



Standards Council of Canada  
Conseil canadien des normes

# REACHING OUT

ANNUAL REPORT 2005-2006

Canada

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

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

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# Putting standards in perspective

**E**ver wondered what allows you to use your bank card to withdraw cash from an automated teller anywhere in the world, or buy a CD with the confidence that it will work in your home or car stereo?

Banking cards and CDs have been standardized – just like many of the products, systems and services that we rely on in our daily lives.

Standards help ensure that things meant to work together actually do. They can also set out requirements for safety, quality, cost-effectiveness and environmental protection.

Most standards are voluntary. This means that businesses aren't legally required to follow them, but many do because they make business sense. Some standards – especially those that deal with health or safety – can be made mandatory through legislation or regulation. It's illegal, for example, to sell or install electrical products that don't meet safety standards.

Although standards, and the activities related to their verification – known as conformity assessment – might appear complicated, they play a simple and important role in improving the lives of all Canadians everyday!

**W**hat exactly is a standard? In its simplest terms, a standard is an agreed upon set of criteria or rules against which things are measured and compared. There are millions of standards in existence – both formal and informal – that are helping to create order in our lives.

While the definition of a standard is broad, most discussions of standards in government or business refer to a particular type: a document developed by a committee of experts that provides guidance related to the quality and safety of a product, service or system.

Standardization is the process of developing a standard, putting it into practice, and verifying that it is being used properly.

This process would be impossible without the cooperation of individuals and organizations. In addition to promoting standards and standardization, the Standards Council of Canada coordinates standards development and accredits both the organizations that develop standards in Canada and the third-party organizations that provide conformity assessment services.

**STANDARDS COUNCIL OF CANADA (SCC) – YEAR-AT-A-GLANCE, 2005-2006**

April 22	Industry Minister David Emerson announces the reappointment of SCC Executive Director Peter Clark for a three-year term.
April 27	Executive Director Peter Clark delivers a presentation on the role of standards in Canadian healthcare to the European Organisation for Quality in Antalya, Turkey.
May 24-26	SCC hosts the International Organization for Standardization (ISO) Committee on Consumer Policy plenary meeting and workshop in Toronto.
July 4-10	Elva Nilsen, Director, Intergovernmental Affairs and Trade branch, is elected as chairperson of the Pacific Accreditation Cooperation for a three-year term.
July 7	SCC signs a cooperation agreement with the Standardization Administration of China.
August 10	SCC signs an agreement with the Ontario Medical Association to establish a joint program for the accreditation of medical laboratories.
August 22	Executive Director Peter Clark delivers a presentation entitled: "Corporate Social Responsibility, Quality and Standards: A winning combination for the 21st century" at the 10 <sup>th</sup> World Congress on Quality in Winnipeg.
September 19-23	Canada is elected to the ISO Council during the ISO General Assembly in Singapore. SCC Chairman Hugh Krentz will represent Canada for the three-year term.
October 14	SCC hosts an event in Ottawa to mark its 35 <sup>th</sup> anniversary and World Standards Day.
October 17-21	SCC advisory committee chair Ed Tymofichuk is elected to represent Canada on the International Electrotechnical Commission (IEC) Standards Management Board.
November 16	Industry Minister David Emerson announces the re-appointment of SCC Chairman Hugh Krentz for a three-year term.
November 22-23	SCC hosts the second Canadian Leadership Forum in Ottawa.
December 15	SCC signs a hosting agreement with the Trinidad and Tobago Bureau of Standards for the implementation of Export Alert!
February 22 (2006)	SCC announces a new educational institution policy making ISO and IEC standards available free-of-charge for use in related university and college courses.

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## Message from the Chairman Hugh A. Krentz

For more than three-and-a-half decades, the Standards Council of Canada has been reaching out to individuals and organizations across the country and around the world to promote and support the development, implementation and harmonization of standards.

As the steward of the National Standards System and Canada's representative in global standardization activities, we have built a strong network of partnerships that are enhancing consumer health and safety and helping Canadian business and industry to flourish in an increasingly competitive global marketplace.

Much has changed since we first began forging these relationships. At one time, standards focused primarily on safety and were considered the almost-exclusive domain of engineers. Today, the role for standards has expanded and evolved beyond product specifications to embrace all types of products, systems and services, and to include concepts such as quality, environmental management and social responsibility.

More remarkable still is the potential that exists for standardization to address current challenges facing Canada, such as healthcare delivery, climate change, alternative energy sources and emergency preparedness.

With these priorities in mind, the Standards Council focused on reaching out to three core Canadian stakeholders groups – business and industry, government, and consumers – who could benefit from, and contribute to, the growth and sustainability of our national standards infrastructure.

The Standards Council demonstrated the diversity and adaptability of standardization during the year through its contributions to a number of important national projects. On the healthcare front, we have been seeking out partnerships with a range of organizations, including a working group developing standards on the interoperability of electronic health record systems across Canada. Staff and stakeholders also collaborated with the federal government on its Smart Regulation initiatives, the development of a North American security and prosperity agreement, and to bolster Canada's ability to trade with emerging markets.

One of the reasons the Standards Council has felt so confident in focusing on domestic priorities over the last several years is Canada's solid reputation as a leader in standards work internationally. Yet, we recognize that in an increasingly global marketplace, maintaining this position is vital to ensuring the strength of the National Standards System, and the competitiveness of Canada.

In addition to beginning preparations for the 2006 International Organization for Standardization (ISO) General Assembly to be held in Ottawa this September, we were pleased to be elected to ISO's Council. As the individual who will represent Canada within this group over the next two years, I am excited about the opportunity to help set the direction for international standardization activities.

Likewise, our election to the International Electrotechnical Commission's (IEC) Standards Management Board, and the nomination of Jacques Régis as the Canadian candidate for the presidency of the IEC will ensure that Canada remains well-represented at this standards forum.

We are also active at the International Accreditation Forum and the International Laboratory Accreditation Cooperation, working with our global partners to increase worldwide acceptance of conformity assessment results.

Canada's prominence in international organizations reflects respect for Canada's strong national standards infrastructure and its leadership in the development of such well known standards as the ISO 9000 and ISO 14000 series. It is also a measure of our willingness to provide emerging economies with financial and technical assistance to build their own standards infrastructure and to participate more effectively in the global standards dialogue.

Critical to building strong and lasting partnerships here in Canada and around the world is trust. At a time when many organizations are struggling to maintain the confidence of their stakeholders, the Standards Council has consistently demonstrated transparency and accountability to Canadians.

During the past year, the governing council's strategic direction to staff ensured that the organization remained focused on its short and long-term goals and objectives. Fellow Council members recognized the vital importance of strong leadership in the role of the Standards Council's executive director. For this reason, we were very pleased that the federal government accepted our recommendation that Peter Clark be re-appointed for a third three-year term. We believe his ongoing leadership will help the organization maintain its current momentum.

On a personal note, I was pleased to be re-appointed for another term as Chairman and especially to be able to continue working with staff and stakeholders towards achieving the goals that have been identified both in the Standards Council's corporate plan and in the Canadian Standards Strategy. As we strive to reach these targets next year and beyond, leadership and outreach must remain ingrained in the mindset of the people who are working together through standardization to make Canada an even better place to live and work.



## Message from the Executive Director

### Peter Clark

**P**reparation of our annual report to Parliament is an opportunity for the Standards Council of Canada to consider what we have accomplished. It is also a chance to step back from our daily tasks to appreciate how these activities and achievements are collectively contributing to a safer and more prosperous Canada.

Much of the standards-related work undertaken by Canadians is highly specialized and technical in nature. Yet, at the core of these efforts are people who, through collaboration and consensus, are working towards a common goal. As I set forth on my third term as Executive Director of the Standards Council, I feel privileged to work closely with these individuals, especially the Standards Council's 90 dedicated employees and our capable governing council and advisory committee members.

In 2005-2006, the Standards Council was particularly focused on outreach activities to increase awareness and understanding about standardization among Canadian business and industry, government, and consumer organizations. These efforts reflected our commitment to both the Standards Council's corporate goals, and to working with our partners in the National Standards System to realize the objectives set out in the Canadian Standards Strategy.

Recognizing that one of the keys to forging new partnerships is our ability to clearly and meaningfully explain the importance and benefits of standards, the Standards Council has focused on developing a number of tools, including a value proposition, to help staff, Council, committee members, and our partners deliver customized messages about the value of standardization.

While this process was a positive one overall, it highlighted a very significant challenge — the lack of Canadian research on the economic and social value of standardization. Because we believe this information is vital to sustaining participation levels and financial support for standardization activities over the long term, we have begun looking at opportunities to create a centre for standards research in Canada, as well as to increase the amount of standards-related information in post-secondary education programs. As a first step in this direction, the Standards Council began offering free online access to international standards for university and college students in 2005-2006.

Over the course of the year, Standards Council staff and stakeholders were active participants in a broad range of meetings, conferences, tradeshows and workshops that provided opportunities to increase understanding about our work and the benefits of standardization.

One particularly successful example of an approach to building partnerships was a series of Canadian standardization forums for provincial and territorial government officials. The sessions — held in Edmonton, Saskatoon, Toronto, Halifax, Quebec City and Iqaluit — introduced participants to the Standards Council of Canada and explored the role of standards in providing regulatory solutions to challenges ranging from food safety to alternative energies and sustainable development.

The Standards Council's contributions to the Government of Canada's Smart Regulation initiatives were a topic of interest to participants at the forums. Throughout 2005-2006, the Standards Council continued to participate in consultations on regulatory reform and to highlight the role for standardization as a responsive and cost-effective alternative or complement to the traditional regulatory process.

Building on the international theme of "Standards for a Safer World", the Standards Council invited both long-time partners and newcomers to the National Standards System to a World Standards Day event in October.

Consumer health and safety was the focus on another important event hosted by the Standards Council in 2005-2006. We were proud to welcome 150 delegates from around the world to Toronto in May for the plenary meeting and workshop of the International Organization for Standardization Committee on Consumer Policy. Participants explored the evolving role for standardization in protecting consumers for risks ranging from product safety to global security.

Not only was the meeting an opportunity to demonstrate Canada's continued leadership in international standardization activities, it was also a chance to highlight our commitment to helping developing countries increase their capacity in field of standardization. The Standards Council sponsored 16 delegates from developing countries to attend the meeting and workshop and to take part in a special training session.

In recent years, the Standards Council has worked extensively with emerging markets in Latin America. While continuing to build links in this region, including a new project co-funded with the Canadian International Development Agency to support Costa Rica's standardization system, the Standards Council recognized the value of building stronger links with the fast growing market of China. In July, we signed a cooperation agreement with the Standardization Administration of China.

Supporting Canadians who participate in international standards development remained a priority last year and the Standards Council's second Canadian Leadership Forum, which brought together Canadians holding leadership positions on standards development committees, was an opportunity to gain important feedback about their achievements and challenges and to engage them in a dialogue about future directions. For participants, the event was an opportunity to network, and share best practices.

The Standards Council continued to strive in 2005-2006 to provide the best possible accreditation programs in the face of increasing competition from both foreign and Canadian organizations. In particular, we were focused on identifying opportunities to build partnerships and expand programming into areas where there is a significant client base and potential to improve the social and economic well-being of Canadians.

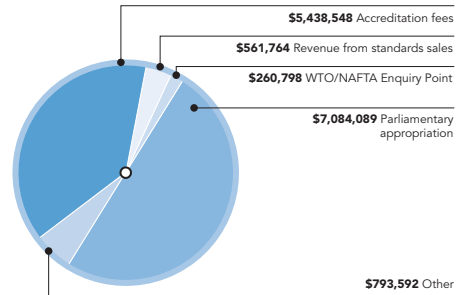
One such example is the agreement with the Ontario Medical Association for the accreditation of medical testing laboratories. The new program, which will provide Ontarians with increased confidence in their medical testing results, is expected to result in as many as 300 new accreditations.

New international standards for greenhouse gas verification and food safety management systems have allowed us to identify opportunities to expand our accreditation programs into two new areas: climate change and food safety.

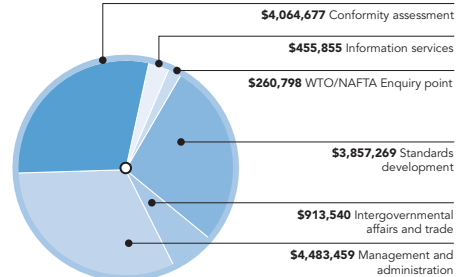
As we look forward to 2006-2007, there will be many new challenges. Fortunately, SCC has a solid plan and dedicated staff and stakeholders who are ready to convert these challenges into opportunities for partnership, collaboration and growth.

## FINANCIAL HIGHLIGHTS

### Revenue



### Expenses





## Corporate profile

**T**he Standards Council of Canada (SCC) is a federal commercial Crown corporation that oversees Canada's National Standards System.

The Standards Council is responsible for ensuring 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 Standards Council is to promote efficient and effective voluntary standardization in Canada, where standardization is not expressly provided for by law and, in particular, to:

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

in order to advance the national economy, support sustainable development, benefit the health, safety and welfare of workers and the public, assist and protect consumers, facilitate domestic and international trade and further international cooperation in relation to standardization.

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 standards and conformity assessment. 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 certification bodies earned their accreditation in 1993, followed in later years by environmental management systems certification bodies, auditor certifiers and course providers.

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

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. 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 SCC to sign recognition agreements with its foreign counterparts and to 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 standards and conformity assessment to advance the social and economic well-being of Canadians. Its recommendations underpin SCC's plans and strategies.

In August 2002, an Order was published in the Canada Gazette expanding the list of countries in which 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.

## Structure

### Council

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 its 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.

Council is responsible for the strategic direction of the organization, ensuring the fulfillment of SCC's mandate and providing direction on governance matters. This work includes accreditation of standards development and conformity assessment organizations, approval of standards submitted as National Standards of Canada, 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.

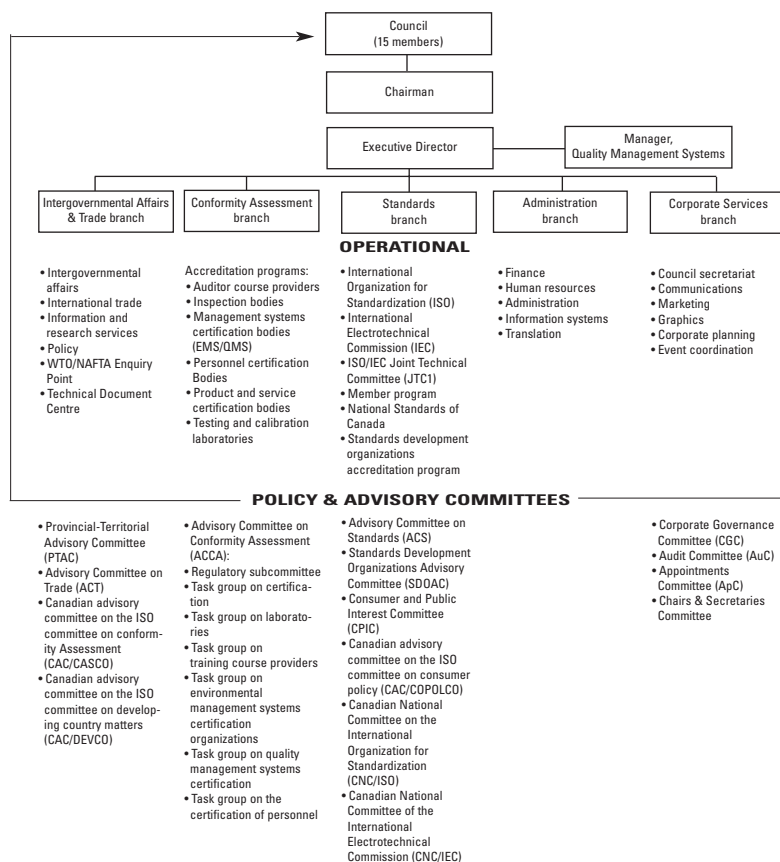
## COMMITTEES OF COUNCIL

Committee	Role	Duties	Membership
Corporate Governance Committee	Governance of Council and its advisory committee	<ul style="list-style-type: none"> <li>Reviewing the methods by which Council fulfills its duties and responsibilities</li> <li>Monitoring and reviewing conflict of interest guidelines, SCC advisory committee structure and terms of reference, and the performance of Council and committees</li> <li>Reviewing and approving the responsibilities, objectives and performance of the Executive Director and the responsibilities and objectives of the Chair</li> <li>Ensuring that the organization stays attuned to emerging governance issues requiring consideration by Council</li> </ul>	Council members (5)
Audit Committee	Oversees financial management of SCC	<ul style="list-style-type: none"> <li>Assessing and making recommendations on the effectiveness of internal controls and areas of potential risk or exposure</li> <li>Reviewing and providing advice to Council on financial and internal audits or special examinations, and for monitoring any management responses to these plans or reports</li> <li>Reviewing and providing recommendations to Council on the financial components of the corporate plan (5-year operational plan) and annual report (audited financial statements), annual expenditures and capital budget quarterly financial statements</li> </ul>	Council members (5) (with significant financial, accounting and business expertise, including two chartered accountants)
Appointments Committee	Ensures suitable membership on SCC's advisory committees	<ul style="list-style-type: none"> <li>Reviewing and recommending to Council nominations for membership to SCC advisory committees</li> </ul>	Council members (3) / SCC staff (3)

## ADVISORY COMMITTEES

Committee	Role	Membership
Advisory Committee on Conformity Assessment (ACCA)	<ul style="list-style-type: none"> <li>Provides advice, guidance and support to SCC's accreditation programs for conformity assessment organizations, and on the use of related national, regional, and international guides, standards, programs and activities</li> </ul>	regulatory authorities / federal government / industry / conformity assessment bodies
Advisory Committee on Standards (ACS)	<ul style="list-style-type: none"> <li>Provides advice on policy issues related to national, regional and international standards development and harmonization</li> <li>Encourages broad participation in standards development and the widespread use of the National Standards System</li> <li>Oversees the Standards Council's accreditation program for standards development organizations, regulatory authorities</li> </ul>	federal government / industry / CNC/ISO and CNC/IEC members / consumer and public interest representatives
Advisory Committee on Trade (ACT)	<ul style="list-style-type: none"> <li>Provides policy advice and recommendations related to interprovincial and international trade, including trade agreements such as the North America Free Trade Agreement (NAFTA) and the World Trade Organization Technical Barriers to Trade Agreement (WTO/TBT).</li> </ul>	conformity assessment bodies / federal government / industry / consumer and public interest representatives / provincial and territorial governments
Canadian National Committee of the International Electrotechnical Commission (CNC/IEC)	<ul style="list-style-type: none"> <li>Develops Canadian policy positions for IEC's governance committees</li> <li>Serves as the Canadian IEC member body and oversees the work of the Canadian committees that provide Canadian input to IEC's technical work</li> </ul>	industry / standards development organizations / federal government / electrical safety regulators / consumer and public interest representatives / provincial and territorial governments
Canadian National Committee on the International Organization for Standardization (CNC/ISO)	<ul style="list-style-type: none"> <li>Advises and makes policy recommendations on ISO's standards development policies</li> <li>Contributes to ISO's governance committees</li> <li>Oversees the work of the committees that provide Canadian input to ISO's technical work</li> </ul>	industry / standards development organizations / federal government / consumer and public interest representatives / provincial and territorial governments
Consumer and Public Interest Committee (CPIIC)	<ul style="list-style-type: none"> <li>Examines consumer and social issues such as health, safety and the environment and develops related policy positions.</li> </ul>	consumers / environmental organizations / labour organizations / academia / occupational health and safety organizations / standards development organizations / industry / federal government
Provincial-Territorial Advisory Committee (PTAC)	<ul style="list-style-type: none"> <li>Examines standardization issues from the perspective of provincial and territorial governments and makes policy recommendations to Council</li> <li>Promotes cooperation and communication between the provinces, the territories and SCC</li> <li>Encourages provincial and territorial participation in the National Standards System</li> </ul>	provincial and territorial governments
Standards Development Organizations Advisory Committee (SDOAC)	<ul style="list-style-type: none"> <li>Examines emerging standardization issues from the perspective of the standards development organizations accredited by SCC</li> <li>Promotes cooperation and communications between SCC and the standards development organizations</li> </ul>	standards development organizations
<p><i>SCC's advisory committees ensure that Council has access to a variety of policy advice, information and viewpoints. In order to ensure that input from advisory committees reflects the diversity of Canadian stakeholders, all advisory committees are required to have members from different regions in the country and from varied professional backgrounds. Two of these committees, PTAC and SDOAC, are established in the Standards Council of Canada Act. The rest have been created by Council.</i></p>		

## Corporate, Council and committee structure



## Council members 2005–2006

**Chairman,****Hugh Krentz**

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

**Hazel Cail**

Vice-Chair, Provincial-Territorial Advisory Committee

Manager of Intergovernmental Relations, Alberta Economic Development (Member as of January 1, 2006)

**Charles Cipolla**

President, Rockwell Automation Canada Inc.

**David Fardy**

General Manager, Protrans Personnel Services Inc.

**Philippe Fontaine**

Consultant in standardization and certification (Member until December 31, 2005)

**David Fransen**

Assistant Deputy Minister, Policy Sector, Industry Canada (Member until December 31, 2005)

**Jacques Girard**

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

**Hans Konow**

President and CEO, Canadian Electricity Association

**Charles LaFlèche**

President and Chief Executive Officer, Momentum Healthware

**Danielle Laramée**

Partner, Director of tax, Eastern Canada, Ernst & Young

**Israel Lyon**

Chair, 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**

President and Co-Chief Executive Officer, Asia Pacific Foundation of Canada

### Staff and activities

The strategies and policies established by Council are implemented by a staff of 90.

The Standards Council's operational work falls into three principal areas, organized into branches each with a director:

- Standards – Director: Mike Bourassa
- Conformity Assessment – Director: Pat Paladino, and
- Intergovernmental Affairs and Trade – Director: Elva Nilsen.

Two additional branches provide essential services to the organization:

- Administration — Director: Rick Parsons
- Corporate Services – Director: Sandra Watson

### Standards

The Standards Council accredits organizations that develop standards in Canada. Its accreditation programs are based on internationally-recognized guides and standards.

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

Internationally, the Standards Council manages Canada's participation in ISO and IEC, two of the world's most important voluntary standardization bodies, and in regional standards organizations. It also encourages the adoption and application of international standards in Canada. Included in management of participation in ISO and IEC is support to individuals working on various standards-related committees.

### 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:

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

- auditor trainers; and
- personnel certifiers.

The Standards Council is also a member of several international organizations that are developing agreements to ensure international acceptance of conformity assessment results, including the International Accreditation Forum and International Laboratory Accreditation Cooperation.

### 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. SCC encourages the increased use of the National Standards System in regulatory activities and trade agreements.

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



Council holds meetings in Ottawa four times a year.

# Corporate governance

**S**trong and effective governance has always been integral to the Standards Council of Canada. Commitment to this principle safeguards SCC's positive reputation, credibility and public trust – attributes required for SCC to successfully promote and support standardization within Canada and to maintain its international leadership.

Throughout 2005-2006, members of Council were actively engaged in providing strategic direction to SCC. Council's direction is aimed at ensuring that SCC's programs are relevant to and provide value-added for clients and Canadian industry while remaining in tune with public policy. Effective fulfillment of SCC's mandate rests on solid governance practices.

## Council membership and appointments

Competence, consistency and credibility of SCC leadership on Council and within senior management is crucial to ensuring SCC's ongoing ability to deliver on its mandate and follow through on strategic direction. For these reasons, Council has identified succession planning as a priority.

SCC's 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 Council to play a proactive role in the recruitment, nomination and selection process of its new members. The process uses a skills profile to identify preferred characteristics of council members in order to match qualified candidates to required skill-sets. In addition, roles and responsibilities of the chair, members and the executive director are clearly established.

Council membership was relatively stable in 2005-2006 with the departure of two members and the appointment of one new member. Council was actively engaged in efforts to ensure consistent leadership at the helm of SCC, as it worked closely with the government to secure the re-appointment of Hugh Krentz as Chairman. In 2006-2007, the terms of several members are up for renewal and two vacancies will need to be filled.

Council members consistently demonstrated a high degree of commitment to the SCC in 2005-2006. In addition to their roles on Council, council members assumed duties serving on council standing committees, advisory committees and task groups.

## Risk management and internal audits

Results of internal audits—an important element of SCC's risk management – are reported on, and monitored through the Corporate Governance and Audit committees of Council.

SCC has, for many years now, had a solid audit framework in place, with a process for follow-up on audit corrective actions and/or recommendations. There is a high frequency both in the number and types of audits that take place, which ensures that various facets of the organization are scrutinized.

The Audit Committee has requested that a formal risk profile document be developed in 2006-2007. In response, SCC will be designing and implementing an integrated risk management framework. Council also reviewed quality documentation identifying authority and accountability regime for decisions taken by Council, the Audit and Governance committees, and advisory committees.

## Evaluating performance

Council sets high expectations for its governance performance. In 2005-2006, Council developed a set of governance benchmarks based primarily on two documents produced by the Treasury Board Secretariat of Canada: *Corporate Governance in Crown Corporations and other Public Enterprises – Guidelines* and the *Review of the Governance Framework for Canada's Crown Corporations*. The latter of these documents identified 31 measures for improving governance of Crown corporations. Governance practices at other Crown corporations were also reviewed in preparation of these benchmarks. The resulting benchmarks also consider the results of SCC's Special

Examination, which was conducted by the Office of the Auditor General of Canada in May 2004. SCC's record stands in good stead when measured against recognized governance benchmarks.

### Disclosure and transparency

SCC views effective and transparent financial controls and disclosure practices as a necessary component to effective governance. As an example, SCC counted itself among a select few organizations to publish results from its 2004 Special Examination. In response to government-wide enhanced disclosure practices, SCC continued to proactively make public through its website information relating to travel, hospitality and other related expenses incurred by its chair and executive director. This information is also routinely reported on to the SCC's Audit Committee.

### Review of business practices

On the recommendation of experts in the field, Council approved in 2005-2006 changes to how accreditation requests were processed by SCC while ensuring the continued integrity of the system. In evaluating the changes, Council balanced the need for a streamlined process responsive to client needs against the requirement for rigour and transparency in the accreditation system.

### Reaching out

To ensure that SCC's program and activities remained relevant to key groups, Council identified – as part of its environmental scan – the benefits of reaching out to key decision-makers within industry and government. Council recognized that contact with these decision-makers was key to ensure that strategic oversight of SCC was aligned with and responsive to the needs of stakeholders.

The "outreach" benefit of speaking directly to key decision-makers was not lost. Council used a series of interviews with this group to not only get a better feel of their needs but to lay the ground work for future collaboration and partnering.

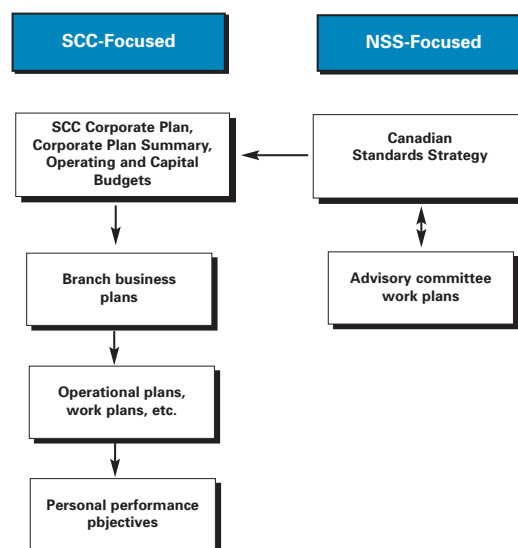
### Strategic planning

The Standards Council of Canada takes its overall direction and strategic focus from the *Standards Council of Canada Act*.

The Canadian Standards Strategy provides direction and leadership on how to best use standardization to advance the social and economic well-being of Canadians. The goals and objectives of the strategy are pursued by SCC and individuals and organizations that make up the National Standards System (NSS).

The corporate plan outlines SCC's planned goals, objectives and activities for SCC's programs and services. The Canadian Standards Strategy and corporate plan together provide SCC with a robust set of priorities. Goals and objectives are developed in keeping with the guidelines of being practical, efficient, relevant and stakeholder-driven.

The diagram below illustrates the relationship between SCC's corporate plan and the Canadian Standards Strategy.



## Operating environment and context

Through its programs and services and as the coordinator of the National Standards System, the Standards Council reaches out everyday to people and organizations within Canada and around the world. As a result, SCC is influenced and impacted by diverse social, economic and political factors.

### National reach

The role for standardization is continually evolving in tandem with Canada's changing economy and the shifting demands of its population. Enhanced cooperation with business and industry, government, and consumers organizations is vital to ensuring the sustainability and growth of Canada's standards infrastructure.

### • Understanding and awareness

Canadians have a general awareness of standards and their importance in society, however, they have a limited understanding of how the system that underlies it works. As long as standards are seen to be doing their job, there is ambivalence towards how they function. When public attention is drawn to standards, it is usually because of an incident that highlights the need for a new standard or raises concerns that the standards in place did not do enough to protect the health and safety of Canadians.

Given these factors, SCC is focusing its efforts on reaching out to stakeholders who can most directly impact on and benefit from standardization. In particular, SCC is looking to build stronger linkages with business and industry, governments and consumer organizations.

Vital to attracting new partners is SCC's ability to clearly demonstrate the benefits of not only using standards but also participating in their development and maintenance. A "standardization value proposition" to highlight these benefits and Canadian research that concretely demonstrates the socio-economic value attached to standardization are necessary to engage new stakeholders and to retain existing partners.

In order to better reach target groups and to meet their evolving needs, SCC needs to have a strong brand identity. Increased visibility of SCC has the potential to yield significant marketing returns for the entire National Standards System. SCC has a responsibility to protect the integrity of its identity and elevate its profile. In order to maximize the effectiveness of marketing efforts, SCC will focus on strengthening its brand.

Building linkages with universities has also been recognized as a viable means of increasing awareness among academics and students, especially in fields where standards will play an increasingly important role.

### NATIONAL PARTNERS

The Standards Council works in collaboration with a large number of Canadian government and non-government entities. Here are just a few of the organizations with whom SCC is working:

Government departments and agencies	Non-governmental organizations	Standards development organizations
<ul style="list-style-type: none"> <li>• Canadian Food Inspection Agency</li> <li>• Canadian International Development Agency</li> <li>• Environment Canada</li> <li>• Health Canada</li> <li>• Industry Canada</li> <li>• International Trade Canada</li> <li>• Royal Canadian Mounted Police</li> <li>• National Research Council</li> <li>• Ontario Ministry of the Environment</li> <li>• Transport Canada</li> </ul>	<ul style="list-style-type: none"> <li>• Canadian Council on Health Services Accreditation</li> <li>• Canadian Institute for Health Information</li> <li>• Electro-Federation Canada</li> <li>• Information Technology Association of Canada</li> <li>• Ontario Medical Association</li> </ul>	<ul style="list-style-type: none"> <li>• Bureau de normalisation du Québec</li> <li>• Canadian General Standards Board</li> <li>• Canadian Standards Association</li> <li>• Underwriters' Laboratories of Canada</li> </ul>



**• Government priorities**

Standards and conformity assessment have the potential to provide cost-effective and transparent tools or solutions to address many of the most significant public policy challenges in Canada today. SCC works collaboratively with the Government of Canada and partners in the private and public sector to support public policy priorities including:

- healthcare delivery and health-related technologies;
- regulatory reform and innovation (Smart Regulation);
- public safety and security;
- capacity building for Canadian trade with emerging markets;
- environmental management and sustainable development; and,
- good governance and social responsibility.

While pursuing partnerships in areas where it has already recognized possible partnerships and linkages, SCC will consider whether it can support new government priorities as they arise.

**• Reacting to business and industry needs**

Emerging sectors in the Canadian economy such as alternative energies, organic farming, greenhouse gas verification, nanotechnologies and biometrics are just a few examples of the areas where standards can play a role in the further development and integration of new products and services. SCC recognizes the significant opportunities that exist to develop new partnerships with business and industry in these sectors, while

GLOBAL PARTNERS	
The Standards Council works closely with its counterparts in the Americas, the Pacific Rim and around the world. Here are just a few of the organizations in which SCC is a partner or member:	
Standards development	Conformity assessment
<ul style="list-style-type: none"> <li>• International Organization for Standardization (ISO)</li> <li>• International Electrotechnical Commission (IEC)</li> <li>• Pacific Area Standards Congress</li> <li>• Pan American Standards Commission</li> </ul>	<ul style="list-style-type: none"> <li>• International Laboratory Accreditation Cooperation</li> <li>• International Accreditation Forum</li> <li>• IEC System for Conformity Testing and Certification of Electrical Equipment - Certification Body Scheme and Full Certification Scheme</li> <li>• IEC Scheme for the Certification to Standards for Electrical Equipment for Explosive Atmospheres</li> <li>• Asia Pacific Laboratory Accreditation Cooperation</li> <li>• Interamerican Accreditation Cooperation</li> <li>• North American Calibration Committee</li> <li>• Pacific Accreditation Cooperation</li> </ul>

continuing to support organizations that have traditionally had strong links to the standards system. By providing support for Canadian participation in standards development and related conformity assessment activities in these areas, SCC can ensure the sustainability of the system while demonstrating the ability of standards to contribute to Canadian innovation and economic growth.



## Reaching Out to Our Partners

### World Standards Day 2005

On October 14, 2005, SCC celebrated both its 35<sup>th</sup> anniversary and World Standards Day. To mark the occasion, staff and more than 100 invited guests representing Canadian industry, government, consumers and academia took part in activities aimed at highlighting the importance of voluntary standardization and the benefits of these activities for different stakeholders.

The event highlighted the important work of SCC and the dynamic relationships it has developed and nurtured over the past 35 years in its role as the coordinator of the National Standards System.

In his welcome address, Executive Director Peter Clark, thanked SCC's partners for being part of the day, and reiterated the 2005 World Standards Day theme "Standards for a Safer World".

"For the last 35 years, SCC has been promoting and supporting the development and use of standards, not only to make Canada a friendlier, healthier and safer place to live, but also a more prosperous one," said Clark.

**• Recognizing concerns of consumers**

The participation of consumer organizations and public-interest groups in the National Standards System takes into account the diverse views and special interests of consumers, including children, the elderly, and people with disabilities who may not otherwise have a voice in the process. Through SCC's Consumer and Public Interest Committee and Canada's active participation in ISO's Committee on Consumer Policy, consumers are well represented.

**International reach**

Although the Standards Council of Canada has made building national partnerships a focus in recent years, ensuring that Canada maintains its status as a leader and innovator in the international standards community remains very important.

**• Global convergence of standards activities**

Today, adoptions or adaptations of international standards represent the majority of standards used in Canada and are increasingly being recognized as a means of reducing unnecessary barriers to trade.

Canada's participation in international standards development and its support for global accreditation systems is vital to ensuring Canada's competitiveness in the world economy. The use of international standards and global accreditation as a means of ensuring the quality of products and services, regardless of where they are from, has become an integral component of global trade. The expectation is that international standards partnerships will become more important to the global economy in the coming

years as Canada and other nations seek to solidify commercial relationships with emerging economic powerhouses such as China.

Canada has built a solid reputation as an active contributor and innovator in the development of international standards and conformity assessment policies. In addition to providing support for the Canadians who participate on the technical committees that develop standards, SCC is ensuring Canada has a voice in major policy decisions impacting international standardization through its participation on executive and policy committees at ISO, IEC, the International Accreditation Forum, and the Laboratory Accreditation Cooperation.

SCC is also a member of the Canadian delegation of the World Trade Organization's Technical Barriers to Trade committee. As a participant in this forum, SCC is involved in the resolution of trade issues involving standards and technical regulations.



### Reaching Out to Consumers

#### ISO/COPOLCO plenary and workshop

Improving public health and safety through standards was the hot topic for 150 consumer delegates from around the world who came to Toronto from May 22-26, 2005 for ISO Committee on Consumer Policy (COPOLCO) plenary meeting and workshop.

Hosted by SCC, the event focused on the role for international standards in addressing some of the most pressing global consumer concerns, including product safety and national security.

In addition to being a longstanding member and leader within the committee, Canada is highly regarded in the international standards community for its efforts to increase involvement of developing countries within ISO and other international and regional standards and conformity assessment bodies.

At the Toronto meeting, SCC sponsored 16 consumer delegates from countries in Central and South America and the Caribbean. Sponsored delegates attended a special training day to learn more about ISO's Committee on Consumer Policy and the important role that consumers have to play in international standards work. The majority of sponsorship funding raised by SCC for the event was used to support participation of these delegates.

### • Regional perspectives in global standardization

SCC recognizes the importance of involvement in standardization bodies representing the unique interests of the Americas (Pan American Standards Commission, InterAmerican Accreditation Cooperation) and the Asia-Pacific region (Pacific Area Standards Congress, Pacific Accreditation Cooperation, Asia-Pacific Laboratory Accreditation Cooperation). Because of Canada's geographic position and its established national standards infrastructure, it has been able to play a unique role in these organizations as both a leader and mentor to countries who have less experience in international standards work. At the same time, SCC has built strategic alliances with its counterparts in these countries that have been beneficial to Canadian competitiveness. Strategically, active participation in these organizations helps consolidate support for Canadian positions at the international level.

### • Assisting developing countries

SCC is regularly approached by its peers in developing countries and by organizations who provide assistance to these nations with requests for standards-related assistance. SCC is working with its counterparts from countries across the globe to help build their standards and accreditation systems and to increase their capacity to participate in international standards activities. SCC has demonstrated considerable leadership in this area, especially through its involvement in ISO's Committee on Developing Country Matters, and more recently as a member of its Chairman's Advisory Group.

### HOSTED IN CANADA

#### In 2005-2006:

May 2005	IEC Technical Committee and Subcommittees on Industrial Process Measurement and Control (IEC/TC 65), Ottawa
May 2005	ISO Consumer Policy Committee, Toronto
May 2005	ISO and IEC Technical Committee on Electroacoustics (ISO/TC 43 and IEC/TC 29), Toronto
May 2005	ISO Technical Sub-Committee on Operational Requirements for Gas Cylinders (ISO/TC 58/SC 4), Ottawa
May 2005	ISO Technical Committee on General Aspects for Health Care Products (ISO/TC 210), Toronto
June 2005	ISO Technical Committee on Mechanical Vibration and Shock (ISO/TC 108), Mississauga
July 2005	ISO Sub-Committee on Pipeline Transportation Systems (ISO/TC 67/SC 2), Calgary
Sept. 2005	ISO Technical Committee on Lifts, Escalators and Passenger Conveyors (ISO/TC 178), Toronto
Sept. 2005	ISO/IEC Joint Technical Committee 1, Sub-Committee 22 - Programming Languages, Their Environments and System Software Interfaces (JTC 1/SC 22), Mont Tremblant
Sept. 2005	ISO Technical Committee on Geographic Information/Geomatics (ISO/TC 211), Montreal
Nov. 2005	ISO, IEC and JTC 1 Canadian Leadership Forum, Ottawa
Nov. 2005	ISO/IEC Joint Technical Committee on Information Technology (JTC 1), Banff

#### Future events:

Sept. 2006	ISO General Assembly, Ottawa
Nov. 2006	Academic conference on standardization, Ottawa
June 2008	National Standards System Conference, St. John's

# Performance against objectives

GOAL

1

## Build partnerships and promote standardization in Canada

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

### Communicating the value of standardization

SCC dedicated significant time and resources in 2005-2006 to increasing awareness about the benefits of standard and conformity assessment. Central to these efforts was the development of a “standardization value proposition”.

Undertaken by SCC’s Future Vision Task Force, a working group led by Council member David McKinnon and including SCC advisory committee members and staff, the value proposition uses plain language and real examples from Canada and around the world to explain the benefits to business and industry, governments, and consumer organizations. SCC used the value proposition during presentations, special events and other marketing and communications initiatives throughout the year, including:

- Workshop presentations developed for SCC’s World Standards Day and 35<sup>th</sup> anniversary event (see “Reaching out to Partners – pg. 15).
- Hosting of six “Standardization Across Canada” forums to increase awareness among provincial and territorial governments about standardization and SCC’s role in coordinating this work nationwide (see “Reaching out to Government” – pg. 29).
- Development of *National Conformity Assessment Principles for Canada* which highlights the benefits of third-party verification and accreditation.

### Focusing on standards research and education

Building stronger links with the academic community has also been recognized as an important element in SCC’s strategy to increase awareness about the role and value of standards in Canada. Some important inroads in this area included:

- The launch of a program (in collaboration with IHS Canada, ISO and the IEC) to provide college and universities with free electronic access to international standards (See “Reaching out to colleges and universities” – pg.19).
- Identification of opportunities to further engage academia, including a recommendation to explore the possibility of creating a Canadian Centre of Standardization Research.

### Strengthening SCC’s Member Program

With a three-pronged focus on recruitment, training and recognition, SCC’s Member Program provides support to Canadians participating in standards development and conformity assessment activities. Membership includes individuals and organizations who contribute time, expertise and money to international standards work and Canadians who participate on SCC’s advisory committees.

Some highlights of support provided by SCC, through its Member Program:

- Hosting of the second Canadian Leadership Forum, which brought together Canadians holding leadership positions in international standards development committees or working groups and chairs of the Canadian mirror committees to discuss best practices and share information on a number of relevant topics (see “Reaching out to committee members” – pg. 31).
- Identification of opportunities to increase responsiveness and effectiveness of the Member Program, such as broadening training opportunities.

**Priorities in 2006-2007**

- Development of a brand strategy as part of SCC’s multi-year branding renewal project.
- Implementation of an outreach plan for business and industry and government
- Completion of study on the economic value of standardization in Canada.
- Hosting of an academic conference to share information about the value of standardization and to gauge interest in the development of a Canadian Centre for Standardization Research.
- Development of Member Program training resources and workshops for technical assessors, technical committee secretaries and regulators.

**PERFORMANCE INDICATOR:**

**Brand awareness**

SCC’s branding and increased awareness of the organization and its activities were identified as one of four priorities for the organization during strategic planning sessions with staff and Council.

As a result, SCC undertook the first phase of a branding renewal exercise in 2005-2006 consisting of a survey of external stakeholders and an audit of its current branding practices.

A total of 39 people took part in the survey. Survey participants were drawn from the three key stakeholder groups identified by SCC as its target audiences – business and industry, consumer organizations and governments and included a mix of individuals having worked with SCC and individuals not having had previous contact with SCC.

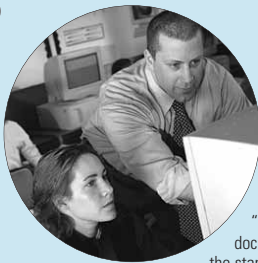
Survey participants were asked for their views on ranges of topics including:

- Role of standards and the perceived benefits of standardization;
- National Standards System,
- Awareness and familiarity with SCC programs and services, perceived strengths and weaknesses, overall relevance and desired organizational attributes.

Initial findings from the survey and audit were shared with staff and analysis of the research will continue in 2006-2007 with the objective of developing a brand renewal strategy which will guide SCC over the next several years.

*Source: Qualitative research conducted by the Strategic Counsel, communications audit conducted by Spencer Francey Peters.*

**Reaching Out to Colleges and Universities  
Free online access to international standards**



As part of efforts to encourage and promote learning about standards, the Standards Council of Canada began providing universities and colleges across Canada with free access to international standards in 2005-2006.

“By providing colleges and universities with access to these documents, SCC is giving students a better understanding of the standardization process and its relevance to their field of

study,” said Anne Sharkey, an information resource officer at SCC. “The new policy will help SCC achieve its goal of raising awareness of the importance of standards development and accreditation in Canada.”

The *École de technologie supérieure*, a member of the *Université du Québec* network, was the first school to apply for access to requested standards. Since January 2006, students enrolled in the Master’s of Software Engineering program have been able to access standards relating to their curriculum.

GOAL

2

**Improve effectiveness and sustainability**

“Improve upon and develop practices for National Standards System and the Standards Council of Canada’s sustainability and effectiveness.”

**Identifying sources of sustainable funding**

SCC’s Council identified that selling the value of standardization was key to ensuring sustainable funding. As noted elsewhere in this report, much of SCC’s activities during 2005-2006 focused on quantifying the economic benefits of standardization. The development of the “standardization value proposition” was an important step. Preliminary work also began on a more comprehensive study of the Canadian benefits of standardization, which will include information from a series of interviews that Council members are conducting with Canadian industry and public policy leaders.

Based on information gathered from existing and potential stakeholders, SCC has learned that for many organizations the costs associated with standards development and conformity assessment are factors in choosing not to become increasingly involved in standards work. SCC reasoned that if this cost could be reduced, it may be able to encourage more companies to get involved. Consequently, SCC looked into the eligibility of standards-related costs borne by business for tax credits such as the Scientific Research and Experimental Development Tax Credit.

**Staff growth and development**

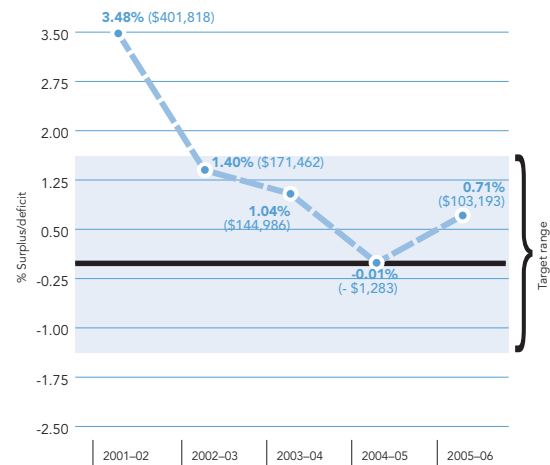
Given the highly-specialized and continually-evolving nature of standardization work, SCC recognizes the importance of providing employees with ongoing mentoring professional development opportunities.

Furthering efforts to enhance staff orientation practices, SCC staff hired in 2005-2006 were invited to participate in the “Discover the SCC” training workshop, which is offered through SCC’s Member Program. The session provides participants with an overview of SCC, its role as the coordinator of Canadian standardization activities and its programs and services that support this work.

Also of note was:

- Ongoing development of a formal SCC mentoring program, including overview presentations and training workshops.

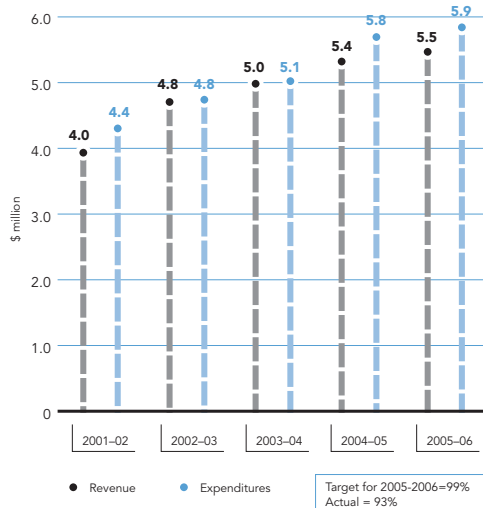
**PERFORMANCE INDICATOR:  
Net financial result**



SCC’s net income/loss remained within the target range of plus or minus 1.5 per cent of overall budget for the fourth consecutive year.

Source: SCC Finance branch.

**PERFORMANCE INDICATOR:  
Cost Recovery**



Year	% of cost recovery
2001-02	91.9
2002-03	99.4
2003-04	99.5
2004-05	93.7
2005-06	93.5

Cost recovery for SCC's conformity assessment programs was below the 99 per cent cost recovery target set for the year. Revenues were lower than projected in part due to a reduction in the number accreditations. Loss in revenue was offset by an increase in accreditation fees. Expenditures were slightly higher in part due to an increase in staff.

SCC is projecting that an increase in the number of accredited clients (notably medical laboratories) will bring overall cost recovery closer to the 99 per cent target in 2006-2007.

Some income other than accreditation fees and a proportion of certain common administration expenses were included in this calculation.

Source: SCC Accreditation Revenues and Expenses – SCC Finance Division

**PERFORMANCE INDICATOR:  
Staff Training**

	\$ amount	% of salary budget
Total training budget	93,400	1.78
Total training expenses	71,765	1.37
% of training budget used	76.8	
Average # of training days per employee	1.6	

SCC fell short of its target of spending 1.78 per cent of its total salary budget on training. In total, it spent over three-quarters of the allocated funds.

Source: SCC Finance branch

- Training and professional development opportunities for staff in leadership, coaching, communication and performance management.
- Improvements to quality management system documentation to clarify job expectations for new employees and to facilitate succession planning.
- Hosting of joint training workshops on peer evaluation of accreditation programs with partners from the United States, the Asia Pacific Region and Latin America.

Employees were recognized for long-term commitment to SCC through service awards. Eleven staff members who had reached service milestones of five, 10, 15 or 20 years were honoured during the SCC's 35<sup>th</sup> anniversary event in October 2005.

**Monitoring effectiveness**

The Standards Council of Canada uses a number of means to monitor the effectiveness of its programs and services and to identify areas for improvement and opportunities for expansion and growth.

Notable activities and developments included:

- Development of a priority-setting mechanism to provide a framework to evaluate activities.

- Launch of a program to collect and compile data about the types of standards-related requests in order to improve its understanding of information needs.
- Completion 16 internal quality audits. Results indicated a continuing maturity of SCC's quality management system, with enhancements noted in program documentation and the development of mechanisms for staff.
- Completion of customer satisfaction surveys feedback (see results – pg.23).

**Priorities in 2006-2007**

- Completion of interviews by Council members with Canadian government and industry leaders on perceived value of standardization and continued refinement of the standardization value proposition.
- Integration of mentoring practices throughout all SCC branches, starting with the recruitment and orientation of volunteer mentors.
- Implementation of SCC's priority-setting mechanism for business planning activities as part of efforts to further enhance organization-wide strategic planning.

**PERFORMANCE INDICATOR:**

**Client Service**

**Information and Research Services**

While dealing with an increased volume of information requests in 2005-2006, SCC exceeded its target of 'providing a first response to all incoming information enquiries within one business day, and completing all enquiries in three business days, in 97 per cent of cases'.

	2004-2005	2005-2006
<b>Total # of enquiries</b>	<b>3,793</b>	<b>4,040</b>
<b>% acknowledged within 1 business day / completed in 3</b>	<b>97</b>	<b>98</b>

**Technical Document Centre**

SCC's Technical Document Centre met its service standard for acknowledging receipt of requests for use of intellectual property of ISO and IEC within one business day. Of the 67 requests received in 2005-2006, 98 per cent were acknowledged within the stated timeframe.

*Source: SCC's client service enquiry database.*



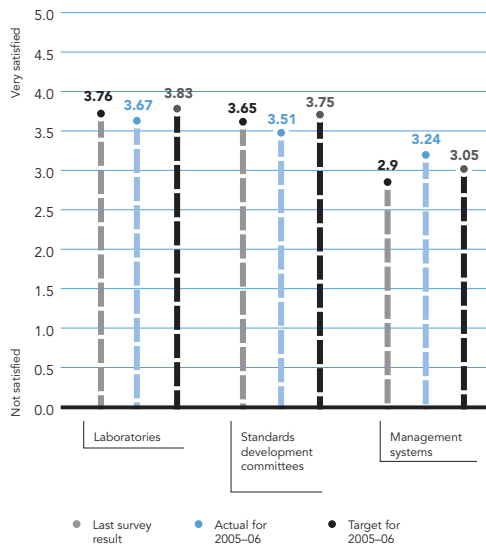
**Reaching Out to the Local Community  
United Way Campaign 2005**

Continuing a long tradition of community involvement, the Standards Council of Canada's staff of 90 employees rallied yet again in 2005 to raise an impressive \$17,542 for the Government of Canada Workplace Charitable Campaign.

In addition to the generous individual donations by staff members, a number of special events throughout the campaign, including weekly coffee carts, a book sale, a silent auction and a chili cook-off, all helped SCC to raise its largest contribution ever for charities in the National Capital Region.



**PERFORMANCE INDICATOR:**  
**Customer Satisfaction**



Since SCC began customer satisfaction surveying in 2001, it has set improvement targets of between two and three per cent for its client groups. As is demonstrated by the 2005-2006 survey results, these targets are becoming increasingly difficult to achieve as SCC reaches higher levels of satisfaction (in the 3.0 to 4.0 range).

In addition to maintaining and improving on the overall satisfaction levels, SCC will focus on addressing specific recommendations for improvement stemming from survey results.

For example, the aim of the survey of laboratory accreditation clients was to determine:

- types of service interactions between clients and SCC;
- overall satisfaction with the service delivered and perceived value of service;
- extent to which accreditation services impacted their organization;
- impressions of SCC as an organization;
- usability and perceptions of SCC's website; and
- potential areas of growth.

Overall, results showed that the majority of labs surveyed were satisfied with SCC's accreditation services. Among the areas identified by clients for further improvement were:

- understanding the key challenges and issues facing laboratories
- providing more open and fluid communication with our clients about new developments and changes to the program.

One result of the survey is that SCC is developing a newsletter for its laboratory clients.

Source: Pollara Strategic Public Opinion and Marketing Research

## GOAL

3

**Reinforce Canada's standards infrastructure**

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

**Strengthening national accreditation activities**

Program improvements, new partnership arrangements and ongoing evolution of accreditation programs helped to solidify SCC's position as Canada's national accreditation body in 2005-2006.

Among the most significant developments for SCC's accreditation programs were:

- Signing of an agreement with the Ontario Medical Association to establish a joint program for the accreditation of medical laboratories.
- Drafting of an agreement with the Canadian Food Inspection Agency to renew its partnership for the recognition of food testing laboratories and the provision of technical assessors, and to expand the existing program into new areas including animal husbandry.

- Research into the possibility of new accreditation programs for :
  - food safety management systems certifiers; and,
  - greenhouse gas verification bodies including discussions with Environment Canada about a partnership arrangement in this area.
- Extension of SCC's current agreement with Health Canada for the Canadian Medical Devices Accreditation System Program and negotiations aimed at signing a new agreement in 2006-2007.
- Ongoing discussion with the Canadian Council on Health Services Accreditation related to joint accreditation of specific healthcare facilities and its accreditation as a standards development organization.

While making progress in a number of areas, SCC was unable to move forward as anticipated in 2005-2006 with the further expansion of its inspection body accreditation program, which was launched in 2004-2005, because of a lack of staff resources.

## Reaching Out to Emerging Markets

### SCC forges partnership with Chinese counterpart



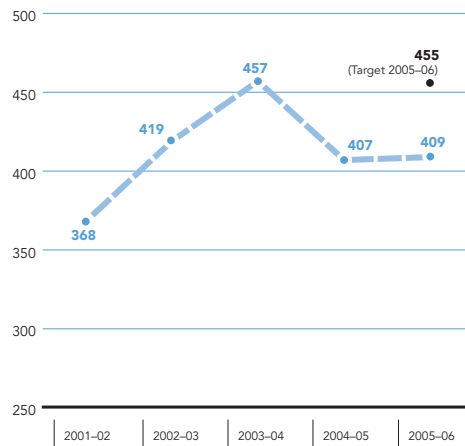
On July 7, 2005, SCC signed a cooperation agreement with its Chinese counterpart that will pave the way for further collaboration in standardization.

The agreement sets out a number of areas where SCC and the Standardization Administration of China can work together to promote standardization. It represents a strengthening of Canada's relationship with China and is a means to ensure that the respective standards of each organization do not present any barriers to trade.

"The signing of this agreement will greatly facilitate the cooperation of both countries in standardization, and further promote the development of economies and trade between China and Canada," noted Mr. Li Zhonghai at the signing ceremony in Ottawa.

In September 2005, SCC Executive Director Peter Clark met with Zhonghai and his colleagues in Beijing to continue discussions about areas for future collaboration. Based on interest expressed by China in learning more about environmental standards, a Chinese delegation travelled to Ottawa in October 2005 for meetings with SCC, the Canadian Standards Association and Natural Resources Canada on energy efficiency standards and labelling.

**PERFORMANCE INDICATOR:**  
Number of accredited clients



	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006 Target	2005-2006 Actual
Testing and Calibration Laboratories (PALCAN)	335	369	397	339	380	341
Product and Service Certification Bodies	22	24	26	28	30	29
Management Systems Certification Bodies (EMS/QMS)	21	30	24	31	32	28
Personnel Certification Bodies*	N/A	1	2	2	4	2
Auditor Training Course Providers	1	1	1	1	1	1
Inspection Bodies**	N/A	N/A	N/A	6	8	8

\*Personnel certification program was launched in 2002-2003  
 \*\*Inspection bodies program was launched in 2004-2005

The number of SCC's conformity assessment accreditation clients increased slightly in 2005-2006. An increase of up to 300 clients is projected over the next few years as the result of a partnership agreement with the Ontario Medical Association for the accreditation of medical testing laboratories.

Source: Conformity Assessment branch tracking reports.

**Forging alliances with business and industry**

SCC made efforts throughout the year to increase dialogue with business and industry leaders in both formal and informal settings. In addition to attending trade shows and conferences, staff met with various organizations to discuss opportunities for partnership in the areas of accreditation and standards development. They also delivered a number of presentations.

One example of efforts by SCC to demonstrate the diverse benefits of standards for business and industry was a presentation delivered by SCC's executive director on standards and corporate social responsibility during the 10<sup>th</sup> World Congress for Total Quality Management held in Winnipeg in August 2005.

**Supporting Canadian public policy objectives**

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

**Regulatory reform**

- Collaboration with the Privy Council Office and federal departments on the Government of Canada's Smart Regulation initiative. SCC provided standards-related input into consultations on environmental sustainability, safety and security, international regulatory cooperation, and the strengthening of regulatory governance. The resulting draft Government Directive on Regulating, which was released for review in September 2005, acknowledges standardization as a tool for modernizing and harmonizing Canada's regulatory framework.

- Participation in an Industry Canada-led working group examining the greater application of standardization to overcome internal trade obstacles.

#### Public security and emergency preparedness

- Providing standardization-related input to the federal government on the transportation of dangerous goods and improving metrological cooperation as part of the Security and Prosperity Partnership of North America – a Canada-Mexico-USA initiative aimed at developing common strategies to increase security across the continent while promoting economic growth and overall quality of life.
- Support for four Canadians who are participating in a newly formed ISO and IEC joint working group on public security.

#### Emerging markets

- Collaboration with Transport Canada and Industry Canada on the identification of standards-related activities to increase trade between Canada and China, focussing primarily on education and training in standards development and conformity assessment.
- Signing of a cooperation agreement with the Standardization Administration of China (See “Reaching out to emerging markets” pg. 24).

#### Health and safety

- Signing of an agreement with the Ontario Medical Association to work together to provide accreditation of medical testing laboratories in Ontario.
- Collaboration with SmartRisk, the Canadian Institute for Health Information and the National Public Safety Advisory Committee on an initiative to establish a national database of incidents and injuries, which will help identify areas for new standards and regulations.
- Participation in a Canada Health Infoway senior governance committee that is overseeing the development of a Pan-Canadian Electronic Health Record standard.
- SCC’s magazine CONSENSUS featured articles on the role of standardization in improving health and safety in Canada.
- Delivery of a presentation to the Canadian Blood Services on SCC and benefits of standardization.

#### PERFORMANCE INDICATOR:

##### Participation of regulators

Increasing the level of participation of regulators in Canadian standardization activities, including SCC’s advisory committees, has been identified as a priority both by SCC and in the Canadian Standards Strategy.

While the SCC was not able to develop a benchmark to measure participation of regulators through customer satisfaction surveying, as stated in the 2005-2006 corporate plan, increasing participation of regulators was an objective in a number of SCC initiatives in 2005-2006 including:

- SCC participation in the Government of Canada’s Smart Regulation initiative; and
- Inviting regulators to participate in “Standardization Across Canada” forums hosted by the SCC in cities across Canada.
- SCC participation in the National Public Safety Advisory Committee, a forum of provincial and territorial regulators.

#### Priorities in 2006-2007

- Launch of the medical laboratory accreditation program.
- Development of accreditation programs for greenhouse gas verification, information and security management systems, occupational health and safety and food system safety.
- Expansion of the inspection body accreditation program to include inspection of medical gas piping systems, field evaluation of electro-medical equipment and installation of polyurethane foam insulation.
- Cooperation with the Government of Canada and other stakeholders on the Smart Regulation initiative, the Agreement on Internal Trade, and the Security and Prosperity Partnership of North America.
- Raising awareness about the role for standardization in Canadian healthcare through events such as the ISO General Assembly Open Session on Healthcare taking place in Ottawa in September 2006.

## GOAL

4

**Global connections**

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

**Influencing international standards development**

Canada remained active during 2005-2006 at ISO and IEC.

Highlights of the Standards Council's influence at ISO:

- Election of SCC Chairman Hugh Krentz to the ISO Council and the Council's strategic planning sub-committee for a three-year term.
- Retention of Canada's seats on the ISO Council Committee on Conformity Assessment Chairman's Policy and Coordination Group and the ISO Committee on Developing Country Matters Chair's Advisory Group.
- Hosting of the ISO Committee on Consumer Policy plenary and workshop in Toronto (see: "Reaching out to Consumers – pg. 16).

Highlights of SCC's influence at IEC:

- Election of Ed Tymofichuk, president of the Canadian National Committee of the IEC (an SCC advisory committee) to the IEC Standards Management Board.
- Launch of Canadian Jacques Régis' campaign for the 2008-2010 IEC presidency.
- Thirteen Canadians were awarded with 1906 Award for contributions to electrotechnical standardization as part of the organization's centenary celebrations.

In addition to maintaining a prominent role in ISO and IEC, SCC worked with its partners throughout the Americas and the Asia-Pacific region to influence international standardization activities. Throughout the year, SCC represented Canada at meetings and contributed to a number of initiatives led by the Pan American Standards Commission and Pacific Area Standards Congress and the Council for the Harmonization of Electrotechnical Standards in the Americas. SCC Executive Director Peter Clark was nominated for the presidency of the Pan American Standards Commission, which will be decided in April 2006.

**Strengthening global accreditation networks**

SCC was active in efforts during 2005-2006 to increase worldwide acceptance of conformity assessment results across borders through the mutual recognition of accreditations by national accreditation bodies, such as SCC.

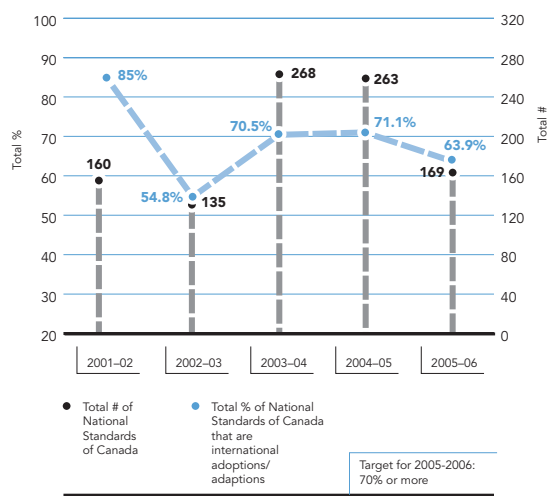
Adding to Canada's reputation as a leader in the area was the election of Elva Nilsen, SCC's Director of Intergovernmental Affairs and Trade, as Chair of the Pacific Accreditation Cooperation. The position is in addition to her ongoing role as Vice-Chair of the International Accreditation Forum.

Among the priorities for SCC in 2005-2006 was the implementation of cross frontier policies among its partners within the International Accreditation Forum and the International Laboratory Accreditation Cooperation. The policies are aimed at strengthening the international network of accreditation bodies by increasing confidence in the activities of foreign accreditation bodies and encouraging organizations to use domestic accreditation bodies wherever possible. They also support the World Trade Organization's policies on reducing technical barriers to trade.

SCC signed multilateral and mutual recognition agreements for the implementation of cross frontier policies on accreditation with the USA, Japan, Australia and New Zealand, Korea and Mexico, and is currently in negotiations with Great Britain and the Netherlands.

In 2005-2006, SCC signed an agreement with US-based Forensic Quality Services to work towards the harmonization of accreditation processes and recognition of each other's accreditation programs.

**PERFORMANCE INDICATOR:**  
**Canadian use of international standards**



There was a notable decrease in the number of standards submitted to SCC for approval as National Standards of Canada in 2005-2006. The percentage of standards that were either adoptions or adaptations of international standards declined only slightly from 71 per cent to 63.9 per cent.

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

**Engaging developing countries**

Working with organizations in developing countries to help increase their capacity to participate in and benefit from standardization remains an important and rewarding activity for SCC. Some examples of this work in 2005-2006 included:

- Participation in the Canada – Costa Rica Competitive Development Fund Project coordinated by the Canadian International Development Agency (CIDA). (see: “Reaching out to Developing Countries – pg. 32).
- Sponsorship of 16 consumer representatives from developing countries in Latin America and the Caribbean to take part in the ISO Committee on Consumer Policy plenary and workshop in Toronto.
- Signing of an Export Alert! hosting agreement with the Trinidad and Tobago Bureau of Standards, and negotiations with several other for similar arrangements.
- Presentations on SCC, the National Standards System, and other issues of interest to visiting delegations from China, India and the Ukraine.
- Support for the implementation of ISO’s Action Plan for Developing Countries as a member of ISO’s Committee on Developing Countries Chairman’s Advisory Group.

**Priorities in 2006-2007**

- Hosting the 29<sup>th</sup> ISO General Assembly in September.
- Supporting Canada’s nominee for IEC president.
- Delivery of the SCC-CIDA Costa Rica project.
- Continuing discussions with countries interested in SCC’s ExportAlert! service.

**PERFORMANCE INDICATOR:**  
**Canadian impact on international standards development**



Impact on international standards development activities in 2005-2006 was measured by Canadian participation at four international standards organizations:

- International Organization for Standardization (ISO)
- International Electrotechnical Commission (IEC)
- Pacific Area Standards Congress (PASC)
- Pan American Standards Commission (COPANT).

**Canadian participation in policy, management and executive committees**

**At ISO:**

- Council and its strategic planning sub-committee (C-Strat)
- Technical Management Board
- Council Committee on Conformity Assessment Chairman's Policy and Coordination Group
- ISO Committee on Developing Country Matters Chair's Advisory Group

**At IEC:**

- Council Board
- Standardization Management Board
- Conformity Assessment Board
- Canadian Jacques Régis announced his candidacy for the next IEC presidency

**At PASC:**

- Standing Committee

**At COPANT:**

- Technical Management Commission
- Board of Directors
- SCC Executive Director Peter Clark was nominated for the upcoming COPANT presidency

**Participation on ISO and IEC technical standards development committees**

- Canada participates in 55.2 per cent of the 895 ISO, IEC, and joint ISO and IEC committees
- Canada has mirror committees for: 358 ISO and JTC1 technical committees and 136 IEC technical committees

Source: ISO and IEC

**Reaching Out to Government  
 'Standardization Across Canada' forums**



SCC hosted a series of interactive forums in cities across the nation to raise awareness about the role that standards play in the lives of Canadians, and more importantly, their potential to do more.

The forums, informally dubbed the "SCC Roadshow" were held in Edmonton, Saskatoon, Halifax, Toronto, Iqaluit and Quebec City.

Aimed at reaching out to a cross-section of public officials not familiar with the National Standards System or the work of SCC, the forums were an opportunity for participants to provide feedback and ask questions about Canadian standardization activities and their possible role.

"Having these sessions gives the participants a much better understanding of the breadth and depth of the issues and of the possibility of using standards as an alternative to regulation. And, it raises the bar in terms of quality and assurance of public safety," says Israel Lyon, SCC Council member and Chairman of its Provincial-Territorial Advisory Committee.

# Management discussion and analysis

## Risk management

SCC takes a number of steps to monitor and mitigate its risks. Many of these steps are currently incorporated into SCC's annual planning process, as well as in SCC's quality management system.

The current process includes strategic planning sessions with staff, management and Council in early spring. During these sessions, staff, management and Council conduct an environmental scan to identify strengths, weaknesses, threats and opportunities. This exercise assists in identifying the long-term risks for the organization, as do financial and internal audits conducted throughout the year. Furthermore, quality management system documents integrate risk assessment into all activities. Strategies to ensure risks are minimized are continually monitored by management and Council, through the Audit Committee.

The Audit Committee also makes recommendations on the effectiveness of internal controls and areas of potential risk or exposure. It reviews and provides advice to Council on any internal audits or special examinations, and monitors management response to these plans or reports. Throughout 2005-2006, SCC underwent a rigorous regime of audits, including financial, program value for money and quality management reviews.

Among the recommendations from these audits was the development of an integrated risk management framework to bring together all of SCC's risk management documentation. SCC will develop a risk management profile that will:

- identify all risks,
- assess and rank each risk,
- identify the person or people responsible for mitigating the risks,
- determine of the possible level of impact on objectives,
- determine the likelihood of the risks occurring, and

- discuss management's ability to manage risks.

Some of the risks and strategies for mitigating them that were identified in 2005-2006 are discussed in the following sections.

## Internal risks

### Risk: Recruitment of qualified staff and committee members

The nature of SCC's business is largely technical and it requires specialized staff and committee members. As the need for staff and committee members grow and many staff and committee members move closer to retirement age, it may become more difficult to attract and retain people for this work. SCC's goal is to ensure that it has an adequate pool of qualified staff and volunteers.

### Strategy: Focus on orientation, training and succession planning

The main tenets of SCC's strategy involve:

- Mentoring program to allow for advancement of existing staff;
- Human resource policies that encourage retention of existing staff;
- Increased support to existing committee members through Member Program;
- Forging new relationships and strategic partnerships with business and industry, government, and increasingly academic institutions, to maximize the pool of persons SCC can draw for committee work.

### Risk: Managing competing priorities

As demand for SCC's programs and services grows, and resources remain relatively flat, SCC grapples with the effective management of competing priorities.



**Strategy: Develop tools to aid decision-making**

SCC will implement the corporate priority-setting mechanism developed in 2005-2006. The tool will help staff and Council to make more informed decisions about which opportunities or initiatives the organization should pursue using a pre-determined set of criteria that looks at resource needs while taking into account SCC's mandate, goals and objectives. The corporate priority-setting mechanism, together with the quality management system, will provide management with enhanced tools to develop business cases in support of new areas of work.

**Risk: Demonstrating direct links between corporate objectives and performance measures**

Internal audits reveal that key performance indicators are not easily measured, monitored or reported. Not effectively demonstrating the links between corporate objectives and performance measures may present some risk to the organization.

**Strategy: Refine and align performance measures**

Enhancements were made to key performance indicators in 2005-2006 to more closely match them to identified corporate goals and objectives. As a next step, the SCC will look at developing a corporate performance dashboard that will improve its ability to monitor the indicators and increase alignment between strategic goals and outcomes.

Indicators may include a combination of organizational and industry indicators. In addition, both qualitative and quantitative indicators will be considered.

**External risks****Risk: Fewer accreditations needed to gain access to global markets**

SCC is committed to a global accreditation system that reduces the need for duplicative testing of products and services and eliminates unnecessary barriers to international trade. In support of this commitment, SCC has entered into a number of bilateral and multilateral mutual recognition arrangements. As a result of increased participation in these arrangements, accredited conformity assessment bodies are requiring fewer accreditations to gain access to global markets. In some cases this has resulted in bodies not renewing SCC accreditation.

At the same time, the number of certifications is not growing at the rate originally anticipated, and some areas, growth is flat or negative. This, combined with an increase in the number of certification bodies and a perceived lack of value in certification by some industry players, has resulted in increased competition among certification bodies. They, in turn, are seeking increased value from their accreditation.

## Reaching Out to Committee Members Canadian Leadership Forum 2005



The 2nd Canadian Leadership Forum, hosted by SCC in Ottawa from November 21-23, 2005, was an opportunity to support and recognize the dedicated Canadians who are leading the development of international standards, and ensuring that Canada has a strong voice in the process.

Invited to take part in the event were:

- chairs and secretaries of ISO and IEC technical committees ;
- convenors of related working groups; and,
- chairs of the Canadian mirror committees to ISO and IEC technical committees.

Although the backgrounds of Canada's participants at ISO and IEC reflect the same diversity as the areas of standards development that they work in – from aircrafts to dentistry to quality

management – they share interests and concerns common to all standards developers.

Reflecting these issues, topics on the agenda included: global relevance of standards, regional involvement, and governance. An update was provided on Canadian issues including updates on the Canadian Standards Strategy and the role for voluntary standardization in regulatory reform.

For SCC, the event was a chance to get important feedback from Canadian standards leaders about how well its programs and services were addressing their needs and to ask participants about what they see as the most significant opportunities and challenges moving forward. This information will help SCC to make improvements to its Member Program and will help it plan for the 2007 Canadian Leadership Forum.

## Reaching Out to Developing Countries

### Building standards infrastructure in Costa Rica



SCC is working in partnership with the Canadian International Development Agency (CIDA) to create more efficient standards and regulatory systems that will help small and medium-sized business throughout Costa Rica export their products and services around the world

"Many developing countries are interested in trade but they experience difficulties because they lack the appropriate infrastructure to ensure their products and services meet international trade rules," explains SCC's manager of standards governance Begonia Lojk.

With the goal of helping the emerging economy overcome these challenges, SCC is working with Costa Rica's Ministry of Economy, Industry and Trade and members of Costa Rica's National Quality System to improve the efficiency of standards and regulatory systems in that country. CIDA has contributed \$2.6 million to the Canada-Costa Rica Competitiveness Fund, which to help Canadian organizations, like SCC, carry out their projects.

Key to the project is information exchange between SCC and its counterparts in Costa Rica. During 2005-2006, SCC staff travelled to Costa Rica to assess the needs of these organizations and to provide a workshop on technical barriers to trade. Additionally, a delegation from Costa Rica traveled to Ottawa to take part in intensive training hosted by SCC.

#### Strategy: Focus on value-added programs in the Canadian market

To ensure that SCC continues to be seen as the accreditor of choice in Canada, SCC will look for opportunities to expand its accreditation programs into emerging sectors such as information security and food safety management systems while ensuring that its existing programs continue to meet the needs and expectations of its clientele. At the same time, SCC continues to work cooperatively with other accreditation bodies who are signatories to recognition arrangements to increase harmonization of processes, cross training of accreditation auditors and reduction of differences among accreditation programs.

#### Risk: Lack of sustainable funding for standardization activities in Canada

As the role for standards and related activities continues to grow, so do the financial costs associated with supporting the National Standards System. In order to ensure sustainable funding for this work, SCC must build stronger links to government and industry in order to secure access to alternate sources of funding.

#### Strategy: Demonstrate the value of standardization to Canadians

SCC has developed a uniquely-Canadian "standardization value proposition" that identifies the economic benefits of standardization for Canadian business and industry, governments and consumer organizations. It is also committed to supporting additional research to quantify economic and other benefits of participation in Canadian standardization that will ensure that past Canadian work is not eroded.

#### Risk: Limited national awareness of SCC

From the broad viewpoint, limited awareness and understanding about SCC and its role within Canada affects its ability to promote standardization as a means of ensuring the social and economic well-being of Canada. From day-to-day, it reduces SCC's ability to attract business to its accreditation programs and to attract people towards getting involved in standards development work.

#### Strategy: Target communications and marketing to key groups

SCC will target primarily business and industry, government, and consumer organizations with a range of communications and marketing activities to raise awareness about the organization and the importance of standards. Taking a strategic approach to evaluating opportunities within targeted groups allows SCC to maximize results.

In 2006-2007, SCC will begin implementing a renewed branding plan. The plan represents a second element of the strategy by ensuring SCC materials and staff outreach support the desired positioning of the organization.

## Finance

At \$7.1 million, total revenue other than parliamentary appropriation is somewhat higher than the \$6.8 million recorded in FY 2004-2005. Revenues from conformity assessment accreditation fees provided the majority of the increase. Only slight year-over-year changes were recorded in other revenue streams.

Conformity assessment accreditation fees grew by five per cent year-over-year, rising from \$5.2 million to \$5.4 million. While increases continue to exceed the rate of inflation, pointing to 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 and competition arises in the marketplace. Some clients are also beginning to rationalize and limit the number of accreditations that they hold. This is particularly true for the management systems programs (quality and environmental) where revenues actually declined by 5.4 per cent. On the other hand, laboratory accreditation program (PALCAN) revenues grew by 15 per cent, while certification bodies program revenues grew by a

little over three per cent. Increases, where recorded, are attributable to a growing client base as well as increased levels of activity within the existing client base. Cost recovery overall for the conformity assessment family of programs declined slightly to 93 per cent, from the previous year's level of 94 per cent. Clients are increasingly resistant to pricing increases and with growing competition amongst accreditation bodies, passing on increased costs is difficult and would likely result in diminishing returns. Consequently full cost recovery targets will likely be unreachable in the short term. Individually, cost recovery percentages were, for certification, 92 per cent; management systems, 107 per cent and; PALCAN, 87 per cent.

Royalties from sales of standards at \$562,000, is up somewhat from the previous year's level of \$537,000. Competition from international sellers will remain a constant and continues to hinder market share as the demand for standards, while stable, is quite inelastic. Other factors acting in the market for standards sales include: the growth of electronic commerce and the demand for electronic products versus traditional paper copies, the subsequent increase in sales outlets, copyright abuse, and shrinking margins

### FINANCIAL OVERVIEW, 2001-2006

	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006 (Budget)	2005-2006 (Actual)	2006-2007 (Budget)
<b>Revenue</b>							
Accreditation fees	\$ 4,025,468	\$ 4,540,427	\$ 4,762,328	\$ 5,151,197	\$ 5,907,200	\$ 5,438,548	\$ 5,938,250
Revenue from standards sales	656,034	717,097	709,504	537,062	500,000	561,764	530,000
WTO/NAFTA Enquiry Point	299,824	245,838	251,525	260,782	260,950	260,798	261,000
Government funding	6,736,724	6,573,984	7,101,179	6,944,447	7,015,700	7,084,089	7,648,800
Other	436,464	799,027	1,021,608	817,039	838,650	793,592	540,250
	\$12,154,514	\$12,876,373	\$13,846,144	\$13,710,527	\$14,522,500	\$14,138,791	\$14,918,300
<b>Expenses</b>							
Conformity Assessment	2,833,835	3,311,400	3,401,876	3,833,047	4,243,600	4,064,677	4,409,100
Information Services	389,762	436,348	476,346	538,988	477,600	455,855	534,200
WTO/NAFTA Enquiry Point	299,824	245,838	251,525	260,782	260,950	260,798	261,000
Standards Development	3,187,459	3,661,278	4,251,742	3,581,520	3,887,900	3,857,269	4,002,100
Intergovernmental Affairs and Trade	759,658	903,215	956,200	870,929	1,147,600	913,540	1,163,000
Management and administration	4,282,158	4,146,832	4,363,469	4,626,544	4,504,850	4,483,459	4,548,900
	\$11,752,696	\$12,704,911	\$13,701,158	\$13,711,810	\$14,522,500	\$14,035,598	\$14,918,300
<b>Net income (loss)</b>	\$ 401,818	\$ 171,462	\$ 144,986	(\$ 1,283)	\$ 0	\$ 103,193	\$ 0

as copyright holders seek higher royalties. These factors will continue to dampen revenue growth for the medium term. SCC's web store, ([www.standardsstore.ca](http://www.standardsstore.ca)); launched in late January 2005 in conjunction with IHS, did recapture some market share, contributing virtually all of the year-over-year increase in net royalties received. Both ISO and IEC web stores also service Canadian clients and pay royalties to SCC accordingly.

Sponsorship/partnership funding remained virtually unchanged year-over-year. At \$331,000, this category fell well short of the budgeted \$531,000. This shortfall was related to delays in signing and subsequently commencing work on two of the three CIDA/Costa Rica projects that were anticipated. This work will be deferred until 2006-2007. Other components of this category include internet hosting of outside clients for SiteScape and ExportAlert! Services and PALCAN program partnerships, all of which were largely on budget.

Government funding of \$7.1 million is slightly more than the previous year's \$6.9 million as capital acquisitions, at \$121,000, fell short of the budgeted \$200,000. 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, unchanged from FY 2004-2005.

In total, expenses for FY 2005-2006 were \$14.0 million, a 2.5 per cent increase over the previous year's expenditures of \$13.7 million. Operating costs increased notably for both the conformity assessment group and standards development. The Conformity Assessment increase is related to overall program growth but more specifically, higher employment-related costs, travel and professional fees. These increases were largely, but not entirely recaptured in increased revenues, causing as noted previously, a slight decline in percentage of cost recovery. The increase in Standards Development arises from costs related to fulfillment of the CIDA/Costa Rica project as well as hosting costs for the International Organization for Standardization Consumer Policy Committee plenary. These increases were moderated by reductions in information services and management and administrative services overall costs. The reductions in information services represent the payoff from work conducted in the previous year to digitize the SCC's standards collections and reference material. Management and administrative services cost reductions are partly due to lower meeting costs as the National Standards System Conference was hosted in the previous year. Additionally though, savings were also achieved in the divisional budgets of Finance, Human Resources, Translation, Executive and Communications, with slight increases in Administration and Information Services.

On a functional basis, salaries and employee benefits increased due to an economic pay increase, higher employment levels and increased benefits costs, in particular pension and health-related insurance costs. Most other costs, with the exception of office accommodation (higher operating costs) and meetings (ISO hosting) declined.

Total revenues and funding, including parliamentary appropriation, exceeded expenditures by \$103,193, up from the previous year's deficit of \$1,283. As is the normal practice, SCC had budgeted on a break even basis and thus ended the fiscal year within 0.7 per cent of its target.

## FINANCIAL STATEMENTS

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**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 19, 2006

**Auditor's report**

To the Minister of Industry

I have audited the balance sheet of the Standards Council of Canada as at March 31, 2006 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, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

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



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

Ottawa, Canada  
May 19, 2006

## BALANCE SHEET

	As at March 31	
	2006	2005
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 1,969,029	\$ 2,103,253
Accounts receivable:		
Federal government departments and agencies	270,588	217,304
Other	1,357,188	1,297,930
Parliamentary appropriation receivable	992,000	907,000
Prepaid expenses	836,133	959,739
	5,424,938	5,485,226
<b>Capital assets (Note 3)</b>	852,529	1,033,902
	<b>\$ 6,277,467</b>	<b>\$ 6,519,128</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 1,071,912	\$ 1,426,371
Deferred accreditation fees	1,905,886	1,714,908
	2,977,798	3,141,279
<b>Long term</b>		
Deferred government funding (Note 4)	600,393	755,482
Deferred revenue - Tenant improvement allowance (Note 5)	252,136	278,420
	852,529	1,033,902
	3,830,327	4,175,181
<b>EQUITY OF CANADA</b>		
Equity of Canada	2,447,140	2,343,947
	<b>\$ 6,277,467</b>	<b>\$ 6,519,128</b>

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

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	For the year ended March 31	
	2006	2005
<b>Revenue</b>		
Conformity Assessment accreditation fees	\$ 5,438,548	\$ 5,151,197
Royalties from sales of standards (Note 7)	561,764	537,062
Sponsorship/Partnership Funding	331,064	338,392
WTO/NAFTA Enquiry Point	260,798	260,782
Other	462,528	478,647
	<u>7,054,702</u>	<u>6,766,080</u>
<b>Expenses (Note 8)</b>		
Conformity Assessment	4,064,677	3,833,047
Information Services	455,855	538,988
Standards Development	3,857,269	3,581,520
WTO/NAFTA Enquiry Point	260,798	260,782
Intergovernmental Affairs and Trade	913,540	870,929
Management and Administrative Services	4,483,459	4,626,544
	<u>14,035,598</u>	<u>13,711,810</u>
<b>Net loss before government funding</b>	<u>(6,980,896)</u>	<u>(6,945,730)</u>
<b>Government funding</b>		
Parliamentary appropriation for operating expenses	6,808,243	6,654,491
Amortization of deferred government funding	275,846	289,956
	<u>7,084,089</u>	<u>6,944,447</u>
<b>Net Income (Loss)</b>	<u>103,193</u>	<u>(1,283)</u>
Equity of Canada at the beginning of the year	2,343,947	2,345,230
<b>Equity of Canada at the end of the year</b>	<u>\$ 2,447,140</u>	<u>\$ 2,343,947</u>

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

## STATEMENT OF CASH FLOWS

For the year ended March 31

	2006	2005
<b>Operating activities</b>		
Net Income (Loss)	\$ 103,193	\$ (1,283)
Adjustment for non-cash items		
Amortization of capital assets	302,130	316,240
Amortization of deferred government funding	(275,846)	(289,956)
Amortization of tenant improvement allowance	(26,284)	(26,284)
	103,193	(1,283)
Changes in current liabilities and current assets other than cash	(237,417)	416,943
Cash flows (used in) provided by operating activities	(134,224)	415,660
<b>Investing activities</b>		
Additions to capital assets	(120,757)	(274,509)
<b>Financing activities</b>		
Funding for acquisition of capital assets		
Parliamentary appropriation	120,757	274,509
(Decrease) Increase in cash during the year	(134,224)	415,660
Cash at the beginning of the year	2,103,253	1,687,593
<b>Cash at the end of the year</b>	<b>\$ 1,969,029</b>	<b>\$ 2,103,253</b>

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



## Notes to financial statements, March 31, 2006

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

### 2. SIGNIFICANT ACCOUNTING POLICIES

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

#### (a) Capital assets

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

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

#### (b) Revenues

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

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

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

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

#### (c) 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) Employer Future Benefits

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

### 3. CAPITAL ASSETS

	2006		2005	
	Cost	Accumulated amortization	Net book value	Net book value
Furniture	\$ 267,882	\$ 255,670	\$ 12,212	\$ 40,697
Equipment	1,689,058	1,288,457	400,601	547,707
Leasehold improvements	662,138	222,422	439,716	445,498
	<u>\$ 2,619,078</u>	<u>\$ 1,766,549</u>	<u>\$ 852,529</u>	<u>\$ 1,033,902</u>

### 4. DEFERRED GOVERNMENT FUNDING

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

Changes in the deferred government funding balance are as follows:

	2006	2005
Balance at beginning of year	\$ 755,482	\$ 770,929
Add appropriation used to acquire depreciable capital assets	120,757	274,509
Less amortization	<u>275,846</u>	<u>289,956</u>
Balance at end of year	<u>\$ 600,393</u>	<u>\$ 755,482</u>

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**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:

	2006	2005
Balance at beginning of year	\$ 278,420	\$ 304,704
Less amortization	26,284	26,284
Balance at end of year	\$ 252,136	\$ 278,420

**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**

	2006	2005
Salaries and employee benefits	\$ 7,130,333	\$ 6,617,794
Travel	1,974,264	1,998,352
Professional and special services	1,482,058	1,697,486
Memberships in International Organizations	1,077,283	1,101,365
Office accommodation	674,531	627,979
Meetings	451,779	278,564
Amortization of capital assets	302,130	316,240
Publications and printing	225,897	283,058
Telecommunications and postage	143,402	157,822
Office supplies	130,934	173,686
Public relations	78,254	131,796
Rental of office equipment	62,552	61,754
Other	302,181	265,914
	\$ 14,035,598	\$ 13,711,810

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:

	2006	2005
Council's contributions	\$ 697,127	\$ 600,004
Employees' contributions	\$ 280,775	\$ 268,498

**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:

2006-2007	\$ 328,769
2007-2008	\$ 328,769
2008-2009	\$ 331,294
2009-2010	\$ 331,799
2010-2011	\$ 346,083
Balance	\$1,491,091

**10. RELATED PARTY TRANSACTIONS**

The Council is a component of the Government of Canada reporting entity and is therefore related to all federal departments, agencies, and Crown corporations. The Council enters into transactions with these entities in the normal course of business, under the same terms and conditions that apply to unrelated parties. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**11. COMPARATIVE FIGURES**

Certain of the 2005 comparative figures have been reclassified to conform to the current year's presentation.