



Standards Council of Canada
Conseil canadien des normes

Measuring Benefits

Achieving Results

Annual Report 2006-2007



Mission: To lead and facilitate the development and use of national and international standards and accreditation services in order to enhance Canada's competitiveness and well-being.

Vision: To be recognized by Canadians and members of the international community as the body responsible for leading Canada's voluntary National Standards System.

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Year-at-a-Glance

The Standards Council of Canada (SCC) was involved in many worthwhile activities in 2006-2007. The following are a sample of some of what SCC achieved over the course of the fiscal year:

April, 2006

- Executive Director Peter Clark is elected as the next president (2007-2009) of the Pan American Standards Commission (COPANT).
- SCC participates in a workshop on the creation of a Trilateral Regulatory Cooperation Framework, as part of the North American Security and Prosperity Partnership (SPP).

May, 2006

- SCC co-hosts a meeting of the International Organization for Standardization (ISO) Consumer Policy Committee Product Safety Working Group in Bethesda, Maryland.
- SCC publishes CAN-P-2F, *Requirements and Procedures for the Request for, Development, Approval, Preparation and Maintenance of National Standards of Canada*.

June, 2006

- SCC extends the scope of its product certification body accreditation program to include chain of custody certification for sustainable forest-based products.
- SCC's certification body accreditation programs undergo an international peer evaluation.

July/August, 2006

- Executive Director Peter Clark and Chairman Hugh Krentz meet with Industry Minister Maxime Bernier and Deputy Minister Richard Dicerni to discuss SCC's role in meeting public policy issues.

September, 2006

- Canada (SCC) hosts the 29th ISO General Assembly and related meetings from September 10 to 16 at the Chateau Laurier Hotel in Ottawa.

- A one-day forum on the role of standards in addressing global healthcare challenges takes place on September 14 in conjunction with the ISO General Assembly.
- SCC holds an awards dinner in Ottawa on September 13 to honour individuals, organizations and committees for their contributions to Canadian and international standards activities.
- Canadian Jacques Régis is elected president of the International Electrotechnical Commission (IEC) for the period of 2008 to 2010 at IEC's Annual General Meeting in Berlin, Germany.
- Industry Minister Maxime Bernier announces the appointment of James Frank to SCC's governing Council.

October, 2006

- World Standards Day 2006 is celebrated with an emphasis on: *Standards: Big benefits for small business*.

November, 2006

- SCC hosts a conference on standardization in Canada for the academic community.
- SCC publishes its 2006 edition of CONSENSUS magazine: *In Good Company: Standards for Small and Medium-sized business*.
- Industry Minister Maxime Bernier announces the appointments of Hélène Lefebvre and Steven Reynolds to SCC's governing Council.
- SCC signs a Memorandum of Understanding with Transport Canada to provide facilitation for Transport Canada's Safety and Security group as they strive to improve their integrated management systems.

December, 2006

- SCC issues a progress report on the Canadian Standards Strategy (CSS) Update – 2005-2008.
- SCC publishes CAN-P-16, *Conformity assessment – Requirements for bodies providing audit and certification of management systems*.
- SCC discontinues two quality management qualification programs for the automotive and, tooling and equipment sectors.
- SCC publishes *Key Considerations for the Development of Standards as Legislative Instruments*, a guide to understanding the partnership between the regulatory and voluntary systems.

January, 2007

- Canadian Jacques Régis commences his term as IEC President-elect.
- SCC withdraws its program for the accreditation of auditor course providers.
- Industry Minister Maxime Bernier appoints Raymond Gagnon and Pierre-Paul Riopel to SCC's governing Council.

February, 2007

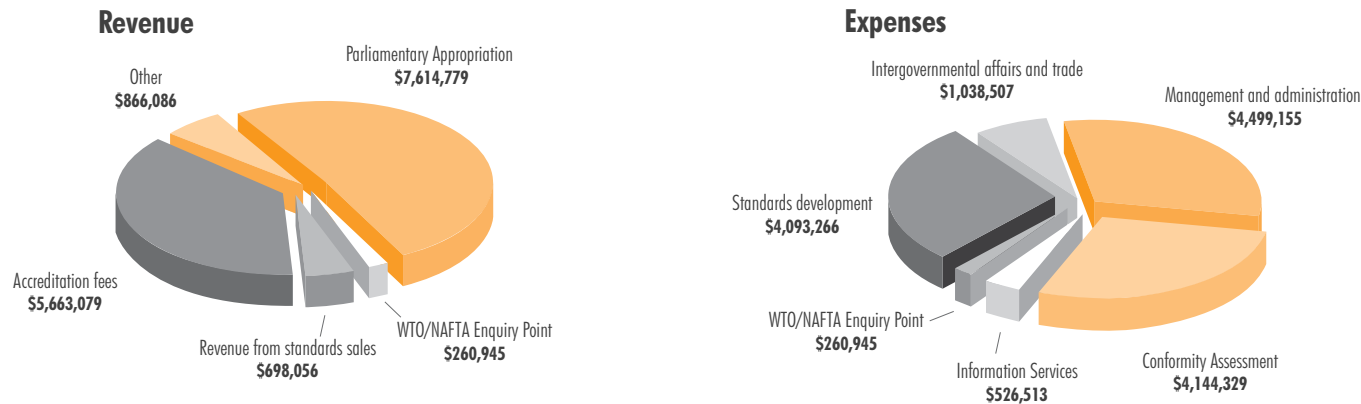
- SCC expands the scope of its management system accreditation program to include food safety, information security and, occupational health and safety.

- SCC launches an updated version of Export Alert! with features that make it easier for exporters to track changes to foreign regulations affecting their business.
- In partnership with the Canadian Standards Association, the Canadian General Standards Board and the Office of the Privacy Commissioner of Canada, SCC hosts a workshop entitled: *Advancing the Privacy Agenda in Canada: Developing a Canadian Standardization Strategy*.
- SCC and Health Canada host a workshop to discuss the creation of a national injuries and incidents database which could be used to help strengthen existing standards or identify the need for new ones.

March, 2007

- SCC holds a trilateral meeting with Industry Canada and the Department of Foreign Affairs and International Trade to discuss a number of trade-related issues.
- SCC signs a Memorandum of Understanding with Natural Resources Canada regarding the development and implementation of an accreditation program for Greenhouse Gas Validation and Verification.

Figure 1 – Financial Highlights





Message from the Chairman Hugh A. Krentz

Measuring Benefits....

As a member of the Standards Council of Canada for close to thirty years, and its chairman for the last six, I have seen first-hand how our role has evolved in response to shifting national priorities and changing world dynamics. My unique vantage point has enabled

me to encounter many real-life examples of the value and importance of standards here in Canada.

The sheer breadth of standards and conformity assessment options that are currently available to meet the needs of industry, consumers and government, is truly remarkable. From ensuring the safety and compatibility of all types of products and systems, to addressing the challenges of environmental sustainability and national security, standards are providing cost-effective and efficient solutions.

What has become clear over the last few years is that in order to realize the full potential we must have effective tools to market standardization to new partners. Like many of our counterparts around the world, the Standards Council has identified the need to gather more explicit data about the economic and social value of developing, implementing and verifying standards.

During this past year, SCC's governing Council played a critical role in addressing this issue. Envisioning and implementing new strategies aimed at quantifying the benefits of standards and building stronger links with the organizations that could most benefit from them were integrated into our annual strategic planning session and council meetings during the year. Advice and information was also provided to Council by our various advisory committees.

Key input was derived from the Future Vision Task Force, a working group initiated by Council to look into different options for increasing participation in the National Standards System and ensuring ongoing financial support of standards activities in Canada. Based on the recommendation of this and other groups, SCC launched a study on the economic value of standardization. This study, which is expected to be completed in the coming year, will be an important tool for SCC and its partners as we continue to seek out new partnerships.

Another initiative spearheaded by the task force involved interviewing 26 Canadian business leaders and senior government policy makers to better understand their perspective on standards and SCC. The project not only provided us with important new insights, it also started dialogue about how we could work more closely in the future with these individuals and organizations to address some of the challenges and opportunities that were identified.

The first-ever academic conference hosted by the SCC, in November, also focused on fostering mutually beneficial partnerships. The Standards Council of Canada has recognized the importance of strengthening its connections to post-secondary institutions in Canada as a means of encouraging Canadian research on standards. At the same time, as standards continue to play an increasingly important role across industry and government, we are also encouraging increased integration of standards information into university and college curriculum. These were the goals that I articulated during my welcoming address to participants at this milestone event.

Additional research will certainly enhance opportunities for standards to address the evolving needs of Canadians. But numbers will never tell as compelling a story as real people. That's why I was so pleased to be part of the Standards Council's Awards Dinner last September. The event gave us a chance to celebrate examples of standards excellence in Canada through the presentation of eight awards to individuals, committees and organizations.

These examples, which represent only a small sample of everything that was achieved over the past year, provide a measure of our success as well as our commitment to turning opportunities into real benefits for Canadians. As we prepare to begin 2007-2008, I am excited about the many prospects ahead.



Message from the Executive Director Peter Clark

...Achieving Results

In business as in life, the results of an activity are often directly proportional to the effort applied. In the case of the Standards Council of Canada, our achievements over the last 12 months clearly show the amount of effort that has gone into improving our programs and services and

towards achieving our shared strategic goals. These results could not have been realized were it not for the dedication and enthusiasm of the Standards Council's employees, partners and supporters.

Increasing our national profile was an ongoing priority in 2006-2007. Participation at conferences, workshops, private meetings, and other events throughout the year helped to raise awareness and to reinforce the benefits of standards to Canadians. Work on the branding renewal project was, and will continue to be another vital component in strengthening SCC's national presence over the years to come.

SCC's accreditation programs also evolved to meet the changing needs of industry and government. We expanded the scope of our accreditation program for management system certification bodies to include new standards for food safety management, occupational health and safety, and information security management. The product and service certification body program also grew to include certification of the chain of custody of products derived from sustainable forestry practices.

Work progressed on the new accreditation program for medical testing laboratories which is being created as a result of an agreement signed in 2005 with the Ontario Medical Association. It will be rolled out in 2007-2008. While expanding into some program areas, we also made the decision to discontinue work in areas where there was no longer a viable market.

As Canada's official voice in international standards development and global accreditation activities, the Standards Council has made many important contributions over the years, and 2006-2007 was no exception. In September 2006, SCC welcomed delegates from around the world to the 29th International Organization for Standardization (ISO) General Assembly in Ottawa.

In addition to the closed meetings, SCC hosted a public forum on healthcare. ISO delegates joined Canadian healthcare experts from the public and private

sectors, to discuss common healthcare challenges and the role for standards in healthcare delivery.

During the same month, Canadian Jacques Régis was chosen to serve as the next president of the International Electrotechnical Commission (IEC). SCC will continue to work closely with Mr. Régis as he prepares to assume the IEC presidency in January 2008.

Providing assistance and training to standards-related organizations in emerging economies around the world remained a priority for SCC in 2006-2007. SCC worked with a number of different Chinese organizations throughout the year to increase that country's standards-related knowledge and experience. In addition to training initiatives, Canada partnered with China to lead a new international working group that is exploring the role for standards in ensuring the safety and quality of second-hand goods. Throughout the year SCC also worked with a number of other countries, including Costa Rica, India, and Trinidad and Tobago, on various other capacity-building projects.

Canada was well represented in international and regionally-based accreditation organizations that are working to reduce technical barriers to trade through the global recognition of accreditation results, as is the International Accreditation Forum (IAF). As a condition of our membership in IAF, our accreditation programs for management systems and product certification bodies underwent an audit conducted by our peers. This audit helps ensure that our accreditation mark will continue to be recognized in member countries. It also provides us with an opportunity to learn from our international counterparts in order to further improve our programs.

Supporting the people who represent Canadian standardization interests internationally and at home was another priority for SCC. We looked for ways to further enhance our Member program in the areas of recruitment, orientation and recognition. These same areas were also the focus of efforts by SCC to ensure employee satisfaction.

Much was accomplished this past year, yet our constantly changing world demands that we put forth just as much effort in 2007-2008. As our successes over the past year have shown, we have the expertise, talent and necessary commitment to continue achieving results.



Corporate Profile

The SCC is a federal Crown corporation that takes its mandate from the Standards Council of Canada Act, its governing legislation.

Mandate

The mandate of the Standards 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.

Structure

Governing Council

Council is appointed by the federal government, and reports to Parliament through the Minister of Industry. Council is comprised of a maximum of

15 members and is responsible for setting the strategic direction of the organization, ensuring the fulfillment of SCC's mandate and providing guidance on governance matters.

This work includes accreditation of standards development and conformity assessment organizations, approval of standards submitted as National Standards of Canada, 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 policy items and relevant corporate documents.

The Standards Council of Canada (SCC) represents Canada at the world's principal standards organizations: the International Organization for Standardization (ISO) and through the sponsorship of the Canadian National Committee, the International Electrotechnical Commission (CNC/IEC). SCC's involvement ensures the Canadian perspective is included in developing international standards and that the views of industry, government and consumer organizations are effectively represented.

SCC also represents Canada at international accreditation organizations such as: International Laboratory Accreditation Cooperation (ILAC) and International Accreditation Forum (IAF).

Committees of Council

The Council's committees include the Audit, Corporate Governance and Appointments Committees which all play an important role in supporting governance approaches.

Advisory Committees

A number of SCC advisory committees, which report to the Council, ensure that it has access to a wide variety of advice, information and viewpoints. In order to ensure that input from advisory committees reflects the diversity of Canadian stakeholders, all advisory committees are required to have a balanced membership matrix that includes representatives from different regions in the country and from varied professional backgrounds. Two of these committees, the Provincial-Territorial Advisory Committee (PTAC) and the Standards Development Organizations Advisory Committee (SDOAC), are established in the Standards Council of Canada Act. The rest have been created by Council.

Staff and Activities

The strategies and policies established by SCC's governing Council are implemented by a staff of approximately 90. The SCC's operational work falls into three principal areas and is organized into five branches.

- Administration – Director, Rick Parsons
- Conformity Assessment – Director, Pat Paladino
- Corporate Services – Director, Sandra Watson
- Intergovernmental Affairs and Trade – Director, Elva Nilsen
- Standards – Director, Michel Bourassa

Standards

Internationally, the Standards Council manages Canada's participation in ISO and IEC, two of the world's most important voluntary standardization bodies, and participation in regional standards organizations. It encourages the adoption and application of international standards in Canada. The Standards Council accredits organizations that develop standards in Canada. Its accreditation programs are based on internationally-recognized guides and standards. Accredited standards development organizations 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.

Conformity Assessment

Conformity assessment is the practice of determining whether a product, service or system meets the requirements of a particular standard. The SCC operates five types of accreditation programs:

- product and service certification bodies;
- calibration and testing laboratories;
- management systems certification bodies;
- inspection bodies; and
- personnel certification bodies.

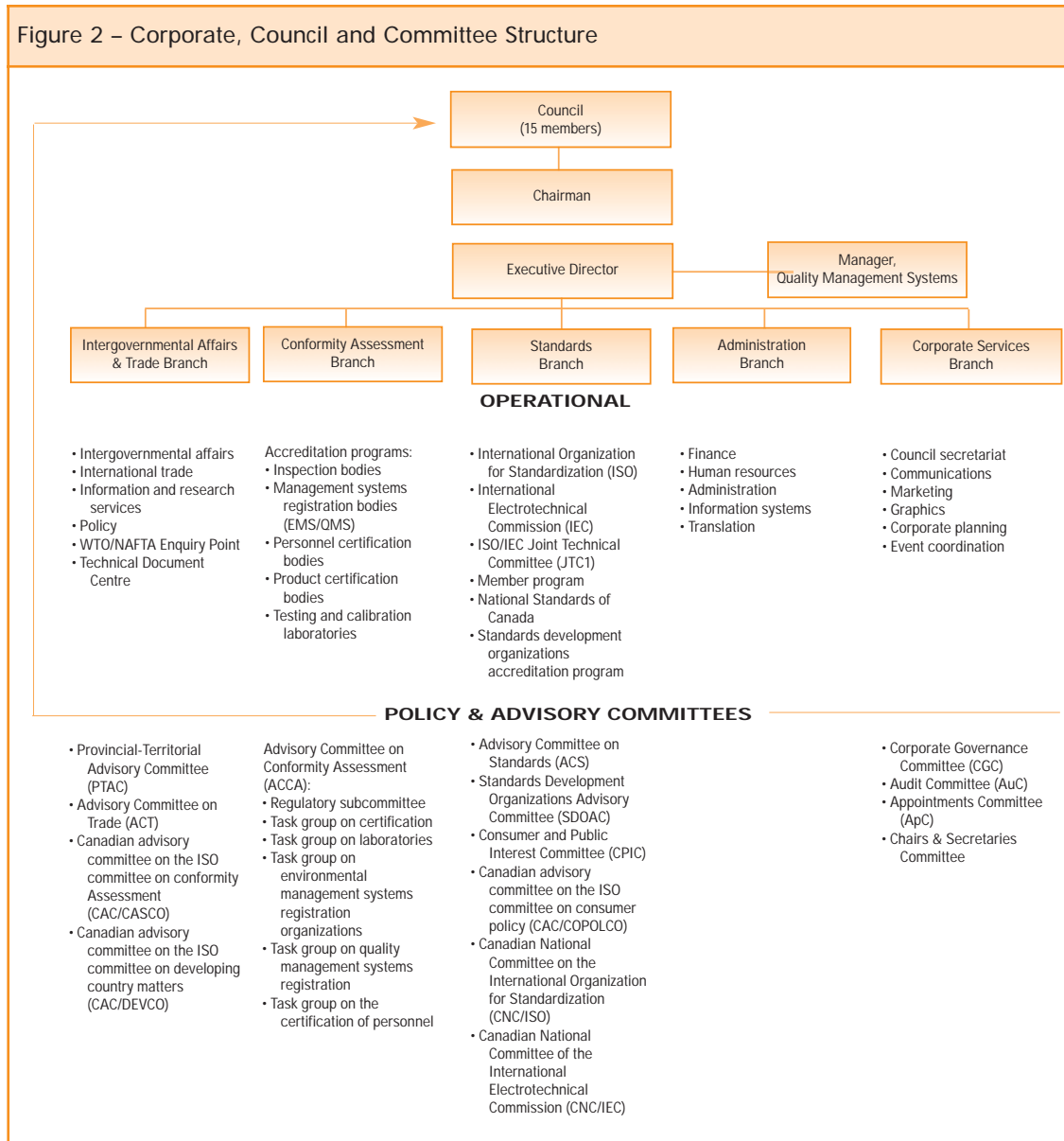
SCC is also a member of several international and regional organizations that are developing agreements to ensure international acceptance of conformity assessment results, including the International Accreditation Forum and the International Laboratory Accreditation Cooperation (see Figure 4).

Intergovernmental Affairs and Trade

SCC advises federal, provincial and territorial governments, industry organizations and non-governmental bodies on standards and conformity assessment-related aspects of trade and regulatory policy. SCC encourages the increased use of the National Standards System in regulatory activities and trade agreements.

SCC offers Canadians comprehensive information on standards, technical regulations, and conformity assessment, in Canada and around the world. The Standards Council also serves as Canada's World Trade Organization and North America Free Trade Agreement (WTO/NAFTA) Enquiry Point.

Figure 2 – Corporate, Council and Committee Structure





Corporate Governance

In support of its good governance record, SCC Council continued to build on a robust set of policies and practices, an approach which is consistent with the quality management principle of continuous improvement. A strong governance orientation at the Council level sets the tone for the organization. Governance direction is provided by Council directly and through the advice offered by its three standing committees, namely the Corporate Governance, Audit and Appointments committees.

Throughout 2006-2007, Council members were active as stewards of the corporation. Efforts were focused on setting SCC's strategic direction as well as those of the National Standards System (NSS). Members of Council led a series of interviews with senior industry executives to determine their views on possible enhancements to the NSS. The outcome of this initiative will figure prominently in SCC's future. Likewise, the federal government's mandate letter, indicating priority areas of involvement for SCC, will guide its direction and complement key initiatives that are already underway.

Council continued its practice of holding annual strategic planning sessions alongside those being conducted with staff as a way to ensure the ongoing relevance of its strategic directions. Council members remained cognizant of the need to demonstrate continued relevance and added-value in the programs and services that SCC offers, while being attuned to emerging public policy priorities and the needs of Canadian industry.

The Council views effective and transparent communication as a necessary component to good governance and proactively makes this type of information available to the public. Examples include access to information relating to travel, hospitality and other related expenses incurred by its Chairman and Executive Director, which are routinely posted to the SCC Website (following a review by SCC's Audit

Committee). On an ongoing basis Council reviews its relationship with the Crown, various government departments and, stakeholder groups, in order to ensure that appropriate levels of communication and information dissemination are maintained. Council also ensures positive and regular contact with senior management.

During the past year, the SCC's Governance Committee formally reviewed its governance practices against those of other private and public sector organizations to determine any necessary enhancements. The result was a determination that, overall, in the area of governance SCC ranks well against others. In addition, the review resulted in the incorporation of several enhancements to SCC By-Laws including the formalization of in-camera sessions at each Council meeting, expectations of attendance, active participation at meetings and in the area of voting.

While SCC has a firm sense of its corporate risks, it has gone so far as to formalize its approach into an enterprise risk management assessment (ERMA) document. This document (which covers audits and other reviews) will assist external audiences to more fully understand that while the SCC's overall risk environment is low, potential risks do exist, and that plans are in place to effectively mitigate those risks.

SCC Council, through its Corporate Governance Committee, also carried out its mandate to review and assess the performance of the organization, its advisory committees, the Executive Director and Chairman. Other matters that were reviewed included such items as recommendations from SCC's internal quality management audits, actions to enhance Council's performance, Directors' liability and, action items contained in the Corporate Governance Committee's annual workplan. A review of SCC's revised accreditation approvals process also took place, as well as a review of government policy directions that will impact SCC governance practices.

In the latter part of the year, SCC Council membership was replenished through the addition of several new members. Individuals, who serve on Council on a voluntary basis and without remuneration, continue to demonstrate a high degree of commitment to the work of the SCC. Members' dedication is reflected in the high rate of attendance and participation at meetings as well as in their involvement in the work of SCC advisory and other committees. SCC continues to rely on the high level of expertise and direction provided by its governing Council.

New members of Council assist the organization to continue its evolution by providing input from a wide spectrum of industry sectors representing the Canadian public. The intention is to ensure that resulting policies are balanced, in keeping with SCC's mandate of ensuring efficient and effective standardization for Canadians.

As Council looks forward to the implementation of an updated Corporate Plan, the SCC continues to set high expectations for itself in the area of governance practices.

Figure 3 – Council Members 2006-2007



From top left to right:

Steven Reynolds
R&D Manager
The Peelle Company Limited

Hélène Lefebvre
Engineering Specialist
Petro-Canada

Charles LaFleche
President and Chief Executive Officer
Momentum Healthware, Inc.

Israel Lyon
Chair, Provincial-Territorial Advisory Committee
Manager, Special Projects
Economic Development Policy Branch
Industry Division
Ministry of Economic Development and Trade

Hazel Cail
Vice-Chair, Provincial-Territorial Advisory Committee
Manager, Intergovernmental Business and Trade Relations
International Offices & Trade Division International
Intergovernmental and Aboriginal Relations

James G. Frank, PhD
Executive Advisor
JGF Economics Inc.

Hans R. Konow
President and CEO
Canadian Electricity Association

From bottom left to right:

David Fardy
General Manager
Protrans Personnel Services Inc.

Pierre-Paul Riopel
Vice-president of Manufacturing and Technology
Thomas & Betts Ltd.

Chairman
Hugh A. Krentz
Chairman and CEO
Canadian Steel Construction Council

Marian Gaucher
Manager, Standards Division
Canadian General Standards Board

Raymond Gagnon
Partner
N.T.R. Management Consulting Group

Not present:

Suzanne L. Morin
Assistant General Counsel – Regulatory Law and Policy
Bell Canada



Operating Environment and Context

As coordinator of a diverse range of standardization activities, every year, the Standards Council of Canada (SCC) is affected by various different, yet interconnected environmental factors. To maximize its operational effectiveness it assesses the impact of these factors on its activities, and weighs the benefits of involvement against the potential challenges that they present.

In developing its strategic direction, SCC takes into account its mandate as a Crown corporation and refers to the roadmap for national standardization activities provided by the Canadian Standards Strategy. SCC also takes into consideration its requirements as a member of numerous international standards forums, and any related global issues that may influence its activities.

Together, these components provide the framework within which SCC worked in 2006-2007 to measure benefits and achieve results.

Some of the most significant influencers were:

National Awareness

Qualitative research and anecdotal evidence suggests that Canadians, while somewhat aware of the existence of standards, have limited understanding of their role or benefit. Recognition levels are higher among business professionals, government policy makers and non-governmental organizations. In general, organizations that are not actively involved in standardization lack an understanding of the depth of Canada's standards infrastructure. As a consequence, national awareness of the Standards Council of Canada is also relatively low. By increasing this understanding and awareness, the SCC can more effectively work to secure a competitive advantage for Canada.

In recent years, strengthening brand recognition and building national awareness have become a priority for SCC. It has been actively involved in efforts to gather and build on existing data about the economic and social benefits of standards, which is expected to provide SCC with more effective collateral to sell the benefits of the National Standards System. Generating greater awareness is seen as key to encouraging the participation of new stakeholders and to ensuring the long-term sustainability of Canada's system.

International Influence

Standardization has a significant impact and role in the global economy. As a result, a significant portion of the SCC's work is focused on promoting and supporting international standards development and

Figure 4 – A measure of success: Maintaining Strong Global Partnerships	
The Standards Council of Canada (SCC) works closely with many organizations around the globe. Following is a list of just some of the organizations in which SCC is a member or a partner.	
Standards Development <ul style="list-style-type: none"> – International Organization for Standardization (ISO) – International Electrotechnical Commission (IEC) – Pacific Area Standards Congress (PASC) – Pan American Standards Commission (COPANT) 	Conformity Assessment <ul style="list-style-type: none"> – 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)

advocating global solutions to accreditation services and trade-related processes. The importance of a strong Canadian voice in international standards forums is supported by the fact that the majority of National Standards of Canada approved by SCC are adoptions of international standards. It is also reflected in the increasingly prominent role of international standards and internationally recognized conformity assessment results in international trade agreements such as NAFTA and the WTO.

SCC has established a reputation as an active contributor and facilitator of international standards activities. Canada currently holds several high level executive, policy, and technical leadership positions at ISO and IEC. Canada is also influential in regional standards organizations representing Asia-Pacific and the Americas. These regional alliances help to counterbalance European dominance at ISO and IEC.

Participation in these organizations supports Canada's most significant trade relationships with NAFTA partners, as well as efforts to increase trade with emerging economies in Asia and Latin America.

SCC is also very active in international and regional organizations that strive to increase global recognition of accreditation and conformity assessment activities. It currently fills the position of vice-chair for the International Accreditation Forum (IAF). Regionally, SCC provides the chair and vice-chair respectively for the Pacific Accreditation Cooperation (PAC) and the InterAmerican Accreditation Cooperation (IAAC).

Meeting public and private sector needs

SCC champions standards and conformity assessment as cost-effective and efficient tools that address the challenges facing policy makers and regulators. At the same time, SCC is attuned with Canadian industry so as to identify potential areas for closer cooperation and to ensure that its programs and services continue to meet their needs.

Some of the key areas where SCC is working with both public and private sector partners include:

- **Environmental protection, climate change and sustainable development** – Standards and conformity assessment are valuable tools for monitoring and managing Canada's impact on the environment. A new series of international standards for the quantification and verification of greenhouse gas emissions show significant potential as tools for industry and regulators to address climate change and air quality issues.

Figure 5 – A measure of success: Hosted in Canada	
In 2006-2007, SCC was host to the following:	
April 2006	ISO/TC 8/SC 1, Life Saving and Fire Protection, Vancouver
June 2006	ISO TC 85, Nuclear Energy, Ottawa
July 2006	IEC SC 62C/WG 1 Beam Teletherapy and Particle Accelerators, Ottawa
August 2006	ISO TC 44, Welding, Montreal
September 2006	ISO General Assembly, Ottawa ISO Developing Country Committee Plenary, Ottawa SCC Awards Dinner, Ottawa Open Session on Healthcare, Ottawa
October 2006	ISO TC 59/SC 17, Sustainability in Building Construction, Montreal ISO TC 22/SC, Road Vehicle – Ergonomics, Ottawa IEC TC 86, Fibre Optics, Québec City ISO TC197/WG 13, Hydrogen Technologies – Hydrogen Detectors, Vancouver
November 2006	ISO TC 22/SC 10 & 12, Road Vehicles – Recyclability and Tire Pressure, Ottawa Standardization in Canada – Academic Conference Forum for Standards Development Organizations to discuss accreditation process, Ottawa
March 2007	ISO TC 215, Health Informatics, Montreal
Future events to be hosted by SCC include:	
June 2007	Canadian Leadership Forum, Toronto
August 2007	InterAmerican Accreditation Cooperation General Assembly, Ottawa
October 2007	Multinat IEC Americas, Ottawa
November 2007	Joint National Public Safety Advisory Committee (NPSAC) and Provincial Territorial Advisory Committee (PTIAC) Forum, Ottawa
June 2008	National Standards System Conference, St. John's

Standards, such as the ISO 14001 series for environmental management, offer significant benefits for organizations that are facing increased public and regulatory pressure to manage the environmental impact of their activities.

- **Healthcare** – Standards and conformity assessment have been used for many years to ensure the safety of medical equipment and devices. In recent years, standards development has expanded to help address a number of other challenges in modern healthcare delivery, including ensuring the interoperability of health information technologies (e.g. electronic health records and telehealth applications) and increasing confidence in medical laboratory testing. SCC is supporting standards development nationally and internationally and working with public and private sector healthcare partners to apply these standards in Canada.
- **Regulatory reform and trade harmonization** – Standards and conformity assessment provide federal, provincial and territorial governments with options and tools for modernizing their regulatory frameworks and reducing regulatory barriers to domestic and international trade. SCC has been active in the federal government’s regulatory review activities (Smart Regulation). The Cabinet Directive on Streamlining Regulation, which was finalized in 2007, makes specific reference to the usefulness of standardization tools for supporting regulatory solutions. SCC is also contributing to the updating of the Agreement on Internal Trade.
- **Global trade and competitiveness** – In support of Canada’s international trade objectives, SCC encourages the inclusion of voluntary standardization perspectives in bilateral, regional and international trade agreements and proposals. SCC has contributed to bi-lateral (e.g. Canada-US, Canada-Costa Rica, Canada-Korea) and multilateral government-to-government trade relationships and agreements (e.g. NAFTA, FTAA, WTO). SCC is also helping the Government of Canada to strengthen its capacity to trade with emerging markets such as China and India. SCC’s Agreement on Cooperation with the Standardization Administration of China (SAC) has already paved the way for such collaboration.

Figure 6 – A measure of success: Recognizing Achievements by Outstanding Canadians	
The many achievements of Canadians in standardization were celebrated at an awards banquet held on September 13, 2006. During the event, SCC presented eight awards to individuals and organizations in recognition of their contributions to standards and conformity assessment activities on behalf of Canada.	
2006 SCC Award Recipients	
Jean P. Carrière Award Presented to an individual for distinguished service to Canadian standardization	Dr. Byron Jordan - for standards contributions to the Canadian pulp and paper industry and global recycling practices.
Roy A. Phillips Award Presented to an individual for outstanding contributions to international standardization	Tony Flood – for tireless efforts to harmonize electrotechnical standards.
Corporate Commitment Award Presented to a corporation, organization, or consumer group	Health Canada-Medical Devices Bureau – for serving as a model to other regulators, through the successful integration of standards and conformity assessment practices into medical device licensing.
Leadership Award Presented to the chair or convener of an advisory or technical committee	John Hopkinson – for leadership in the area of international standards development for Information Technology.
Award of Excellence Presented to a committee member	Jeanne Bank – for efforts to increase the voice of consumer and public interest organizations in standards development.
Distinguished Service Award Presented to the secretary of an advisory or technical committee	David Zimmerman – for dedication and resourcefulness in the development of international management system standards.
McMahon Dedicated Service Award Presented to a Standards Council of Canada employee	Roz Waddell – for facilitating the work of Canada’s largest technical advisory committee on information technology and its 16 subcommittees.
Special Achievement Award Presented to a Committee	Canadian Software Systems and Engineering Subcommittee (CAC JTC 1/SC 7) – for three decades of active participation in Information Technology standards development.

Performance against objectives

Goal 1

Build partnerships and promote standardization in Canada

“Develop new and leverage existing relationships and partnerships within the National Standards System to raise awareness and promote the value and importance of the development and use of standards and accreditation in Canada.”

Quantifying and communicating the value of standardization

SCC continued to gather and analyze information about the value of standardization and to work with its national partners to increase understanding of the benefit of standards and conformity assessment for key stakeholder groups – government, business and consumers.

Notably:

- SCC’s governing Council and Executive Director completed 26 interviews with senior executives from industry and government. Both a fact-finding activity and an outreach exercise, the interviews provided SCC with important information for its future strategic planning activities. Several of the organizations that took part in the interviews also expressed an interest in partnering with SCC in the future.
- SCC commissioned a study on the economic value of standardization in May 2006. The study will provide both quantitative and qualitative indicators. The research portion of the project is currently underway and a final report is anticipated in 2007-2008.

Considerable time and resources were also dedicated to increasing awareness of SCC and promoting the benefits of involvement in the National Standards System to government and industry.

Figure 8 highlights some of the key marketing activities completed throughout the year.

Strengthening standards research and education

As a means of increasing national awareness of standards and encouraging greater participation in standards-related work, SCC promoted academic research on standardization, and encouraged the use of standards in post-secondary curricula. In 2006-2007, SCC:

- Hosted the Standardization Research in Canada conference to gauge interest in the possible creation of a Canadian Centre for Standards Research (see Figure 7).
- Signed eight new agreements with Canadian universities for free online access to international standards. SCC’s Educational Policy for use of

Figure 7 – A measure of success: Workshop engages Canadian academics in dialogue on standards

- Academics from across Canada voiced their interest in greater collaboration throughout the National Standards System at a workshop hosted by SCC in Ottawa in November 2006.
- The *Standardization in Canada* academic conference drew attendees from more than 50 organizations working in the areas of: public policy development, engineering, trade-policy, and economics.
- Panel discussions about the role of standards in deepening North American linkages and increasing social responsibility served to increase awareness about the benefits of standardization.
- A discussion about the possible creation of a Canadian Centre for Standards Research, confirmed the need for further analysis of existing qualitative data about the benefits of standards in order to build a strong case for a centre dedicated specifically to standards research.

ISO and IEC standards was launched in 2005. In 2006-2007, more than 253 standards were used in engineering courses across Canada.

Enhancing the Member experience

SCC's Member Program was created to strengthen Canadian participation in international standards and conformity assessment activities. Work continued on many fronts to further improve SCC's support to Members. Of note during 2006-2007 were:

- The addition of several new instructors to enhance SCC's ability to provide training workshops in locations across Canada;
- Development of new training workshops for technical assessors and regulators as well as secretaries, chairs and convenors of international committees;
- Agreement on a revised SCC travel assistance policy for delegate travel to international standards meetings aimed at making the allocation of travel subsidies more consistent and transparent.
- Presentation of eight awards to Members at an awards dinner hosted by SCC in September 2006 (see Figure 6).

Looking ahead

The following activities are planned in 2007-2008 in support of Goal #1:

- Preparations for the hosting in June 2008 of the 3rd National Standards System Conference;
- Implementation of SCC's renewed brand and updated visual identity;
- Communication of the results of the study on the economic value of standards in Canada; and
- Hosting by SCC's Member Program of the 3rd Canadian Leadership Forum for those Canadians holding leadership roles in international standards development activities.

Figure A – Performance Indicator: Establish a benchmark measure of SCC brand awareness

Phase II of SCC's Brand Renewal project was completed in FY 2006-2007. A new tag line, "Standards Experts. Accreditation Solutions." was selected for the organization and external focus group testing was conducted to elicit feedback from Canadian business and government representatives.

While no specific benchmark was established in FY 2006-2007, in an effort to measure brand awareness levels SCC did conduct some qualitative and quantitative research.

From a qualitative perspective, SCC Council members interviewed 26 industry and government senior executives from across Canada. They found that while most were somewhat familiar with the SCC, their understanding was limited and they had little knowledge of the National Standards System (NSS).

From a quantitative perspective, SCC established an overall brand attribute index based on research about SCC's newly established brand attributes. A sample of SCC's customers were asked their level of agreement with various attributes of the brand including:

- SCC consists of experienced professionals;
- SCC is Canada's public steward, advocate and enabler of standards and conformity assessment;
- SCC is a trusted collaborator;
- SCC ensures our standards system delivers maximum value for Canadians; and
- SCC is a progressive leader.

72% of all customers either agreed or strongly agreed with these attributes.

Source: Pollara Strategic Public Opinion and Market Research

Note: See Figure G for a list of customer satisfaction surveys conducted in FY 2006-2007. It should be noted that the Enquiry Point survey used a slightly different model for the brand attribute index.

Figure 8 – A measure of success:

Marketing and communications activities 2006-2007

Summary of speeches, presentations, trade shows and other related initiatives in support of Goal #1.

Industry	Government/Regulators	Academia
<ul style="list-style-type: none"> – Canadian Association of Importers and Exporters Annual Conference and Trade Show: Presentation on the role of standardization in the global supply chain. – International Pipeline Conference: Presentation on the National Standards System (NSS) and SCC's role in international standardization. – CANENA Annual General Meeting: Keynote speech on the Canadian Standards Strategy to stakeholders from Canadian, US and the Latin American electrotechnical design and manufacturing industry. – Industrial Accident Prevention Tradeshow: Participation by SCC booth and staff. – Americana Tradeshow: Participation by SCC booth and staff. – CONSENSUS magazine: Publication and distribution of Fall 2006/Winter 2007 edition entitled, "In Good Company: Standards for Small and Medium-sized Business" including a joint-mailing with the Canadian Chamber of Commerce to their members. 	<ul style="list-style-type: none"> – 12th Canadian National Conference and 3rd Policy Forum on Drinking Water: Presentation on SCC's accreditation program for drinking water laboratories. – Meeting of the Provincial/Territorial Committee on Drinking Water: Update on SCC's accreditation program for drinking water laboratories. – Transport Canada: Presentation on the NSS and the benefits to regulators of referencing standards. – Public Works and Government Services, Procurement Branch: Presentation highlighting importance of NSS and looking at how as part of international requirements, SCC accredits PWGSC's standards development body, CGSB, and similar organizations. – Industry Canada Small Business Week 2006: SCC information booth was set up at Industry Canada headquarters along with other government departments and agencies. 	<ul style="list-style-type: none"> – Deans of Engineering and Applied Science: Presentation on the National Standards System and SCC's outreach efforts to academia.

Figure 9 – A measure of success:

Providing cost-effective programs and services

SCC's accreditation programs for conformity assessment bodies represent the majority of its revenue generation.

As part of an organization-wide focus on improving client service, reducing overlap, and making better use of its financial resources, SCC made a number of changes to programs in 2006-2007.

Change to program	Rationale	Impact
Merger of SCC's accreditation programs for quality and environmental management systems	Since many of the management system certification bodies currently accredited by SCC work in both areas, the delivery of a combined service increases SCC efficiency and effectiveness. The change also aligns with the new international standard (ISO/IEC 17021:2006) for accreditation of certification bodies.	Certification bodies seeking accreditation or re-accreditation for their management system services will no longer have to undergo separate evaluations. All management system accreditations will be performed to CAN-P-16* as of May 1, 2007.
Withdrawal of qualification program for certification to automotive sector-specific standards (QS 9000 and TE 9000)	The decision reflects an industry-wide move to use of a single international quality management standard for automotive production and relevant service parts (ISO/TS 16949).	Certificates issued by an SCC-accredited organization to QS 9000 and TE 9000 became invalid as of December 15, 2006. For primary suppliers, existing certifications to the old standards were transferred to ISO/TS 16949 and to ISO 9001 for secondary suppliers.
Withdrawal of the accreditation program for management systems auditor training course providers	As a result of a shift in the policies and practices governing international accreditation bodies the program was deemed to be a conflict of interest with SCC's management system accreditation services.	The change has minimal impact given that only one client was accredited as an auditor trainer.
Introduction of a restructured fee schedule	The change accounts for the increasing number of accreditation programs now available and brings SCC closer to full cost recovery.	The new structure reduces the upfront cost to clients by attributing the fees to those requesting to sector-specific accreditation or qualification services.
Performance of combined assessments (two SCC programs, e.g. product certification and inspection body and/or assessments conducted with other accreditation bodies)	Combined audits were identified as a means of increasing efficiencies and providing savings to both SCC and its clients.	During 2006-2007, SCC completed 10 combined accreditation audits.

*Canadian Procedural Document, CAN P 16 (ISO/IEC 17021:2006): *Conformity assessment – Requirements for bodies providing audit and certification of management systems.*

Performance against objectives

Goal 2

Organizational effectiveness and sustainability

“Improve upon and develop practices and policies for NSS and SCC sustainability and effectiveness.”

Nurturing human resources

SCC's employees are among its most valuable assets. To further enhance existing support mechanisms for employees, SCC developed and began implementing an integrated talent management program that includes succession planning, orientation and mentoring practices and promotes career development opportunities.

Additionally, SCC conducted an employee satisfaction survey to determine where it was best meeting the needs of staff and to identify areas for future improvement. The results from the survey show an overall 82% satisfaction level among SCC employees.

Recognizing employee contributions also remained a priority in 2006-2007. SCC continued the practice of marking service milestones by presenting certificates of appreciation to employees with 5, 10, 15, 20 or 30 years of service at a staff appreciation event.

Monitoring effectiveness

The Standards Council of Canada continually monitors the effectiveness of its programs and services in order to identify areas for improvement and opportunities for growth. SCC's quality management system is an integral tool for helping identify organizational strengths and weaknesses. It also provides a framework for sound decision-making. SCC's quality

management practices are complemented by customer satisfaction surveys (see Figure G).

Figure E – Performance Indicator:
Staff Training

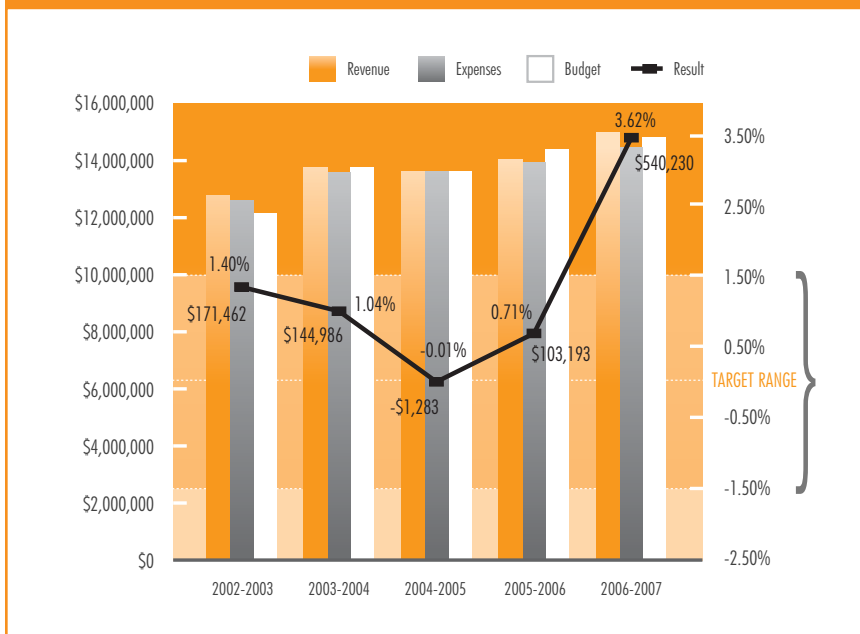
	\$ amount	% of salary budget
Total training budget	93,400	1.7
Total training expenses	88,600	1.6
% of training budget used	95%	
Average spending per employee	\$953	
Average # of training days per employee	1.6	

Given the highly specialized nature of the SCC's training needs, it allocates approximately 1.8% of salary budget each year for staff training opportunities. In FY 2006-2007, it allocated 1.7%.

SCC spent 1.6% of salary budget or \$88,600 on training (approximately \$953 per employee)—95% of the allocated funds.

Source: SCC Finance division

Figure C – Performance Indicator:
Net Income/Loss Versus Overall Budget



SCC's net financial result for FY 2006-2007 was a surplus of \$540,230. This falls outside the target range of plus or minus 1.5% of its overall budget.

Source: SCC Finance division

Developments of note in 2006-2007 included:

- Revision of SCC's audit schedule to reflect the maturity of quality management procedures in a number of program areas. Program areas with consistently good audit results over the past few years were moved from a 12 to an 18-month audit schedule. As a result, only 11 quality audits were completed in 2006-2007 as compared with 16 in 2005-2006.
- Overall, the 2006-2007 audits revealed only a small number of non-conformities. Addressing these outstanding issues was a priority for staff, as was implementing recommendations for further improvements.
- Efforts were made to further leverage SCC's quality management system in its corporate priority-setting. Quality management principles were the

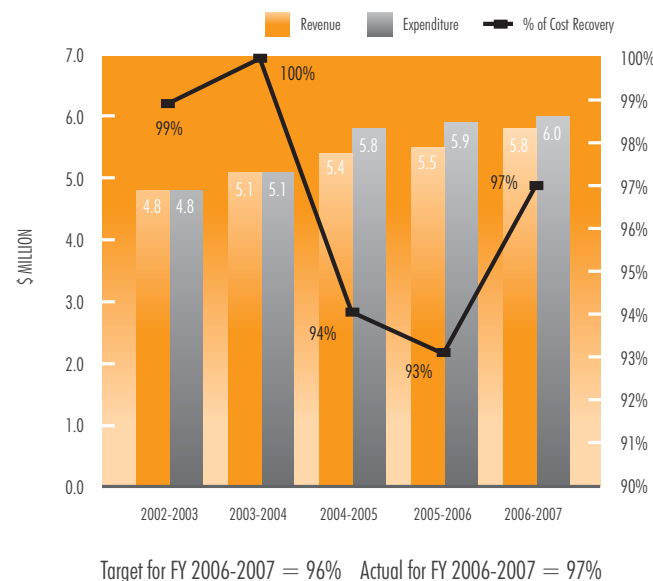
Figure D – Performance Indicator:
An unqualified audit opinion

In FY 2006-2007, SCC received an unqualified audit opinion from the Office of the Auditor General of Canada. SCC has consistently received this evaluation for more than a decade.

basis for two business cases that were used to evaluate the feasibility of launching accreditation programs for food safety management systems and, greenhouse gas measurement and verification.

- In response to feedback from the 2004-2005 customer surveys, SCC updated its regulatory notification service, Export Alert!, to provide clients with improved access to the documents they require. The upgraded version was launched in Canada in February 2007.

Figure E – Performance Indicator:
Cost Recovery (Conformity Assessment Programs)



*Cost Recovery for SCC's conformity assessment programs exceeded the 96% target set for the year. The target was corrected (from 99% to 96%) subsequent to publication of the FY 2006-2007 Corporate Plan.

Source: SCC Accreditation Revenues and Expenses – SCC Finance division

Looking ahead

The following activities are planned in 2007-2008 in support of Goal #2:

- Continued refinements to SCC's programs and services that save time and money;
- Further integration of corporate priority-setting mechanism into SCC's quality management system; and
- Establishment of a benchmark for employee satisfaction based on the results of the 2007 survey.

Figure Fa – Performance Indicator:
Client Service (Information and Research Services)

	2005-2006	2006-2007
Total number of enquiries	4,040	3,543
% acknowledged within 1 business day/completed in 3	98	99

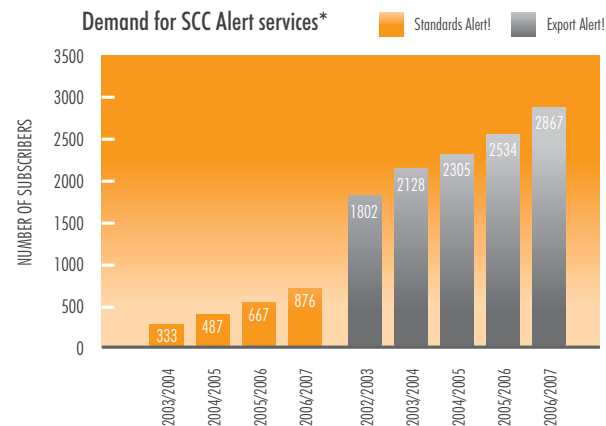
Length of time to answer enquiries	2005-2006	2006-2007
Less than 10 Minutes	34.5%	22.4%
10 Minutes or More	65.5%	77.6%

In 2006-2007, SCC continued to meet its service standard target of acknowledging 97% of information and research enquiries within 1 business day and completing them within 3 business days. While there has been a drop (of 14%) in the total number of enquiries received, the length of time to answer enquiries has increased. A comparison of current data with previous years reveals a shift in the type of enquiries received. The time spent answering enquiries of more than ten minutes has increased by 12.1 percentage points in the past year. This suggests that while the number of enquiries has decreased, the scope of the research being conducted is more complex than in previous years.

Source: SCC's Client Service Enquiry database

Figure Fb – Performance Indicator:
Client Service (Information and Research Services)

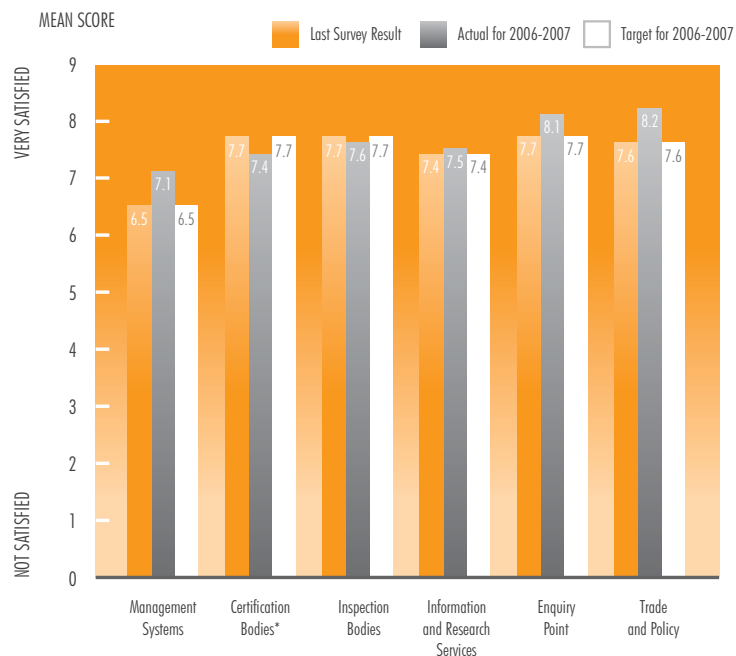
In addition to offering bilingual research services on a range of standards-related topics, SCC also offers various Alert services to its clients. This includes various subscription services such as Standards Alert! and Export Alert! The number of subscribers for these two services has increased significantly over the last few years as illustrated in the graph below.



*Subscription services include Export Alert! and Standards Alert!. The latter was launched in FY 2003-2004.

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

Figure Ga – Performance Indicator:
Customer Satisfaction



In FY 2006-2007, the SCC successfully completed customer satisfaction surveys for the programs as illustrated in the graph above. Satisfaction is measured on a scale of 1 to 10, with 1 being not at all satisfied and 10 being very satisfied. In the interest of reporting more precisely, SCC has moved to reporting results based on a 10-point scale from a 5-point scale. The target for each program was to either maintain the current satisfaction level or to increase its score*. All programs met or exceeded their targets.

*Satisfaction levels for certification bodies and inspection bodies have been measured independently and are therefore not directly comparable to previous surveys in which the two client bases were measured together. As a result, the previous survey score of 7.7 should serve only as a reference from which SCC concludes that satisfaction levels for both certification bodies and inspection bodies have been maintained.

Source: Pollara Strategic Public Opinion and Market Research

Figure Gb – Performance Indicator:
Customer Satisfaction (SCC Web Site)

A survey of SCC’s web customers has been postponed by one year to allow for the implementation of various strategic elements. However, for all of the customer satisfaction surveys conducted in FY2006-2007, SCC customers were asked to rate various attributes of SCC’s web site:

- Information found was relevant to their organization;
- Information found was complete and accurate;
- The search engine was effective in getting them information they wanted;
- The information they were seeking was easy to find; and
- Overall, the web site was easy to use.

As a result, SCC was able to establish an overall web attribute index. Overall 77% of SCC customers either strongly agreed or agreed with these attributes.

Source: Pollara Strategic Public Opinion and Market Research

Figure 10 – A measure of success:
Canada’s contribution to standards recognized internationally

Canada’s leadership was the spotlight last September when international delegates from 117 countries converged in Ottawa for the 29th ISO General Assembly.

“As a founding member of ISO, Canada has been at the forefront of many of the organization’s achievements for close to 60 years,” said ISO President Masami Tanaka during the official opening of the meeting.

“Canadians have made significant contributions to many of ISO’s 16,000 standards, as exemplified by their leadership role in the development of the internationally-recognized ISO 9000 and ISO 14000 series of standards, and more recently in their work on the first global standard for social responsibility,” said Tanaka.

Welcoming international delegates on behalf of Canada’s New Government, MP Colin Carrie, Parliamentary Secretary to Industry Minister Maxime Bernier, stressed the important role international standards play in strengthening the Canadian economy and contributing to quality of life.

“As a trading nation, Canada has long realized the importance of standardization. Both NAFTA and the World Trade Organization recognize international standards as key to harmonizing trade practices, while ensuring the safety and quality of products and services,” said Carrie.

The event marked only the second time in Canada’s long history as an ISO member that it has hosted the event. The previous hosting was in Toronto in 1982.

Performance against objectives

Goal 3

Reinforcing Canada's standards infrastructure

“Focus efforts and resources on strengthening the national infrastructure for standards development and accreditation in Canada.”

Surveying our national strategy

Since 2000, the Canadian Standards Strategy (CSS) has provided direction for SCC and its partners in the National Standards System. It has also provided those implicated with a number of benchmarks to measure progress. In December 2006, SCC circulated a report on CSS activities to stakeholders and also made it available on its website. Work will begin in 2007 to update the strategy and identify new activities.

Strengthening national accreditation activities

SCC continued to strive, in 2006-2007, to provide accreditation programs that effectively meet the evolving needs of Canadian industry, government and consumers.

SCC's four accredited standards development organizations continued to play an important role in the National Standards System. Senior executives from these organizations were represented on SCC's Standards Development Organization Advisory Committee, which provided important feedback to SCC about the accreditation process and other related issues. A working group met several times to review accreditation procedures. The resulting recommendations are expected to be presented to SCC's governing Council for consideration in 2007-2008.

On the conformity assessment side, a number of changes were made to SCC accreditation programs in 2006-2007 including:

- Expansion of the product and service certification body program to include chain of custody certifications for the endorsement of sustainable forest certification schemes;
- Launch of three new management system accreditation programs for food safety, information security management, and occupational health and safety; and
- Preparations for the launch of a new accreditation program for medical laboratories, based on an agreement signed between SCC and the Ontario Medical Association in 2005.

One accreditation program that did not see as much growth as anticipated was the inspection body accreditation program. Despite meeting with prospective new clients, including representatives from the polyurethane insulation sector, expansion of the program did not move forward as anticipated. SCC will continue to pursue opportunities for expansion in 2007-2008.

Supporting Canadian public policy objectives

SCC worked collaboratively with the federal government and non-governmental organizations on a number of activities related to Government of Canada priorities in 2006-2007.

Figure H – Performance Indicator:
Number of Accredited Clients

Accreditation Program	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007 Target	2006-2007 Actual
Testing and Calibration Laboratories (PALCAN)	369	397	339	341	368	346
Product and Service Certification Bodies	24	26	28	29	30	30
Management Systems Certification Bodies (EMS/QMS)	30	24	31	28	29	29
Personnel Certification Bodies*	1	2	2	3	3	3
Inspection Bodies**	N/A	N/A	6	7	16	7
TOTAL	424	449	406	408	446	415

Notes: *The Personnel certification program was launched in 2002-2003; **Inspection bodies program was launched in 2004-2005. SCC discontinued its accreditation program for management systems auditor training course providers in 2006-2007.

In 2006-2007, while the target of 446 accredited clients was not met, the total number of SCC's conformity assessment accreditation clients did increase by 7 from 408 to 415 accredited clients.

Source: Conformity Assessment branch tracking reports

Regulatory reform and trade harmonization

- SCC published a new guidance document for regulators in December 2006. The paper highlights opportunities to use standards and conformity assessment and the benefits of these approaches. The document was also used as a reference for the development of new marketing materials for regulators that were developed jointly by ISO and IEC.
- SCC provided the Government of Canada with input into the development of the trilateral regulatory cooperation framework as part of the Security and Prosperity Partnership for North America (SPP).
- SCC contributed to ongoing Free Trade Agreement negotiations between Canada and Korea by providing the Department of Foreign Affairs and

International Trade with input related to the development of a chapter on standards and technical barriers to trade.

- SCC consulted with the Government of Canada on issues related to internal trade, including an update of the Agreement on Internal Trade.
- SCC contributed to the National Public Safety Advisory Committee, composed of senior-level safety regulators from across Canada.
- As a member of the Canadian delegation to the World Trade Organization (WTO) Technical Barriers to Trade (TBT) Committee, SCC contributed to a paper on health and safety concerns associated with counterfeit certification marks. It also contributed to the fourth triennial reviews of the WTO/TBT Agreement and the 2007 Canadian Trade Policy Review.

Health and safety

- A forum on global healthcare challenges was hosted by SCC in conjunction with the ISO General Assembly (see Figure 11).
- SCC continued to provide support for the creation of a national database of accident information as a useful tool to identify areas where new standards could improve public safety. Together with Health Canada, provincial and territorial regulators and standards development organizations, it took part in a workshop to discuss the feasibility of a database or other options that could improve the sharing of product safety information.
- SCC continued to participate on the national steering committee responsible for Electronic Health Records. It agreed to join Canada Health Infoway's Standards Collaborative and will participate in a conference being organized by the group in May 2007.
- SCC met with provincial regulators to promote its accreditation program for environmental laboratories responsible for drinking water safety. Research to determine levels of provincial and territorial government interest in SCC laboratory accreditation was initiated.

Environment

- The inclusion of new international greenhouse gas verification standards (see also Figure I) in federal and provincial approaches that address climate change was actively promoted by SCC.

Looking ahead

The following activities are planned in 2007-2008 in support of Goal #3:

- Consider options for the renewal of the Canadian Standards Strategy;
- Launch of medical laboratory accreditation program;
- Promotion of new management system accreditation programs for IT security, occupational health and safety and, food safety;
- Continued participation in the Government of Canada's regulatory modernization initiatives and other public policy priorities including the environment and healthcare; and
- Active participation in the public forum on "International Standards and Public Policies" planned for the 30th ISO General Assembly in Geneva.

Figure 11 – A measure of success: Public forum highlights role for standards in global healthcare

In September, in conjunction with the ISO General Assembly, SCC put the role of international healthcare standards on the global stage by hosting an Open Session on the topic.

The one-day forum brought together healthcare experts from Canada and around the world to discuss opportunities for international standardization. Participants looked at challenges in global healthcare including patient safety, electronic health records and homecare.

"Standards allow us all to speak the same language – the language of quality, and safety and concern for the health and well-being of our citizens," said Dr. Neil Yeates, Assistant Deputy Minister, Health Products and Food Branch, Health Canada.

Richard Alvarez, President and CEO of Canada Health Infoway, also conveyed the value of standards for healthcare in general, and in health-related information technologies in particular.

"The application of standards in healthcare is a prime illustration of how standards can benefit Canadians, government and industry by reducing red tape, improving efficiency and encouraging innovation," said Alvarez.

The event attracted a number of important contributors to Canada's healthcare system, including representatives from: Health Canada, the Public Health Agency of Canada, Canadian Patient Safety Institute, Canadian Blood Services, Alberta Health and Wellness, and the Canadian Nurses Association.

Figure 12 – A measure of success: Canadian elected President of International Electrotechnical Commission

Jacques Régis became the first-ever Canadian President-elect of the International Electrotechnical Commission (IEC) on January 1, 2007.

He was chosen as the organization's next president at the September 2006 IEC Annual General Meeting in Berlin following a two-year campaign, supported by SCC. His three-year term as IEC President begins on January 1, 2008.

"As President-Elect my priority will be to listen to the preoccupations and expectations of the IEC community. I look forward to working together as we face the challenges that lie ahead at the start of this exciting second century for the IEC," said Régis during his acceptance speech.

Régis is no stranger to executive positions, having served as chairman of the board for organizations such as the Transmission Council of the Canadian Electricity Association, and Hydro-Québec TransÉnergie Inc., where he was also President and Chief Operating Officer from 1997 to 2003. More recently, Régis represented Canada at the IEC Council Board, a position he assumed in 2005.

Performance against objectives

Goal 4

Global Connections

“Maintain Canada’s international reputation and effectiveness as a leader in standardization while prioritizing SCC’s participation in international and regional standards development and accreditation efforts.”

Influencing international standards development

Canadian influence at international and regional standards development forums remained strong in 2006-2007.

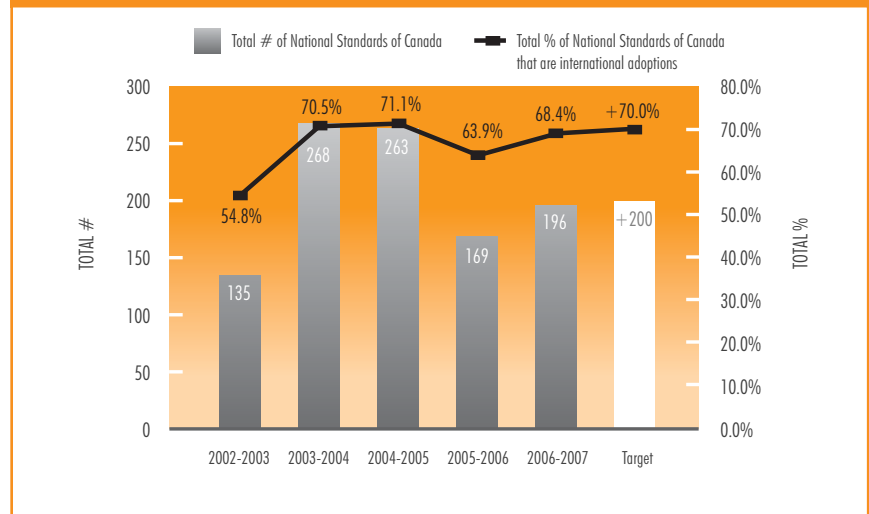
Influence at the International Organization for Standardization (ISO):

- Canada hosted the 29th ISO General Assembly and an Open Session on Healthcare in Ottawa (see Figure 10); and
- Two Canadians – Dan Gagnier and Trevor Smith – were appointed as members of ISO’s Strategic Advisory Group on Management System Standards.
- Canada played a leading role in the development of the Réseau Normalisation et Francophonie, a group organized to build capacity among Francophone members of ISO and to increase the proportion of ISO standards available in the French language. Canadian Jacques Girard of the Bureau de normalisation du Québec was elected as the organization’s president.

Influence at the International Electrotechnical Commission (IEC):

- Election of Canadian Jacques Régis as IEC President for 2008-2010;
- Election of Canadian Dr. Greg Stone to the Council Board for the 2007-2009 term; and
- Two Canadians receive IEC’s 1906 Award: Bill Bryans of IBM Canada for his work to promote the IECEE Certification Body Scheme, and

Figure I – Performance Indicator:
Canadian Use of International standards



SCC came very close to meeting its target with a total of 196 standards submitted to the SCC for approval as National Standards of Canada in 2006-2007. The percentage of standards approved increased to 68.4% in 2006-2007 from 63.9% the previous year. Of those standards approved, a number were in the area of health and the environment including: specifications for reducing greenhouse gas emissions and health informatics.

Source: ISO, IEC and the National Standards of Canada Approval Log

Marc Breton of EXFO for his outstanding work in IEC's technical committee on fibreoptics.

Influence in regional standards forums:

- Election of SCC Executive Director Peter Clark as president of the Pan American Standards Commission (COPANT); and
- Keynote address by Peter Clark at the 2007 annual general meeting of the Council for the Harmonization of Electrotechnical Standards of the Nations of the Americas (CANENA).
- SCC convened a working group of specialist regional bodies operating in the Asia-Pacific region that authored an overview of the standards and conformance bodies' contributions to trade facilitation in the Asia Pacific Economic Cooperation (APEC) region.
- SCC organized a workshop at the COPANT General Assembly in Bolivia, on the international scheme for conformity testing and certification of electrical equipment and components.

Canadian standards are gaining exposure throughout the world as SCC provides the bibliographic data from our Canadian Standards Database to Perinorm, a search tool that represents 23 countries and is maintained by the French (AFNOR), British (BSI) and German (DIN) national bodies.

Strengthening global accreditation networks

SCC continued to work with international and regional partners to increase worldwide acceptance of conformity assessment results through the mutual recognition of accreditations.

Influence at the International Accreditation Forum (IAF):

- SCC's Director of Intergovernmental Affairs Elva Nilsen continued to serve as IAF vice-chair;
- Membership on IAF's Technical Committee and Training Committee was maintained; and
- SCC provided significant input into the renewal of IAF's strategic plan.

Influence at regional accreditation organizations:

- SCC Director of Conformity Assessment Pat Paladino was re-elected as vice-chair of the InterAmerican Accreditation Cooperation (IAAC), and was also elected as chair of its Inspection Body Committee;

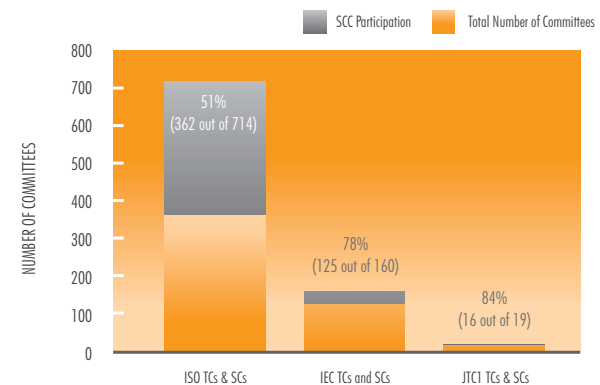
**Figure Ja – Performance Indicator:
Canadian contribution performance record and participation in work programs at ISO and IEC**

Ratio of Canadian participation in work programs of ISO and IEC for 2006*
Target: +50% Canadian participation in work programs of ISO and IEC

Canada is active as a participant or observer in 503 of the technical committees (TCs) and subcommittees (SCs) that develop international standards for ISO, IEC and ISO/IEC JTC1. These committees develop new standards and update existing international standards for thousands of products, systems and services. This represents 56% of the total 893 ISO, IEC and JTC1 committees. SCC met its target, exceeding a Canadian participation rate of over 50% in ISO and IEC work programs.

SCC participation by committee					
Participant Status	ISO	IEC	JTC1	Total	
Technical Committees	90	56	1	147	
Subcommittees	203	36	14	253	
Observer Status					
Technical Committees	31	10	0	41	
Subcommittees	38	23	1	62	
				Total	503

Percentage of SCC Activity in International Standards Development Work



Note:* ISO and IEC track performance by calendar year.

Source: ISO and IEC web sites

**Figure Jb – Performance Indicator:
Canadian contribution performance record and participation in work programs at ISO and IEC**

Canadian Contribution Performance Record at ISO and IEC*
 Target: 100% voting performance for committee draft for vote (CDV), draft international standard (DIS) and final draft international standard (FDIS) eligible votes

As a core component of its mandate and part of its international requirement, SCC must reply to all voting documents. This includes coordinating Canadian input to eligible CDV, DIS and FDIS documents at technical committees and subcommittees of ISO, IEC and their Joint Technical Committee on Information Technology (ISO/IEC JTC1), where Canada has participating status. SCC met its target of 100% voting performance.

ISO, IEC and JTC1 Performance Calendar Year 2006	
Total FDIS, ISO/DIS and IEC/CDV ballots processed:	1492
SCC Voting Performance:	100%
Total SCC Staff Abstentions**:	140
Percent SCC Staff Abstentions:	9.38%

Note: *ISO and IEC track performance by calendar year.
 ** Abstentions may represent items not applicable to Canada.

Source: SCC voting records

- SCC’s Director of Intergovernmental Affairs Elva Nilsen continued to serve as Pacific Accreditation Cooperation (PAC) Chair and SCC’s Quality Manager Joan Brough-Kerrebyn as the PAC Technical Committee Chair.
- Preparations were started for the 2007 IAAC Annual Meeting which will be held in Ottawa in August 2007; and
- SCC continued to serve on the Board of Management of the Asia Pacific Laboratory Accreditation Cooperation (APLAC).

The implementation of a cross-frontier policy that supports the mutual recognition of accreditation results globally, continued to be a focus of the various forums where SCC participates. The policy was developed to strengthen the international network of accreditation bodies by increasing confidence in the activities of foreign accreditation bodies and encouraging organizations to use domestic accreditation bodies wherever possible.

Looking ahead

The following activities are planned in 2007-2008 in support of Goal #4:

- Support the election of a Canadian to the ISO Technical Management Board;
- Support Jacques Régis’ assumption of the IEC presidency;
- Continue to support accreditation arrangement initiatives;
- Support implementation of revised International Accreditation Forum (IAF) strategic plan and contribute to the revision of the Pacific Accreditation Cooperation (PAC) strategy; and
- Complete ongoing assistance projects and identify areas for future assistance.

**Figure K – Performance Indicator:
Canadian impact on international and regional standardization efforts**

SCC endeavours to further Canadian policy options that support and promote the establishment of a global accreditation regime, i.e. “one test, one accreditation accepted globally”. SCC achieves this objective by representing Canada in several international and regional standardization fora including ISO’s policy development committee on conformity assessment, International Accreditation Forum (IAF), Pacific Accreditation Cooperation (PAC) and InterAmerican Accreditation Cooperation (IAAC).

Its impact and participation in regional and international standardization efforts is measured by the percentage of Canadian resolutions made at the international and regional level that are successful. SCC has a responsibility to submit comments on key international documents and issues that meet the needs of international organizations, its Members and the conformity assessment community.

In 2006-2007, SCC exceeded its target of 80% by achieving 90% of Canadian positions at ISO/CASCO, IAF, PAC, and IAAC.

Source: ISO/CASCO, IAF, PAC and IAAC letter ballots

**Figure L – Performance Indicator:
Canadian participation in international and regional standards and
conformity development, policy and management committees**

International Influence

Executive and Policy at ISO:

- Canada holds one of 18 elected seats on the ISO Council and one of 12 elected seats on the Technical Management Board.
- Canada also holds leadership roles in ISO's policy committees for conformity assessment (CASCO), consumer affairs (COPOLCO) and developing countries (DEVCO).

Executive and Policy at IEC:

- A Canadian has been elected President (2008-2010).
- Canada is one of 15 elected members to the senior governing body, the Council Board (CB).
- Canada is one of 15 elected members to the Standardization Management Board (SMB).
- Canada is one of 12 elected members to the Conformity Assessment Board (CAB) and holds leadership positions with IEC's conformity assessment schemes.

In addition to providing chairs and secretaries for technical committees (see table below), Canada holds the secretariat for 13 subcommittees, Canadians chair 10 subcommittees at ISO and, chair two subcommittees at IEC.

Canadians also convene 75 working groups at ISO and 21 at IEC.

ISO		IEC	
Paper, board and pulps (TC 6)	√ †	Hydraulic turbines (TC 4)	√ †
Dentistry (TC 106)	√ †	Overhead electrical conductors (TC 7)	√
Nickel and nickel alloys (TC 155)	√ †	High voltage testing techniques (TC 42)	†
Corrosion of metal alloys (TC 156)	√	Live working (TC 78)	†
Timber structures (TC 165)	√ †	Fire Hazard Testing (TC 89)	†
Quality management and quality assurance (TC 176)	√ †	Methods for the assessment of electrical, magnetic and electromagnetic fields associated with human exposure (TC 106)	†
Animal (mammal) traps (TC 191)	√ †	Evaluation and qualification of electrical insulating materials and systems (TC 112)	√
Hydrogen Technologies (TC 197)	√ †		
Environmental management (TC 207)	√ †		

(√) = Canadian Chair (†) = Canadian Secretary

Regional Influence – Executive and Policy:

- IAF: Vice-Chair and Vice-Chair of Technical Committee
- IAAC: Vice-Chair
- PAC: Chair and Technical Committee Chair
- PASC: Standing Committee
- COPANT: President-elect, Board of Directors and Technical Management Commission

Source: SCC records, and ISO and IEC directories



Management discussion and analysis

The Standards Council of Canada (SCC) has numerous mechanisms in place to identify and monitor risk. These are currently incorporated into SCC's policies, programs, planning and quality processes. At the operational level, SCC conducts an analysis of risk through its quality management system. Corporate level risk is analyzed, annually, as part of strategic planning sessions with both Council members and staff.

In FY 2006-2007, SCC established an integrated risk management framework that brings together all of its risk-related documentation. To ensure continued relevancy of this new framework, SCC will integrate a separate risk analysis component into its annual strategic planning sessions, which will be reviewed by the Audit Committee and Council.

SCC's risk management framework includes an analysis of the main corporate risks faced by the organization, as well as the strategies required to mitigate and/or minimize each one. Some of the main risks identified that were ranked as medium to high were:

Corporate Reputation

While the SCC has a strong reputation both nationally and internationally, all external communications or dealings with stakeholders include some degree of risk. Any controversial issues (e.g. public health and safety) affecting partners could impact SCC. To mitigate this type of risk, SCC uses its quality management processes to verify messaging prior to publication and provides training to staff and members on the importance of maintaining a positive corporate identity.

Financial Resources

As it strives to better deliver against its mandate and provide increased support for Canadian standardization activities, the SCC is challenged by new requests for service. Using empirical evidence on the economic value of standardization and a review of existing demands on the organization, SCC will present a business case to the Federal Government to demonstrate its resource requirements.

Conformity Assessment

As a result of global accreditation (e.g. increased participation in bilateral and multilateral mutual recognition agreements by SCC), conformity assessment bodies require fewer accreditations to gain access to global markets. Although this consolidation of requirements has a positive impact for Canada, it does present a competitive disadvantage for the SCC's cost-recovery programs. To ensure its long-term success, SCC must develop a formal strategy that builds on the value-added dimensions of its accreditation programs and addresses its ability to cope with the effects of increased globalisation.

Human Resources

Given the demographic trends of an ageing population and SCC's requirement for highly technical positions, SCC is at risk of not being able to adequately address its human resource requirements. This is compounded by the inherent difficulty in defining a succession plan for such a small, specialized organization. SCC continues to invest in its people through professional development training opportunities and

through quality documentation that describes the work processes of key staff positions. The “talent management program” (under development) will also serve to manage the risks associated with this area.

International Technical Participation

The ability to sustain effective volunteer representation within the Canadian standards system is another risk to the fulfillment of SCC’s mandate. Because of the voluntary nature of committee work, the sustainability of Canada’s National Standards System is dependent on the continued participation of capable individuals. These volunteer members ensure that Canadian interests are injected into the development of international standards. SCC’s internal capacity to support volunteers in its Member program has been static for the past five years. Dwindling participation by Canadians in standardization activities could compromise Canada’s ability to influence international standards. The worst case scenario is one where Canada would have to comply with international standards that had been developed without consideration / representation of Canadian interests. In addition to the risks of an ageing and limited volunteer base, industry funding for participation in standards work is also scarce. The SCC mitigates these risks through its retention, recruitment, recognition and retention strategies, as well as through proper management of its Member program.

Strategic Planning

SCC’s mandate is broad and multi-faceted. In any given year, it is presented with many opportunities and initiatives that are all potentially beneficial to the National Standards System. With limited resources, the SCC is faced with the challenge of maintaining its relevance by addressing some of these proposed initiatives while still appropriately meeting the expectations and commitments of its current programs and services. By using effective priority-setting mechanisms to maintain its strategic focus, SCC is able to manage this type of risk. The development of additional decision-making tools that are entrenched into its quality management system will assist SCC’s senior management with strategic planning and management of its operations.

**Figure 13 – A measure of success:
Engaging developing countries and emerging economies**

SCC continued to be a mentor and supporter of developing countries and emerging economies around the world in 2006-2007. In addition to the initiatives listed below, SCC was actively involved with international standards forums to increase the capacity of these countries to participate in standards activities. SCC hosted the 2006 plenary meeting of ISO’s Committee on Developing Countries (DEVCO) during the ISO General Assembly and provided input to it and other committees throughout the year.

Country	Type of partnership/assistance
Afghanistan	– Held preliminary discussions with Afghanistan’s accreditation body about future training opportunities.
China*	– Supported the Standardization Administration of China (SAC) in a new ISO working group on standards for second-hand goods through a twinning arrangement. – Met with several Chinese delegations representing government and industry to provide standards-related information and training on issues including implementation of the transparency obligations of the World Trade Organization Sanitary and Phytosanitary Agreement, food safety and certification of wood products.
Columbia	– Supported the participation of the Instituto Colombiano de Normas Técnicas y Certificación (ICONTEC), in the ISO/CASCO Chairman’s policy and coordination group (CPC) and, in meetings of the ISO/CASCO WG 27 development of ISO/IEC 17007 Guidelines for drafting standards and specified requirements for conformity assessment applications.
Costa Rica**	– Provided training and technical support to help Costa Rica build capacity so as to better participate in international standards activities, enhance standards-related information services to national stakeholders, and improve the country’s ability to respond to its requirements as a member of the World Trade Organization and other trade agreements.
Guyana	– Held preliminary discussions with Guyana’s national standards body about future training opportunities.
India	– Hosted an Indian delegation and provided an orientation to Canada’s conformity assessment system and related environmental programs.
South Africa	– Held a training workshop, as part of the Pacific Area Standards Congress (PASC), for national standards bodies from developing countries in which members of the South African Development Community (SADC) participated.
Trinidad & Tobago	– Provided training on the evaluation of food testing laboratories.

* SCC and SAC signed a cooperation agreement in 2005.

** In 2004, SCC signed an agreement with CIDA to provide standards, regulation and accreditation-related assistance through the Canada-Costa Rica Competitiveness Development Fund.

Finance

The SCC's total revenue other than parliamentary appropriation, of \$7.5 million, is somewhat higher than the \$7.1 million recorded in FY 2005-2006. All revenues from conformity assessment accreditation fees, royalties from sales of standards, and sponsorship/partnership funding, increased year-over-year.

Conformity assessment accreditation fees grew by 4% year-over-year, rising from \$5.4 million to \$5.7 million. While the increase exceeds the rate of inflation, pointing to real program growth, it continues the trend established over the past several years of single-digit increases as programs mature and competition becomes more of a factor. Several multinational clients continue to undergo a process of rationalizing and limiting the number of accreditations that they hold. This has a particular impact on the Management Systems programs (Quality and Environmental) where

revenues actually declined marginally for the second consecutive year. In contrast, PALCAN program revenues grew by 4%, while Certification Bodies program revenues grew by 10%. Increases, where recorded, are attributable to a growing client base as well as increased levels of activity by existing clients. Overall cost recovery within the Conformity Assessment family of programs rose to 97%, slightly better than the budgeted target of 96% and increased from the previous year's level of 93%. Improved cost recovery levels can be attributed to cost containment as direct costs grew by only 2.0%, while overheads actually declined by 2.5%. Individually, cost recovery percentages were: for Certification, 91%; Management Systems, 105%; and PALCAN, 95%.

Royalties from sales of standards, at \$698 thousand, is up from the previous year's level of \$562 thousand. A GST recovery of \$68 thousand contributed significantly to this increase, leaving a 12% year over increase

Figure 14 – Financial Overview, 2002–2007

	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007 (Budget)	2006-2007 (Actual)	2007-2008 (Budget)
Revenue							
Accreditation fees	\$4,540,427	\$4,762,328	\$5,151,197	\$5,438,548	\$5,938,250	\$5,663,079	\$6,099,500
Revenue from standards sales	717,097	709,504	537,062	561,764	530,000	698,056	560,000
WTO/NAFTA Enquiry Point	245,838	251,525	260,782	260,798	261,000	260,945	340,000
Parliamentary appropriation	6,573,984	7,101,179	6,944,447	7,084,089	7,648,800	7,614,779	7,188,000
Other	799,027	1,021,608	817,039	793,592	540,250	866,086	1,121,500
	\$12,876,373	\$13,846,144	\$13,710,527	\$14,138,791	\$14,918,300	\$15,102,945	\$15,309,000
Expenses							
Conformity Assessment	3,311,400	3,401,876	3,833,047	4,064,677	4,409,100	4,144,329	4,791,000
Information Services	436,348	476,346	538,988	455,855	534,200	526,513	490,000
WTO/NAFTA Enquiry Point	245,838	251,525	260,782	260,798	261,000	260,945	340,000
Standards Development	3,661,278	4,251,742	3,581,520	3,857,269	4,002,100	4,093,266	3,859,000
Intergovernmental Affairs and Trade	903,215	956,200	870,929	913,540	1,163,000	1,038,507	1,149,000
Management and administration	4,146,832	4,363,469	4,626,544	4,483,459	4,548,900	4,499,155	4,680,000
	\$12,704,911	\$13,701,158	\$13,711,810	\$14,035,598	\$14,918,300	\$14,562,715	\$15,309,000
Net income (loss)	\$171,462	\$144,986	(\$1,283)	\$103,193	\$0	\$540,230	\$0

in royalty revenue. The demand for standards, while stable, is quite inelastic. Competition from international sellers remained a constant and continued to hinder market share. Other factors affecting the market for standards sales include the growth of electronic commerce and the demand for electronic products versus traditional paper copies, an increase in the number of available sales outlets, copyright abuse, and shrinking margins as copyright holders seek higher royalties. These factors continue to impact revenue growth for the medium term. Gross sales from SCC's web store (www.standardsstore.ca) launched in late January 2005 in conjunction with IHS, rose from \$84 thousand to \$112 thousand. Both ISO and IEC web stores also service Canadian clients and pay royalties to SCC accordingly.

Sponsorship/partnership funding also increased significantly to \$504 thousand from the 2005-2006 level of \$331 thousand. This increase was related to the work undertaken on three CIDA-funded developing country projects for Costa Rica which were initiated in the previous fiscal year and are expected to conclude in 2007-2008. Other components of this category include internet hosting for outside clients using SiteScape and ExportAlert! services, sponsorship of the 2006 ISO General Assembly held in Ottawa, and PALCAN program partnerships, all of which were largely on budget.

Government funding of \$7.6 million is higher than the previous year's \$7.1 million as additional appropriation – held back from the preceding two fiscal years – was drawn upon to pay the costs of hosting the ISO General Assembly. On a cash basis SCC utilized, or drew down, its entire voted appropriation of \$7,529,000 (2005-2006 - \$6,929,000).

Parliamentary appropriation supported 52% of SCC's operating and capital expenditures as compared to 50% in FY 2005-2006.

In total, expenses for FY 2006-2007 were \$14.6 million, a 3.7% increase over the previous year's expenditures of \$14.0 million. Operating costs increased marginally in all operational areas of the Council. The Conformity Assessment increase is related to overall program growth, but more specifically, higher employment-related costs and travel expenditures. These increases were more than recaptured through increased revenues, resulting in improved cost recovery rates. The increase in Standards Development arises from costs related to the hosting of the ISO General Assembly (\$426 thousand) and fulfillment of the CIDA/Costa Rica projects, and is offset by reduced membership costs. Increases of a smaller magnitude were also recorded in Information Services, Intergovernmental

Affairs and Trade, and Management and Administrative Services. The increase in Information Services pertains to higher personnel costs as well as for books and subscriptions. Intergovernmental Affairs and Trade's increase arises from professional fees related to a study on the economic value of standardization and the hosting of a Standards Academic Conference.

On a functional basis, salaries and employee benefits were higher due to an economic pay increase and more benefits costs, in particular pension and health-related insurance costs. Membership fees in international organizations declined by \$94 thousand due to the relatively stronger Canadian dollar. Meeting costs increased, as noted previously, due to the hosting of the ISO General Assembly. Office accommodation costs declined as a result of the partial recovery of municipal taxes for the calendar years 2005 and 2006, arising from the City of Ottawa's charitable organizations rebate program.

Total revenues and funding, including parliamentary appropriation, exceed expenditures by \$540 thousand, up from the previous year's surplus of \$103 thousand.

Financial Statements

Management Responsibility for Financial Statements

The accompanying financial statements and all information in the Annual Report are the responsibility of the Standards Council of Canada and its officers. The financial statements were prepared by management in conformity with Canadian generally accepted accounting principles appropriate to the 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 present 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.



Peter Clark
Executive Director

Rick Parsons
Treasurer and Director of Administration



Ottawa, Canada
May 25, 2007

Auditor's report

To the Minister of Industry

I have audited the balance sheet of the Standards Council of Canada as at March 31, 2007 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, 2007 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 Y. Cheng, FCA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 25, 2007

Financial Statements

BALANCE SHEET

	As at March 31	
	2007	2006
ASSETS		
Current		
Cash	\$ 2,323,686	\$ 1,969,029
Accounts receivable:		
Federal government departments and agencies	266,929	270,588
Other	1,691,683	1,357,188
Parliamentary appropriation receivable	1,134,000	992,000
Prepaid expenses	824,265	836,133
	<u>6,240,563</u>	<u>5,424,938</u>
Capital assets (Note 3)	740,467	852,529
	<u>\$ 6,981,030</u>	<u>\$ 6,277,467</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 1,264,690	\$ 1,071,912
Deferred accreditation fees	1,988,503	1,905,886
	<u>3,253,193</u>	<u>2,977,798</u>
Long term		
Deferred government funding (Note 4)	514,614	600,393
Deferred revenue - Tenant improvement allowance (Note 5)	225,853	252,136
	<u>740,467</u>	<u>852,529</u>
	3,993,660	3,830,327
EQUITY OF CANADA		
Equity of Canada	2,987,370	2,447,140
	<u>\$ 6,981,030</u>	<u>\$ 6,277,467</u>

Commitments (Note 9)

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

Approved by the Council:


Chair


Executive Director

Financial Statements

STATEMENT OF OPERATIONS AND EQUITY OF CANADA

	For the year ended March 31	
	2007	2006
Revenue		
Conformity Assessment accreditation fees	\$ 5,663,079	\$ 5,438,548
Royalties from sales of standards (Note 7)	698,056	561,764
Sponsorship/Partnership Funding	503,945	331,064
WTO/NAFTA Enquiry Point	260,945	260,798
Other	362,141	462,528
	<u>7,488,166</u>	<u>7,054,702</u>
Expenses (Note 8)		
Conformity Assessment	4,144,329	4,064,677
Information Services	526,513	455,855
Standards Development	4,093,266	3,857,269
WTO/NAFTA Enquiry Point	260,945	260,798
Intergovernmental Affairs and Trade	1,038,507	913,540
Management and Administrative Services	4,499,155	4,483,459
	<u>14,562,715</u>	<u>14,035,598</u>
Net loss before government funding	<u>(7,074,549)</u>	<u>(6,980,896)</u>
Government funding		
Parliamentary appropriation for operating expenses	7,386,827	6,808,243
Amortization of deferred government funding (Note 4)	227,952	275,846
	<u>7,614,779</u>	<u>7,084,089</u>
Net Income	540,230	103,193
Equity of Canada at the beginning of the year	2,447,140	2,343,947
	<u>2,447,140</u>	<u>2,343,947</u>
Equity of Canada at the end of the year	<u>\$ 2,987,370</u>	<u>\$ 2,447,140</u>

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

Financial Statements

STATEMENT OF CASH FLOWS

	For the year ended March 31	
	2007	2006
Operating activities		
Net Income	\$ 540,230	\$ 103,193
Adjustments for non-cash items		
Amortization of capital assets	254,235	302,130
Amortization of deferred government funding	(227,952)	(275,846)
Amortization of tenant improvement allowance	(26,283)	(26,284)
	540,230	103,193
Changes in current liabilities and current assets other than cash	(185,573)	(237,417)
Cash flows provided by (used in) operating activities	354,657	(134,224)
Investing activities		
Additions to capital assets	(142,173)	(120,757)
Financing activities		
Funding for acquisition of capital assets		
Parliamentary appropriation	142,173	120,757
Increase (Decrease) in cash during the year	354,657	(134,224)
Cash at the beginning of the year	1,969,029	2,103,253
Cash at the end of the year	\$ 2,323,686	\$ 1,969,029

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

Financial Statements

Notes to Financial Statements, March 31, 2007

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, 2006) 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* and, for the purposes of the *Income Tax Act*, is deemed to be a registered charity.

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 internationally and regionally through membership in the International Organization for Standardization (ISO), the International Electrotechnical Commission (IEC), and in other regional standards organizations;
- 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 application fees and 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) Expenses

Expenses are recognized when goods are received and services are rendered.

d) 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.

e) Vacation pay

Vacation pay is expensed as the benefit accrues to employees under their respective terms of employment. The liability for vacation pay is calculated at the salary levels in effect at the end of the year for all unused vacation pay benefits accruing to employees.

f) Employee benefit plan

The Council sponsors an employee benefit plan through a third party provider (health, dental, life and long-term disability insurance). The Council's contributions to the plan are recorded at cost and charged to personnel expenses in the year incurred. They represent the Council's total obligation to the plan. The plan does not require the Council to make contributions for any future unfunded liabilities of the plan.

g) Employee future benefits

All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Council's contributions to the plan reflect the full cost as employer. 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 any actuarial deficiencies of the Public Service Pension Plan.

h) Future accounting changes

The Canadian Institute of Chartered Accountants (CICA) issued in January 2005 two new accounting standards that will impact the Council. These new standards will come into effect for fiscal years beginning on or after October 1, 2006 and will be applied prospectively.

Financial Statements

Section 3855, Financial Instruments – Recognition and Measurement, establishes standards for recognizing, measuring and classifying financial instruments. The Council will be required to classify its financial assets as held for trading, held-to-maturity, loans and receivables or available-for-sale, and financial liabilities as held for trading or other than held for trading. Financial assets and liabilities classified as held for trading will be measured at fair value with gains and losses recognized in net results of operations. Financial assets classified as held-to-maturity, loans and receivables and financial liabilities other than those held for trading will be measured at amortized cost. Financial assets classified as available-for-sale will be measured at fair value with unrealized gains and losses recognized in other comprehensive income. These new standards will come into effect April 1, 2007 for the Council.

Section 1530, Comprehensive Income, introduces a new requirement to temporarily present certain gains and losses in other comprehensive income until it is considered appropriate to be recognized in net results of operations. The Council may be required to present a new financial statement titled Comprehensive Income to record such amounts until they are realized.

The Council is currently evaluating the impact of those new recommendations for fiscal year 2007-2008.

3. CAPITAL ASSETS

	2007		2006	
	Cost	Accumulated amortization	Net book value	Net book value
Furniture	\$ 275,820	\$ 260,156	\$ 15,664	\$ 12,212
Equipment	1,576,704	1,261,977	314,727	400,601
Leasehold improvements	678,626	268,550	410,076	439,716
	<u>\$ 2,531,150</u>	<u>\$ 1,790,683</u>	<u>\$ 740,467</u>	<u>\$ 852,529</u>

4. DEFERRED GOVERNMENT FUNDING

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

Changes in the deferred government funding balance are as follows:

	2007	2006
Balance at beginning of year	\$ 600,393	\$ 755,482
Add appropriation used to acquire depreciable capital assets	142,173	120,757
Less amortization	<u>227,952</u>	<u>275,846</u>
Balance at end of year	<u>\$ 514,614</u>	<u>\$ 600,393</u>

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:

	2007	2006
Balance at beginning of year	\$ 252,136	\$ 278,420
Less amortization	<u>26,283</u>	<u>26,284</u>
Balance at end of year	<u>\$ 225,853</u>	<u>\$ 252,136</u>

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.

8. EXPENSES

	2007	2006
Salaries and employee benefits	\$ 7,484,677	\$ 7,130,333
Travel	2,016,754	1,974,264
Professional and special services	1,581,677	1,482,058
Memberships in International Organizations	982,914	1,077,283
Meetings	651,054	451,779
Office accommodation	611,237	674,531
Amortization of capital assets	254,235	302,130
Publications and printing	248,134	225,897
Office supplies	168,069	130,934
Telecommunications and postage	138,995	143,402
Public relations	72,509	78,254
Rental of office equipment	64,925	62,552
Other	<u>287,535</u>	<u>302,181</u>
	<u>\$ 14,562,715</u>	<u>\$ 14,035,598</u>

Financial Statements

The Council and all eligible employees contribute to the Public Service Pension Plan. Pension benefits accrue up to a maximum period of 35 years at a rate of two percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are fully indexed to the increase in the Consumer Price Index. The Council's and employees' contributions to the Public Service Pension Plan for the year were as follows:

	2007	2006
Council's contributions	\$ 765,500	\$ 697,127
Employees' contributions	\$ 322,994	\$ 280,775

The Council's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada.

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:

2007-2008	\$ 328,769
2008-2009	\$ 331,294
2009-2010	\$ 331,799
2010-2011	\$ 345,290
2011-2012	\$ 350,845
Balance	\$1,154,866

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. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.