System members and to keep Canadian stakeholders informed about standards-related issues and developments. Developing countries requested demonstrations of the SCC's online committee forum technology called Sitescape, online standards databases, the Technical Document Centre, and three of the SCC's electronic information services: Standards Alert!, Reg Watch and Export Alert!.

Requests were also made for assistance and training in the operation of Notification Authorities and Enquiry Points, which are a requirement of the WTO Technical Barriers to Trade Agreement (TBT) and the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS). The SCC operates Canada's Enquiry Points on behalf of International Trade Canada (ITCan), *formerly the Department of Foreign Affairs and International Trade.*

In addition to offering training, the SCC provided monetary aid to developing countries. It continued to contribute to the ISO Committee on Developing Country Matters (DEVCO) Funds-in-Trust and also provided direct financial support by sponsoring delegates to attend a number of ISO technical group meetings. It also provided the funds for delegates to attend the ISO Networking Conference in Ottawa.

Another way the SCC demonstrated its commitment to **improving the engagement of developing countries in standardization** was through its contributions to international policy development work. The SCC was an active participant at the plenary meeting of the ISO Committee on Developing Country Matters (DEVCO) in Buenos Aires, Argentina in September 2003. It also contributed a paper entitled "Building Trade Capacity and Technical Infrastructure in Developing Countries" to the Joint Committee on Coordination of Assistance

to Developing Countries in Metrology, Accreditation and Standardization. The committee is a cooperative effort between international bodies involved in all areas of standardization. The SCC also made contributions to developing country policy at various other events hosted by ISO, IEC and other regional organizations throughout the fiscal year.

Plans to continue assisting developing countries to become full participants in standardization in 2004-2005 include SCC participation in a readiness project for Environmental Management System (EMS) certification. The SCC committed to provide training in this area during the Developing Programs Committee meeting at the Pacific Accreditation Cooperation (PAC) 10th plenary in New Delhi, India in November 2003.

Throughout the year, the SCC provided ongoing support and policy advice to International Trade Canada (ITCan), *formerly the Department of Foreign Affairs and International Trade*. Of particular note were its contributions to the third triennial review of the WTO Technical Barriers to Trade Agreement. The SCC submitted a paper on Canada's voluntary conformity assessment system, which was well received by other delegations. While Canada was somewhat disappointed with the outcome of the review – particularly the failure to make any significant policy recommendations on conformity assessment – it was encouraged by the acceptance of a Canadian recommendation for an ongoing work program in that area.

Performance Indicator:

Client Service

Target	Actual
95%	**96%**

The SCC's Information and Research Service provides comprehensive information on a wide range of standardization and related topics. It aims to respond to all enquiries within 24 hours and in the official language requested. It's performance target for 2003-2004 was to do so in 95% of cases.

Source: SCC's Client Enquiry Database

Management Discussion and Analysis

As the Standards Council of Canada moves into the final phase of implementing its 2001-2004 Strategic Plan, management and Council will turn their attention in FY 2004-2005 to developing a new strategic plan. In order to bring SCC in line with other Crown corporations, the Corporate Plan for FY 2005-2006 will become its primary strategic planning document.

Significant changes to the Council membership over the last few years have coincided with the updating of strategic directions for the SCC and the NSS. In order to agree on corporate goals and objectives that will guide the SCC over the next 3-5 years, staff, management and Council have been invited to participate in strategic planning exercises.

KEY CONSIDERATIONS

By looking at issues with a potential impact on both internal and external environments, SCC has identified the following opportunities and potential threats:

Opportunity/Threat:	Context:
Renew national strategy	• SCC is currently in the process of updating the Canadian Standards Strategy (CSS) in order to launch the renewed CSS in early 2005 • Inaugural Canadian Standards Strategy (CSS) resulted in increased national interest in standards and new standardization partnerships • Independently of the NSS, some industries are developing their own consortia standards • Shorter business cycles make it a challenge for certain industries to utilize the consensus-based standards development process advocated by the NSS *Build upon the success of the original CSS while addressing current realities. Take steps to engage other sectors and explore mechanisms to bring them under the umbrella of the NSS and to ensure a coordinated national approach to standardization.*
Internal priorities	• SCC is faced with numerous opportunities for areas where it may be involved and needs to appropriately balance new opportunities with ongoing work within programs and services • SCC human and financial resources need to be aligned with SCC's corporate and branch strategic priorities • Recognizing and meeting our clients' needs and expectations and continuing to demonstrate that SCC accreditation offers added-value to clients • Increased demand for customized approaches to the application of standards in individual industries and sectors • Potential for new/additional partnerships and programs ie: medical, immigration, emerging technologies, security sector *Focus efforts on strategic planning to prioritize SCC's work and identify areas where it may adapt programs and services or reallocate funds to more effectively respond to emerging areas and business opportunities in keeping with SCC's mandated role.*

KEY CONSIDERATIONS (CONTINUED)

Opportunity/Threat :	Context :
Support Government priorities	• Federal and provincial regulatory reform initiatives, including "Smart Regulation, could have a significant impact on the NSS and SCC programs over the next decade • SCC's partnership with the Ontario Ministry of Environment to accredit laboratories to test drinking water is a good illustration of the role standardization can play in regulation • Significant number of SCC activities focused on international trade issues – less emphasis on interprovincial/territorial trade *Pursue new partnerships with federal/provincial/territorial governments that recognize the key role of standardization as either a complement or alternative to traditional regulatory approaches. Keep the lines of communication open with government representatives to ensure the effectiveness of national standards and trade across the country.*
Demonstrate global leadership	• SCC is actively involved in organizations and partnerships in the areas of standards and conformity assessment at the international and regional level • SCC has pursued and signed numerous international and regional agreements to reduce the need for multiple testing/accreditation of goods or services to meet standards or regulations in export markets • Mutual Recognition Agreements/Multilateral Arrangements (MRAs/MLAs) have increased competition from foreign accreditation bodies • National Standards System (NSS) recognized worldwide as a highly successful model • SCC regularly provides assistance to developing countries seeking financial assistance and technical guidance on how to build a standardization infrastructure *Emphasize Canada's role as a leader in global standardization work and highlight the SCC's success in helping emerging economies to become more self-sufficient. Weigh the risks and benefits of international agreements. Rationalize the SCC's accreditation programs to focus on value-added.*
Succession planning	• SCC relies heavily on auditors, technical assessors and volunteers to assist in the delivery of its programs • SCC employs many highly trained and difficult-to-replace technical staff • Demographic trends – ageing population, early retirement, less specialized employees – are having an impact at the SCC and in the NSS *Step-up efforts to recruit, train and recognize SCC and NSS participants. Consider pursuing academic partnerships, promoting the inclusion of standardization in educational curricula. Continue to research and target new sectors for recruitment.*
Public awareness and national promotion	• Standardization and related issues are not regularly covered by mainstream media • Public has limited understanding of the voluntary standards system and the terminology and nuances associated with standardization • Issues such as the August 2003 black-out, genetically modified food, and organics have brought standards into the consciousness of consumers *Continue to utilize various communication tools to reach out to media. Provide consistent and clear messages about the important role of standardization in Canadian society and the SCC's responsibilities within the National Standards System.*

FINANCE

Total **revenue**, other than parliamentary appropriation of $6.7 million, was 7% higher than the $6.3 million recorded in FY 2002-2003. The main drivers for this increase were conformity assessment accreditation fees and sponsorship/partnership funding.

Conformity assessment accreditation fees grew by 5% year-over-year, rising from $4.5 million to $4.8 million. This increase is significantly less than previous growth rates and indicates a general leveling off of this revenue stream as programs reach maturity. Two new accreditation programs for Inspection Bodies and Personnel Certification Bodies, were launched late in the fiscal year and are expected to provide modest continued growth over the medium term. Both the Product Certification and Management Systems accreditation programs recorded increases in revenue, while the Program for the Accreditation of Laboratories/Canada (PALCAN) showed a slight decline due to the entry of fewer new clients than in the previous year.

Increases, where recorded, are attributable to a larger client base as well as increased client activity. This was the first full year of operation under a revised fee structure, for the Management Systems programs, a change that was implemented part way through the previous fiscal year. However, increased overhead costs - resulting from higher program staff levels - caused a decline in cost recovery for the conformity assessment family of programs to 96% from the previous year's level of 100%.

At $710,000, royalties from the sale of standards were down slightly from the previous year level of $717,000. Royalties from the SCC's exclusive Canadian sales agent, IHS Inc., remained steady due to a contractually guaranteed minimum level of payment. FY 2003-2004 was the last year of the original contract with IHS. Both ISO and IEC web stores also service Canadian clients and pay royalties to SCC accordingly. Revenue from these outlets has leveled off following significant increases subsequent to their introduction a few years ago. Significant changes in the fundamentals of the standards sales market, including: the growth of electronic commerce and the subsequent increase in sales outlets, copyright abuse, and

FINANCIAL OVERVIEW, 1999-2004

	1999–2000	2000–2001	2001–2002	2002–2003	2003–2004 (Budget)	2003-2004 (Actual)	2004-2005 (Budget)
Revenue							
Accreditation fees	$ 2,751,778	$ 3,164,349	$ 4,025,468	$ 4,540,427	$ 4,549,900	$ 4,762,328	$ 5,046,200
Revenue from standards sales	530,107	556,012	656,034	717,097	560,000	709,504	510,000
WTO/NAFTA Enquiry Point	304,027	309,050	299,824	245,838	251,800	251,525	260,500
Standards Initiatives Program funding	1,234,714	0	0	0	0	0	0
Parliamentary appropriation	5,330,970	5,121,954	6,736,724	6,573,984	7,591,800	7,101,179	7,005,900
Other	336,577	357,731	436,464	799,027	929,800	1,021,608	894,900
	$ 10,488,173	$ 9,509,096	$ 12,154,514	$ 12,876,373	$ 13,883,300	$13,846,144	$13,717,500
Expenses							
Conformity Assessment	2,589,880	2,497,893	2,833,835	3,311,400	3,439,100	3,401,876	3,674,500
Information Services	419,732	375,411	389,762	436,348	486,500	476,346	537,400
WTO/NAFTA Enquiry Point	304,027	309,050	299,824	245,838	251,800	251,525	260,500
Standards Development	2,690,307	2,481,359	3,187,459	3,661,278	4,409,800	4,251,742	3,507,200
Intergovernmental Affairs and Trade	697,285	538,060	759,658	903,215	1,022,800	956,200	1,067,300
Management and administration	3,769,330	3,317,982	4,282,158	4,146,832	4,273,300	4,363,469	4,670,600
	$ 10,470,561	$ 9,519,755	$ 11,752,696	$ 12,704,911	$ 13,883,300	$13,701,158	$13,717,500
Net income (loss)	$ 17,612	$ (10,659)	$ 401,818	$ 171,462	0	$ 144,986	0

generally declining standards sales worldwide will translate into reduced revenues for the SCC in the coming years.

The increase in **Sponsorship/Partnership Funding** relates to SCC's hosting of the International Electrotechnical Commission Annual General Meeting (IEC AGM) in Montreal in October 2003. Expenditures incurred for this hosting were $847,000, with $339,000 in funding from sponsorship arrangements.

The Parliamentary Appropriation of $7.1 million was half a million more than the previous year due to additional funding received to support the net costs of hosting the IEC AGM. As a result of overall higher than budgeted revenues and slightly less total expenditure than planned, the SCC was able to return, or lapse $473,000 of its voted appropriation to the Government of Canada. Parliamentary Appropriation supported 51% of SCC's operating and capital expenditures, virtually the same as FY 2002-2003.

In total, expenses for FY 2003-2004 were $13.7 million, an increase of $1 million or 8% from FY 2002-2003. This increase was due primarily to the hosting of the IEC AGM as well as increased salaries. Both were offset by a decline in travel costs. These increases were supported by higher revenues and funding, particularly Parliamentary Appropriation.

On a functional basis, salaries and employee benefits increased due to an economic pay increase, and increased costs for employee benefit and pension plans. Travel costs declined by almost 10% or $176,000. Most other year-over-year increases were related to the IEC AGM. Telecommunications costs rose as SCC added redundancy to its web-based operations to provide fail-over capacity. Expenses related to office supplies dropped to more normal levels as the previous year purchase of operating system desktop software was not repeated. The cost of maintaining memberships in international organizations (ISO and IEC) increased due to a weakening of the Canadian dollar versus the Swiss franc.

Total revenues and funding, including Parliamentary Appropriation, exceeded expenditures by $145,000, down from the previous year's net income of $171,000. As is the normal practice, SCC had budgeted on a break-even basis and thus ended the fiscal year within 1% of its target.

Financial statements

Report of management's responsibility

Lucienne Robillard, P.C., M.P.
Minister of Industry

Madame 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 Canadian generally accepted accounting principles appropriate to Council's operations. Financial information presented throughout the Annual Report is consistent with the financial statements. 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 Canadian 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 representatives to review the annual financial statements and reports on them to the Council.

Hugh Krentz
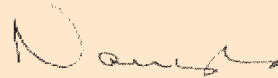Chairman

May 14, 2004

Auditor's report

To the Minister of Industry

I have audited the balance sheet of the Standards Council of Canada as at March 31, 2004 and the statements of operations and equity of Canada and cash flows 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 Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian 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.

Nancy Cheng, FCA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 14, 2004

BALANCE SHEET

	2004	2003
ASSETS		
Current		
Cash	$ 1,687,593	$ 1,272,762
Accounts receivable:		
Federal government departments and agencies	197,484	240,152
Other	1,161,066	1,299,456
Parliamentary appropriation receivable	682,200	872,600
Prepaid expenses	926,507	906,181
	4,654,850	4,591,151
Capital assets (Note 3)	1,075,633	1,161,896
	$ 5,730,483	$ 5,753,047
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 804,866	$ 910,916
Deferred accreditation fees	1,504,754	1,479,991
	2,309,620	2,390,907
Long term		
Deferred government funding (Note 4)	770,929	830,909
Deferred revenue - Tenant improvement allowance (Note 5)	304,704	330,987
	1,075,633	1,161,896
	3,385,253	3,552,803
EQUITY OF CANADA		
Equity of Canada	2,345,230	2,200,244
	$ 5,730,483	$ 5,753,047

Commitments (Note 9)

The accompanying notes form an integral part of these financial statements.

Approved by the Council:

Chairman

Executive Director

Statement of operations and equity of Canada

	2004	2003
Revenue		
Conformity Assessment accreditation fees	$ 4,762,328	$ 4,540,427
Royalties from sales of standards (Note 7)	709,504	717,097
Sponsorship/Partnership Funding	655,179	423,513
WTO/NAFTA Enquiry Point	251,525	245,838
Other	366,429	375,514
	6,744,965	6,302,389
Expenses (Note 8)		
Conformity Assessment	3,401,876	3,311,400
Information Services	476,346	436,348
Standards Development	4,251,742	3,661,278
WTO/NAFTA Enquiry Point	251,525	245,838
Intergovernmental Affairs and Trade	956,200	903,215
Management and Administrative Services	4,363,469	4,146,832
	13,701,158	12,704,911
Net loss before government funding	(6,956,193)	(6,402,522)
Government funding		
Parliamentary appropriation for operating expenses	6,813,950	6,321,745
Amortization of deferred government funding	287,229	252,239
	7,101,179	6,573,984
Net Income	144,986	171,462
Equity of Canada at the beginning of the year	2,200,244	2,028,782
Equity of Canada at the end of the year	$ 2,345,230	$ 2,200,244

The accompanying notes form an integral part of these financial statements.

Statement of cash flows

	2004	2003
Operating activities		
Net Income	$ 144,986	$ 171,462
Adjustment for non-cash items		
Amortization of capital assets	313,512	302,749
Amortization of deferred revenue related to capital assets	–	(24,227)
Amortization of deferred government funding	(287,229)	(252,239)
Amortization of tenant improvement allowance	(26,283)	(26,283)
	144,986	171,462
Changes in current liabilities and current assets other than cash	269,845	(95,722)
Cash flows provided by operating activities	414,831	75,740
Investing activities		
Additions to capital assets	(227,249)	(257,855)
Financing activities		
Funding for acquisition of capital assets		
Parliamentary appropriation	227,249	257,855
Increase in cash during the year	414,831	75,740
Cash at the beginning of the year	1,272,762	1,197,022
Cash at the end of the year	$ 1,687,593	$ 1,272,762

The accompanying notes form an integral part of these financial statements.

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 standardization-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

These financial statements were prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are:

(a) 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

(b) Revenues

Revenues from accreditation fees and royalties from sales of standards are recorded on an accrual basis in the year in which they are earned.

Funds received or receivable in respect of the annual portion of accreditation fees are recorded as deferred accreditation fees and are recognized as revenues in the year in which they are earned.

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 related expenses are incurred.

Contributions received for the hosting of international meetings or conferences are recognized as revenue at the time the related expenses are incurred.

(c) Parliamentary appropriations

The Government of Canada provides funding to the Council. The portion of the parliamentary appropriation used to purchase depreciable capital assets is recorded as deferred government funding and amortized on the same basis and over the same periods as the related capital assets. The portion of the appropriation related to operations is recorded in the statement of operations in the year for which it was approved.

(d) Pension plan

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The Council's contribution to the plan reflects the full cost of the employer contributions. This amount is currently based on a multiple of the employee's required contributions, and may change over time depending on the experience of the Plan. These contributions represent the total pension obligations of the Council and are charged to operations on a current basis. The Council is not currently required to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

3. CAPITAL ASSETS

		2004		2003
	Cost	Accumulated amortization	Net book value	Net book value
Furniture	$ 257,607	$ 179,297	$ 78,310	$ 128,800
Equipment	1,673,598	1,142,640	530,958	535,187
Leasehold improvements	605,920	139,555	466,365	497,909
	$ 2,537,125	$ 1,461,492	$ 1,075,633	$ 1,161,896

4. DEFERRED GOVERNMENT FUNDING

Deferred government funding represents the unamortized portion of parliamentary appropriations used to purchase depreciable capital assets.

Changes in the deferred government funding balance are as follows:

	2004	2003
Balance at beginning of year	$ 830,909	$ 825,293
Add appropriations used to acquire depreciable capital assets	227,249	257,855
Less amortization	287,229	252,239
Balance at end of year	$ 770,929	$ 830,909

5. DEFERRED REVENUE – TENANT IMPROVEMENT ALLOWANCE

The Council has received funds from the landlord to pay the cost of tenant improvements made to the office space it leases. These funds have been recorded as deferred revenue and are being amortized to income over the duration of the lease.

Changes made to the balance of this account are as follows:

	2004	2003
Balance at beginning of year	$ 330,987	$ 357,270
Less amortization	26,283	26,283
Balance at end of year	$ 304,704	$ 330,987

6. FINANCIAL INSTRUMENTS

Accounts receivable and accounts payable are incurred in the normal course of business. All are due on demand and are 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.

7. ROYALTIES FROM SALES OF STANDARDS

As of April 1, 1998 the Council has outsourced the operation of the Standards Sales Service to an independent agent. The agreement requires the payment of royalties to the Council based on a revenue sharing of net sales, with an annual guaranteed minimum payment.

8. EXPENSES

	2004	2003
Salaries and employee benefits	$ 6,259,988	$ 5,854,845
Travel	1,779,211	1,954,967
Professional and special services	1,705,893	1,522,491
Memberships in International Organizations	1,128,715	1,040,572
Meetings	725,248	237,053
Office accommodation	716,556	686,294
Amortization of capital assets	313,512	302,749
Publications and printing	300,842	238,745
Public relations	169,267	165,774
Office supplies	162,692	237,781
Telecommunications and postage	153,292	130,519
Rental of office equipment	51,656	59,329
Other	234,286	273,792
	$ 13,701,158	$ 12,704,911

During the year, the Public Service Superannuation Plan required the Council to contribute at a rate of 2.14 times the employees' contribution (2003-2.14). The employer's contribution to the plan during the year was $629,148 (2003-$525,288).

9. COMMITMENTS

The Council has entered into an agreement to lease office space for a fifteen-year term which commenced in July 2000. The future minimum annual rental payments under this agreement, exclusive of operating expense and property tax, are as follows:

Starting in:		
	July 2003	$309,723
	July 2005	$328,769
	June 2008	$331,799
	July 2010	$350,845

10. RELATED PARTY TRANSACTIONS

The Council is a component of the Government of Canada reporting entity and is therefore related to all federal departments, agencies, and Crown corporations. The Council enters into transactions with these entities in the normal course of business, under the same terms and conditions that apply to unrelated parties.

11. COMPARATIVE FIGURES

Certain of the 2003 comparative figures have been reclassified to conform to the current year's presentation.