national **standards** system

Standards Council of Canada
Conseil canadien des normes

CHARTING THE COURSE
ANNUAL REPORT 2004 | 2005

Established in 1970 – 35 years

Standards Council of Canada
Conseil canadien des normes

Créé en 1970 – 35 ans

Canada

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 as the primary body responsible for Canada's National Standards System.

125

How to reach us

100

75

Printed in Canada on recycled and recyclable paper

Table of Contents

Highlights: List of Figures

Message from the chairman – HUGH A. KRENTZ

"A good plan is like a roadmap: it shows the final destination and usually the best way of getting there". – H. Stanley Judd

As Canadians passed over into the second-half of this decade - the first of a new millennium - they were not alone in contemplating how the world we live in has changed and perhaps more importantly, what lies ahead for the 21st Century. Over the past year, the Standards Council of Canada (SCC) has been looking particularly at the impact of this evolution on voluntary standardization, and the SCC's role in leading standards-related activities in Canada.

While the core objectives that were set out in the Canadian Standards Strategy (CSS) in 2000 remain relevant today, shifting priorities and global realities have made it necessary to revisit and adjust the roadmap we are using to help us reach these goals. The update to the CSS, which was completed in February 2005, was one vital element of these efforts. Another was ensuring that the SCC's corporate strategy remains in step with Canadian priorities while strengthening the framework we are using to refine our short term goals to meet these changing needs.

The CSS update process initiated by SCC's governing Council in 2003 came full circle during the second National Standards System Conference in November 2004. Stakeholders from across Canada were invited to Calgary, Alberta to join with the SCC in charting a course that will ensure that standardization activities effectively contribute to building a competitive, prosperous and sustainable future for all Canadians. The workshops, presentations and keynote speeches at the conference echoed many of the key themes and issues that were central to SCC's work in FY 2004-2005 including Smart Regulation, sustainable development, social responsibility and healthcare. The Conference was also a chance to recognize the many contributions of NSS members, including the individuals, organizations and committees selected as the 2004 SCC Award recipients.
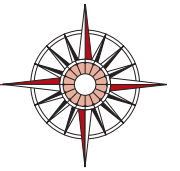
Based on the outstanding efforts of SCC staff, advisory committee members and individual stakeholders—all of whom worked tirelessly to ensure the success of these forward-looking initiatives—I am confident of our continued success as we push ahead.

Also deserving of recognition are my 14 colleagues on the governing Council who take very seriously their role in providing leadership and strategic direction for the SCC. At a time when Canadians are increasingly concerned about the transparency and accountability of both public and private organizations, the SCC is not only meeting the federal government's corporate governance requirements for Crown corporations, but taking proactive steps to be open about our activities and operations. This was reflected in the final report of the Office of the Auditor General's Special Examination, which was completed in 2004. The examination results are a testament to the positive outcomes of organization-wide efforts over the past five years to improve and build on the SCC's solid governance framework.

The SCC's support for standardization as a tool for greater global accountability was further displayed through leadership in the development of a standard for social responsibility by the International Organization for Standardization (ISO). Deserving of particular recognition is SCC Vice Chairman Dan Gagnier, who led the international working group that recommended its development to the ISO General Assembly. His contribution was characteristic of the SCC's prominence in international standardization activities during FY 2004-2005.

While identifying new opportunities for standardization to improve Canada's global competitiveness, we also addressed the ongoing challenge of maintaining the human and financial resources necessary to fuel the National Standards System, in the face of changing demographics and evolving economic realities.

The importance of clearly and succinctly communicating the value of standardization and the benefits of being involved in the various aspects of this work was a recurring recommendation during strategy sessions with SCC Council members, advisory committee members, staff and stakeholders. This message was also a central finding in the final report of the SCC's Task Force

on Innovative Funding Solutions which was presented to Council last year. Based on this input, the development of clear and tangible messages aimed at demonstrating the value of standards to all Canadians and the role of the SCC in standardization efforts will be a priority in FY 2005-2006.

Looking at the course that has been charted, I see there is still much left to be accomplished. But, I am confident that the renewed strategic direction will strengthen the Standards Council of Canada's ability to navigate within national and global environments, and that these tools will in-turn fortify our National Standards System.

## Message from the executive director – PETER CLARK

There is much to celebrate in 2005 as the Standards Council of Canada embarks on its 35th year. In response to the evolving social, economic and political landscape in Canada and around the world, the organization has accomplished much and undergone many changes over the past three-and-a-half decades. All the while, we have remained focused on the road ahead. As we continue on this journey, our next milestones are well marked thanks to recent efforts to map out future activities and to ensure that they will meet the changing standardization needs of Canadians.

Information sharing, networking and consensus-building activities continued to drive standardization in FY 2004-2005, and SCC staff were at the wheel as both participants in and planners of a number of meetings, conferences and other national, regional and international gatherings. While continuing to meet Canada's global obligations as the host of a number of events including, the annual meeting of the Pacific Area Standards Congress and the executive committee meeting of the InterAmerican Accreditation Cooperation, exceptional effort was shown by staff who worked with our partners to plan and deliver the very successful second National Standards System (NSS) Conference.

Strengthening the SCC's national relationships was at the core of the NSS Conference, which brought participants from across the country to Calgary in November 2004. Delegates were invited to explore the evolving role for standardization in many of the issues that are most significant to Canadians right now, including health and safety, public security, alternative energies, and sustainable development. They were also asked to consider the role for standardization in public policy as governments at all levels review and update their regulatory practices while also seeking greater harmonization with their domestic and international counterparts.

The potential of standards and conformity assessment to help increase Canadian competitiveness was not only a topic of discussion at the Conference, but of numerous recommendations to the federal government in the September 2004 final report of the External Advisory Committee on Smart Regulation. This is just one of many encouraging signs that our message about the benefits of standardization as a public policy tool is being heard, and that governments are interested in putting it into practical use. Another indicator of progress is the increased involvement of provincial and territorial regulatory organizations and committees in the National Standards System.

The notion of "Charting the Course", which was central to the Conference, also embodies the SCC's overall strategic focus during FY 2004-2005. In addition to leading the process that resulted in the launch of an updated Canadian Standards Strategy document in February 2005, the SCC also made important
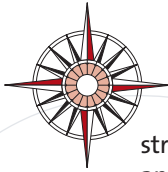
strides throughout the year to streamline its own strategic planning practices and to set clear and measurable corporate objectives for the future. As the individuals interacting daily with colleagues and clients in the national and international standardization community, staff provided extremely valuable input into the current and future needs for standards-related products and services.

The SCC recognizes the need to adapt its accreditation programs for third-party conformity assessment activities and national standards development organizations to meet the evolving needs of Canadians. During FY 2004-2005, some significant adjustments took place in the laboratory accreditation program in response to the termination of a partnership with the Canadian Environmental Analytical Laboratories (CAEAL) for the accreditation of environmental testing laboratories. While taking the necessary steps to provide separate accreditation programs, the SCC and CAEAL also arrived at an agreement to accredit Ontario laboratories that test drinking water.

Ensuring the health and safety of Canadians and reducing the environmental impact of agricultural activities contributed to the expansion of the SCC's management systems accreditation programs. In December 2004, a program to qualify SCC-accredited environmental management system certification bodies that register hog farms to a Canadian standard based on the ISO 14000 series was launched to meet the unique ecological challenges of that sector. Also of note were ongoing efforts to support the organic food sector in Canada to ensure that our certified-organic products will be accepted in foreign markets.

Healthcare, and the potential for standards to address some of the most persistent challenges facing its delivery in Canada, was also top of mind in FY 2004-2005. I am pleased to report that the SCC has signed a memorandum of understanding with the Canadian Council on Health Services Accreditation (CCHSA) to pursue accreditation of the organization as a standards development organization and, to work together on the accreditation of certain healthcare facilities. We are also working with a number of other partners on health-related standards initiatives, including the development of standards for information technologies that are improving the delivery of healthcare across the country.

Like so many other sectors, the standards business is addressing the increased demand for services to be available over the Internet. As part of ongoing efforts to respond to the evolving business needs of Canadians, the SCC rolled-out its own storefront for the online sale of standards. The StandardsStore, which was created in partnership with IHS Canada, is part of the agreement renewed in 2004 between SCC and IHS for the sale of standards within Canada.

While national events were a highlight in FY 2004-2005, the SCC maintained a prominent position on Canada's behalf in the technical and policy work of international standards development organizations, international bodies working towards the creation of a global accreditation system for conformity assessment, and regional standardization bodies. In addition to continuing to seek and gain leadership roles in these organizations, the SCC has been sharing its expertise with developing countries in the hopes that this assistance will ensure that they can become equally active in global standardization activities in the future.

As the SCC sets out on the path before it, I am optimistic about what the journey will bring. I look forward to working together with current partners and the SCC's governing Council as we continue to pursue our goals. I am equally hopeful that we will forge and maintain new relationships as we make inroads here in Canada and around the world.
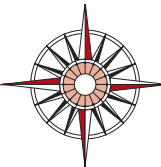
Year at a glance

The SCC was engaged in many worthy activities throughout FY 2004-2005. The following are just a sample of some of the important milestones of the last year:

May 23-28, 2004 – The SCC hosts a meeting of the Pacific Area Standards Congress in Vancouver and presents workshops on the topics of: twinning and mentoring developing countries and good regulatory practice.

May 29-31, 2004 – The SCC sponsors and participates in the 2004 Forum for International Trade Training annual conference in Toronto.

June 14, 2004 – The SCC announces the recipients of the 2004 Standards Council of Canada Awards, which recognize outstanding individual and organizational contributions to voluntary standardization.

July 5-10, 2004 – The SCC signs the Pacific Accreditation Cooperation (PAC) Product Certification Multilateral Recognition Arrangement during the PAC Plenary meeting in Seoul, Korea. During the same meeting, Joan Brough-Kerrebyn, SCC Manager, Quality Management Systems, is elected as Chair of the PAC Technical Committee.

July 22-23, 2004 – The SCC hosts the InterAmerican Accreditation Cooperation Executive Committee meeting and a two-day training session on measurement uncertainty and proficiency testing.

August 16-17, 2004 – Vice Chairman Dan Gagnier delivers an address on Sustainable Development at the Standards Engineering Society Annual Conference in Ottawa.

September 15-16, 2004 – Chairman Hugh Krentz, Executive Director Peter Clark and SCC staff attend the ISO General Assembly in Geneva, Switzerland. Mr. Krentz participates in a panel discussion on the topic, "International Standardization – Bringing the Message to the Top". Also during the meeting, Canada puts forward an invitation to host the 2006 ISO General Assembly.

September 21, 2004 – Four members of the Canadian National Committee of the International Electrotechnical Commission (CNC/IEC) are presented with the prestigious 1906 Award for their outstanding contributions to the IEC. The recipients are: Dr. Chandra Krishnayya, Mr. Serge Breault, Mr. David Kiang, and Mr. Walter G. Booth.

September 22, 2004 – The Office of the Auditor General of Canada's final report on its Special Examination of the SCC finds no significant deficiencies.

September 30, 2004 – The SCC signs a Memorandum of Understanding with the Canadian Council for Health Services Accreditation regarding the organization's future accreditation as a standards development organization and cooperation in the accreditation of health services facilities.

October 9, 2004 – The SCC signs the International Accreditation Forum (IAF) Environmental Management Systems and Product Certification Multilateral Recognition Arrangements during the IAF 18th Annual General Meeting in Cape Town, South Africa. At the same meeting, Elva Nilsen, SCC Director, Intergovernmental Affairs and Trade, is re-elected as Vice Chair of the organization.

October 14, 2004 – The SCC celebrates World Standards Day with the release of its annual publication, Consensus Magazine. The headline reads: "The Standards Connection". Articles focus on the important role of standardization in connecting Canadians.
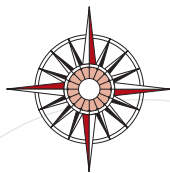
October 23-29, 2004 – Executive Director Peter Clark attends the InterAmerican Accreditation Cooperation (IAAC) General Assembly and Executive Committee Meeting in Port of Spain, Trinidad and Tobago. At the meeting, Pat Paladino, SCC Director, Conformity Assessment, is elected as Vice Chair of the IAAC.

November 15-17, 2004 – The SCC hosts the second National Standards System Conference in Calgary. The event brings together individuals from across Canada to "Chart the Course" for standardization work. Recipients of the 2004 SCC Awards are honoured at a dinner and ceremony on November 16.

November 24, 2004 – The SCC signs an administrative understanding with Bolivia for the implementation of a Spanish-language version *Export Alert!*.

November 29-30, 2004 – SCC staff attend the Pan American Standards Commission (COPANT) board of directors meeting in Santiago, Chile. Canada is re-appointed to the Technical Management Board for a two-year term, effective April 2005.

December 1, 2004 – The SCC celebrates the fifth anniversary of its *Export Alert!* service, which provides electronic notification to Canadian exporters about changes to regulations or technical requirements that could affect their business.

December 12, 2004 – The SCC launches its Environmental Management System Hog Operations Program.

December 21, 2004 – Industry Minister David L. Emerson appoints David Fransen, Assistant Deputy Minister, Policy Sector, Industry Canada, as the federal representative on the SCC's Governing Council. He replaces Andrei Sulzenko who retired on April 30, 2004.

January 1, 2005 – The SCC's partnership with the Canadian Association for Environmental Analytical Laboratories (CAEAL) for environmental laboratory accreditation expires.

January 10, 2005 – The SCC, as a member of the International Accreditation Forum (IAF), adopts the plan for transition to the updated Environmental Management Systems Standard, ISO 14001:2004, announced by IAF and ISO.

January 27, 2005 – The SCC and IHS Canada launch their newly co-branded web store: www.standardsstore.ca to provide users with a single point of purchase for industry standards and related publications.

February 9, 2005 – The SCC releases the Canadian Standards Strategy Update: 2005-2008.

March 23, 2005 – The SCC signs a hosting agreement with Malaysia's Standards Management Department for the implementation of *Export Alert!*

March 31, 2005 – Industry Minister David L. Emerson proposes the re-appointment of Peter Clark as the SCC's Executive Director, pending a review by the Standing Committee on Industry, Natural Resources, Science and Technology.
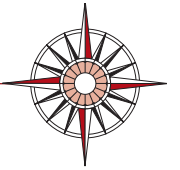
CORPORATE PROFILE

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

Standards are publications that establish accepted practices, technical requirements and terminologies for products, services and systems. Standardization is the development and application of standards and the assessment of their conformity. Accreditation is the verification that an organization has the competence necessary to carry out a specific function. Standards and conformity assessment help to ensure better, safer and more efficient methods and products and are an essential element of technology, innovation and trade.

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

Mandate

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

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

a) promote the participation of Canadians in voluntary standards activities,

b) promote public-private sector cooperation in relation to voluntary standardization in Canada,

c) coordinate and oversee the efforts of the persons and organizations involved in the National Standards System,

d) foster quality, performance and technological innovation in Canadian goods and services through standards-related activities, and

e) develop standards-related strategies and long-term objectives, in order to advance the national economy, support sustainable development, benefit the health, safety and welfare of workers and the public, assist and protect consumers, facilitate domestic and international trade and further international cooperation in relation to standardization.

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

History

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

In 1973, the Standards Council accredited four standards development organizations, three of which are still active participants in the National Standards System. In 1980, the first certification organization was

accredited, followed a year later by the first two laboratories. The first three quality management systems registration bodies earned their accreditation in 1993, followed in later years by environmental management systems registration bodies, auditor certifiers and course providers and, inspection bodies.

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

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

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

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

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

An update to the Canadian Standards Strategy was published in February 2005, following extensive consultations with SCC's governing Council, advisory committees, management, staff and various stakeholders throughout the National Standards System.

Council members 2004 | 2005

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

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

Charles Cipolla
President, Rockwell Automation Canada Inc.

David Fardy
General Manager, Protrans Personnel Services Inc.

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

David Fransen
Assistant Deputy Minister, Policy Sector, Industry Canada

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

Hans Konow
President and CEO, Canadian Electricity Association

Charles LaFlèche
President and CEO, Momentum Healthware

Danielle Laramée
Partner, Director of Tax, Eastern Canada, Ernst & Young

Israel Lyon
Chairman, Provincial-Territorial Advisory Committee
Director, Program Development, Ontario Economic Summit

David MacKinnon
Board Member, College of Physicians and Surgeons and Westpark Healthcare Centre

Suzanne Morin
Assistant General Counsel, Regulatory Law and Policy, Bell Canada

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

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

Structure

Council

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

Advisory Committees

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

SCC Governing Council 2004-2005 Standing from left to right: David Fardy, Sondra Bruni (consumer representative), David MacKinnon, Suzanne Morin, Charles Cipolla, Sandra Watson (SCC, Corporate Secretary & Director, Corporate Services), Hans Konow, Israel Lyon, Philippe Fontaine, Charles LaFlèche, Danielle Laramée, Jacques Girard. Seated from left to right: Hugh Krentz (Chairman), Peter Clark (Executive Director). Not present: Daniel Gagnier, David Fransen, James Reichert, Yuen Pau Woo

ensure that input from advisory committees reflects the diversity of Canadian stakeholders, all 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 and the Standards Development Organizations Advisory Committee, are established in the *Standards Council of Canada Act*. The rest have been created by Council.

Advisory Committee on Conformity Assessment (ACCA)

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

Advisory Committee on Standards (ACS)

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

Advisory Committee on Trade (ACT)

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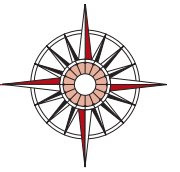
Corporate, Council and Committee

Council
(15 members)

Chairman

Executive Director

Manager,
Quality Management Systems

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

OPERATIONAL

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

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

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

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

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

POLICY & ADVISORY COMMITTEES

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

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

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

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

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

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

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

CNC/ISO advises and makes recommendations on ISO's standards development policies. It contributes to ISO's governance committees and also oversees the work of the committees that provide Canadian input to ISO's technical work. The committee's membership includes representatives of industry, standards development organizations, the federal government, the Consumer and Public Interest Committee and the Provincial-Territorial Advisory Committee.

Consumer and Public Interest Committee (CPIC)

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

Provincial-Territorial Advisory Committee (PTAC)

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

Standards Development Organizations Advisory Committee (SDOAC)

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

Corporate Governance

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

While a full membership complement on SCC's governing Council has been retained over the last year, there was one vacancy created by the retirement of the federal government member, which was promptly filled with a new appointee. Past experience with enhanced openness and transparency practices adopted by the government in the area of appointments to boards of directors of Crown corporations has enabled the SCC to play a proactive role in the recruitment, nomination and selection process of its new members. The SCC's proactive approach to reviewing upcoming nominations and proffering that information to the government, together with its use of skills profiles and its practice of detailing the preferred characteristics of Council members, has resulted in an exceptional slate of appointees to Council. The SCC will maintain this approach to membership renewal as it refreshes the terms of several Council members in FY 2005-2006.

The Council was also actively engaged in efforts to ensure consistent leadership at the helm of the SCC, as it worked closely with the government to secure the re-appointment of the Executive Director. Ongoing communication with the government and its receptiveness to SCC's recommendations provide a measure of confidence in sustainable leadership at SCC. The SCC deems competence, consistency and credibility in leadership on its governing Council, and with respect to key staff
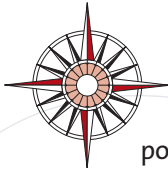
positions, to be crucial factors in ensuring success in the implementation of its strategic directions.

During FY 2004-2005, Council members were actively engaged in their functions as stewards of the corporation and focused efforts on updating the SCC's strategic directions and those of the National Standards System (NSS). Council committed itself to holding annual strategic planning sessions, along with those being conducted by staff, in order to confirm ongoing relevance of strategic directions.

The SCC demonstrated its commitment to risk management, with the ongoing schedule of quality management systems (QMS) audits in all branches of the organization. It also conducted internal audits pursuant to a plan presented by SCC's external auditors. Results of these audits are reported on, and monitored through the Corporate Governance and Audit Committees of Council.

The Council conducted its first performance assessment, which included reviewing Council's performance according to a set of established criteria. Results of this survey have been reviewed by the Council's Corporate Governance Committee and a plan to address certain areas has been put into place. Council members intend to conduct the survey annually to determine future areas for enhancements in Council's own performance.

Pursuant to requirements of the Financial Administration Act (FAA), the quinquennial (5-year) Special Examination of the SCC took place during this past fiscal year, and resulted in a finding of no significant deficiencies in SCC's systems and practices. While SCC received a positive report, the Office of the Auditor General did provide an indication of suggested areas for further improvements, which the SCC has responded to by preparing and implementing an action plan.

In response to government-wide enhanced disclosure practices, the SCC proactively makes public, through its Web site, information relating to travel, hospitality and other related expenses incurred by its Chairman and Executive Director. This information has also routinely been reported on to the SCC's Audit Committee. In FY 2004-2005, the SCC counted itself among a select few organizations to publish results from its Special Examination and implementation plan.

As Council looks forward to the implementation of SCC's updated Corporate Plan, retaining its commitment to governance matters remains a high priority, especially in light of recently released reports on performance within Crown corporations. While SCC has been reassured by the Office of the Auditor General that its governance systems and practices are effective, it maintains high expectations for itself in the area of governance practices. The establishment of governance benchmarks will remain a priority in FY 2005-2006.

SCC Council members, who serve on a voluntary basis without remuneration, continue to demonstrate a high degree of commitment to the work of the SCC. This dedication is reflected in the high rate of attendance at meetings, voting on ballots and participation in the work of SCC advisory committees. SCC continues to rely on the high level of expertise and direction being established by the SCC's governing Council.

Corporate Governance Committee

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

In FY 2004-2005, the Council's Corporate Governance Committee met quarterly, carried out the following activities, and reported on such matters to Council:

• Monitored progress and pursued succession plans with the Industry Minister's Office on nominations to Council and on the proposed re-appointment of the Executive Director;

• Implemented governmental priorities in the area of merit-based appointments by amending the governance committee's terms of
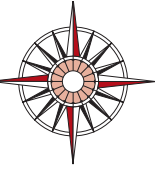
reference to enable it to assume the role of "Nominating Committee", in order to identify future candidates for the positions of CEO and Chair;

- Monitored government reports prepared in the area of corporate governance and participation by SCC's Executive Director in working groups providing input to the government on governance issues within Crown corporations;

- Monitored SCC orientation sessions and training provided by SCC and the Privy Council Office (PCO) to new Council members;

- Reviewed performance, membership status, and duties and responsibilities of SCC advisory committee members;

- Developed Council performance assessment survey, reviewed results and recommended actions to enhance certain areas of performance;

- Reviewed progress in implementation of action items contained in the Corporate Governance Committee annual workplan;

- Reviewed matters relating to the role of Council in voting on SCC accreditation programs;

- Enhanced communication with Audit Committee members by holding annual joint meeting to consider issues of mutual interest and avoid areas of potential duplication;

- Reviewed outcomes of SCC internal Quality Management Systems (QMS) audits, summary results of SCC internal audits and SCC's Special Examination Report; and

- Reviewed the annual objectives and performance of the SCC, as well as the job description and performance of the Executive Director and the Chairman.

Audit Committee

The Audit Committee oversees the financial management of the organization. Duties and responsibilities include: reviewing and providing recommendations on the financial components of the Corporate Plan (5-year operational plan) and Annual Report (audited financial statements), annual expenditure and capital budget and the quarterly financial statements. Members are also responsible for assessing and making recommendations on the effectiveness of internal controls and areas of potential risk or exposure, for reviewing and providing advice to Council on any internal audits or special examinations, and for monitoring any management responses to these plans or reports.

Membership on the Audit Committee remained constant in FY 2004-2005. In keeping with "Treasury Board's Guidelines for Audit Committees in Crown Corporations and Other Public Enterprises", membership on this Committee includes a mix of Council members with significant financial, accounting and business expertise, including two Chartered Accountants.

In FY 2004-2005, the Council's Audit Committee carried out the following activities and reported on such matters to Council:

- Reviewed and recommended Council approval of SCC's annual budget, five-year operational plan (financial component to the Corporate Plan) and audited financial statements;

- Reviewed the quarterly financial statements, including financial information on cost-recovery levels within each of the conformity assessment programs;

- Monitored progress and reviewed results of SCC's quinquennial (5-year) Special Examination conducted by the Office of the Auditor General; and reviewed action plan to implement suggested enhancements and recommended disclosure of the results on the SCC's Web site;

- Reviewed quarterly travel and hospitality expenses of senior officials within the organization, attestation of conformance of expenses to financial guidelines set by the Clerk of the Privy Council for Governor-in-Council appointees, and recommended Council approval of proactive disclosure practices of such information through the SCC Web site;

- Reviewed results of two internal audits conducted, and monitored progress against internal audit recommendations;

- Reviewed and noted progress and final outcomes of SCC's Key Performance Indicators; and

- Reviewed more general budgetary plans including those relating to government's expenditure re-allocation initiative.

Appointments Committee

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

In keeping with Council's succession planning practices within all ranks of the organization, ensuring continued availability of competent stakeholder representatives on all SCC advisory committees is a priority. Given the role of SCC advisory committees in providing advice to Council, it is crucial that their recommendations on SCC policies and practices represent a balance of Canadian interest while supporting the public interest.

Staff

The strategies and policies established by Council are implemented by a staff of some 87 people, based in the corporate offices in Ottawa.

Executive Director: *Peter Clark*

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

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

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

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

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

Activities

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

Standards

The Standards Council accredits organizations that develop standards in Canada. (The Standards Council's accreditation programs are based on internationally recognized guides and standards.)

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

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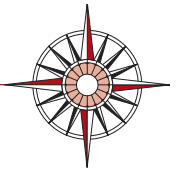
important voluntary standardization bodies, and in regional standards organizations. It also encourages the adoption and application of international standards in Canada.

Conformity assessment

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

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

Additionally, the SCC operates a recognition program for Good Laboratory Practice of pesticide testing laboratories.

The Standards Council is also a member of a number of organizations that are developing agreements to ensure the international acceptance of conformity assessment results including the International Accreditation Forum (IAF), the International Laboratory Accreditation Cooperation (ILAC), and the Worldwide System for Conformity Testing and Certification of Electrical Equipment (IECEE).

Intergovernmental Affairs and Trade

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

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

FY 2004-2005 Milestones
Information Technology Standards

"Canada's leading role in the work of Special Working Group on Accessibility ISO/IEC Joint Technical Committee on Information Technology (JTC 1) reflects our strong commitment to this important and pervasive aspect of our world," says Alice Sturgeon, chair of the Canadian Advisory Committee to JTC 1. The international Special Working Group is chaired by a Canadian, Jim Carter, and has a strong Canadian contingent of accessibility experts from public, private and academic sectors. Its work is focused on assistive technologies, human-computer interactions, alternative formats, data transmission and presentation mechanisms to improve accessibility of information technologies for people with disabilities.

The SCC administers the work of Canadian Advisory Committees to international technical committees and subcommittees and, provides support to committee members.

Operating Environment and Context

For more than three decades, the Standards Council of Canada has been helping Canadians traverse the expansive standardization landscape – both within national borders and around the world.

In order to provide its clients with effective programs and services, the SCC must survey and track changes and new developments in these environments and adjust its operations accordingly. Globalization, evolving standards alternatives, public policy trends, demographics, emerging information technologies, and environmental concerns, are just some of the variables affecting the terrain within which the SCC must navigate.

Since 2000, the Canadian Standards Strategy (CSS) has been the primary navigational tool for the National Standards System and the SCC's activities in support of the NSS. The process of updating the CSS was an opportunity to hear directly from the many individuals and organizations involved in the system about the direction in which they feel standardization work should be moving, and the opportunities and challenges they anticipate as they embark on that course.

Charting a national course

In recent years, the SCC has devoted significant effort to improving its profile internationally and as a result, it is well known within the global standardization community. Developing the same level of national awareness of the SCC and its role in voluntary standards and conformity assessment activities is vital. Shaping a message that clearly and concisely conveys the benefits of standardization to a diverse Canadian audience has been recognized as fundamental to enhancing the SCC's visibility and sustaining the National Standards System in the future.

Identifying standards-related solutions for addressing public policy objectives is essential to maintaining strong relationships with governments at all levels in Canada. This is even more pertinent as new products and services, innovative certification and testing procedures, environmental considerations and changing regulatory requirements challenge all levels of government.

Despite a shifting political balance in Ottawa, the Government of Canada continues to emphasize the importance of building "a prosperous and sustainable 21st century economy". This focus was reinforced in the September 2004 Speech from the Throne and with the February 2005 Budget, which highlighted the need to increase Canada's competitiveness. This was echoed in the federal government's initial response to the final report of the External Advisory Committee on Smart Regulation.

For its part, the SCC is pleased that its contributions were reflected in several of the key recommendations in the committee's final report, where standards and conformity assessment are highlighted as important tools for modernizing the regulatory framework. However, it recognizes that this is only a first step. The SCC understands the importance of continuing to work with the various departments involved in Smart Regulation to provide ongoing guidance and support as the recommendations are implemented.

Similarly, the SCC is working with provincial and territorial governments to increase the integration of standards into their regulatory and trade policies. In addition to increasing the involvement of regulators in the National Standards System, it is demonstrating how standardization can help in the harmonization of regulations between different jurisdictions. The SCC is already working in collaboration with many of the regulatory bodies responsible for these areas and it is continuing to build on these relationships. Likewise, the SCC supports the ongoing implementation of the voluntary Agreement on Internal Trade (AIT) through regular monitoring of the agreement by both the Provincial Territorial Advisory Committee (PTAC) and the Advisory Committee on Trade (ACT).

Collaboration is integral to the success of the SCC's standards development and conformity assessment accreditation programs. The SCC actively pursues new partnerships where they are viable. Healthcare, environmental protection and sustainable development, public security and personnel certification, are just some examples of areas where the SCC sees potential for cooperation with other organizations. At the same time - as was demonstrated following the decision not to renew the
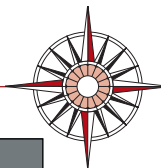
environmental laboratory accreditation partnership agreement between the SCC and the Canadian Association for Environmental Analytical Laboratories (CAEAL) – the SCC is capable of adjusting its path to address changing business conditions.

Raising awareness about the work of the NSS through the SCC's Member Program and other corporate initiatives is crucial to encouraging the participation of individuals and organizations in standards work. In addition to drawing on the support of industries and sectors in Canada who have traditionally been involved in the National Standards System, the SCC is also endeavouring to broaden the base from which it recruits members for technical and advisory committees. This is especially important as many of Canada's current committee members approach retirement age. In support of the voluntary contributions of members, the SCC must be responsive to requests for information, training and financial resources that facilitate and enhance participation in standards-related activities.

Ensuring the competency and contentment of its staff is integral to ensuring that the SCC can effectively support the National Standards System. While the SCC has a relatively low staff turnover rate, thanks in part to efforts to create a supportive and fulfilling work environment, the technical nature of standards work can make it challenging to find personnel who possess the necessary skills, qualifications and experience. In addition to continuing to document processes and procedures through its quality management system, the SCC must ensure access to ongoing training and support services that encourage both employee retention and knowledge transfer.

Charting a global course

While recognizing the need for an increased focus on national issues, the SCC realizes the importance of keeping Canada's influence in international standardization activities on course.

Standardization is becoming more global in scope and is extending its reach in new areas, especially the regulatory and development assistance environment. Opening new international trading markets and eliminating barriers to the import and export of goods and services is central to international standardization efforts. The SCC continues to promote the harmonization of Canada's standards and conformity assessment practices with its international partners, while at the same time ensuring that

Hosted in Canada

In FY 2004-2005, the SCC was host to the following:

April 2004:	ISO/IEC Joint Technical Committee and Sub-Committee on Automatic ID and Data Capture Techniques (JTC 1/SC 31), Toronto
	ISO Technical Committee on Elevating Work Platforms (ISO/TC 214), Montreal
May 2004:	Pacific Area Standards Congress (PASC), Vancouver
	ISO Technical Committee and Sub-Committee on Design Life (TC59/SC14), Toronto
	ISO Technical Committee on Intelligent Transport Systems (ISO/TC 204), Vancouver
June 2004:	ISO Technical Committee and Sub-Committee on Manually Portable Forest Machinery (ISO/TC 23/SC 17), Guelph
July 2004:	InterAmerican Accreditation Cooperation (IAAC) Executive Committee and Workshop, Ottawa
	ISO/IEC Joint Technical Committee and Sub-Committee on Coded Character Sets (JTC 1/SC 2), Toronto
November 2004:	National Standards System (NSS) Conference, Calgary

Future events to be hosted by SCC, include:

FY 2005-2006:	Meetings of approximately 12 international technical committees will be held at various locations across Canada.
May 2005:	ISO Consumer Policy Committee (COPOLCO), Toronto
October 2005:	World Standards Day and SCC's 35th anniversary celebration
November 2005:	ISO, IEC and JTC 1 Canadian Leadership Forum, Ottawa
September 2006:	ISO General Assembly, Ottawa

Canadian interests are being reflected. The SCC's activities in the development, signing and maintenance of agreements with regional and international standardization bodies are resulting in improved trade opportunities for Canadian goods and services.

The emergence and growth over the last decade of regional trade blocs, such as the European Union (EU) and the Asia-Pacific Economic
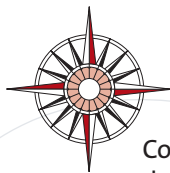
Cooperation (APEC), has changed the global landscape. Given these developments, participation in regional standardization bodies (e.g., Pan American Standards Commission – COPANT, Pacific Area Standards Congress – PASC and the Asia-Pacific Laboratory Accreditation Cooperation – APLAC) is an increasingly important means of influencing international standardization activities. Canada continues to seek to influence the growth and governance in these organizations for the mutual benefit of all member countries and to advance its own strategic interests.

The SCC understands the merit of helping less developed nations to build an effective domestic standards system and to increase their ability to participate in international standards work. Successful exports often hinge on properly manufactured and tested products and internationally recognized standardization infrastructure. Many countries, at varying stages of development, do not possess the necessary resources or expertise to meet the international standards and conformity assessment requirements for access to foreign markets. The SCC has been working with developing countries, both on an individual basis and in association with international and regional organizations, to address this challenge and it will continue to support emerging economies through activities such as training seminars, twinning, and capacity building to ensure that developing countries have the tools they need to become active contributors to international standards and conformity assessment activities.
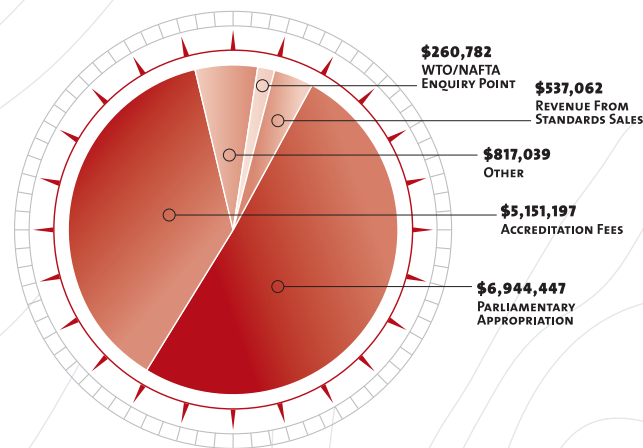
FY 2004-2005 Milestones

Drinking Water Standards

"Contributions by the Canadian delegations were significant in bridging the differences of views between the major European delegations and those from the rest of the world. Essentially, by being willing to speak up on behalf of other delegations that seemed reluctant to do so in the meetings although they expressed their view privately to the Canadian group," recounts Thomas D. Ellison, Chair of the Canadian Advisory Committee to ISO Technical Committee 224 (Service activities relating to drinking water supply systems and wastewater systems – Quality criteria of the service and performance indicators).
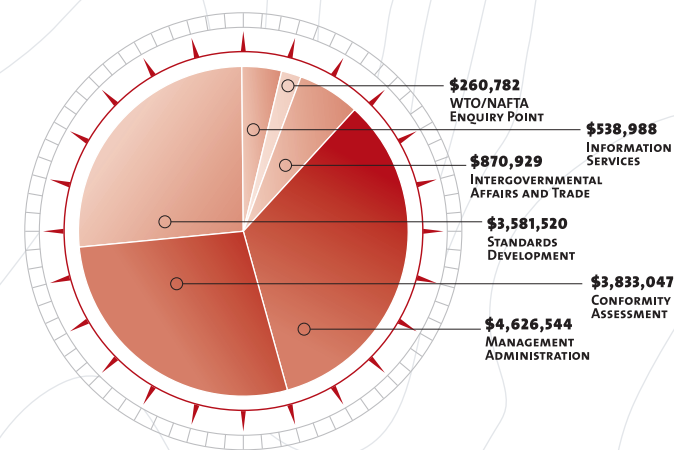
The SCC administers the work of Canadian Advisory Committees of international technical committees and subcommittees and, provides support to committee members.
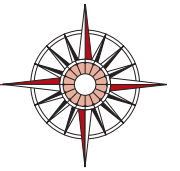
Financial Highlights

REVENUES

$260,782
WTO/NAFTA
ENQUIRY POINT

$537,062
REVENUE FROM
STANDARDS SALES

$817,039
OTHER

$5,151,197
ACCREDITATION FEES

$6,944,447
PARLIAMENTARY
APPROPRIATION

EXPENDITURES

$260,782
WTO/NAFTA
ENQUIRY POINT

$538,988
INFORMATION
SERVICES

$870,929
INTERGOVERNMENTAL
AFFAIRS AND TRADE

$3,581,520
STANDARDS
DEVELOPMENT

$3,833,047
CONFORMITY
ASSESSMENT

$4,626,544
MANAGEMENT
ADMINISTRATION

Corporate Operations and Reports by Business lines

In order to focus on strategic direction-setting activities in FY 2004-2005, the SCC moved forward with efforts to streamline its planning documents. The objective of these activities is to improve efficiency and enhance coordination of planning and reporting procedures.

In the past the SCC used several planning documents, including a 3-5 year Strategic Plan, an annual Corporate Plan and the Canadian Standards Strategy (CSS). During FY 2004-2005, the SCC capitalized on the fact that each of these plans was nearing completion to reduce the number of plans it will maintain in the future by incorporating the strategic plan into the FY 2005-06 to 2009-10 Corporate Plan. SCC developed the CSS Update at the same time as the Corporate Plan to ensure consistency of approach.

Based on feedback from strategic planning activities, efforts in FY 2005-2006 will focus on promoting the value of participation in the National Standards System to government, industry and consumers, and increasing the SCC's effectiveness in its integral role as the coordinator and overseer of voluntary standardization activities in Canada.

Corporate Operations

Fiscal year 2004-2005 was a busy one for Standards Council of Canada staff. In addition to contributing to the operation of a diverse range of programs and services, SCC employees were involved in a number of events and projects designed to promote the work of the National Standards System, both within Canada and around the world.

These efforts were noted by the more than 175 participants from across Canada who took part in the second National Standards System Conference. More than two years of planning and preparation went into the event, including the development of an engaging program designed to address the diverse interests of delegates with varying knowledge of voluntary standardization and the National Standards System. The overall indication from the conference evaluation, which was completed

Canadian standards Strategy – Update 2005-2008

Goals & Objectives

International

1. **Influence the formation, evolution and operation of standardization bodies that are important to Canada.**

1.1 Enhance the strategic coordination and oversight capacities of the Canadian National Committees: CNC/ISO and CNC/IEC.

1.2 Facilitate consumer input into national, regional and international standardization fora.

2. **Improve access to existing and new markets for Canadian goods and services.**

2.1 Continue to strengthen global accreditation networks.

2.2 Support the reduction of standardization-related trade barriers.

3. **Build competitive advantage through technology and information transfer and global market intelligence.**

3.1 Continue to engage developing countries in international standardization.

Domestic

4. **Meet the needs of an evolving regulatory and policy environment.**

4.1 Pursue strategic standardization partnerships, projects, and processes that support social policy objectives (including health, safety and the environment).

4.2 Support inter-jurisdictional standardization-based cooperation.

4.3 Engage regulatory and public policy officials regarding the applicability of standardization approaches.

4.4 Research and analyze new and ongoing standardization issues.

5. **Represent fully the broadening range of standardization stakeholders.**

5.1 Support the further development of the SCC Member Program.

5.2 Employ innovative and sustainable funding mechanisms to support future activities.

6. **Communicate effectively the role and benefits of standardization and conformity assessment practices.**

6.1 Promote the use of the National Standards System (NSS).

Performance Indicator
Customer Satisfaction

In FY 2004-2005, the SCC successfully completed customer satisfaction surveys of four of the five scheduled programs and services. The Management Systems Registration Bodies program survey was not completed as of March 31, 2005, therefore results will be included in FY 2005-2006 reports. The SCC's trade and policy clients were surveyed for the first time in FY 2004-2005.
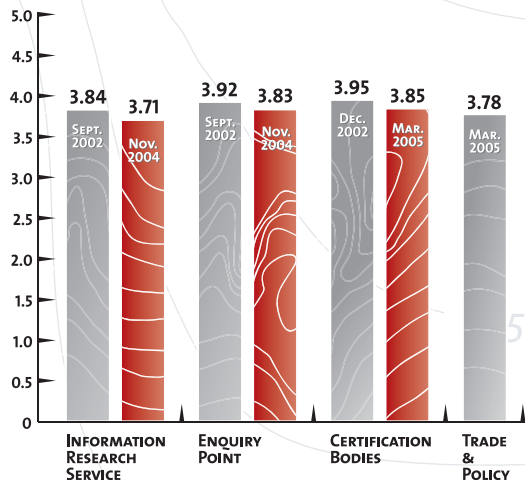
The graph above illustrates the results of surveys completed in FY 2004-2005. Depicted below are the last survey scores and targets for those SCC programs and services that will be surveyed in FY 2005-2006 including Management Systems.

Satisfaction is measured on a scale of 0 to 5, with 0 representing not satisfied and 5 indicating very satisfied.
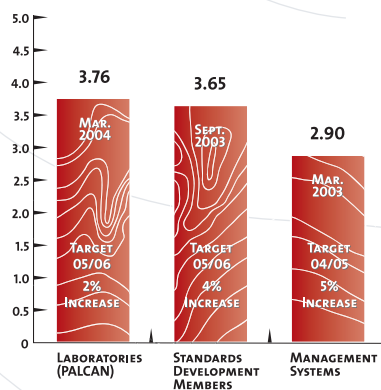
Source: Phase 5 Customer Satisfaction Survey Findings Report

by 44 per cent of delegates, was that most participants felt they had benefited from the experience (see chart on Page 22).

Participants gave high marks for the range of topics covered during the five concurrent workshop sessions, the choice of speakers, and the quality and relevance of their presentations. In addition to increasing their knowledge, participants noted the many opportunities at the conference to network and strengthen partnerships. Ninety-seven per cent of attendees surveyed said they would attend a future NSS Conference.

Significant corporate resources were also allocated to international events in FY 2004-2005. In addition to hosting the Pacific Area Standards Congress meeting and the InterAmerican Accreditation Cooperation Executive Committee meeting, the SCC was also planning for future events. Preliminary preparations for the International Organization for Standardization's (ISO) General Assembly in 2006 and arrangements for the SCC-hosted ISO Committee on Consumer Policy (COPOLCO) plenary meeting and workshop for consumers from the Americas, which takes place in May 2005, were priorities.

Like most organizations, the SCC increasingly relies on the Internet as an important tool for interacting with clients, stakeholders and the public. The launch in January 2005 of www.standardsstore.ca was part of efforts to ensure that the SCC's Web products are meeting the needs of it users. The co-branded Web store, which provides users with a single point of purchase for industry standards and related publications, is a cooperative effort between the SCC and IHS Canada. The partnership agreement between the SCC and IHS was once again renewed in FY 2004-2005, giving IHS exclusive rights to sell ISO and IEC standards and related publications on the SCC's behalf.

Identifying electronic and web-based solutions for communication with stakeholders, promoting products and services and providing feedback mechanisms to Canadians remained priorities for the SCC in FY 2004-2005. In addition to soliciting feedback from staff and to monitoring comments from users, the SCC completed a comprehensive survey of Web site users in June 2004. Survey results indicated that customer satisfaction has remained constant from the last survey in 2000 at 3.3 out of five.

The SCC's commitment to monitoring client satisfaction also extends to its other major programs and services. Since 2000, surveys have been
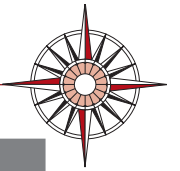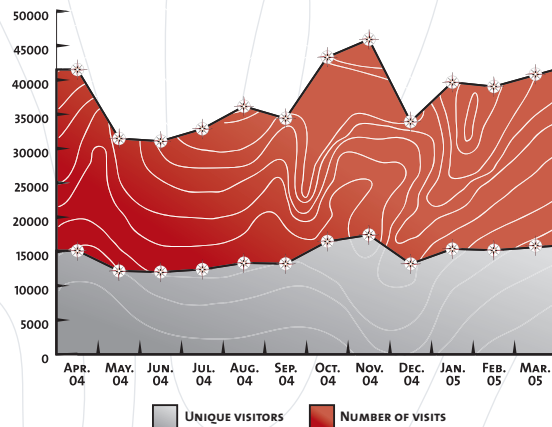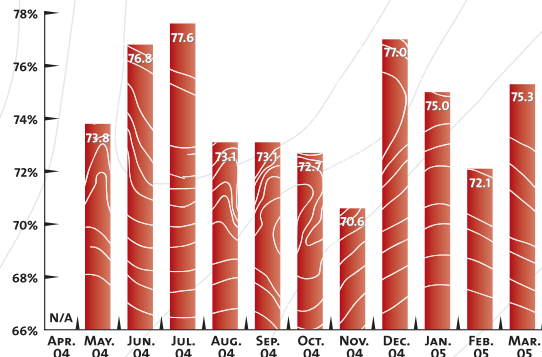
Visits to Web site
The SCC Web site is one of its most important communication tools. In order to monitor and sustain its effectiveness, the SCC captures and analyzes a range of statistical data from its server logs.

The monthly average of visits (new and return) was 23,214, with the number of unique visitors ranging from 12,000 to 16,000.

Access
Approximately 70% of monthly access to the SCC web site is attributable to bookmarks and direct links, the remaining traffic is from external hyperlinks and search engines.
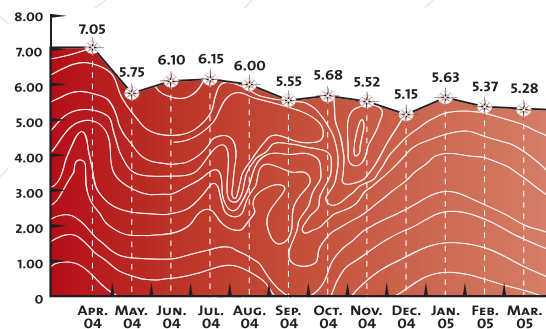
Duration of visits
Throughout FY 2004-2005, the average amount of time users spent on the site was 5.77 minutes.

Source: SCC Log of Web Activity – Corporate Services Division

"The Canadian Advisory Committee is a very active group and we are lucky to have such great contributors in the international arena. ISO 9001 and 9004 have just commenced the next revision cycle and we had good representation on the drafting teams for the design specifications. It took constant prodding by the Canadian team to ensure that the design specifications met the intent of the original TC 176 resolutions, which initiated the revision process," said Gary Hilton, Chair of the Canadian Advisory Committee to ISO Technical Committee 176, Quality Management and Quality Assurance.

The SCC administers the work of Canadian Advisory Committees of international technical committees and subcommittees and, provides support to committee members.

conducted on a rotating schedule of two to three years. During FY 2004-2005, surveying was completed for customers of: the product certification accreditation program, the Information and Research Service, the Technical Document Centre, the Enquiry Point, and the Trade and Policy division. The management systems accreditation program survey was still in progress at the end of the fiscal year.

As part of its commitment to principles of quality management, the SCC undertook 17 quality audits of its major program and service areas in FY 2004-2005. Feedback generated from these audits was supplemented by the Office of the Auditor General's (OAG) Special Examination of the SCC, a requirement of all Crown corporations every five years in accordance with the Financial Administration Act. SCC staff who participated in the Special Examination were commended by the OAG for their cooperation and professionalism during the process, which began in January 2004.
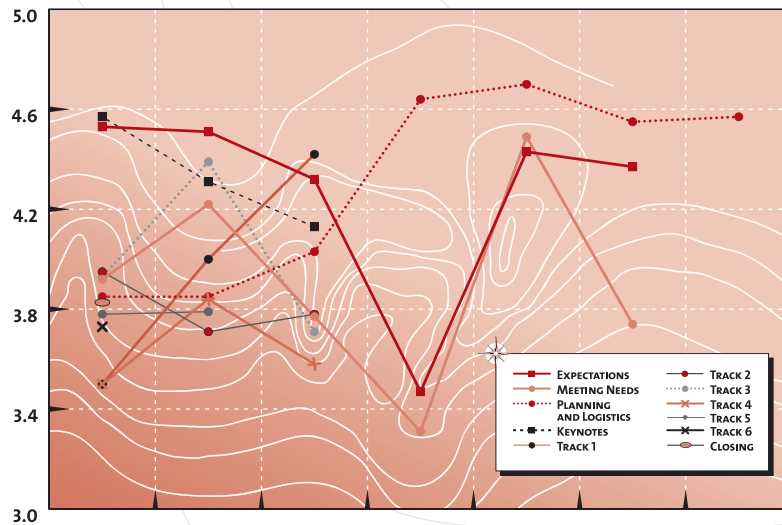
Staff dedication was also acknowledged during a special ceremony in January 2005. Twenty-six employees were presented with service awards. In addition to marking the milestones of 10, 15 or 20 years with the SCC, a new recognition level was added for employees with five or more years of service.

Another path to support and encourage professional growth amongst employees that is being explored by the SCC is peer mentoring. Staff in the Intergovernmental Affairs and Trade branch and the Conformity

The success of the second National Standards System Conference was measured by the level of participation and feedback received from delegates who took part in the event which was held in Calgary from November 15 to 17, 2004.

Legend:
- EXPECTATIONS
- MEETING NEEDS
- PLANNING AND LOGISTICS
- KEYNOTES
- TRACK 1
- TRACK 2
- TRACK 3
- TRACK 4
- TRACK 5
- TRACK 6
- CLOSING

Of the 175 participants who attended the conference, 44% responded to the conference evaluation, which asked them to rate various aspects of the conference on a scale of 0 to 5 based on established criteria. The overall experience of the conference received a mean score of 4.3 out of 5.0.

Total 2002: 252
Total 2004: 64 / 111 / 175

Legend: TOTALS, NEW, REPEAT
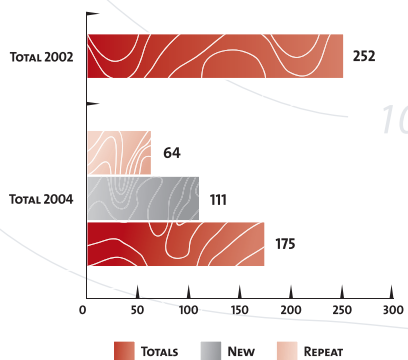
While the overall number of participants was down from the first NSS Conference held in 2002, the number of newcomers who attended the event was significant given that attracting new individuals was a key objective of the conference.

Source: Evaluation Results, 2004 NSS Conference – Corporate Services Division

Assessment branch are participating in a voluntary mentoring program piloted in FY 2004-2005. The program will be expanded to other branches within the SCC in FY 2005-2006.

STANDARDS

The SCC's standards activities in FY 2004-2005 focused on supporting Canadians involved in the development of standards, promoting an expanded role for standardization, and strengthening Canada's position at international and regional standards organizations. As the SCC worked to develop a cohesive plan for the future direction of its activities, identifying and prioritizing possible new areas for standards development and engaging Canadians in the work of the National Standards System was vitally important.

The Standards Council's broad mandate and the diversity of stakeholders in the National Standards System presents an ongoing challenge for the SCC in the execution of its work. In order to effectively balance and address the vast array of possibilities for future consideration with finite resources (human and financial), through the SCC's advisory committees, momentum has been gained over the last few years towards the development of a council-wide process for setting standardization priorities in the areas of health, safety, the environment and other social issues.

The SCC's Consumer Public Interest Committee (CPIC) led the way with its framework for evaluating new issues, which it began using in FY 2004-2005 to prioritize its work plan. The process sets out clear steps for submitting new issues for consideration, analyzing whether there is merit in pursuing them further, and assigning any new initiatives a priority. Based on initial positive feedback, some of the SCC's other advisory committees are also looking at adopting a similar process.

Seeking out new areas for standards development in collaboration with federal, provincial and territorial governments and pursuing innovative linkages in emerging sectors that can benefit from and contribute to the National Standards System was the overarching goal of numerous presentations, information sessions, and meetings hosted or attended by SCC staff in FY 2004-2005.

Efforts by the SCC to support the commercialization and implementation of hydrogen fuel technologies in Canada are one example of this
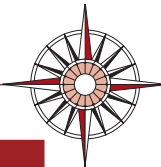
"innovation". Improving communication between industry, standards developers and regulators was the goal of a workshop co-hosted by the SCC, Industry Canada and Natural Resources Canada. The role of standards in this emerging sector was discussed by industry, standards developers and regulators. An important conclusion drawn from the session was the urgent need for uniform regulations across Canada to facilitate the introduction of hydrogen technologies for both stationary power production and transportation.

Following the workshop, the SCC approached the National Public Safety Advisory Committee (NPSAC) – whose members include provincial and territorial representatives responsible for fuel and other safety regulations - to discuss the facilitation of common provincial regulations for hydrogen and fuel cell technologies. As a result, NPSAC is currently developing a pilot project model for provincial and territorial regulation of hydrogen technologies. As an associate member of NPSAC, the SCC will monitor this initiative as it moves forward.

In addition to cooperation on hydrogen fuel policy, there was discussion of other possible areas where greater collaboration should be pursued during a joint meeting between the SCC's Provincial-Territorial Advisory Committee and NPSAC, which was held in Calgary in conjunction with the second National Standards System Conference. As part of efforts to sustain this dialogue, members agreed to work together to host standardization information sessions with regulators in jurisdictions across Canada. The first of the full day sessions, which will include presentations on the SCC, the NSS and the CSS Update 2005-2008, are to take place in Alberta and Nova Scotia in Spring 2005.

This was just one of several important positive outcomes from the NSS Conference. The gathering was also an opportunity to promote the benefits of involvement in standards development activities, to highlight the important role that standards are playing in key areas of the Canadian economy such as the oil and gas sectors, and to broaden awareness about the role of standards in emerging areas such as functional safety and alternative energies.

Many new and longtime NSS participants also took advantage of opportunities prior to the conference to update their skills and knowledge-base at training workshops offered by the SCC Member Program.

Performance Indicator
Canadian Use of International Standards
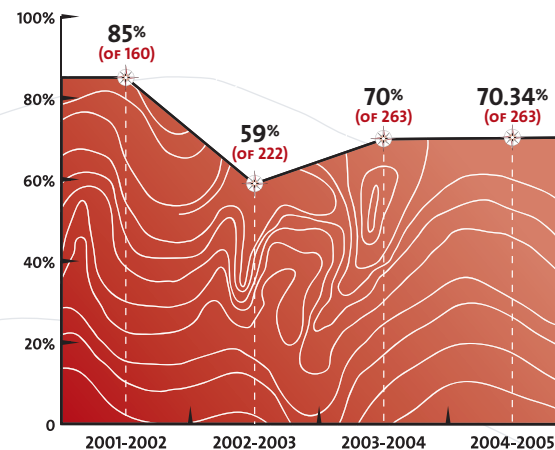
Both the number of National Standards of Canada (NSCs) approved by the SCC in FY 2004-2005, and the proportion of standards that were directly adopted or adapted from international standards remained steady. Use of international standards helps ensure that Canadian goods and services will be accepted in foreign markets. The percentages are based on the total number of standards adopted as NSCs in a given fiscal year.

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

Developed by the SCC - and also offered at various other locations across Canada in FY 2004-2005 – topics included:

- an introduction to the SCC,
- an orientation to committee work at ISO or the IEC,
- a hands-on tutorial on Sitescape (SCC's online technology for administrating standards committee work within the NSS), and
- a seminar on working in groups.

This emphasis on training and knowledge-building initiatives will be reiterated when the SCC hosts the Canadian Leadership Forum in November 2005.

The SCC Awards Reception and Dinner held during the NSS conference provided an opportunity to recognize the many unique contributions that NSS members make to standardization.

Other efforts during FY 2004-2005 to recognize Canadians involved in the important work of the NSS included the presentation of 23 Certificates of Service to committee members and 21 Certificates of Appreciation to organizations who contributed vital financial or human resources to standardization activities. The SCC also honours retiring technical and advisory committee members as "Featured Members" on its website.

The SCC website is also being used as a tool for promoting new committee member opportunities. Although personal recommendations are the primary vehicle for filling vacancies on technical committees, 13 of the 18 calls for membership posted online in FY 2004-2005 resulted in a vacancy being filled. There are plans to increase the number of postings for positions in 2005-2006 as part of efforts to encourage new individuals to become involved in the NSS.

Also ongoing in FY 2004-2005 were efforts by the SCC to identify sustainable sources of funding for Canadian standards development activities. Following an extensive review of the situation, the Advisory Committee on Standards' Task Force on Innovative Funding Solutions (TFUNS) issued its final report to the SCC's Governing Council in June 2004. In presenting its findings, the task force emphasized the need to develop a long-term strategy for funding that will be nurtured, supported, readjusted and consistently monitored.

Building on the work of TFUNS, a Future Vision Task Force was established and began developing plans to implement the innovative funding mechanisms aimed to support national standardization efforts. The task force's first action item was the development of a "value proposition", which will be presented to the governing Council for approval early in 2005-2006. This will be an important tool for the SCC as it attempts to increase recognition of the value and importance of standards among the public, governments and industry.

The SCC took steps in FY 2004-2005 to improve delivery of another important service in its role as Canada's national standardization body, with the launch of the Accelerated Publications Program (APP). The pilot

FY 2004-2005 Milestones
Nuclear Power Standards

Efforts by the Canadian Sub-Committee of IEC Subcommittee 45A, Instrumentation and control of nuclear facilities, to ensure that revisions to IEC 61226 (Nuclear power plants – instrumentation and control systems important to safety – Classification) did not result in significant difficulties for the Canadian nuclear energy sector, are just one example of how active participation in international standards work is benefiting Canada.

"We raised the issue to the working group chairman and through a negotiation between several countries (Canada, United Kingdom, Germany, France and the United States) we arrived at a mutually acceptable wording," recounts Norm Ichiyen, chair of CSC/IEC/SC45. He says that the ability to come to a consensus on the issue resulted in significant cost savings for Canadians and "a stronger, better standard" for everyone.

The SCC administers the work of Canadian Advisory Committees of international technical committees and subcommittees and, provides support to committee members.

project to expedite the approval of certain standards as National Standards of Canada reflects SCC's commitment to making the standards development process more efficient. The SCC also made progress in transitioning the administration of National Standards of Canada to an electronic system, with three of the four accredited Standards Development Organizations now using SCC's interactive forum.

Canada's reputation as a global leader in standardization activities remained strong in FY 2004-2005 thanks to the SCC's involvement in international standards development activities. Hosting international and regional meetings in Canada is an ideal opportunity to bolster the SCC's reputation as a leader in international standards activities and to demonstrate its commitment to global standardization efforts.

This was the case last May when the SCC welcomed delegates to Vancouver for the 27th meeting of the Pacific Area Standards Congress. For the third time in 30 years, representatives from Pacific Rim countries gathered in British Columbia to discuss standardization from a regional perspective. The SCC was pivotal in organizing the slate of workshops where harmonization of stakeholder relations was a key topic for discussion. The strengthening of relationships between developed and

developing countries, consumers, regulators and standards bodies was also noted as essential to opening doors in the future.

Events such as the PASC meeting, the upcoming ISO COPOLCO plenary, and the ISO General Assembly are an opportunity to expand on the relationships Canada has built with its trading partners from around the world through cooperation in the area of standardization while at the same time continuing to meet its membership obligations in these organizations.

Canadians were important contributors at numerous meetings held throughout the world in FY 2004-2005. The SCC not only played a leading role in shaping the strategic direction of Canada's standardization

activities, it was also instrumental in planning initiatives undertaken by the international and regional standards bodies in which it participates. Canada's influence was evident in the ISO's 2005-2010 strategic plan, which was approved during the ISO General Assembly in September 2004. The SCC's presence was further strengthened by the its election to the ISO Technical Management Board for a three-year term effective January 1, 2005.

Canada's mark is also visible on another of ISO's most significant undertakings during FY 2004-2005, the launch of work on the development of an international standard for Social Responsibility. SCC Vice Chairman Dan Gagnier chaired the ISO Advisory Group on Social Responsibility whose final report was the impetus to move forward on the issue. Canada was present at the inaugural meetings for development of the standard and will be working with its counterparts at ISO as work progresses in 2005-2006. Canadian leaders also influenced other key ISO

2004 SCC Award Recipients

Jean P. Carrière Award	Presented for distinguished service to Canadian standardization	Dr. D.J. Laurie Kennedy
Roy A. Phillips Award	Presented for outstanding contributions to international standardization	George R.A. Weiss
Corporate Commitment Award	Presented to a corporation, organization, or consumer group	Hydro-Québec
Leadership Award	Presented to the chair or convenor of an advisory or technical committee	Richard Morris
Award of Excellence	Presented to a committee member	David Goodyear
Distinguished Service Award	Presented to the secretary of an advisory or technical committee	Keith Rodel
McMahon Dedicated Service Award	Presented to a Standards Council of Canada employee	Michel Bourassa
Special Achievement Award	Presented to a Committee	Information technology for learning, education and training (CAC JTC 1/SC 36)

Shannon O'Neill (photo, centre) receives a special presentation for the renaming of the SCC Dedicated Service Award to the McMahon Dedicated Service Award seen here with Peter Clark, Executive Director of SCC (far left), Darryl Kingston, Senior Program Officer, SCC (left) and Hugh Krentz, Chairman of SCC (right).
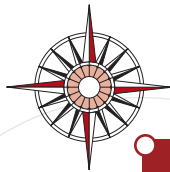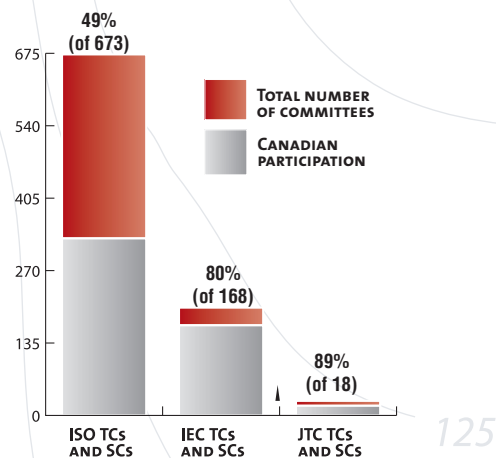
This graph illustrates the percentage of Canadian participation in the technical committees (TCs) and subcommittees (SCs) of: the International Organization for Standardization (ISO), the International Electrotechnical Commission (IEC), and ISO and IEC Joint Technical Committee (JTC). These committees develop new standards and update existing international standards for thousands of products, systems and services.

In addition to Canada's participation in international technical standards work, it is also a significant contributor to important policy and management decisions that are undertaken at ISO and IEC. The Standards Council of Canada currently sits on the IEC Council Board and the ISO Technical Management Board.

Source: International Organization for Standardization and the International Electrotechnical Commission

initiatives in 2004, including work in the areas of global security and management system standards.

Providing input and guidance was an important aspect of Canada's work with the IEC in FY 2004-2005, as it too dedicated time to the updating of its main strategy document – the IEC Masterplan. SCC Executive Director Peter Clark was instrumental in initiating a new strategic planning process for the IEC that emphasizes active participation of Council Board members and invited experts.

As it strives to promote Canadian candidates for international governance positions, the SCC is working on campaigns to elect Ed Tymofichuk (current

chair of the Canadian National Committee of the IEC), to the IEC Standardization Management Board in 2005, and to prepare Canadian Jacques Régis to run for IEC President in 2006.

Recognizing the importance of strengthening ties with its counterparts in the Americas, the SCC was pivotal in organizing the first multinational meeting of IEC member bodies from across the region. Held in Argentina and chaired by Canada, the autumn meeting was an extension of the long-standing tri-national group (Canada, Mexico and the United States), which meets annually to discuss regional priorities in advance of the IEC Annual General Meeting. Based on the positive feedback from participants, Brazil has offered to host the group in 2005 and the meeting will likely become an annual event.

Canada's presence at the Pan American Standards Commission (COPANT) remained strong in FY 2004-2005 with SCC's reappointment to the Technical Management Commission (TMC). This is in addition to its participation on the Board of Directors, a position it anticipates retaining in FY 2005-2006. In this capacity, the SCC not only contributed to a review of COPANT's strategic plan, but also initiated the process. Its contributions to the TMC in FY 2004-2005 included the drafting of a policy for the harmonization of COPANT positions.

The SCC was unable to effectively measure the Canadian impact on and participation in regional standards efforts.

This performance indicator will not be employed again by the SCC in future reports.
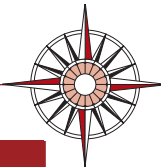
Conformity Assessment

The Standards Council's conformity assessment-related activities over the past year evolved in step with changes to the standardization landscape in Canada and around the world, reflecting the SCC's organizational focus on charting a course that will lead Canadian standardization work into the future.

FY 2004-2005 can be best characterized as a period of transition for the SCC's conformity assessment programs as the organization adapted to a changing business environment and evolving conformity assessment needs.
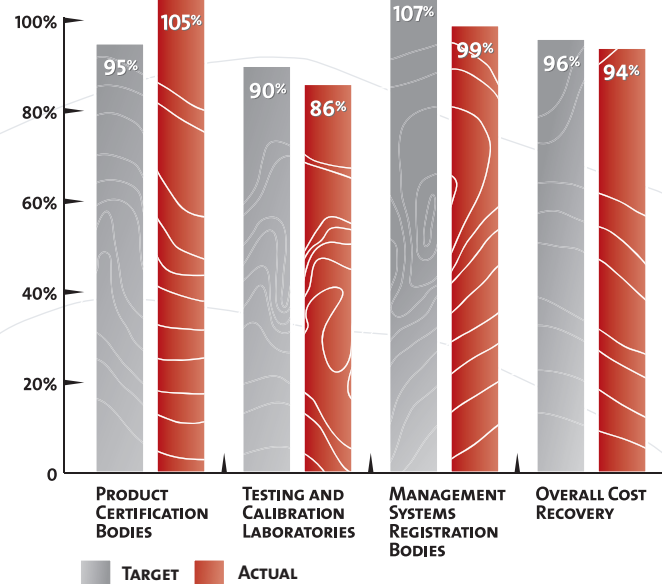
The Program for the Accreditation of Laboratories/Canada (PALCAN) underwent significant changes. Among these were the updating of program documentation and improvements to its quality system to ensure compliance with new international requirements.

Restructuring of the environmental testing laboratory accreditation program was also necessary following the decision of the Canadian Association for Environmental Analytical Laboratories (CAEAL) to not renew its partnership with the SCC. Under the terms of the former agreement, which was put in place in 1994, CAEAL was responsible for the assessment, re-assessment and proficiency testing of environmental laboratories. The SCC's role was to provide formal approval of accreditation to laboratories who met the requirements of the international standards based on CAEAL's assessment report.

On January 1, 2005, the SCC began operating a separate accreditation program for environmental testing laboratories. In preparation for this change, the SCC hired several new auditors with environmental experience and made the necessary modifications to its procedural documentation and laboratory working groups. Also updated was the tripartite agreement between the Ontario Ministry of the Environment, CAEAL and SCC for the evaluation and accreditation of drinking water laboratories – as set out in the Ontario Safe Drinking Water Act.

Throughout the transition, the SCC took steps to minimize disruption and inconvenience to the affected laboratories, while keeping them informed about the changing situation. All environmental laboratories were individually contacted to ensure that they understood their choices and to reiterate the benefits of retaining their SCC

Performance Indicator
Cost Recovery

At 94%, overall cost recovery for the SCC's conformity assessment accreditation and recognition programs fell slightly below the 99% target for FY 2004-2005. Slightly lower than expected cost recovery in the Laboratories and Management Systems programs were balanced by better than anticipated cost recovery for the SCC's Certification Bodies programs. The cost recovery calculation for Certification Bodies includes the SCC's two newest accreditation programs, Personnel Certification and, Inspection Body Certification.

Source: SCC Accreditation Revenues and Expenses – SCC Finance Division

accreditation. Of the 150 laboratories accredited under the former partnership agreement, a total of 101 labs (55 drinking water laboratories and 46 others) stayed with SCC. Of this group, some laboratories have decided to carry both accreditations.

Expansion of the SCC's accreditation program for environmental management systems in FY 2004-2005 reflected increased recognition by governments, industry and consumers of the value of certification to these standards. In December 2004, the SCC launched a program to qualify

accredited environmental management system registration bodies (certification bodies) bodies to certify hog farming operations to a new National Standard of Canada, which was developed by the Canadian Standards Association (CSA) in collaboration with hog producers. The SCC is currently in the process of accrediting its first client to this sector-specific program.

Commitment to environmental management practices was likewise at the core of the SCC's collaboration with the Ontario Ministry of Natural Resources (OMNR) in the area of sustainable forestry practices. In support of the cooperation agreement it signed with the Ministry in 2002, the SCC co-authored a guidance document with the OMNR and CSA that compares existing Ontario regulatory requirements and voluntary standards for sustainable forest practices. The document will help organizations

Performance Indicator
Rationalizing Participation in Conformity Assessment Organizations

In FY 2004-2005 the SCC reviewed its level of participation in a number of regional and international laboratory accreditation groups. As a result of this review, the SCC has expressed its intention to withdraw from the following arrangements:

• National Cooperation for Laboratory Accreditation (NACLA) Bilateral Recognition Agreement
• European Cooperation for Accreditation of Laboratories (EAL) Contract of Cooperation
• Pan American Health Organization (PAHO)/Standards Council of Canada (SCC)/ Canadian Association for Environmental Analytical Laboratories (CAEAL) Framework Arrangement
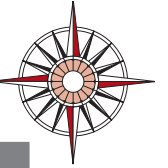
Source: Paper to SCC Governing Council, entitled: "Rationalization of Accreditation Agreements/Arrangements" – prepared by Intergovernmental Affairs and Trade Division

implementing voluntary environmental management standards to identify what additional steps are necessary to also meet the province's regulatory requirements.

As part of its Environmental Management Systems Accreditation Program, the SCC qualifies accredited registration bodies (certification bodies) to certify forest companies to these standards. Ontario has announced that it will require all Sustainable Forest Licence holders in the province to be certified to an accepted performance standard by the end of 2007.

Over the next year, the SCC will also be working with its accredited environmental management systems registration bodies (certification bodies) to facilitate a smooth transition to ISO 14001:2004, the updated international environmental management standard that was published last November. As an International Accreditation Forum (IAF) signatory, the SCC will promote the transition plan developed by ISO and the International Accreditation Forum (IAF), under which SCC accredited EMS registration bodies (certification bodies) will have until May 2006 to make the necessary changes to comply to the new standard. After that date, certification to the old standard will be invalid. The main differences between the revised standard and its predecessor are simplified language and increased compatibility with the ISO 9001:2000 quality management systems standard.

The SCC's conformity assessment activities in FY 2004-2005 also offered solutions to address concerns about food safety and healthcare. Building on an existing partnership with the Canadian Food Inspection Agency

Signed by SCC in FY 2004-2005

Organization	Type of Agreement	Date of Signing
Pacific Accreditation Cooperation (PAC)	Product Certification Multilateral Recognition Arrangement (MLA)	July 2004
American National Standards Institute (ANSI)	Annex to existing memorandum of understanding (MOU) for product certification, outlining closer cooperation, acceptance of audit results and exchange of information	August 2004
International Accreditation Forum (IAF)	Environmental Management Systems Multilateral Recognition Arrangement (MLA)	October 2004
International Accreditation Forum (IAF)	Product Certification Multilateral Recognition Arrangement (MLA)	October 2004
American National Accreditation Board (ANAB), Japan Accreditation Board for Conformity Assessment (JAB), and the Joint Accreditation System of Australia and New Zealand (JAS-ANZ)	Multilateral Cooperative Accreditation Arrangement (MCAA)	January 2005

(CFIA) that allows SCC accredited agriculture and food laboratories to undertake food testing for the agency, the SCC contributed to technical information on good auditing practices, international requirements and best practices in accreditation programs as part of the development of guidelines for CFIA's National On-Farm Food Safety Recognition Program. The guidelines will be used to measure the effectiveness of on-farm food safety programs being implemented by 250,000 agricultural producers across Canada.

Partnerships with Canada's healthcare sector were pursued on several fronts by the SCC in FY 2004-2005. In the area of conformity assessment, the SCC maintained a dialogue with organizations in both Ontario and Quebec about the possibility of working together on a new program for the accreditation of medical testing laboratories. The SCC also initiated discussions about potential cooperation with the Canadian Council of Health Services Accreditation (CCHSA) which resulted in the signing of a memorandum of understanding. The agreement outlines a commitment to work towards accreditation of CCHSA as a Standards Development Organization and to develop an agreement with regards to the accreditation of health services facilities.

One of two programs launched in FY 2003-2004, the Inspection Bodies Accreditation Program received a total of nine applications in FY 2004-2005, three of which were completed before the end of fiscal year. In the future, some provincial regulators will require organizations conducting field evaluations of electrical equipment to be accredited by the SCC. Because of the resources necessary to process these applications, the SCC was unable to move forward as planned with an expansion of the program into other areas such as medical gas piping systems. Work on this initiative is expected to proceed in 2006 when the program is assigned new resources.

Implementation of the Personnel Certification Accreditation Program, which was also launched in FY 2003-2004, was somewhat slower than anticipated with only one organization applying for accreditation in FY 2004-2005. The SCC plans to assign additional resources in FY 2005-2006 to further develop and promote the program.

An important milestone for the SCC's accreditation programs in FY 2004-2005 was the development of a re-designed accreditation mark for

FY 2004-2005 Milestones
Medical Devices Standards

"Canada has been instrumental in the revision of ISO 14971 (Application of Risk Management for Medical Devices) which is slated for publication in late 2005," reports Alf Dolan, Chair of the Canadian Advisory Committee to ISO Technical Committee 210, Quality management and corresponding general aspects for medical devices. Dolan says he expects the new edition of the standard to be just as widely accepted as the last, which was unanimously approved by IEC, ISO, CEN and CENELEC and, which is being used by regulators around the world to ensure the safety of medical devices.

The SCC administers the work of Canadian Advisory Committees of international technical committees and subcommittees and provides support to committee members.

conformity assessment bodies and the finalization of the related trademark license and sub-license agreements in March 2005.

As Canada's national accreditation body, the SCC participates in a number of international, regional and bilateral activities. Canada's visibility in international and regional conformity assessment forums remained strong in FY 2004-2005. At the International Accreditation Forum (IAF), Elva Nilsen, Director, Intergovernmental Affairs, was re-elected as Vice-Chair. She also retained that same position at the Pacific Accreditation Cooperation (PAC). Additionally, SCC Quality Manager Joan Brough-Kerrebyn was elected as the chair of PAC's technical committee and Vice-Chair of IAF's technical committee. Canada's leadership standing was further enhanced with the election of Pat Paladino, Director, Conformity Assessment, as the Vice-Chair of the InterAmerican Accreditation Forum during the organization's meeting in Trinidad and Tobago in October 2004.

Actively pursuing new arrangements aimed at strengthening the recognition of SCC accreditation in markets around the world was a key element of the participation in these forums. The SCC signed a number of new arrangements (see chart on page 28) in FY 2004-2005 that will help Canadian businesses that have products or environmental management systems certified by an SCC accredited organization to have this certification recognized in other markets without having to repeat the process. This translates into significant savings for Canadian exporters and also increases the value of SCC accreditation.

The SCC also made an important contribution to the implementation of the IAF Cross-Frontier Accreditation initiative with the signing in January 2004 of the Multilateral Cooperative Accreditation Arrangement with counterparts in the USA, Japan, Australia and New Zealand. Cross-Frontier Accreditation is an international initiative aimed at facilitating cooperation among accreditation bodies in auditing critical locations and enhancing the networking capabilities of accreditation bodies worldwide.

Support was ongoing for conformity assessment-related activities at both the IEC and ISO. The SCC coordinated Canadian participation in the development of several international conformity assessment standards guides published by ISO's Committee on Conformity Assessment that

HOT OFF THE PRESS: SCC PUBLICATIONS

Information promotional materials published by the SCC in FY 2004-2005, include:
- NAFTA Inquiry Point Brochure
- Copyright Brochure
- Consensus Magazine

provide guidance for national and international standards bodies on topics, including: accreditation, codes of good practice, suppliers declaration of conformity and peer assessment. Also of note was the hosting by the Canadian National Committee of IEC's conformity assessment scheme (IECEE) tri-national meeting with the US and Mexico in preparation for the international meeting of the IECEE management board.

INTERGOVERNMENTAL AFFAIRS AND TRADE

The Standards Council's work in the area of policy development and its programs and services aimed at improving knowledge and understanding about the important linkages between standards, conformity assessment and trade were vital to efforts during FY 2004-2005 to chart a course for the work of the SCC over the next several years.

Although there are numerous examples of how policy development activities contributed to organization-wide efforts to renew strategic direction, the work undertaken by SCC staff to coordinate the updating of the Canadian Standards Strategy is especially noteworthy. The CSS Update 2005-2008 outlines a number of streamlined and measurable objectives for continuing to work towards the six overarching Canadian standardization goals identified in the original strategy document.

The strategy update, which was initiated at the request of SCC's governing Council in November 2003, involved a series of facilitated consultations with SCC's Advisory Committees, governing Council and staff, as well as consideration of submissions from stakeholders (including the federal and provincial governments), and input from individual Canadians through the SCC's Web site. This information was then brought together and used to develop a draft document, which was the focus of further discussion by participants at the National Standards System Conference in November 2004.

In addition to providing a forum to discuss the direction of Canadian standardization efforts over coming years, the NSS Conference was also an occasion to examine in more detail, and from different perspectives, the role for standards development and conformity assessment in varied public policy areas. A session on regulatory reform (one of the best-
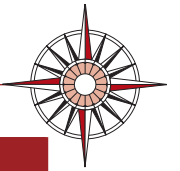
attended workshops of the conference) provided a forum to discuss the results of the External Advisory Committee on Smart Regulation's Final Report, which was presented to the federal government in September 2004. The Standards Council was part of a diverse range of organizations, including industry, non-governmental organizations, citizens and government departments that contributed to the committee's work.

A number of the SCC's standards-related recommendations featured prominently in the final report, including implementation of international standards and conformity assessment practices as a means to facilitate common regulatory approaches with other countries (particularly the USA), and the increased use of standards as part of a more modern approach to developing new regulations. Since the release of the report, the SCC has been working in cooperation with the federal government on the development of an implementation plan and has committed to advising various departments on related issues.

Healthcare is another significant public policy area where the SCC is building a foundation for increased involvement. The development in FY 2004-2005 of a discussion paper entitled: "Towards a Wider Application of Standardization in Canadian Healthcare" was an important step in identifying the potential for voluntary standardization to address national health care concerns, including reducing administrative costs, improving quality of care and patient safety. Following its presentation to the SCC's governing council in September 2004, staff were asked to prepare a more comprehensive plan to guide future work in this area outlining: roles for the SCC, the NSS and its partners, expected outcomes, resource implications and priorities. Healthcare objectives are likewise set out in the CSS Update.

The SCC's interest in supporting health care reform in Canada was also reflected in its ongoing contributions to Health Canada's Legislative Renewal project. Some of the SCC's comments and suggested language have been incorporated into the draft legislation, most notably with respect to the establishment of a General Safety Requirement for all products.

While continuing to identify opportunities for increased integration of voluntary standardization in Canada, the SCC remains committed to supporting developing countries to make similar progress.

Performance Indicator
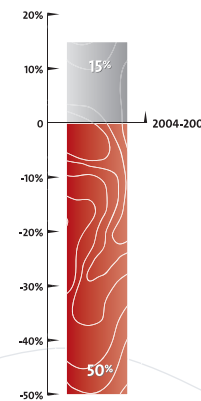### Alert Services
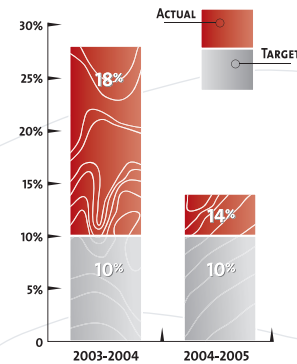
Export Alert!

The SCC's electronic notification service for exporters continued to increase its subscriber base during its fifth year of service. It again surpassed its target of increasing users by 10%.

Source: SCC's Web database of ExportAlert! subscribers

RegWatch

Use of the SCC's RegWatch service was measured as a performance indicator for the first time in FY 2004-2005. The number of users of the service, which is housed within the SCC Web site decreased by 50% when compared to the number logged by the server in FY 2003-2004. It should be noted that due to technical problems, the figure represents only the period from mid May 2004 to March 31, 2005. RegWatch is a searchable database that can be used to determine which voluntary standards are referenced in Canadian federal regulations. It is not a subscriber-based notification service.

Source: SCC Log of Web Activity – Intergovernmental Affairs and Trade Division

Standards Alert!

Standards Alert! increased its subscriber-base significantly as the service continued to gain momentum since its launch in FY 2003-2004. The complimentary service provides e-mail notification on new and revised Canadian and international standards. To more effectively use this indicator in FY 2004-2005, the target was changed from a specific number of new subscribers to a percentage-based target.

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

TARGET

ACTUAL

95%

97%
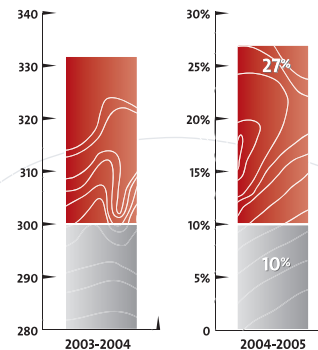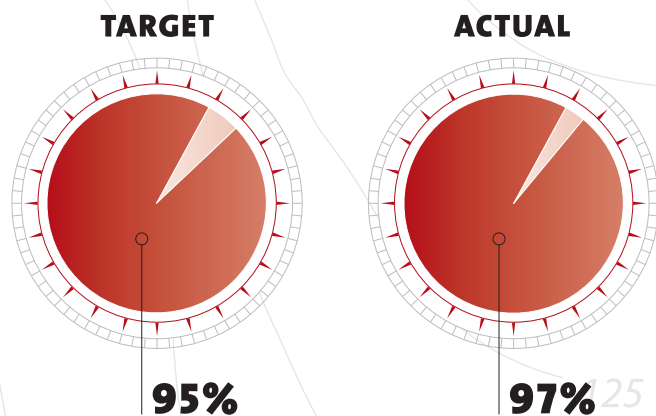
The SCC's Information and Research Service continued to surpass its target for meeting the needs of clients. In FY 2004-2005, the SCC exceeded its target by 2%. The target is based on being able to provide comprehensive information within 24 hours and in the official language requested on a diverse range of standards, conformity assessment and trade-related topics.

*Source: SCC's Client Enquiry Database*

As in previous years, the SCC was involved in numerous initiatives aimed at improving the standardization infrastructure of developing countries and to increase their ability to fully participate in international standards work. In FY 2004-2005, the SCC opened its Ottawa offices to peers from the Malaysian Trade Commissioners Office to provide information and training on the SCC's Information and Research Service and Technical Document Centre. It also hosted several delegations from China's General Administration of Quality Supervision, Inspection and Quarantine. They were briefed on the SCC's notification and enquiry handling activities in its capacity as Canada's Enquiry Point.

Export Alert!, Canada's electronic tool for providing up-to-date information about standards and trade-related issues affecting international trade, was also of interest to developing countries. In addition to finalizing an understanding with Bolivia for the implementation of a Spanish language version of the online tool, the SCC signed an arrangement concerning the implementation of Export Alert! in Malaysia.

A number of other projects took SCC staff to locales in the Americas and Europe to provide training and assistance. The SCC made a trade-related presentation in Antigua, and also conducted a needs assessment in Ukraine as part of a larger project to assist it in establishing the World Trade Organization Technical Barriers to Trade (WTO/TBT) Agreement and the Sanitary and Phytosanitary Agreement Notification Authorities and Enquiry Points, which are required as a condition of its membership in the WTO. In December 2004, a training workshop on the WTO/TBT Agreement for member states of the Caribbean Community and Common Market (CARICOM) was delivered in Barbados at the request of the Centre for Trade Policy and Law at Carleton University. Conformity assessment training included consultations on medical lab accreditation in Mexico, guidance on quality systems and measurement and traceability issues in Cuba and, instruction on accreditation systems in Costa Rica.

The SCC conducted an assessment of Costa Rica's national quality system to determine what kind of trade-related capacity building assistance Canada might be able provide. Following the visit, the SCC submitted three project concept papers to the Canadian International Development Agency (CIDA). The proposals are still under consideration, but if accepted they will involve the transfer of Canadian technical experience in the areas of good regulatory practice, conformity assessment and standards development.

The SCC also remained involved in several developing country initiatives undertaken by international and regional bodies. In addition to sponsoring delegates from developing countries to participate in a number of ISO technical committees in FY 2004-2005, the SCC demonstrated its commitment to increasing executive level involvement of developing countries through its twinning arrangements with the Trinidad and Tobago Bureau of Standards on the ISO COPOLCO Working Group.
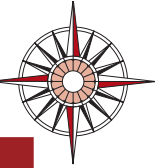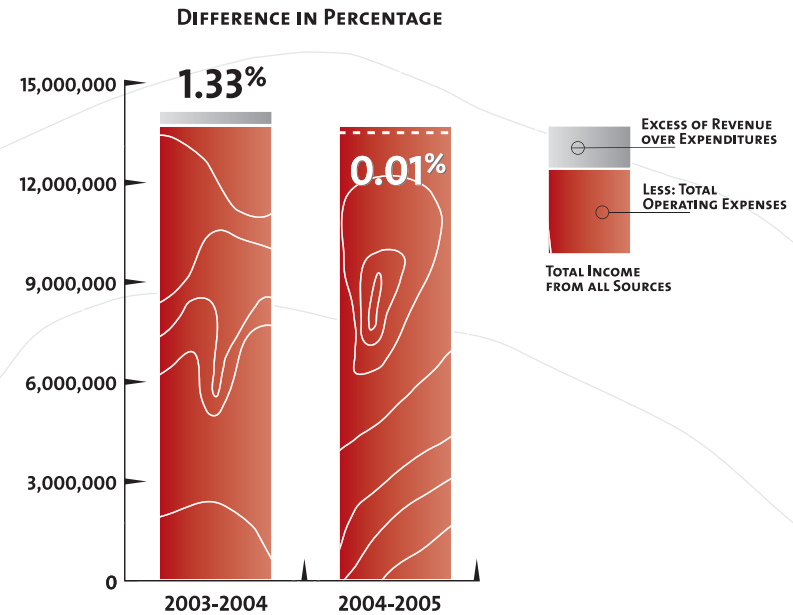
As Canada's central point of contact for information on standards, technical regulations and conformity assessment procedures, the SCC's Information and Research Service fielded nearly 4,000 enquiries in FY 2004-2005. The most common requests from Canadians over this period included information about:

- Laboratories, product certification bodies, and management system certification bodies accredited by the SCC;
- Construction, fire and electrical codes used in Canada;
- Canadian packaging and labelling requirements for various products;
- Requirement for the licensing of medical devices in Canada;
- Electronic equipment and radio apparatus standards; and
- Safety requirements for consumer products.

Based on feedback received through a customer survey of clients who use the SCC's information service and on-site Technical Document Centre, a number of improvements were made to further enhance service delivery, including the implementation of a new tracking tool for information inquiries received via e-mail.

Performance Indicator
Net Income/Loss Versus Overall Budget

DIFFERENCE IN PERCENTAGE

1.33%

0.01%

EXCESS OF REVENUE OVER EXPENDITURES

LESS: TOTAL OPERATING EXPENSES

TOTAL INCOME FROM ALL SOURCES

2003-2004   2004-2005

The SCC continued to meet its target of remaining within 1.5% of its budget. The net financial result for FY 2004-2005 was a deficit of $1,283.

Source: SCC Finance Division

Management Discussion and Analysis

Identifying opportunities, challenges and threats in the near and long-term was an integral part of efforts by the SCC to chart a course for the future. As it strives to fulfill its corporate goals and objectives the following initiatives represent some of the areas that continue to challenge the SCC (both in terms of the amount of time and level of effort as well as the degree of risk involved):

• **Implementing the Canadian Standards Strategy (CSS) Update** – In FY 2004-2005, the update to Canadian Standards Strategy required organization-wide efforts and considerable resources. This is expected to continue as the SCC moves forward with implementation. However based on the positive impact of the original CSS, the Updated Strategy is expected to yield even greater outcomes for the organization, serving to further strengthen the National Standards System (NSS), increase awareness about the benefits of becoming involving in the NSS, and to enhance the SCC's recognition within Canada.

• **Increasing regulator involvement in the National Standards System** - The Federal Government's commitment to implement the recommendations made by the External Advisory Committee on Smart Regulation is an ideal and low risk opportunity for the SCC to advocate the benefits of standards and conformity assessment to a receptive audience. The SCC will continue to share its message with provincial and territorial regulators, highlighting standardization as a means of increasing efficiencies and minimizing barriers to trade within Canada and encouraging them to use the National Standards System.

• **Broadening industry engagement** – Efforts to broaden the scope of industry involvement in Canadian standards activity has been an ongoing challenge to the SCC. By articulating the value of involvement in standards work, an important step was taken this year towards addressing one of the key obstacles to attracting industry stakeholders. Under the guidance of the Future Vision Task Force, an advisory group of the SCC's governing Council, development of a business case and value proposition for engagement in the National Standards System is well underway. Building

the momentum necessary to promote this message to appropriate audiences is among the recognized next steps.

• **Making inroads into healthcare** – The Canadian healthcare system has been identified as an area where there is potential for increased integration of standards and conformity assessment. While recent reports commissioned at both the federal and provincial/territorial levels advocate the importance of considering tools such as standards and conformity assessment to address ongoing problems in the healthcare system, the complexity of the system may pose significant challenges to the timely integration of standards solutions. Given the level of risk involved in investing in this highly regulated and politically sensitive area, the SCC must continue to carefully consider the impact of each opportunity, in particular with respect to cost implications.

• **Expanding accreditation programs** – While continuing to identify areas for potential expansion of its accreditation programs, the SCC must also examine the effects of human and financial resource requirements on its ability to deliver programs and services while maintaining cost recovery levels.

• **Evolving global accreditation schemes** - The SCC remains a strong supporter of efforts to increase global recognition of accreditation and conformity assessment results. Throughout the year, an increase in the number of non-Canadian organizations accredited by the SCC has had a positive impact on the SCC's revenues. As global accreditation gains recognition and acceptance, the SCC must monitor the situation to determine the impact on its client base over the long term, with particular respect to pricing pressure and competition.

• **Rationalizing global linkages** - The SCC is currently re-evaluating its global linkages with organizations, arrangements and agreements, to determine whether these associations remain relevant to its corporate goals and objectives and to identify any overlap or redundancy. While it has already identified some linkages that no longer provide significant
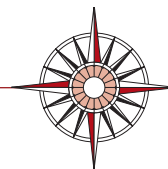
value to the organization, it must also consider whether there are others that it would be beneficial to pursue.

• **Sustaining human resources** – Like most organizations, succession planning poses an ongoing challenge to the SCC, especially given the small size of the organization. In order to retain a competent core group of full time employees and contractors it must have the necessary resources in place. At the same time, the SCC must continue to recruit and sustain the thousands of individuals who participate in standards work on a voluntary basis. Among the various factors affecting participation in the SCC Member Program are an ageing population, the technical nature of many of the paid and voluntary positions, and the cost associated with providing ongoing training and support.

FINANCE

Total revenue (other than parliamentary appropriation) of $6.8 million is only marginally higher than the $6.7 million recorded in FY 2003-2004. Continued growth in revenues from *Conformity Assessment Accreditation Fees* was offset by declines in Royalties from Sales of Standards and Sponsorship/Partnership Funding.

Conformity Assessment Accreditation Fees grew by eight per cent year-over-year, rising from $4.8 million to $5.2 million. While increases continue to exceed the rate of inflation, indicating real program growth, the past few years of single-digit increases continues to indicate a levelling off of this revenue stream as programs reach maturity. This is particularly true for the PALCAN and Management Systems programs where revenues grew by less than two per cent each. On the other hand, the Certification program grew by 43 per cent and exceeded its full cost recovery target. Two new

Financial overview, 2000-2005

	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005 (Budget)	2004-2005 (Actual)	2005-2006 (Budget)
Revenue							
Accreditation fees	$ 3,164,349	$ 4,025,468	$ 4,540,427	$ 4,762,328	$ 5,046,200	$ 5,151,197	$ 5,907,200
Revenue from standards sales	556,012	656,034	717,097	709,504	510,000	537,062	500,000
WTO/NAFTA Enquiry Point	309,050	299,824	245,838	251,525	260,500	260,782	260,950
Parliamentary appropriation	5,121,954	6,736,724	6,573,984	7,101,179	7,005,900	6,944,447	7,015,700
Other	357,731	436,464	799,027	1,021,608	894,900	817,039	838,650
	$ 9,509,096	$ 12,154,514	$ 12,876,373	$13,846,144	$13,717,500	$13,710,527	$14,522,500
Expenses							
Conformity Assessment	2,497,893	2,833,835	3,311,400	3,401,876	3,674,500	3,833,047	4,243,600
Information Services	375,411	389,762	436,348	476,346	537,400	538,988	477,600
WTO/NAFTA Enquiry Point	309,050	299,824	245,838	251,525	260,500	260,782	260,950
Standards Development	2,481,359	3,187,459	3,661,278	4,251,742	3,507,200	3,581,520	3,887,900
Intergovernmental Affairs and Trade	538,060	759,658	903,215	956,200	1,067,300	870,929	1,147,600
Management and administration	3,317,982	4,282,158	4,146,832	4,363,469	4,670,600	4,626,544	4,504,850
	$ 9,519,755	$ 11,752,696	$ 12,704,911	$13,701,158	$13,717,500	$13,711,810	$14,522,500
Net income (loss)	$ (10,659)	$ 401,818	$ 171,462	$144,986	0	($1,283)	0
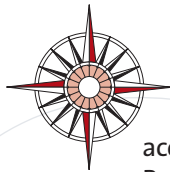
accreditation programs, Inspection Bodies and Personnel Certification Bodies, were launched late last fiscal year and have provided some of the impetus for growth in Certification revenues. Other increases, where recorded, are attributable to a growing client base as well as increased levels of activity within the existing client base. However, increased overhead costs, resulting from higher program staff levels, caused a decline in cost recovery overall for the Conformity Assessment family of programs to 94 per cent from the previous year's level of 96 per cent.

Royalties from sales of standards at $537,000, are down significantly from the previous year's level of $710,000. Royalties from our exclusive Canadian sales agent, IHS Inc., fell substantially as a new contract that took effect in August 2004 is more reflective of market realities. Increased competition from international sellers continues to cut into market share that was formerly protected by territorial restrictions. Other factors contributing to the downward trend in the standards sales market include the growth of electronic commerce, the subsequent increase in sales outlets, copyright abuse, and generally declining standards sales worldwide. These will continue to translate into rather flat revenue growth for the medium term. SCC launched a web store (www.standardsstore.ca) in late January 2005, in conjunction with IHS, which holds some promise of recapturing lost market share. Both the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC) web stores also service Canadian clients and pay royalties to SCC accordingly. Revenue from these outlets though, has levelled off following previous significant increases subsequent to their introduction a few years ago.

The decrease in *Sponsorship/Partnership Funding* relates to a return to more normal levels as SCC had hosted the International Electrotechnical Commission Annual General Meeting (IEC AGM) in the previous fiscal year. This reduction was partially replaced by sponsorships for the hosting of the National Standards System Conference. In future years, this revenue stream is likely to see further decline as the current round of hosting international meetings comes to a conclusion with the ISO General Assembly in 2006. As well, the dissolution of the partnership with the Canadian Association for Environmental Analytical Laboratories (CAEAL) will also have a negative impact on this category of revenue (but on the other hand, will likely mean increased revenues overall as clients formerly accredited by CAEAL become SCC clients).

Parliamentary Appropriation of $6.9 million is slightly less than the previous year's $7.1 million as additional funding had been received in FY 2003-2004 to support the net costs of hosting the IEC AGM. On a cash basis, SCC utilized, or drew down, its entire voted appropriation of $6,929,000. Parliamentary Appropriation supported 50 per cent of SCC's operating and capital expenditures, virtually the same as FY 2003-2004 (51%).

In total, expenses for FY 2004-2005 were $13.7 million, virtually identical to the previous year's result. Operating costs increased significantly for both the *Conformity Assessment* group and *Management and Administrative Services*. The Conformity Assessment increase is related to overall program growth, and more specifically, higher employment-related costs and professional fees. Management and Administrative Services overall costs were higher due to the hosting of the National Standards System Conference. Total costs for the conference were $257,000. These increases were offset by a reduction in *Standards Development* hostings in FY 2004-2005.

On a functional basis, *Salaries and Employee Benefits* increased due to an economic pay increase and higher employment levels as previously vacant positions were staffed. *Travel* increased by almost 12 per cent or $219,000 due to higher volumes of assessment-related travel as well as increased participation at the international level. *Meetings* expenses declined significantly, again related to the hosting of the IEC AGM in the previous fiscal year. *Office Accommodation* expenses declined as a result of lower operating costs. *Memberships in International Organizations* decreased slightly due to the relative strength of the Canadian dollar versus the Swiss franc and American dollar, though offset by increases to the actual fees in their denominated currencies.

Total expenditures exceeded revenues and funding, including *Parliamentary Appropriation,* by $1,283, compared to the previous year's surplus of $144,986. As is the normal practice, SCC had budgeted on a breakeven basis. It ended the fiscal year within .01 per cent of its target.

FINANCIAL STATEMENTS

MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

The Auditor General annually provides an independent, objective review of the financial records to determine if the financial statements 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
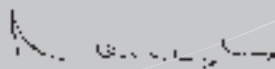May 27, 2005

AUDITOR'S REPORT

To the Minister of Industry

I have audited the balance sheet of the Standards Council of Canada as at March 31, 2005 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, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act,* I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

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

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

Ottawa, Canada
May 27, 2005

Balance sheet

As at March 31

	2005	2004
ASSETS		
Current		
Cash	$ 2,103,253	$ 1,687,593
Accounts receivable:		
Federal government departments and agencies	217,304	197,484
Other	1,297,930	1,161,066
Parliamentary appropriation receivable	907,000	682,200
Prepaid expenses	959,739	926,507
	5,485,226	4,654,850
Capital assets (Note 3)	1,033,902	1,075,633
	$ 6,519,128	$ 5,730,483
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 1,426,371	$ 804,866
Deferred accreditation fees	1,714,908	1,504,754
	3,141,279	2,309,620
Long term		
Deferred government funding (Note 4)	755,482	770,929
Deferred revenue - Tenant improvement allowance (Note 5)	278,420	304,704
	1,033,902	1,075,633
	4,175,181	3,385,253
EQUITY OF CANADA		
Equity of Canada	2,343,947	2,345,230
	$ 6,519,128	$ 5,730,483

Commitments (Note 9)

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

Approved by the Council

Chairman   Executive Director

Statement of Operations and Equity of Canada

For the year ended March 31	2005	2004
Revenue		
Conformity Assessment accreditation fees	$ 5,151,197	$ 4,762,328
Royalties from sales of standards (Note 7)	537,062	709,504
Sponsorship/Partnership Funding	338,392	655,179
WTO/NAFTA Enquiry Point	260,782	251,525
Other	478,647	366,429
	6,766,080	6,744,965
Expenses (Note 8)		
Conformity Assessment	3,833,047	3,401,876
Information Services	538,988	476,346
Standards Development	3,581,520	4,251,742
WTO/NAFTA Enquiry Point	260,782	251,525
Intergovernmental Affairs and Trade	870,929	956,200
Management and Administrative Services	4,626,544	4,363,469
	13,711,810	13,701,158
Net loss before government funding	(6,945,730)	(6,956,193)
Government funding		
Parliamentary appropriation for operating expenses	6,654,491	6,813,950
Amortization of deferred government funding	289,956	287,229
	6,944,447	7,101,179
Net (Loss) Income	(1,283)	144,986
Equity of Canada at the beginning of the year	2,345,230	2,200,244
Equity of Canada at the end of the year	$ 2,343,947	$ 2,345,230

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

STATEMENT OF CASH FLOWS

For the year ended March 31	2005	2004
Operating activities		
Net (Loss) Income	$ (1,283)	$ 144,986
Adjustment for non-cash items		
Amortization of capital assets	316,240	313,512
Amortization of deferred government funding	(289,956)	(287,229)
Amortization of tenant improvement allowance	(26,284)	(26,283)
	(1,283)	144,986
Changes in current liabilities and current assets other than cash	416,943	269,845
Cash flows provided by operating activities	415,660	414,831
Investing activities		
Additions to capital assets	(274,509)	(227,249)
Financing activities		
Funding for acquisition of capital assets		
Parliamentary appropriation	274,509	227,249
Increase in cash during the year	415,660	414,831
Cash at the beginning of the year	1,687,593	1,272,762
Cash at the end of the year	$ 2,103,253	$ 1,687,593

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

Notes to Financial statements, March 31, 2005

1. AUTHORITY, OBJECTS, AND PROGRAMS

The Standards Council of Canada was created by Parliament as a corporation under the *Standards Council of Canada Act* in 1970 (revised, 1996) to be the national coordinating body for voluntary standardization. The Council is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act* 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 regionally and internationally through membership in the International Organization for Standardization (ISO), the International Electrotechnical Commission (IEC), the Pacific Area Standards Congress, the Pan American Standards Commission, the International Laboratory Accreditation Cooperation, the Pacific Accreditation Cooperation, the Inter-American Accreditation Cooperation and the International Accreditation Forum;
- overseeing and coordinating Canada's participation in international standardization work;
- approving National Standards of Canada;
- providing advice and assistance to the Government of Canada in the negotiation of standardization-related aspects of international trade and mutual recognition agreements;
- working with international and foreign standards bodies to develop standardization agreements that facilitate trade;
- fostering and promoting an understanding of the benefits and usage of standards and conformity assessment;
- collecting and distributing information on standards activities; and
- operating Canada's North American Free Trade Agreement and World Trade Organization enquiry points on behalf of the federal government.

2. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

(d) Pension plan
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.

3. CAPITAL ASSETS

		2005		2004
	Cost	Accumulated amortization	Net book value	Net book value
Furniture	$ 267,882	$ 227,185	$ 40,697	$ 78,310
Equipment	1,791,097	1,243,390	547,707	530,958
Leasehold improvements	625,913	180,415	445,498	466,365
	$ 2,684,892	$ 1,650,990	$ 1,033,902	$ 1,075,633

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:

	2005	2004
Balance at beginning of year	$ 770,929	$ 830,909
Add appropriation used to acquire depreciable capital assets	274,509	227,249
Less amortization	289,956	287,229
Balance at end of year	$ 755,482	$ 770,929

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:

	2005	2004
Balance at beginning of year	$ 304,704	$ 330,987
Less amortization	26,284	26,283
Balance at end of year	$ 278,420	$ 304,704

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

	2005	2004
Salaries and employee benefits	$ 6,617,794	$ 6,259,988
Travel	1,998,352	1,779,211
Professional and special services	1,697,486	1,705,893
Memberships in International Organizations	1,101,365	1,128,715
Office accommodation	627,979	716,556
Amortization of capital assets	316,240	313,512
Publications and printing	283,058	300,842
Meetings	278,564	725,248
Office supplies	173,686	162,692
Telecommunications and postage	157,822	153,292
Public relations	131,796	169,267
Rental of office equipment	61,754	51,656
Other	265,914	234,286
	$ 13,711,810	$ 13,701,158

The Council and all eligible employees contribute to the Public Service Pension Plan. The plan provides benefits based on years of service and average earnings at retirement. 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:

	2005	2004
Council's contributions	$ 596,649	$ 629,148
Employees' contributions	$ 266,016	$ 248,527

9. COMMITMENTS

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

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

10. RELATED PARTY TRANSACTIONS

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

11. COMPARATIVE FIGURES

Certain of the 2004 comparative figures have been reclassified to conform to the current year's presentation.