

ANNUAL REPORT 2002-2003



Standards Council of Canada
Conseil canadien des normes

Standards Powering
Innovation <<<



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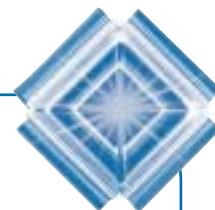
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>>> Message from the Chairman



In 2002, the federal government launched its' Innovation Strategy and gave Canadians the opportunity to present their views and ideas on creating a culture of innovation and learning across Canada. The Standards Council was receptive and eager to contribute to this important national agenda. Standardization is necessary to, and often forms the foundation for successful innovation. What is revealed in the pages of this report is that progress in innovation comes from the collective efforts of a great many partners and contributors.

In 2002-2003, the people and organizations of the National Standards System have continued to play an essential role in the growth and success of Canadian and international industry. Through the development and implementation of standardization initiatives, the Standards Council and its' collaborators helped set the stage for successful innovation by creating an infrastructure that promotes business development and expansion.

Among the key strategies and areas of focus this past year, has been our pursuit of Multilateral Agreements (MLAs) and Mutual Recognition Agreements (MRAs). The shared quest for "one standard, one test—accepted everywhere" has driven the signing of numerous agreements in recent years between the Standards Council and its' international and/or regional counterparts. Among the potential benefits to Canadian industry are the reduction of barriers to trade, an increase in access for Canadian exporters to foreign markets and a decrease in the costly delays associated with duplicate evaluations.

One noteworthy example is the MLA signed with the Interamerican Accreditation Cooperation (IAAC) in October 2002. Through this particular agreement, SCC-accredited testing and calibration laboratories and Quality

Management Systems (QMS) registration bodies have gained recognition throughout the Americas. In other words, Canada's accreditation is being recognized as equivalent to those of the agreement's participating bodies.

In addition to the signing of actual agreements, the SCC has continued to pursue international relationships and boost Canada's industry profiles by participating in and hosting the meetings of regional and international standards organizations. An aggressive agenda of Canadian hostings helps to demonstrate Canadian leadership, strengthen ties with other standardization bodies, encourage international harmonization and minimize potential barriers to trade.

In May 2002, delegates from approximately 20 member countries and 4 liaison member countries participated in the Pan American Standards Commission (COPANT) General Assembly that was held in Toronto. In addition to the General Assembly, the Standards Council hosted a special seminar on the topic of "Harmonization, Trade and the FTAA: Opportunities and Issues" and gave speakers from industry and government the opportunity to present their perspectives.

Another important event, hosted by the Standards Council in Vancouver, was the November 2002 General Assembly of the Asia Pacific Laboratory Accreditation Cooperation (APLAC). A presentation on the role of accreditation by SCC staff served to promote our innovative approaches and to enhance Canada's profile.

Hosting these types of events demonstrates Canada's long-standing commitment to the global standardization community and we certainly look forward to future opportunities to showcase Canada as the place *where the world connects*. Two such opportunities will occur in the next few months, with Canada hosting the International



Organization for Standardization (ISO) Networking Conference in Ottawa in May, and the International Electrotechnical Commission Annual General Meeting in Montreal in October.

Equally worthy of note is a meeting of a more national scope that was hosted by the Standards Council in January 2003; the Canadian Leadership Forum brought together more than 80 participants from across the National Standards System for two days of training and networking.

In 2002-2003, the Standards Council also experienced success in working with Industry Canada on the appointment of 6 new members to its governing council and on the reappointment of 6 existing members. As a result, we have a good mix of experience and new perspectives at the table—representing a broad spectrum of interests. Each member brings their own unique and informed vision and I look forward to the innovative thinking that will result from working with each of them. Council will likewise continue

to rely on the high calibre membership of Advisory Committees for strategic advice on important matters such as corporate social responsibility and others.

It is the people, of course, that are at the heart of standardization. When we talk about *Standards Powering Innovation*, we are talking about opening doors to those with talent, competence and initiative and, ensuring a best case scenario for all stakeholders. By focusing on *people* – industry leaders, regulators and consumers – we are tapping into Canada's most powerful resource.

Hugh A. Krentz
Chairman

>>> Message from the Executive Director



Summarizing the range of activities carried out by the Standards Council can be a challenge –more than 15,000 volunteers are involved with the National Standards System and, in one way or another voluntary standardization touches people, products and services across multiple industries. It is a complex field of expertise and one upon which many other fields depend.

Regardless of how complex the world of standardization, and regardless of how important the cause, at the core of our values is a very simple goal: *excellence in service delivery*. As a stakeholder-driven organization, one of the Standards Council's overarching objectives is to be more responsive to stakeholder needs. Over this past fiscal year, the Standards

Council's staff have continued to strive to improve responsiveness and looked for innovative solutions to maintain and expand our delivery capabilities.

Instrumental in the attainment of this goal is the leadership and guidance of our governing council. In 2003, we were pleased to learn that Mr. Hugh Krentz would continue as Chairman of Council for another term. The combination of leadership, continuity and strong governance are all important contributors to the service delivery improvements noted throughout this report.

In 2002-2003, the Standards Council experienced minimal changes to our staff complement with an estimated turnover



of 7%. Through our corporate Quality Management System, now in its' second year, we've continued to streamline our internal practices. We remain committed to challenging staff to reach their personal best while encouraging performance objectives that match organizational strategies.

In keeping with our ongoing efforts to gauge our levels of service delivery excellence, we again engaged our clients and partners in a Customer Satisfaction Program, which we consider an invaluable measure of our performance. In 2002-2003, business units and programs surveyed experienced increases of 4-6%. Although we are proud of the results, we will continue to pursue improvements.

On another front, the re-accreditation of Canada's four major standards development organizations was completed; all have demonstrated continued reliability in the realm of standards development.

Within the larger standards community, the Standards Council's staff have also demonstrated excellence and leadership by developing relationships beyond their duties to the Council and have even taken on roles in international standardization forums. Long-standing relationships with the Department of Foreign Affairs and International Trade and Industry Canada have been enhanced and new partnerships have been forged with various governmental agencies and departments, like the Ontario Ministry of the Environment and the Ontario Ministry of Natural Resources – discussions have also been initiated with many others. The intent is to continue to promote the benefits of standardization and expand our network of collaborators through presentations and information sessions.

The Standards Council has likewise demonstrated market leadership and innovative spirit by offering state-of-the-art product delivery. In addition to expanding *Export Alert!*, we have introduced *Standards Alert!* and added an internal *Virtual Library*, to our growing family of electronic standards information products.

Looking ahead, it is this innovative spirit, turning challenges into opportunities that will continue to propel us forward and fuel our efforts to support Canada's standardization goals.

Peter Clark
Executive Director



>>> Year at a Glance

Over the past 12 months, the Standards Council of Canada (SCC) has welcomed new members, established strategic agreements, forged important partnerships and hosted international events. The following timeline provides a cursory overview of announcements and activities that have taken place over the last fiscal year:

- April 26, 2002** *The SCC announces the extension of Peter Clark's appointment as Executive Director of the SCC for another three year term.*
- May 5, 2002** *Canadian Dr. Trevor Smith appointed Chair of ISO Technical Committee for Quality Management (TC 176).*
- May 6, 2002** *Pat Paladino joins the SCC staff as Director of Conformity Assessment.*
- May 15, 2002** *The SCC hosts the Pan American Standards Commission (COPANT) General Assembly in Toronto.*
- May 21, 2002** *The SCC announces that the International Organization for Standardization (ISO) Networking Conference will be held in Ottawa, Ontario from May 14-16, 2003.*
- August 28, 2002** *Order published in the Canada Gazette expanding the list of countries in which the SCC can accredit conformity assessment organizations to include the countries that are members of the World Trade Organization.*
- September 9, 2002** *Industry Canada announces the appointment of Daniel Gagnier and Danielle Laramée to the governing council of the SCC.*
- September 10, 2002** *The SCC announces that the 67th Annual General Meeting of the International Electrotechnical Commission (IEC) will be held from October 12 – 18, 2003 in Montreal, Quebec.*
- September 24, 2002** *The SCC announces the reappointment of Mr. Hugh Krentz to the position of SCC Chairman.*
- October 14, 2002** *The SCC celebrates World Standards Day with the release of a special issue of Consensus magazine focusing on innovation and technology and featuring articles that highlight the power of standards in action.*
- October 22, 2002** *The SCC announces the reappointment of Hans Konow to the governing council of the SCC.*
- October 24, 2002** *The SCC signs multilateral arrangement (MLA) under the auspices of the Interamerican Accreditation Cooperation (IAAC).*
- October 24, 2002** *Industry Canada announces the appointment of Charles Cipolla and David MacKinnon to the governing council of the SCC.*
- November 7, 2002** *The SCC announces that it has entered into an agreement with the Ontario Ministry of Natural Resources (OMNR) with the aim of establishing a mutual confidence between the province's regulatory framework and the SCC's voluntary, third-party accreditation system.*
- November 10, 2002** *The SCC hosts the 2002 Asia Pacific Laboratory Accreditation Cooperation (APLAC) General Assembly in Vancouver.*
- November 14, 2002** *Appointment of Elva Nilsen, Director, Intergovernmental Affairs and Trade as the new Vice-Chair of the International Accreditation Forum (IAF) announced.*
- November 19, 2002** *The SCC announces the reappointment of Andrei Sulzenko to the governing council of the SCC.*
- November 21, 2002** *Industry Canada announces the appointment of David Fardy to the governing council of the SCC.*
- November 27, 2002** *The SCC hosts the first meeting of the SCC-ANSI-RAB Harmonization Committee. The Committee was formed to enhance the Mutual Recognition Agreement (MRA) between the SCC and the American National Standards Institute (ANSI) Registrar Accreditation Board (RAB) National Accreditation Program (NAP).*
- January 16, 2003** *The SCC hosts the Canadian Leadership Forum in Toronto to brief the chairs and secretaries of Canada's committees to the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC).*
- January 28, 2003** *Industry Canada announces the appointment of Charles LaFlèche to the governing council of the SCC.*
- March 25, 2003** *The SCC announces the reappointment of Suzanne Morin, James Reichert and Yuen Pau Woo to the governing council of the SCC.*



>>> Corporate profile

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

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

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

MANDATE

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

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

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

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

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



HISTORY

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

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

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

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



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

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

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

STRUCTURE

COUNCIL

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

ADVISORY COMMITTEES

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

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

>>> COUNCIL MEMBERS 2002–2003

Chairman:

Hugh Krentz

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

Charles Cipolla

President, Rockwell Automation Canada

David Fardy

General Manager, Protrans Personnel Services Inc.

Philippe Fontaine

Consultant in standardization and certification

Daniel Gagnier

Senior Vice-President, Corporate and External Affairs,
Alcan Inc.

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 Healthcare

Danielle Laramée

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

David MacKinnon

President and Chief Executive Officer, Ontario Hospital Association

Suzanne Morin

Senior Counsel, Regulatory Law, Bell Canada

James Reichert

President and CEO, Science Council of British Columbia

Mark Schnell

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

Andrei Sulzenko

Senior Assistant Deputy Minister, Policy Sector,
Industry Canada

Yuen Pau Woo

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



Advisory Committee on Conformity Assessment (ACCA)

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

Advisory Committee on Standards (ACS)

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

Advisory Committee on Trade (ACT)

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

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

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

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

CNC/ISO proposes Canadian contributions to ISO's

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

Consumer and Public Interest Committee (CPIC)

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

Provincial-Territorial Advisory Committee (PTAC)

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

Standards Development Organizations Advisory Committee (SDOAC)

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

CORPORATE GOVERNANCE

The governing Council of the SCC is responsible for the strategic direction of the organization, ensuring the fulfillment of SCC's mandate and providing direction on governance matters. This work includes accreditation of standards development and conformity assessment organizations, approval of standards submitted as National Standards of Canada (NSCs), adoption of relevant policies to support SCC programs and services, 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.

In support of enhanced risk management practices, the SCC embarked on a series of Quality Management Systems (QMS)



and internal audits within SCC branches. QMS audits are performed annually in all branches of the organization, while internal audits will be conducted pursuant to a three-year plan presented by SCC's external auditors. Results of these audits are being monitored through the Corporate Governance and Audit Committees of Council.

Membership on Council changed significantly during this past fiscal year with the addition of six new members, and the renewal of terms for other members. The shift in membership brings new perspectives, experience and approaches to the work of Council and ensures that a broad-spectrum of stakeholder interests are brought to the table. SCC's previously adopted criteria for selection of members was an important tool used to support recommended candidates for selection by the Minister of Industry's office.

Corporate Governance Committee

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

In 2002-2003, the Council's Corporate Governance Committee carried out the following activities:

- Reviewed and recommended potential candidates for membership on Council and monitored progress with the Minister's office on filling vacancies and renewing terms;
- Reviewed approach for orientation session for new members;
- Reviewed the roles and responsibilities of Council members participating in the work of SCC advisory committees;
- Reviewed SCC appeals processes and policies in support of accreditation programs;
- Enhanced communication with Audit Committee members by instituting an annual joint meeting to consider issues of mutual interest and avoid areas of potential duplication;

- Reviewed conflict of interest guidelines relating to voting procedures;
- Reviewed outcomes of SCC internal Quality Management Systems (QMS) audits;
- Reviewed proposal for updating the Canadian Standards Strategy;
- Reviewed the objectives and performance of the Executive Director.

Audit Committee

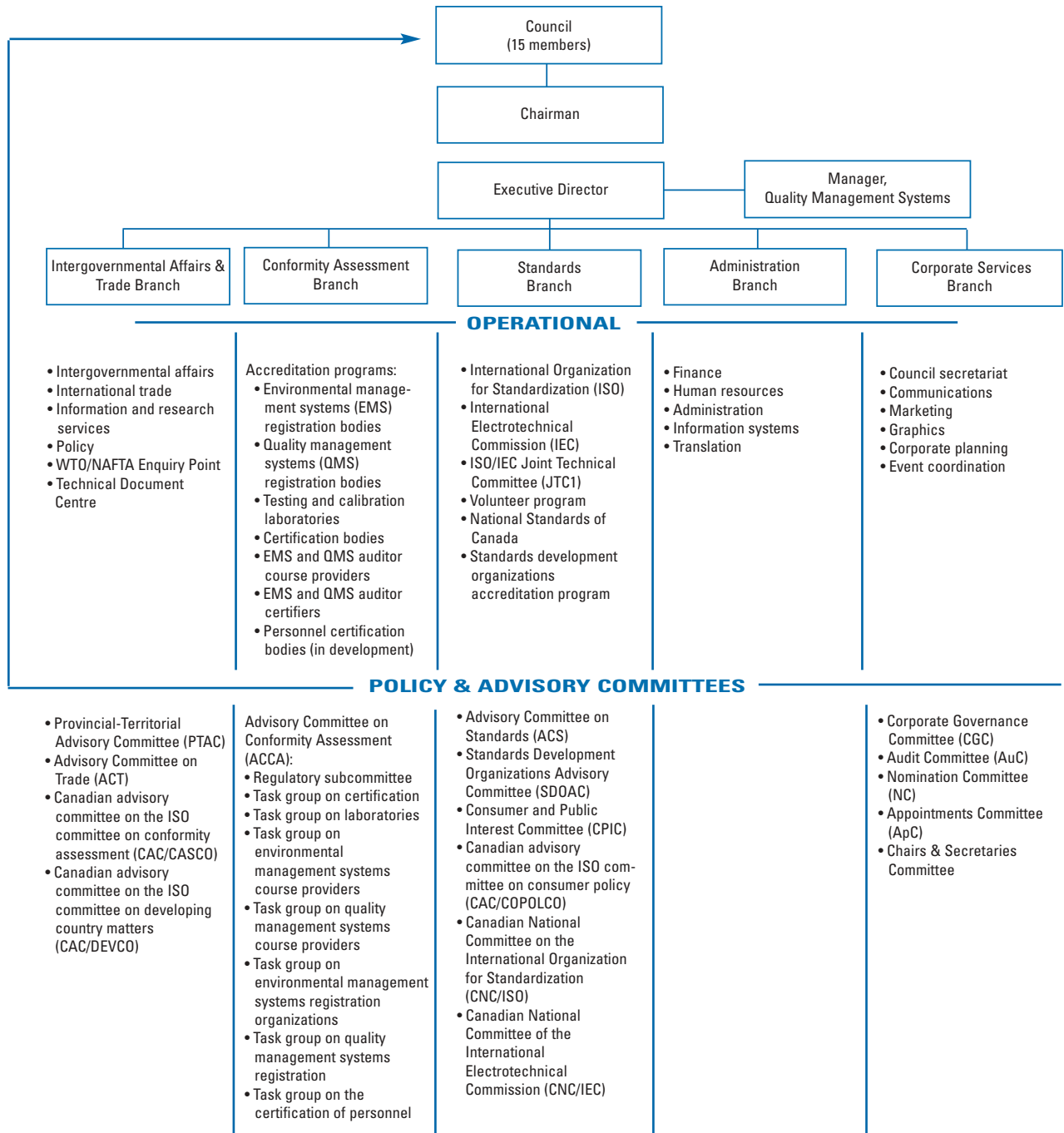
The Audit Committee of Council oversees the financial management of the organization. Duties and responsibilities include reviewing and providing recommendations on the financial components of the Corporate Plan (5-year operational plan) and Annual Report (audited financial statements), annual expenditure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

In 2002-2003, the Council's Audit Committee carried out the following activities:

- Reviewed and recommended Council approval of SCC's annual budget, five-year operational plan (financial component to the Corporate Plan) and audited financial statements;
- Reviewed the quarterly financial statements and expenses of the organization;
- Reviewed the three-year internal audit plan proposed by external auditors and the subsequent results of the first internal audit conducted;
- Received a presentation on SCC financial controls and policies;
- Reviewed cost-recovery activities of SCC accreditation programs;
- Reviewed SCC's information technology strategy;
- Reviewed, noted progress and final outcomes of Critical Performance Indicators;
- Reviewed budgetary plans for hosting of international meetings.



>>> CORPORATE, COUNCIL AND COMMITTEE STRUCTURE





Appointments Committee

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

STAFF

The strategies and policies established by Council are implemented by a staff of some 86 people, based in the corporate offices in Ottawa.

Executive Director: Peter Clark

Administration Branch

Treasurer and Director, Administration: Rick Parsons

Administration Branch provides administrative and management services to the Standards Council. Its functions include finance, administration, human resources, information systems and translation.

Conformity Assessment Branch

Director: Pat Paladino

Conformity Assessment Branch operates the Standards Council's accreditation programs for conformity assessment bodies, including testing and calibration laboratories, certification bodies, quality and environmental management systems registration bodies, and auditor course providers and certifiers.

Corporate Services Branch

Director: Sandra Watson

Corporate Services Branch provides secretariat support to Council and its advisory committees. It also coordinates the corporate planning and reporting processes, and provides marketing and communications services for the organization.

Intergovernmental Affairs and Trade Branch

Director: Elva Nilsen

Intergovernmental Affairs and Trade Branch conducts standardization research, promotes the use of standards systems by governments and regulators, and coordinates the Standards Council's activities in support of international

trade. It consists of a policy unit, an Information and Research Service, a Technical Document Centre and the WTO/NAFTA Enquiry Point.

Standards Branch

Director: Kevin McKinley

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

ACTIVITIES

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

Standards

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

Accredited standards 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.

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 certification bodies;
- testing and calibration laboratories;
- management systems registration bodies;
- certification of persons;
- auditor course providers; and



- auditor certifiers.

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

Intergovernmental Affairs and Trade

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

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

>>> LINKING WITH THE WORLD

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

International	Regional
<ul style="list-style-type: none"> • International Organization for Standardization (ISO) • International Electrotechnical Commission (IEC) 	<ul style="list-style-type: none"> • Pacific Area Standards Congress (PASC) • Pan American Standards Commission (COPANT) • IEC Asia-Pacific Steering Group
<ul style="list-style-type: none"> • International Laboratory Accreditation Cooperation (ILAC) • International Accreditation Forum (IAF) 	<ul style="list-style-type: none"> • Asia Pacific Laboratory Accreditation Cooperation (APLAC) • Interamerican Accreditation Cooperation (IAAC) • North American Calibration Committee (NACC) • Pacific Accreditation Cooperation (PAC) • European Cooperation for Accreditation (EA) • The Southern African Development Community (SADC) • US National Cooperation for Laboratory Accreditation (NACLA)
<ul style="list-style-type: none"> • World Trade Organization (WTO) 	<ul style="list-style-type: none"> • Asia-Pacific Economic Cooperation (APEC) • Free Trade Area of the Americas (FTAA)



>>> Operating environment and context

As the organization that oversees the National Standards System (NSS), the Standards Council of Canada (SCC) operates within a milieu that challenges it to address many national and international factors, including economic conditions, evolving standards alternatives, changing demographics, emerging information technologies, the environment and others. The operating dynamic is such that it demands *innovation*, whether it's finding better and faster service delivery, engaging a greater number of stakeholders, or advancing Canada's positions on a world stage.

INTERNATIONAL CONSIDERATIONS

An important part of what the SCC does is to promote and support international standards development, advocate global solutions to accreditation services and facilitate Canadian input into international standards and trade-related processes. This global involvement requires the SCC to take into account a range of interests in order to ensure that NSS stakeholders are properly represented at the international table.

International standards tend to reflect the countries that participate in their development. As such, regions with strong and varied representation, such as Europe, have been able to effectively influence the technologies and methods used in international standards. To ensure continued relevance, the SCC must effectively represent Canada on a number of international and regional organizations and committees, as well as provide input into global and regional trade agreements. In support of its own interests and those of developing countries, Canada continues to strive to ensure that globally applicable approaches are given equal prominence at the international level.

Active participation in international standardization requires dedicated human and financial resources. In order to ensure that SCC accreditations are recognized around the world—the SCC must adapt to international conditions, such as incorporating new international guides into existing programs, without disrupting regular program operations; it must maintain a professional and timely accreditation service to a geographically expanding clientele while providing continued support for international agencies; and, within the context of the World Trade Organization rules, it must support national standardization positions that reflect the needs of an increasingly broader set of stakeholders.



REGIONALIZATION

The existence of regional trade consortia adds another layer of complexity to the context within which standardization work is performed. Through regional alliances, individual countries are often able to exert greater influence at the international level than they might individually and thus to achieve their trade-related objectives. These arrangements, however, sometimes complicate procedures for Canadian exporters and their worldwide peers. Another challenge associated with the development of regional agreements is ensuring compatibility with international requirements while allowing for legitimate regional variations.

As a member of several regional organizations, the SCC recognizes the need for greater participation and representation by all regions of the world. Along with many of its international peers, the SCC is working towards a global accreditation regime and towards promoting the effective participation of these regions (e.g. PASC, COPANT) in the work programs of the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC). The SCC continues to promote the fact that the use of harmonized standards and conformity assessment processes offers tremendous benefits and opportunities for all participant nations, including regional trade alliances, to meet their standardization objectives.



NATIONAL SCOPE - PARTNERS AND PARTICIPANTS

Partnership, with individuals or organizations, is an important component of SCC activities; many hands, many minds and much collaboration are required to advance standardization in Canada. Through partnership, the SCC is seeking innovative ways to deliver timely and cost-effective solutions.

Individual SCC partners play a vital role in both Canadian and international committees. A survey (*Phase 5 Consulting, 2001*) of the SCC volunteer membership showed that more than 75% of SCC committee participants have been volunteering with the SCC for more than 10 years. As members retire, there is a shortage of new volunteers to take their place. The SCC's Volunteer Program is working to address this challenge by focusing on attracting new recruits and training members.

Also crucial to SCC operations is the ability to communicate and cooperate effectively with NSS partners and stakeholders. Government departments and agencies at all levels, as well as industry associations, consumer groups, NGOs and other policy organizations provide vital information and advice on a multitude of standardization topics. Similarly, the Information and Research Service, WTO/NAFTA Enquiry Point and the Technical Document Centre must collaborate with strategic partners and clients to provide a range of information products and services that continue to meet the needs of stakeholders. In addition to these areas, the vitality and engagement of Advisory Committees represents another crucial element of SCC interaction with NSS members. The cultivation and enhancement of these cooperative relationships is an important and ongoing challenge.

SOCIAL, SAFETY AND REGULATORY ISSUES

As part of its long-term dedication to innovation and regulatory reform, the 2002 *Speech from the Throne* encouraged the use of Smart Regulation—finding alternatives and complements to traditional forms of regulation. Through government partnerships at the federal, provincial and territorial levels, the SCC is in a position to put forward viable options to reduce the burden of regulation on businesses and citizens.

The SCC has already established close working relationships with regulators such as Health Canada, Agriculture and Agri-food Canada, Ontario ministries of the Environment, Natural Resources and others.

Partners, like the Canadian Association for Environmental Analytical Laboratories (CAEAL) are also working with the SCC, particularly in the domain of water testing, raising Canadian awareness of the vital role standards can play in protecting public health and safety.

Social trends, such as an aging population, climate change and corporate social responsibility, continue to exert new demands on society and Canadian industry. Working through the NSS, the SCC must address these demands with appropriate and broad consultations. While this inclusive approach presents a challenge to the speed of delivery, these trends present further opportunities for NSS responsiveness and standards-driven solutions.

MARKET STRATEGIES AND CONDITIONS

In a market propelled by technological change, new demands are constantly placed on SCC services. One such demand is the need for up-to-date standardization solutions that address new and advancing technologies. Another is the need to include and address the perspectives of these emerging markets.

There are, in fact, professional groups and consortia working outside the National Standards System (NSS) to develop standards. In the interests of progress and innovation, the SCC needs to continue to promote the work of the NSS in emerging industries, to recruit new members in new, non-traditional areas and to be prepared to adapt the system as required to accommodate these new stakeholders.

In response to the rise of information technology in workplace activities, international standards development organizations have shifted away from paper-based communication. As a matter of market relevance, the SCC and its partners must modify their own business processes for retrieving, storing, circulating, consulting, collecting and transmitting over 40,000 documents a year in a consistent fashion for all stakeholders.

The Standards Council's clientele comprised of governments, small-medium enterprises, exporters and academics, require current and accurate information on which to base business decisions, legislative options and research projects. Therefore, the SCC's information services must continue to address the changing demands of a diverse and disparate client base.



To remain competitive, industry stakeholders know they must be flexible in responding to market requirements. These same market players, who provide substantial funding and technical expertise in support of the NSS, demand in turn that the SCC be flexible and responsive to their own requirements.

Responsiveness is also demanded by the fact that SCC clients are aware of multiple avenues for conformity assessment services and that business pressures are forcing Canadian enterprises to streamline or reduce their number of accreditations. SCC must continue to be proactive about specific national needs while providing strong international links that serve Canadian trade and business interests.

Given the ongoing need for developing new programs in a timely way and for finding ways to promote these programs to potential clients, the SCC must demonstrate to regulatory authorities, both federal and provincial/territorial, how these programs can effectively serve the public good.

>>> BRINGING THE WORLD TO CANADA

In 2002-2003, the SCC was host to the following:

- | | |
|-----------------|--|
| May 2002: | Pan American Standards Commission (COPANT) General Assembly, Toronto; IAF and ILAC executive committee meetings, Vancouver |
| June 2002: | ISO technical sub-committee on continuous mill flat rolled products (TC 17 / SC12), Montreal; IEC technical committee on fuel cells (TC 105) and ISO technical committee on hydrogen technologies (TC 197), Montreal |
| September 2002: | ISO technical committee on air quality (TC 146), Toronto; IEC sub-committee on medical beds (SC 62D/JWG 3), Ottawa; IEC technical committee on electric railway equipment (TC 9), Quebec City |
| November 2002: | Asia Pacific Laboratory Accreditation Cooperation (APLAC) General Assembly, Vancouver; ISO technical committee on wood-based panels (TC 89), Ottawa; ISO technical committee on timber structures (TC 165), Ottawa; ISO technical committee on plastics (TC 61), Quebec City |
| March 2003: | ISO technical sub-committee on robots for manufacturing environment (TC 184 / SC 2), Toronto |

Future international events to be hosted by SCC, include:

- | | |
|---------------|--|
| May 2003: | International Organization for Standardization (ISO) Networking Conference, Ottawa |
| October 2003: | International Electrotechnical Commission (IEC) Annual General Meeting, Montreal |
| May 2004: | Pacific Area Standards Congress (PASC), Vancouver |
| May 2005: | ISO consumer policy committee (COPOLCO), location to be determined |



»»» Corporate Operations and Reports By Business Line

The Standards Council of Canada's operating objectives and performance indicators are delineated in its annual Corporate Plan and derived from its 3-5 year Strategic Plan. The Canadian Standards Strategy (CSS), officially launched in March 2000, provides the foundation for both these documents and is the source of current corporate direction. As the Standards Council's current Strategic Plan and the 23 action items outlined in the CSS are accomplished, the Standards Council will turn its attention, in fiscal year 2003-2004 to renewing strategic directions for itself and the National Standards System which it oversees.

The number of action items set out in the CSS and in the Standards Council's 2001-2004 Strategic Plan, combined with the corporate objectives and performance indicators identified in the SCC's 2002-2003 Corporate Plan Summary, make it challenging for the Standards Council to address all of its activities within this Report. In the interest of strengthening the relationship between planned performance and actual results, in future years, the Standards Council intends to streamline the number of strategic elements outlined in its Corporate Plan. For the purpose of this Report, only certain key objectives, strategies and performance indicators have been highlighted.

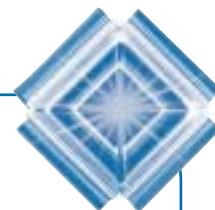
»»» STATUS REPORT

CANADIAN STANDARDS STRATEGY ACTION ITEMS

1.	Create and maintain a framework for developing national positions	●
2.	Establish a broader mandate for technical committees under CNC/ISO and CNC/IEC	●
3.	Take leadership in developing international standards for electronic commerce	●
4.	Engage developing countries in international standardization	●
5.	Develop, implement and maintain processes for setting priorities for standardization activities in the areas of health, safety, the environment and other social issues	●
6.	Develop and maintain the capacity for standards-related policy development, analysis and dissemination	●
7.	Ensure that standards development processes support social policy objectives	●
8.	Move toward a global accreditation regime	●
9.	Identify and make available to stakeholders the objectives and strategies underlying trade-related Mutual Recognition Agreements (MRAs)	●
10.	Examine the use of alternative conformity assessment practices	●
11.	Strengthen Canada's metrological infrastructure	●
12.	Promote the use of the National Standards System (NSS)	●
13.	Connect emerging industries to standardization activity	●
14.	Examine/evaluate management system standards	●
15.	Develop a web portal for the NSS	○
16.	Provide support for the Agreement on Internal Trade (AIT)	●
17.	Make standards and conformity assessment a full part of the public policy debate	●
18.	Utilize quality management systems and environmental management systems to achieve public policy objectives	●
19.	Communicate the value of environmental management standards	●
20.	Employ innovative funding mechanisms	●
21.	Implement a volunteer program	●
22.	Generate strategic sectoral participation	●
23.	Facilitate consumer input to the NAFTA	●

● =completed ● =on-going ○ =n/a

Source: as of March 31st, 2002-Draft Status Report to Council



»»» Corporate Operations

Among the on-going CSS implementation items, **Promoting the use of the National Standards System (NSS)** remains a shared objective across all SCC initiatives. SCC's efforts, in pursuit of new and innovative ways to increase awareness and raise the profile of the NSS, both within Canada and around the globe, are constant. By hosting high profile regional and international events (page 15) the SCC hopes to enhance Canada's support for, and representation within, these bodies. Plans to bring stakeholders together for a 2nd NSS conference have also been initiated and are to be presented to its governing council early in FY 2003-2004.

Central to SCC operations and business activities is the pursuit of continuous improvement. In 2002-2003, the SCC sustained **corporate-wide efforts to evaluate, improve and streamline all of its activities**. Among the innovations initiated in this area are various infrastructure and technology changes.

Performance indicator:

»»» CUSTOMER SATISFACTION

In the 2002-2003 fiscal year the SCC once again surveyed a segment of its client base (on the established alternating two-year cycle) to determine satisfaction levels. Satisfaction is measured on a scale of 0 to 5, with 0 representing "not satisfied" and 5 representing "very satisfied".

Business Unit or Program	First Surveyed	Score (out of 5)	Last Surveyed	Score (out of 5)	Change in %	Next Survey	Next Target
Information and Research Service clients*	September 2000	3.73	September 2002	3.84	+3%	FY 2004-2005	3% over 3.84
Enquiry Point clients	September 2000	3.80	September 2002	3.92	+4%	FY 2004-2005	2% over 3.92
Management Systems Registration bodies	September 2000	2.97	March 2003	2.90	-1%	FY 2004-2005	5% over 2.97
Certification bodies	October 2000	3.72	December 2002	3.95	+6%	FY 2004-2005	3% over 3.95
Web site visitors	December 2000	3.35	December 2000	3.35	NA	FY 2003-2004	5% over 3.35
Laboratories (PALCAN)	July 2001	3.59	July 2001	3.59	NA	FY 2003-2004	3% over 3.59
Standards Development volunteers	September 2001	3.50	September 2001	3.50	NA	FY 2003-2004	4% over 3.50

*includes sample of Technical Document Centre clients
Source: Phase 5 Customer Satisfaction Survey Findings Report



In June 2002, the SCC was even cited in a case study about electronic collaboration entitled “Timely Response Spreads Canadian Influence” (*Transform Magazine, June 2002*) as one example of the effective use of collaborative software by mainstream business and government. Over the next year, upgrades to collaborative tools are anticipated including the addition of features that enable “e-meetings”.

As part of the corporate Quality Management System (QMS), now in its second year of implementation, nine internal audits were conducted and all branches are working towards developing appropriate documentation and procedures to **support quality practices and enhance service delivery to clients.**

The organization’s **Key Performance Indicators (KPIs)** were adjusted, as required, to provide more meaningful measurements and enable the SCC to make informed decisions on business activities. In a related effort, revisions to branch business planning processes have also been put into action. Staff members were once again encouraged to craft performance objectives that, as much as possible, reflect factors known to be within their control, and to be mindful of external factors that might impact their ability to meet expectations.

Customer satisfaction surveys conducted in FY2002-2003 also provided useful feedback to the organization. The

survey instrument used, included standard questions for all SCC clients, as well as customized elements specific to each business line. Based on the rotating schedule established in 2000, customers of the SCC’s Information and Research Services (including the Technical Document Centre), Enquiry Point, Management Systems Registration bodies and Certification bodies were surveyed throughout the fiscal year (page 17).

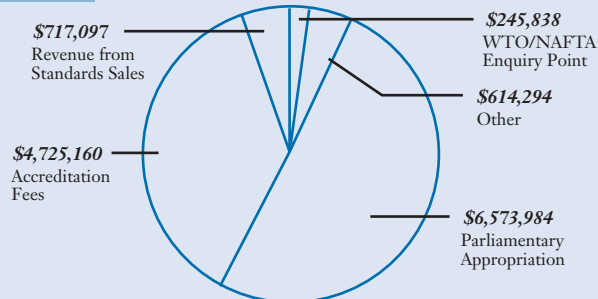
The SCC continued to make strides in **developing new vehicles for disseminating standards-related information** as well as **improving its overall stakeholder outreach.**

An NSS Core Presentation, with accompanying speaking notes, is being developed to promote standardization in Canada as well as acquaint potential partners and new participants with the benefits of contributing to the NSS. The presentation has been developed as a toolkit to be accompanied by four add-on modules that address the interests of: consumers, regulators and small and medium enterprises.

The SCC also documented numerous examples of standards in action and published these success stories to its website. The accounts presented, demonstrate the value and benefits of standards and standards-related activities, including contributions made to quality, performance and

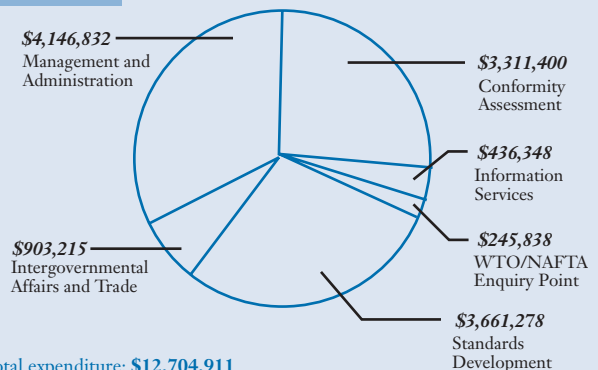
>>> FINANCIAL HIGHLIGHTS

Revenues



Total revenue: **\$12,876,373**

Expenditures



Total expenditure: **\$12,704,911**



technological innovation in Canadian goods and services.

Central to the National Standards System are, of course, standards themselves. The contract, between the Information Handling Services (IHS) and the SCC that makes IHS the exclusive Canadian distributor of international standards, has been extended. In 2003-2004, the SCC, in conjunction with IHS, will explore options for an enhanced Internet sales presence/storefront to serve the domestic market.

Among the CSS objectives that will not come to fruition as expected was the call to develop a Web portal for the National Standards System. This initiative was amended based on an environmental scan that was commissioned for the project and which indicated a lack of stakeholder support. A redesign of the SCC's current Web site including certain portal elements has begun instead; the redesign is scheduled for completion and launch in fiscal 2003-2004.

>>> Standards

As the SCC carried out its standards development activities in 2002-2003, it embraced and encouraged innovation wherever possible, by supporting emerging industries and technologies, forging strategic sectoral alliances and remaining active in international standardization.

In support of outreach efforts to **connect emerging industries to standardization activities**, throughout the year, the SCC held several workshop/presentations and generated new contacts in various industries. In September 2002, through participation in the European Committee for Standardization (CEN)

Workshop on "Legal Compliance and Trust for E-Business" (WS/e-Trust) which was held in Berlin, Germany, the SCC demonstrated its strong leadership role in developing international standards for electronic commerce. In the field of "micro" power technologies—technologies which allow the environmentally friendly production of electricity using natural elements such as the sun, wind and hydrogen—the SCC played a

Performance indicator:

>>> ALIGNING CANADA WITH THE WORLD

The percentage of approved National Standards of Canada (NSCs) that are adoptions/adaptions of ISO/IEC standards:

FY 2000-2001:
61.4% (of 207)

FY 2001-2002:
85.0% (of 160)

FY 2002-2003:
59.0% (of 222)

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

part, in encouraging this innovative and vastly beneficial domain, by supporting the formation of MicroPower Connect (MPC). The intent is to enable small power suppliers to buy electricity when they need it and sell it back when they have a surplus. The SCC also reviewed the group's MPC Interconnection Guideline—a guideline for interconnecting small, privately owned power suppliers to the main electrical grid—and provided feedback.

"...Canada is a strong participant in all the management bodies it takes part in and in the recent years Canada contributed heavily to many of the key projects of the IEC. Canada's contribution over the last couple of years was particularly seen in its successful leadership of the Global Relevance Task Forces."

—Ronnie Amit, IEC General Secretary

Building **strategic sectoral alliances** among current and potential participants in standardization activities is another long-term SCC objective. This fiscal year, the SCC became a member and attended the October 2002 meeting of the National Public Safety Advisory Committee (NPSAC), a nationwide forum for Canadian safety regulators to discuss and

coordinate the policy, administration and evaluation of public safety systems. The SCC also explored opportunities to establish a strategic sectoral panel in collaboration with the Canadian Electricity Association; discussions on this topic are ongoing.

In an example of regional **participation and leadership**, the



SCC took its turn at hosting 78 delegates from 20 Pan American countries as part of the COPANT 2002 General Assembly. The meeting held in Toronto from May 15-17, was deemed a success through the conference evaluation form, which indicated an overall attendee satisfaction level of 4.55 out of five.

Preparations for the October 2003 Annual General Meeting of the International Electrotechnical Commission (IEC) continued throughout the fiscal year, with all organizational and communications targets being met. In tandem, a Canadian campaign promoting Mr. Tony Flood for the IEC presidency was also actively pursued. Mr. Flood currently serves as President of the Canadian National Committee of the IEC and is Chairman of the IEC's global relevance task force.

Efforts to ensure that Canadian standardization priorities are voiced in international deliberations includes monitoring and looking for ways to **sustain participation in IEC and ISO**. In 2002-2003, 19 Canadians participated on IEC/ISO policy and management committees, 6 of those in leadership

roles and 140 by managing committees and/or working groups. Canadians participated in a total of 431 work programs (of 917 committees) within ISO and IEC, with more than 4,000 contributors overall.

While the importance of international participation cannot be understated, the 2002-2003 fiscal year also included efforts to look inward at the NSS and its main participating stakeholders.

Recognizing the immense contributions made by individuals who serve on committees within the NSS and various international bodies, in 2002-2003, the SCC strived to provide improved support to Canadian advisory committees, to international secretariats held by Canada and, to Canadians appointed as international chairs and conveners. In January of 2003, the SCC hosted the Canadian Leadership Forum, which was attended by a total of 84 leaders from across technical and advisory committees within the NSS. The forum served to provide **increased outreach and dialogue opportunities between the SCC and its volunteer membership**. The effectiveness of these efforts will be gauged as part of the 2003-2004 customer satisfaction surveys.

In keeping with the schedule established in 2001-2002, the SCC made progress on **revisions to standards development-related Canadian procedural documents** (CAN-Ps). Among the notable achievements towards this agenda, are the approval of "Participation in Standardization - Guide for Consumers" (CAN-P-1011), and the substantial review efforts towards the completion of "Criteria for Approval of National Standards of Canada" (CAN-P-2F).

The SCC completed on-site audits and issued the first full re-accreditation of all four of Canada's Standards Development Organizations (SDOs).

Another milestone for Canada in the standards arena was reached at the June 27-28 Annual Meeting of the Certification Management Committee of the IECCE (CMC-IECEE) when, as a result of a Canadian proposal, the committee agreed to add all participating National Certification Bodies (NCBs) to the national delegation.

"... SCC is a highly respected member within ISO...Canadian contributions to the General Assembly, Council, TMB and COPOLCO are and have been outstanding. I want to add that the participation in CASCO and DEVCO is also highly appreciated."

—Christian Favre,
ISO Acting Secretary General

Performance indicator:

>>> VOTING RECORD

Canada maintained a high ranking in terms of the percentage of ISO/IEC Draft and Final Draft International Standards (DIS/FDIS) on which we voted:

2000: 99.02%
(of 1117 eligible votes)

2001: 99.89%
(of 939 eligible votes)

2002: 99.52%
(of 1035 eligible votes)

Source: International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC)



New approaches to fund the expensive work of standardization also continued to be examined. The Task Force on Innovative Funding Solutions (TFUNS) presented an interim report, on this topic, to the Advisory Committee on Standards (ACS) in November 2002. Additional work in this area will continue into fiscal 2003-2004. Once completed, this effort is expected to yield incentives to help increase participation and financial support for standards development.

>>> *Conformity Assessment*

Activities in the realm of conformity assessment included forging innovative partnerships that facilitate access to foreign markets for Canadian products and services, as well as correspond to original and improved ways of working within Canada. The SCC has dedicated much time and effort to sustaining its existing conformity assessment programs while looking for enhancements and opportunities to develop new programs based on internationally recognized approaches.

The development of a new international standard ISO/IEC 17024, "General requirements for bodies operating certification schemes for persons" led the SCC to begin working in 2001-2002 on **expanding existing programs** to include other certifiers. At the close of fiscal 2002-2003, documentation for this newly created Personnel Certification Bodies Accreditation Program was in its final stages. Various groups have already expressed interest in the SCC program, which is expected to launch early in 2003.

The program, which advances the Innovation Strategy's goal to develop the most skilled and talented workforce in the world, is expected to boost confidence in certification bodies and the people they certify through a globally accepted process of assessment.

Largely in response to a request from electrical regulators in Canada, the SCC also began work on an accreditation program for Inspection Bodies. This new program will accredit organizations that demonstrate the ability to assess the integrity and reliability of inspection services. Examples are varied and can cover diverse subjects such as the installation of specialty electrical equipment, gas-piping systems and home inspection services. Program-related documentation is currently out for the information of regulators and prospective clients. Accreditation assessments are expected to begin next fiscal.

One of the primary goals of the SCC has been to move towards a global accreditation regime, whereby an accreditation in one country is recognized and accepted in others. Ultimately, this leads to a global environment where adherence to international standards is encouraged and trade is facilitated. In addition to increased market relevance for local accreditation bodies, streamlining the number of required accreditations also translates into financial savings for clients.

The signing of recognition agreements between Canada and various foreign accreditation bodies is one of the key 'building blocks' of a global accreditation regime. These agreements are commonly known as Multilateral

>>> NUMBER OF ACCREDITED ORGANIZATIONS

	2001-2002 Total	New	Withdrawn	2002-2003 Total	Pending
Testing and Calibration Laboratories	328	47	16	363*	86
Certification Bodies	22	2	0	24	4
Management Systems Registration Bodies (EMS/ QMS)	24	6	0	30	10
Auditors	1	0	0	1	0
Personnel Certification Bodies Accreditation Program	N/a	1	0	1	1

Source: Conformity Assessment branch tracking reports

* Total includes 4 facilities with joint GLP recognition and laboratory accreditation.



>>> NATIONAL CONFORMITY ASSESSMENT AGREEMENTS

In addition to global agreements, the SCC also pursues partnerships with government departments and agencies within Canada.

Among the agreements signed in 2002-2003 were the following:

- 2002-05-10: MOU between the Royal Canadian Mounted Police (RCMP) and the SCC dealing with the accreditation of the RCMP Forensic Laboratories
- 2002-11-07: MOU between the SCC and the Ontario Ministry of Natural Resources regarding Sustainable Forest Management Registration
- 2002-12-18: Cooperation agreement between the SCC and Mining and Mineral Sciences Laboratories, Natural Resources Canada (CANMET-MMSL) regarding proficiency testing schemes
- 2003-03-09: Cooperation agreement between Canadian Laboratory Services (CLS) and the SCC covering the proficiency testing schemes delivered by CLS and the delivery of dairy laboratories assessments services

Several steps were also taken to create an agreement with the Government of Quebec concerning the accreditation of Organic Foods Certification Bodies.

Agreements (MLAs), Mutual Recognition Agreements (MRAs) and Memorandums of Understanding (MOUs). Prior to the 2002-2003 fiscal year Canada was already a signatory to 23 MRA/MLAs. In October 2002, the SCC signed an MLA with the Interamerican Accreditation Cooperation (IAAC). Under this new agreement two of the SCC's conformity assessment programs (the Program for Accreditation of Laboratories Canada (PALCAN) and the QMS Accreditation Program) will be recognized throughout the Americas.

In September 2002, SCC quality management procedures for the aerospace sector were presented to the America's Aerospace Quality Group (AAQG) Management Committee. The AAQG has accepted and recognized the SCC as an accreditation body in this new sector enabling accredited SCC registration bodies to work in the North, Central and South American aerospace industry.

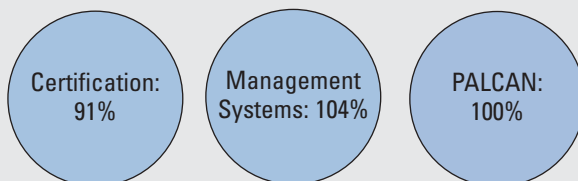
In the area of climate change, the United Nations Framework Convention on Climate Change Clean Development Mechanism Accreditation Panel decided to utilize resources already established by the recognized international organizations such as the International Accreditation Forum (IAF) and the International Laboratory Accreditation Cooperation (ILAC). IAF members, including the SCC, were asked to solicit for qualified environmental management (EMS) assessors to carry out assessments of applicant operational entities. A Canadian assessor was approved by the UN and will be available to carry out climate change related assessments for this important initiative.

In 2002, the Standards Council also requested an expansion to its mandate to enable it to offer accreditation to conformity assessment bodies in all WTO member countries. The Order in Council (SI/2002-121) amending the Standards Council of Canada Act was published in the Canada Gazette (Part II, Vol 136, No 18, page 138). In December 2002, the first head office assessment for accreditation of a quality management (QMS) registration body in Africa, was conducted in Morocco. Accreditation of the Moroccan body (SNIMA) was in the final stages of

Performance indicator:

>>> COST RECOVERY

Revenues from accreditation fees are applied to the cost of operating these programs. The percentage of cost recovery, by program:



Source: SCC Accreditation Revenues and Expenses – SCC Finance Division



approval at the close of fiscal year 2002-2003.

The SCC also participated in various regional and international meetings in 2002-2003.

Among these was the General Meeting of the Pacific Accreditation Cooperation (PAC) held in July 2002. At this meeting, Elva Nilsen, Director, Intergovernmental Affairs and Trade, was re-appointed as Vice-Chair of PAC. At the 16th Annual Meeting of the International Accreditation Forum (IAF) held in September 2002, Ms. Nilsen was appointed Vice-Chair of IAF.

In November 2002, the SCC hosted the General Assembly of the Asia Pacific Laboratory Accreditation Cooperation (APLAC) in Vancouver. Ninety-two delegates and representatives from various economies attended.

Work continues with the National Conference of Standards Laboratories International (NCSLI) and the National Research Council (NRC) to identify and promote Metrology (Measurement Science and Technology) education and training in Canada, in particular to address shortages of qualified individuals in this most fundamental area of conformity assessment.

Due to increasing costs, the need for additional resources and mandate to **achieve full cost-recovery**, in September 2002, the SCC implemented a revised fee-cost structure for Registration Bodies. While overall feedback from registration bodies on the new fee structure has proven positive, one registration body has withdrawn from the SCC accreditation program citing increased costs due to the new fee structure.

>>> *Intergovernmental Affairs and Trade*

Canada's innovation agenda was especially relevant in the area of policy and information. In its efforts to help Canada develop and advance its standardization positions, as well as oversee the quality and efficient delivery of standards-related information products and services, in 2002-2003, the SCC realized several notable achievements.

Following the launch of the federal government's Innovation Engagement Strategy in May 2002, the SCC prepared and provided input regarding the impact of standardization on innovation, and how it can contribute to Canada's Innovation Strategy. As a portfolio member of Industry Canada, the SCC closely monitored developments in

regional summits, and SCC Executive Director Peter Clark participated in the National Summit in November 2002.

With Canada's recent ratification of the Kyoto protocol, the SCC is providing input to the Government of Canada's climate change activities. In addition to collaboration with Environment Canada's Greenhouse Gas Verification Centre (see Climate Change Plan for Canada, p. 53), through the portfolio office of Industry Canada, the SCC is also looking at the applicability of voluntary standardization to aid Canada in meeting its climate change commitments. As implementation plans and next steps are further refined, the SCC will continue to promote the innovative possibilities for standardization-related cooperation (provincial, federal and international) and champion the advantages of applying voluntary standardization mechanisms to current and future climate change initiatives.

Throughout 2002-2003, the SCC continued to set the stage for Canada to **advance its national positions**. As noted throughout this Report, agreements were signed with various international bodies and participation in international forums was sustained. An SCC policy paper on providing a sound basis for developing national positions was approved by its governing council in December 2002.

The SCC also contributed to the examination of alternative conformity assessment practices. In December 2002, a discussion paper on the conformity assessment practice known as Suppliers' Declaration of Conformity (SDoC) was presented to the SCC's governing council. The paper

Performance indicator:

>>> **INCREASE IN EXPORT ALERT! SUBSCRIBERS**

The number of subscribers to Export Alert!—a service that forewarns Canadian exporters of changes that may affect their products—continued to rise:



Source: SCC's Web database of ExportAlert! subscribers



examined the issue from the perspective of several key SCC stakeholder groups, including the SCC itself.

The SCC published numerous other policy documents and information briefs throughout the year, including one about the “Asia-Pacific Economic Cooperation (APEC)” and one about the “APEC Sub-Committee on Standards and Conformance (SCSC)”, another on the topic of “Standardization and Trade Facilitation: Engaging Developing Countries in International Standardization”, as well as one about “Multilateral Agreements (MLAs) / Mutual Recognition Agreements (MRAs)”.

In March 2003, the Asia-Pacific Economic Cooperation (APEC) cited Canada among the most trade-oriented economies in the world. The APEC report noted the significant progress made by Canada towards free trade goals, and congratulated Canada for its open and transparent standards system, particularly with respect to initiatives that promote the transparency of standards and the regulatory system through the SCC web site. Canada was also commended for adopting national standards from, or based on, international standards.

Following Canada’s seventh trade policy review, in March of 2003, the WTO corroborated these findings describing Canada’s trade and investment regime as among the world’s most transparent and liberal. The WTO noted that this has played an important role in Canada’s ability to reduce its debt, increase employment and after-tax incomes, and raise living standards.

At the international level, attention was also focused on engaging developing countries in standardization activities. At an ISO Workshop, “Participation of Developing Countries in International Standardization”, held in Stockholm in September 2002, the need for the development of a Plan of Action was identified. In November 2002, the SCC participated in the preliminary meeting of the ISO Council Developing Country Task Force (DCTF). These international activities have been mirrored by SCC efforts to raise the profile of standardization-related development assistance activities with key international organizations, including the International Monetary Fund (IMF), the World Bank and the Organization of American States (OAS) as well as key national stakeholders such as the Canadian International Development Agency (CIDA) and the Department of Foreign Affairs and International Trade.

To help raise visibility, awareness and access to the WTO/TBT/SPS Enquiry Point, in collaboration with the Department of Foreign Affairs, the SCC is working on a trilingual NAFTA Enquiry Point brochure.

SCC’s *Export Alert!* continued to attract new subscribers. The free e-mail notification service is helping users keep abreast of Canadian and international regulatory changes. The notification gives access to the full texts of draft regulatory measures and the opportunity to comment on changes. The service, which is a requirement under the World Trade Organization, serves as a model for other countries notification services.

>>> ELECTRONIC INFORMATION PRODUCTS

In 2002-2003, the SCC launched the following electronic tools:

RegWatch: database of standards referenced in federal legislation

Standards Alert!: e-mail notification service on new and revised Canadian and international standards

Consumer Product Safety Legislation: An Introductory Guide





Export Alert! has already generated interest among other World Trade Organization member countries as a model for disseminating global regulatory changes to domestic clients, with several countries expressing an interest in establishing a similar notification service in their country. Discussions regarding the hosting of *Export Alert!* are currently underway with Austria, Malaysia and South Africa.

In 2003-2004 a Spanish-version of *Export Alert!* will also be marketed to Enquiry Point contacts in Spanish-speaking countries that expressed interest in the tool.

The SCC's Information and Research Service published an introductory guide to federal and provincial product safety legislation (*Consumer Product Safety: An Introductory Guide*), and introduced two new services, *Standards Alert!* and *RegWatch* into its family of electronic products.

The SCC's new *Standards Alert!* service provides users with e-mail notification when the standards they are tracking are amended, withdrawn or a later edition is issued. Users have the ability to track standards by subject, and be notified of all activity in a particular field. Notifications contain bibliographic information on the standard being tracked by the user, as well as link to an online order form to purchase the full text of the standard.

The newly launched *RegWatch* is a one-stop information shop for those interested in tracking technical standards referenced in federal legislation. Within a particular piece of federal legislation, the database provides reference to a standard; information about the standard, including whether there is a more current version than the one referenced in law, as well as a link to bibliographic data about the standard; the name of the Standards Development Organization (SDO) responsible for development of the standard; and links to the full text of the legislation.

In an October 2002 OECD Report, Canada's regulatory practices and reforms were praised and encouraged. On page 54 of the backgrounder entitled "Government Capacity to Assure High Quality Regulation", the SCC's *RegWatch* was described as a promising start in increasing transparency and reducing duplication and inconsistency.

The SCC's Technical Document Centre (TDC) houses Canada's most comprehensive and up-to-date standards collections, bibliographic standards databases and other standards-related publications. As part of the Customer Satisfaction Survey (page 17), respondents revealed an 88% interest in an online library of standards with 49% indicating interest in using an online library for a nominal



fee. Based on this feedback, in 2003-2004, the SCC will continue efforts to move towards a virtual library of reference materials. To date, the SCC has converted 95% of its standards collections to electronic format. It is expected that 100% of the collections will be converted by the end of the 2003-2004 year.



>>> Management discussion and analysis

OPERATIONS:

The SCC operates within a complex standardization community, with national (National Standards System), international and regional relationships. It also has ties with industry, governments, consumers and NGOs. Relationships are the foundation of both the SCC and the National Standards System (NSS). In order to achieve its standardization goals and represent Canada nationally and internationally in standardization efforts, the SCC relies on partnerships and volunteers.

Over the next year, the SCC will:

- Continue to develop its international presence with a focus on participation (particularly through hosting several key international events) in the many regional and international standardization fora to which it is party;

- In the interest of attracting new participants and partners to the NSS, prepare to host the 2004 NSS Conference;
- Turn its attention to the renewal of the Canadian Standards Strategy (launched in March 2000), while engaging stakeholders to continue its momentum;
- Continue to implement the Volunteer Program, particularly the recruitment and training of the SCC's many volunteers to equip them with the tools necessary to help Canada truly become a standardization model for the world.

The SCC and the NSS have in recent years focused on building tools and relationships. Now it is time to put these tools to use and further develop our relationship with stakeholders.

The following table highlights some of the **key corporate considerations** that may affect the SCC's programs and services over the next year (2003-2004).

Opportunities:	Challenges:
Consideration: The Canadian Standards Strategy (CSS)	
<ul style="list-style-type: none"> • CSS has been well received by NSS stakeholders. This is leading to demand for an ongoing national approach after the current Strategy is fully implemented. 	<ul style="list-style-type: none"> • Identifying mechanisms to effectively support an ongoing national approach while being attuned to changing market conditions and stakeholder needs.
Consideration: Potential reduction in number of accredited certificates and revenue	
<ul style="list-style-type: none"> • SCC is one of the few "one-stop" accreditation bodies in the world, offering services to laboratories, product certification bodies, registration bodies and others. 	<ul style="list-style-type: none"> • Number of accreditation competitors, many of which operate internationally. • Recognizing and meeting our clients' needs and expectations and continuing to demonstrate that SCC accreditation offers added-value to clients. • Developing strategies to offset lost revenues and to avoid putting greater burden on clients who choose to maintain their accreditation certificates. • Completing transition to ISO 9001-2000 by registered organizations by December 2003. This may lead to fewer accredited certificates issued by SCC clients and a subsequent reduction in revenue.
Consideration: Partnerships	
<ul style="list-style-type: none"> • Partnerships are increasingly used to deliver programs and services or to cross-promote programs and services that are complementary between the SCC and its partners. • Conformity Assessment benefits from partnerships in the delivery of accreditation programs and associated increases in demand for accreditation services. 	<ul style="list-style-type: none"> • Signing more formal partnership agreements to ensure that both SCC and its partners are meeting the expectations and needs of new and existing collaborations. • Reviewing and adhering to requirements of ISO 17011 (which will replace ISO/IEC Guides 58 and 61), which governs SCC's accreditation partnerships.



Opportunities:	Challenges:
<ul style="list-style-type: none"> Canadian model for the dissemination of proposed changes to domestic and foreign regulations is highly regarded among other countries. Several are interested in partnering with the SCC to implement a similar service in their own countries. 	<ul style="list-style-type: none"> Some countries, especially developing countries, are unable to fund partnerships themselves. Involving granting agencies is needed to support technology-sharing partnerships. Actively marketing the SCC's capabilities in this area, and ensuring that research deliverables are clearly understood by the client.
Consideration: Demand for value relative to cost in cost-recovery programs	
<ul style="list-style-type: none"> Working cooperatively with other accreditation bodies may result in overall cost savings for clients. Taking a leadership position in the implementation of Mutual Recognition Arrangements (MRAs) and Multilateral Agreements (MLAs), using experience gained in the signing of other agreements. Continuing to be transparent and maintaining the respect and trust of clients by involving accreditation clients in fee structure decisions through consultations. 	<ul style="list-style-type: none"> Continuing to demonstrate enhanced value-added elements despite the increase in international recognition of accreditations and the possibility that Canadian conformity assessment bodies may choose to become accredited by other countries' accreditation bodies. Evaluating services offered and contemplated against the risk of any conflict of interest as a third-party accreditation body, as per ISO/IEC Guides 58 and 61.
Consideration: Standardization as an alternative to regulation	
<ul style="list-style-type: none"> Governments are looking for viable alternatives to regulations, while still needing to protect public safety. The NSS is ideally suited to address this. Increasing demand for accreditation services as a result of regulatory bodies referencing standards and SCC accreditation programs in new legislation. Increasing use of voluntary standards as an alternative to technical regulations may increase the utilization of new information services (i.e. RegWatch). 	<ul style="list-style-type: none"> Engaging governments in standardization. Incorrect public perception that standards are mandatory and that their use is always monitored by the government to ensure compliance. Implementing new programs in the absence of significant additional resources to support them and identifying innovative funding approaches through partnership arrangements. Quantifying the cost savings to regulators achieved by standardization.
Consideration: Trade facilitation and market access	
<ul style="list-style-type: none"> Participating in regional and international standardization forums and signing of arrangements and agreements reduces trade barriers and makes standardization a priority for exporters. Canada's NSS is often cited as a model to be emulated and has a well-established reputation internationally. SCC is often asked to assist in developing similar structures and programs in other countries. Accreditation clients receive maximum value on their investment through recognition of their accreditation internationally. Increasing interest in technical requirements on export markets from the Canadian small and medium sized business community. Coordinating effort among Canadian government agencies to adhere to all the provisions of the SPS and TBT Agreements of the WTO positions. 	<ul style="list-style-type: none"> Financial and human resource costs associated with relationship development and Canadian representation. Communicating the value-added aspect of this participation to clients. Continuing to meet international criteria (i.e. APLAC, IAF, PAC and IAAC) in order to maintain member status in these MRAs, MOUs and MLAs. Resources are needed to address new requirements such as conducting witness audits, and will also require staff to participate in the implementation and observation of agreements (e.g. technical and management committees, peer evaluations, policy development). Promoting SCC expertise in the area of trade related technical assistance (e.g. establishment of a National Enquiry Point, conformity assessment systems).
Consideration: Social policy initiatives	
<ul style="list-style-type: none"> More than 15,000 people volunteer in the NSS, many on committees that work on important standards enhancing Canadians' quality of life. Canada is a standardization model for the world and through its efforts internationally (e.g. participation in DEVCO) is assisting developing countries in their own efforts to standardize social policy. 	<ul style="list-style-type: none"> Insufficient financial support for social policy-related initiatives. Engaging granting agencies in programs that assist developing countries, and getting financial commitment from them to assist in operating the programs.
Consideration: Support of government priorities	
<ul style="list-style-type: none"> Innovative standardization examples are being promoted within the framework of Federal government's Innovation Strategy efforts. Greenhouse Gas and Climate Change activities/initiatives offer opportunities for inclusion of standardization solutions. Food Safety is a key priority for both the public and governments. Water Safety has been at the forefront of the Ontario government's priorities, and this concern is beginning to expand into other provinces. Promoting standardization as an alternative to regulation supports the federal government's Smart Regulation priority. 	<ul style="list-style-type: none"> Supporting government priorities, in addition to standardization priorities, increases the demand on already stretched resources (particularly staff time). Promoting understanding and awareness of standards and conformity assessment initiatives within government.



FINANCE:

Total **revenue**, other than parliamentary appropriation of \$6.3 million, is 16% higher than the \$5.4 million recorded in FY 2001-2002. With the exception of a slight decline in WTO/NAFTA Enquiry Point operations, all other revenue categories advanced significantly. The increase in Royalties from sales of standards results from increased direct sales of electronic standards by ISO and IEC, mostly through their respective web stores, and network licensing agreements. The increase in Other is attributed to sponsorship for the IEC Annual General Meeting, registration fees for the APLAC Conference, Standards Development Organization audit activity, and from electronic web-forum hosting activities. Of particular note is the rise in Conformity Assessment Accreditation fees, largely resulting from an increased client base and client activity as well as revisions to fee structures.

Royalties from sales of standards at \$717 thousand is up 9% from the previous years' level of \$656 thousand. Royalties from our exclusive Canadian sales agent, IHS Inc., declined slightly, reflecting an ongoing shift in client's format preference from paper copies of standards to electronic. On the other hand, both ISO and IEC have maturing web stores featuring the availability of electronic standards for immediate download. As well, licensing agreements to provide network access to standards and standards collections continues to show steady growth. Consequently, royalties received from ISO and IEC pursuant to rules governing our membership continue to grow, more than offsetting declines in revenues from IHS Inc.

Total Accreditation Fees arising from conformity assessment accreditation activities in Certification, Quality and Environmental Management Systems Registration, and

>>> FINANCIAL OVERVIEW, 1998-2004

	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004 (Budget)
Revenue						
Accreditation fees	\$ 2,337,497	\$ 2,751,778	\$ 3,164,349	\$ 4,025,468	\$ 4,725,160	\$ 4,816,900
Revenue from standards sales ¹	533,060	530,107	556,012	656,034	717,097	560,000
WTO/NAFTA Enquiry Point	296,864	304,027	309,050	299,824	245,838	251,800
Standards Initiatives Program funding	635,902	1,234,714	0	0	0	0
Parliamentary appropriation	4,938,161	5,132,924	4,925,095	6,523,024	6,321,745	7,591,800
Other	276,392	534,623	554,590	650,164	866,533	662,800
	\$ 9,017,876	\$ 10,488,173	\$ 9,509,096	\$ 12,154,514	\$ 12,876,373	\$ 13,883,300
Expenses						
Conformity Assessment	1,972,299	2,589,880	2,497,893	2,833,835	3,311,400	3,439,100
Standards sales ¹	50,715	0	0	0	0	0
Information Services	390,926	419,732	375,411	389,762	436,348	486,500
WTO/NAFTA Enquiry Point	296,866	304,027	309,050	299,824	245,838	251,800
Standards Development	2,705,012	2,690,307	2,481,359	3,187,459	3,661,278	4,334,100
Intergovernmental Affairs and Trade	535,504	697,285	538,060	759,658	903,215	1,002,800
Management and administration	3,109,295	3,769,330	3,317,982	4,282,158	4,146,832	4,349,000
	\$ 9,060,617	\$ 10,470,561	\$ 9,519,755	\$ 11,752,696	\$ 12,704,911	\$ 13,883,300
Net income (loss)	\$ (42,741)	\$ 17,612	\$ (10,659)	\$ 401,818	\$ 171,462	0

¹ The Standards Sales Service, formerly an in-house operation, was outsourced beginning in 1998-99. The figures for that year and later years are net royalty payments.



Testing and Calibration laboratories (PALCAN) increased to \$4.7 million from \$4 million, an 18% increase. Both Management Systems and PALCAN recorded increases in revenue, while Certification had a slight decline due to the entry of fewer new clients than in the previous year. Increases are largely attributable to a larger client base as well as increased client activity. Also a revised fee structure was implemented for the Management Systems programs part way through the fiscal year in order to more closely match revenues and expenditures. With these revenue increases, for the first time in its history, the Conformity Assessment family of programs has reached a full 100% cost recovery status.

Parliamentary Appropriation of \$6.6 million is \$0.1 million below the level of the previous year, reflecting the higher than anticipated revenues from operations, and thus a reduced reliance on Parliamentary funding. Parliamentary Appropriation supported 51% of SCC's operating and capital expenditures, down from 55% in FY 2001-2002.

In total, **expenses** for FY 2002-2003 were \$12.7 million, an increase of 8% from the FY 2001-2002 total of \$11.8 million. Expenditure increases were largely confined to cost-recovered areas and to standards development programs as a result of increased levels of activity in Conformity Assessment, the ongoing implementation of the Canadian Standards Strategy, and preparations for the

hosting of the IEC AGM. These increases were of course supported by higher revenues across the board.

On a functional basis, Salaries and Employee Benefits increased due to one additional staff member, fewer vacancies throughout the year, an economic pay increase, and increased costs for employee benefit and pension plans. Travel and Professional and Special Services both show increases from the previous year. These increases are for the most part related to increased activity in the Conformity Assessment programs. The increase in Office Accommodation expense results from increased operating costs such as hydro and realty taxes, passed on from the landlord. The substantial decrease in Meetings expense reflects a return to more normal levels as in the previous year SCC hosted the National Standards System Conference.

Total revenues and funding, including Parliamentary Appropriation, exceed expenditures by \$171 thousand, down from the previous year's surplus of \$402 thousand.



>>> Financial statements

Report of management's responsibility

Allan Rock, P.C., M.P.
Minister of Industry

Mr. Minister,

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

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

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

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

Hugh Krentz
Chairman

May 23, 2003

Auditor's Report

To the Minister of Industry

I have audited the balance sheet of the Standards Council of Canada as at March 31, 2003 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, 2003 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.

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

Ottawa, Canada

May 23, 2003



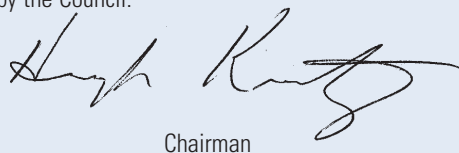
BALANCE SHEET

As at March 31	2003	2002
ASSETS		
Current		
Cash	\$ 1,272,762	\$ 1,197,022
Accounts receivable:		
Federal government departments and agencies	240,152	201,553
Other	1,299,456	1,194,942
Parliamentary appropriation receivable	872,600	1,356,221
Prepaid expenses	906,181	831,762
	4,591,151	4,781,500
Capital assets (Note 3)	1,161,896	1,206,790
	\$ 5,753,047	\$ 5,988,290
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 910,916	\$ 1,482,828
Deferred accreditation fees	1,479,991	1,269,890
	2,390,907	2,752,718
Long term		
Deferred revenue related to capital assets (Note 4)	—	24,227
Deferred government funding (Note 5)	830,909	825,293
Deferred revenue - Tenant improvement allowance (Note 6)	330,987	357,270
	1,161,896	1,206,790
	3,552,803	3,959,508
EQUITY OF CANADA		
Equity of Canada	2,200,244	2,028,782
	\$ 5,753,047	\$ 5,988,290

Commitments (Note 10)

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

Approved by the Council:


Chairman


Executive Director



Statement of operations and equity of Canada

For the year ended March 31

	2003	2002
Revenue		
Conformity Assessment accreditation fees	\$ 4,725,160	\$ 4,025,468
Royalties from sales of standards (Note 8)	717,097	656,034
WTO/NAFTA Enquiry Point	245,838	299,824
Other	614,294	436,464
	6,302,389	5,417,790
Expenses (Note 9)		
Conformity Assessment	3,311,400	2,833,835
Information Services	436,348	389,762
WTO/NAFTA Enquiry Point	245,838	299,824
Standards Development	3,661,278	3,187,459
Intergovernmental Affairs and Trade	903,215	759,658
Management and Administrative Services	4,146,832	4,282,158
	12,704,911	11,752,696
Net loss before government funding	(6,402,522)	(6,334,906)
Government funding		
Parliamentary appropriation for operating expenses	6,321,745	6,523,024
Amortization of deferred government funding	252,239	213,700
	6,573,984	6,736,724
Net Income	171,462	401,818
Equity of Canada at the beginning of the year	2,028,782	1,626,964
Equity of Canada at the end of the year	\$ 2,200,244	\$ 2,028,782

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



Statement of cash flows

For the year ended March 31

	2003	2002
Operating activities		
Net Income	\$ 171,462	\$ 401,818
Adjustment for non-cash items		
Amortization of capital assets	302,749	340,898
Amortization of deferred revenue related to capital assets	(24,227)	(100,629)
Amortization of deferred government funding	(252,239)	(213,700)
Amortization of tenant improvement allowance	(26,283)	(26,569)
	171,462	401,818
Changes in current liabilities and current assets other than cash	(95,722)	(436,290)
Cash flows provided by (used in) operating activities	75,740	(34,472)
Investing activities		
Additions to capital assets	(257,855)	(423,762)
Financing activities		
Funding for acquisition of capital assets		
Parliamentary appropriation	257,855	416,187
Tenant improvement allowance	—	7,575
	257,855	423,762
Increase (Decrease) in cash during the year	75,740	(34,472)
Cash at the beginning of the year	1,197,022	1,231,494
Cash at the end of the year	\$ 1,272,762	\$ 1,197,022

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



NOTES TO FINANCIAL STATEMENTS, MARCH 31, 2003

1. AUTHORITY, OBJECTS, AND PROGRAMS

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Capital assets

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

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

(b) Revenues

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

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

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

(c) Parliamentary appropriations

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

(d) Pension plan

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



3. CAPITAL ASSETS

	2003		2002	
	Cost	Accumulated amortization	Net book value	Net book value
Furniture	\$ 263,979	\$ 135,179	\$ 128,800	\$ 180,546
Equipment	1,553,514	1,018,327	535,187	503,690
Leasehold improvements	598,085	100,176	497,909	522,554
	\$ 2,415,578	\$ 1,253,682	\$ 1,161,896	\$ 1,206,790

4. DEFERRED REVENUE RELATED TO CAPITAL ASSETS

The Council was awarded contracts by Industry Canada to manage various standards initiatives. Some of the contracts required the acquisition of capital assets. Amounts received pursuant to these contracts have been recorded as deferred revenue and are amortized to income on the same basis as the related capital assets.

Changes in the deferred revenue related to capital assets balance for the year are as follows:

	2003	2002
Balance at beginning of year	\$ 24,227	\$ 124,856
Less amounts amortized to revenue	24,227	100,629
Balance at end of year	\$ —	\$ 24,227

5. DEFERRED GOVERNMENT FUNDING

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

Changes in the deferred government funding balance are as follows:

	2003	2002
Balance at beginning of year	\$ 825,293	\$ 622,806
Add appropriations used to acquire depreciable capital assets	257,855	416,187
Less amortization	252,239	213,700
Balance at end of year	\$ 830,909	\$ 825,293

6. 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:

	2003	2002
Balance at beginning of year	\$ 357,270	\$ 376,264
Add amount received from the landlord	—	7,575
Less amortization	26,283	26,569
Balance at end of year	\$ 330,987	\$ 357,270



7. 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.

8. ROYALTIES FROM SALES OF STANDARDS

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

9. EXPENSES

	2003	2002
Salaries and employee benefits	\$ 5,854,845	\$ 5,273,478
Travel	1,954,967	1,717,487
Professional and special services	1,522,491	1,487,746
Memberships in International Organizations	1,040,572	951,427
Office accommodation	686,294	600,863
Amortization of capital assets	302,749	340,898
Publications and printing	238,745	268,980
Office supplies	237,781	255,999
Meetings	237,053	349,516
Public relations	165,774	111,371
Telecommunications and postage	130,519	122,441
Rental of office equipment	59,329	71,036
Other	273,792	201,454
	\$ 12,704,911	\$ 11,752,696

During the year, the Public Service Superannuation Plan required the Council to contribute at a rate of 2.14 times the employees' contribution (2002-2.14). The employer's contribution to the plan during the year was \$525,288 (2002-\$514,196).

10. 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 rentals under this agreement, exclusive of operating expense and property tax, are as follows:

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

11. RELATED PARTY TRANSACTIONS

The Council is a component of the Government of Canada reporting entity and is therefore related to all 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.