


Making Connections Building Trust

ANNUAL REPORT 2008-2009



Standards Council of Canada
Conseil canadien des normes



Our Mandate: To promote efficient and effective voluntary standardization in Canada, where standardization is not expressly provided by law.

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

Our Vision: To improve Canadians' quality of life through leadership of the National Standards System.

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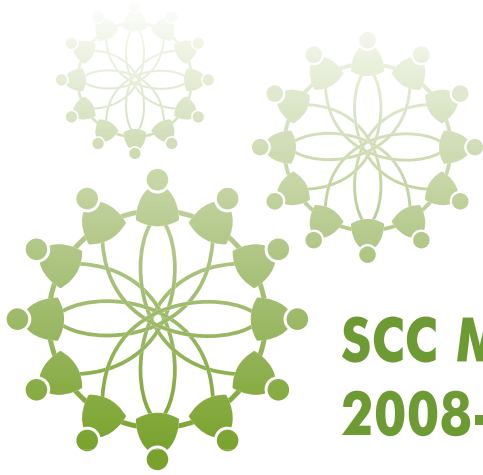
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SCC Milestones of 2008-2009

In Health and Safety

- The Standards Council of Canada (SCC) assumed responsibility for the National Public Safety Advisory Committee (NPSAC) Secretariat and established a Steering Group to develop a single national system for product safety.
- The Public Health Agency of Canada's National Laboratory for HIV Reference Services became the first facility to be accredited under SCC's national Medical Laboratories Accreditation Program.
- SCC approved the recognition of its first Good Laboratory Practice (GLP) facility in the pharmaceutical field. Health Canada later makes GLP a requirement for pharmaceuticals and biologics.
- SCC partnered with Health Canada to develop an updated version of Canada's Consumer Product Safety Act.
- SCC developed a national database or single access point from which Canadians can obtain information on certified products that have been recalled.

With the Canadian public

- SCC increased the number of agreements under its Education Program by 100 per cent.
- Delegates from across Canada gathered in St. John's, Newfoundland and Labrador, in June, to participate in the third 2008 National Standards System (NSS) Conference: "Strategies for an Evolving World".
- SCC celebrated the first International Accreditation Day on June 9; its theme: "*Accreditation: Delivering Trust in the Global Market*".
- SCC Council approved an update of the Canadian Standards Strategy (CSS) for 2009-2012, to provide guidance and direction for Canada's standardization community into the next decade.
- The 2008 issue of CONSENSUS Magazine (v.35), entitled "*Building Smarter Communities*", was published on World Standards Day, October 14.

With Government

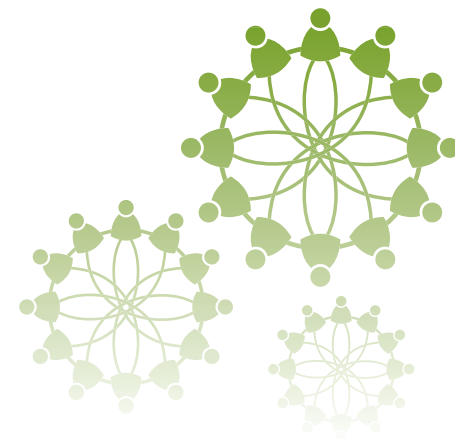
- The Canadian Food Inspection Agency (CFIA) began requiring livestock feed originating from China to be tested by laboratories accredited by SCC for melamine and cyanuric acid levels prior to entry into Canada.
- SCC educated participants of the Community of Federal Regulators (CFR) 3rd Annual National Workshop on *Regulatory Leadership: Controlling Risk through Innovation*, in Ottawa, Ontario, on how SCC programs and services can support the federal regulatory community.
- SCC signed a memorandum of agreement (MOA) with Health Canada for the development of an accreditation program for radon gas inspection and testing, and a memorandum of understanding (MOU) with Environment Canada for the development of an Environmental Technology Accreditation program.
- Under the trilateral (Canada/US/Mexico) Regulatory Cooperation Framework of the Security and Prosperity Partnership (SPP), SCC partnered with the Canadian Department of Foreign Affairs and International Trade (DFAIT) to organize a standards symposium between Canada, the US and Mexico at the Canadian Embassy in Washington, D.C.
- SCC piloted a training course, *A Standards Primer for Regulatory Programs*, with federal regulatory personnel.

With Industry and Trade

- SCC developed a long-term strategy that examines the potential of new markets and program growth, assesses resource requirements, and emphasizes the need to develop comprehensive business cases for all new opportunities.
- SCC assisted the Department of Foreign Affairs and International Trade (DFAIT) with standards-related components of proposed free trade agreements with Jordan, Panama, Dominican Republic, Peru and Colombia.
- SCC Chairman Hugh Krentz presented on the benefits standardization has on the economy at the Standards Engineering Society Annual Conference in San Diego, California in August of 2008. This is one of several presentations staff gave on the topic throughout the year.

Internationally

- SCC's signatory status to the International Accreditation Forum (IAF) Multilateral Recognition Arrangement (MLA) for Quality Management Systems (QMS), Environmental Management Systems (EMS) and Products was re-affirmed.
- SCC's Director of Intergovernmental Affairs and Trade, Elva Nilsen, was re-elected Chair of the Pacific Accreditation Cooperation (PAC) for a second three-year term. PAC is a regional body of IAF.
- In May, former SCC Executive Director Peter Clark presided over his first General Assembly in Buenos Aires, Argentina, as President of the Pan American Standards Commission (COPANT).
- In October, 2008, SCC Director of Intergovernmental Affairs and Trade, Elva Nilsen, was re-appointed Vice-Chair of IAF for a one-year term.
- In March, 2009, SCC presented on the benefits of standardization to Canada's economy at the World Trade Organization (WTO) Technical Barriers to Trade meeting in Geneva, Switzerland.



Message from the Chairman



Standards are the trust factor that underpins product safety and the credibility anchor of our domestic, regional and international trading systems, with over 80 per cent of world trade currently based on standards. This is especially true in uncertain economic times when standards become of increasing importance both to secure the

economic and social well-being of Canadians, and to enhance Canada's competitiveness, innovation and growth.

Canada's National Standards System (NSS) — with its network of standards and conformity assessment bodies, government, industry, and volunteers — is a model other countries draw from to build their own standardization communities.

In its role as steward of the NSS, the Standards Council of Canada (SCC) is focused on making connections with other organizations to reinforce the strength of the NSS network and to build trust among Canadians. In 2008-2009, SCC accomplished this by embarking on a number of projects and activities.

Within Canada, SCC launched new partnerships with the federal government to better serve Canadians. These initiatives include an accreditation program for greenhouse gas verification and validation bodies that measures greenhouse gas emissions, a partnership with Health Canada that will lead to more standardization activities being included in the new Canadian Consumer Product Safety Act, and an arrangement that saw the Canadian Food Inspection Agency (CFIA) requiring livestock feed originating from China to be tested by laboratories accredited by SCC for melamine and cyanuric acid, prior to entry into Canada.

SCC also became a member of the Canadian Anti-Counterfeiting Network (CACN), which works to protect Canadians from the dangers associated with counterfeit and often unsafe products and fake product certification marks.

In addition, SCC continued to support free trade agreement negotiations and the implementation of the Cabinet Directive on Streamlining Regulation to simplify the regulatory processes and reduce barriers to trade nationally, regionally and internationally.

As well, SCC promoted the use of national and international standards to ease trade transactions between Canada and global markets with more than 70 per cent of the standards designated as National Standards of Canada in 2008-2009 being based on international standards.

Importantly, Canada, as a trusted international leader in standardization, held key positions on both governance and technical committees at the International Organization for Standardization, the International Electrical Commission, and the International Accreditation Forum and several other international and regional standardization organizations. This ensures that Canada's voice in international standards development is heard, enabling Canadian businesses to export their products and services successfully around the world.

Regionally and internationally, SCC also built connections with developing countries by assisting them to strengthen their standards and conformity assessment systems.

Overall, SCC has met its objectives in 2008-2009 within its current funding environment despite increased stakeholder requests for new services. By doing so, it has helped to improve and protect the lifestyle and well-being of Canadians. We are proud of this achievement and that of our National Standards System (NSS) partners, as they worked with us to establish one of the best standardization communities in the world. However, to effectively meet these new demands and take full advantage of opportunities, SCC needs to pursue the development of a business case to secure additional funding in FY 2009-2010.

On behalf of SCC's governing Council and staff, I give my thanks and congratulations to the thousands of Canadians who volunteer their time and expertise to advance the work of standards development and conformity assessment. Your work is furthering Canada's position on many critical issues worldwide, and making a real difference in the lives of all Canadians.

A handwritten signature in black ink, which appears to read "Hugh Krentz". The signature is fluid and cursive.

Hugh Krentz
SCC Chairman

Corporate Profile

The Standards Council of Canada (SCC) is a federal Crown corporation. Its mandate is set out in its governing legislation, the *Standards Council of Canada Act*.

Mandate

The mandate of SCC is to promote efficient and effective voluntary standardization in Canada, where the law does not expressly provide for standardization activities. In particular, SCC has a mandate to:

- promote the participation of Canadians in voluntary standards activities;
- promote public and private sector cooperation in voluntary standardization in Canada;
- coordinate and oversee the efforts of people and organizations involved in the National Standards System (NSS);
- foster quality, performance and technological innovation in Canadian goods and services through standards-related activities; and
- develop standards-related strategies and long-term objectives to advance the national economy; support sustainable development; benefit the health, safety and welfare of workers and the public; assist and protect consumers; facilitate domestic and international trade; and further international cooperation in relation to standardization.

Structure

Governing Council

SCC's governing Council is appointed by the federal government and reports to Parliament through the Minister of Industry. The Council is comprised of up to 15 members who are responsible for setting the strategic direction of the organization. The Council is also responsible for ensuring the fulfillment of SCC's mandate, and providing guidance on governance matters.

In addition, the Council works closely with SCC's management in the development of policy items and relevant strategic plans.

SCC's work includes: accreditation of standards development and conformity assessment organizations; approval of standards submitted as National Standards of Canada; adoption of relevant policies to support SCC programs and services; and approval of budgets and audited financial statements.

Committees of Council

The governing Council's committees include the Audit and Corporate Governance Committees, which play an important role in supporting governance approaches and providing financial oversight.

Advisory Committees

A number of SCC advisory committees, which report to Council, ensure that Council members have access to a wide variety of advice, information and viewpoints. In order to ensure that input from advisory committees reflects the diversity of Canadian stakeholders, all advisory committees are required to have a membership that includes representatives from varied professional backgrounds and from different regions of the country.

Two of these committees — the Provincial-Territorial Advisory Committee (PTAC) and the Standards Development Organizations Advisory Committee (SDOAC) — are established in the Standards Council of Canada Act.

Staff and Activities

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

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

Administration

SCC's Administration branch provides administration and management services to the corporation. Its functions include human resources, translation services, and technical and information services management. The branch is also responsible for the corporation's financial management.

Conformity Assessment

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

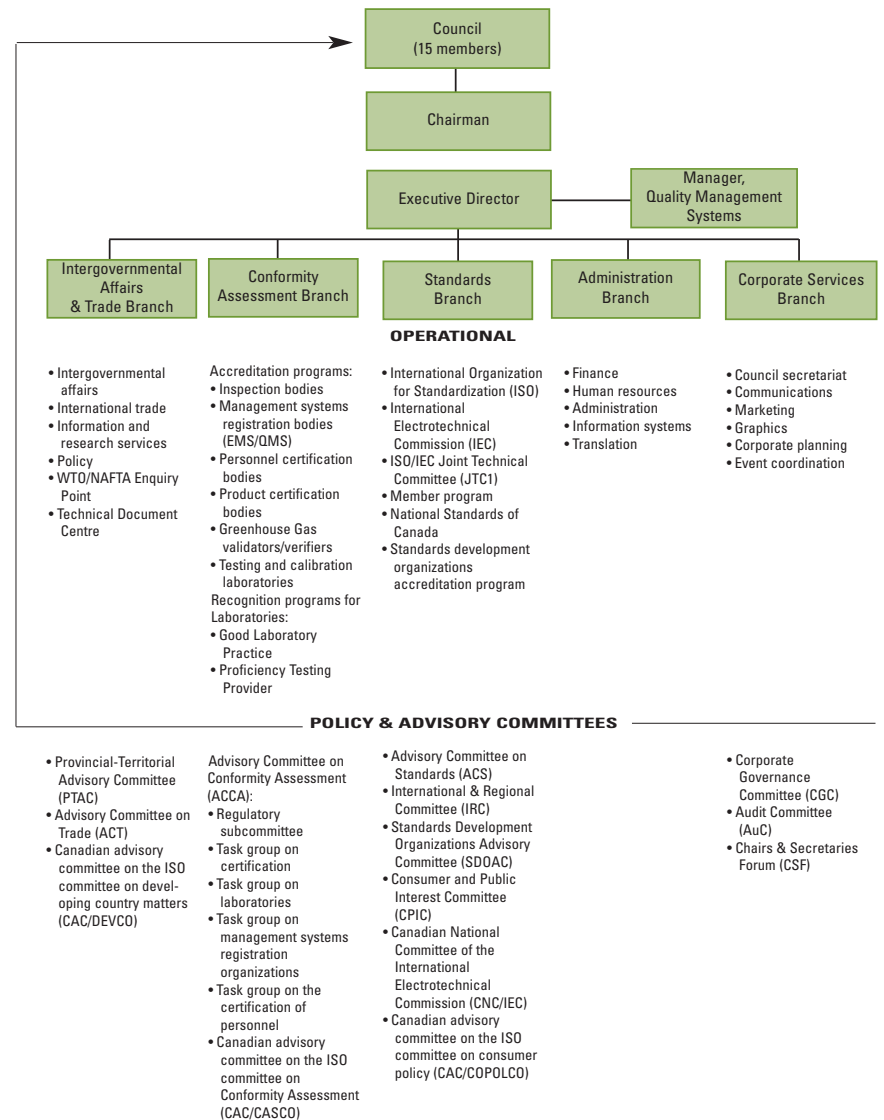
- product and service certification bodies;
- calibration and testing laboratories;
- medical laboratories;
- management systems certification bodies;
- inspection bodies;
- personnel certification bodies, and;
- greenhouse gas validators and verifiers.

In addition, SCC offers two recognition programs for laboratories:

- The Organization for Economic Co-operation and Development (OECD)'s Good Laboratory Practice (GLP) program; and
- Proficiency Testing (PT) provider recognition program.

SCC is also a member of several organizations that are developing agreements to ensure international acceptance of conformity assessment results, as part of greater efforts to form a global accreditation system. These organizations include international bodies, such as the International Accreditation Forum (IAF) and the International Laboratory Accreditation Cooperation (ILAC), as well as regional bodies, such as the Asia Pacific Laboratory Accreditation Cooperation (APLAC), the InterAmerican Accreditation Cooperation (IAAC), and the Pacific Accreditation Cooperation (PAC).

Figure 1: Corporate, Council and Committee Structure



Corporate Services

SCC's Corporate Services branch provides secretariat and governance policy support to SCC's governing Council and its standing committees. The branch also provides corporate planning, as well as marketing and communications expertise to the organization.

Intergovernmental Affairs and Trade

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

SCC also gives Canadians access to comprehensive information on standards, technical regulations and conformity assessment through its Technical Document Centre and Information and Research Service, which together form Canada's contact point for the ISO information network (ISONET). SCC also provides cost-free access to ISO and IEC standards to students at Canadian colleges and universities for use within course studies.

In addition, SCC serves as Canada's World Trade Organization (WTO) and North America Free Trade Agreement (NAFTA) Enquiry Point.

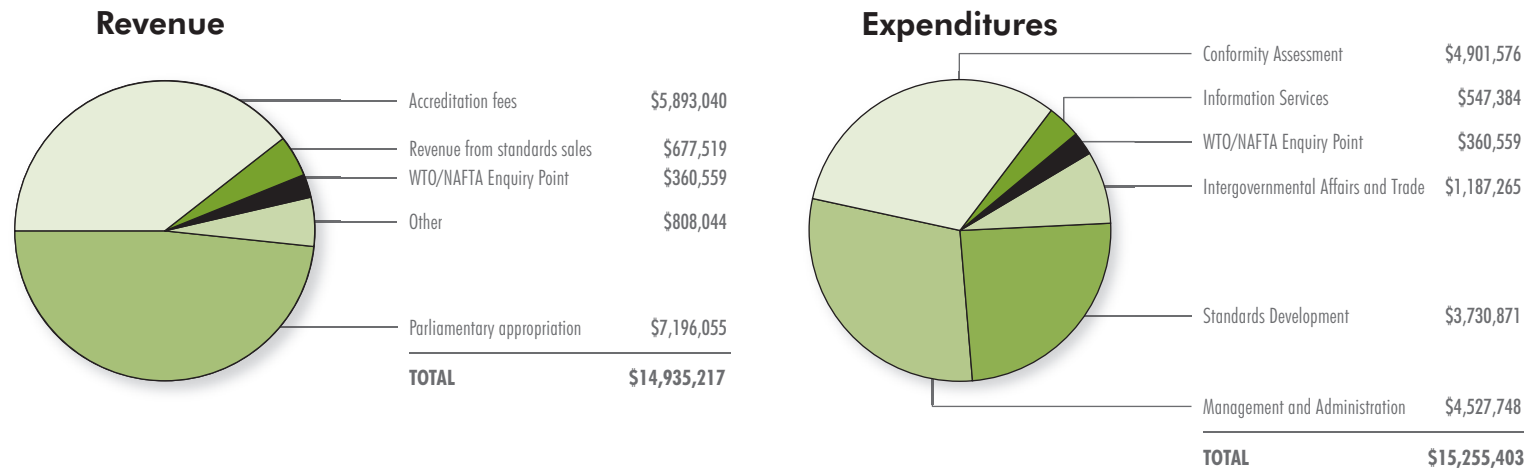
Standards

Internationally, SCC manages Canada's participation in the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC) — two of the world's preeminent voluntary standardization bodies — and participation in regional standards organizations. Domestically, it encourages the adoption and application of international standards.

SCC also accredits organizations that develop standards in Canada. Its accreditation programs are based on internationally recognized guides and standards.

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

Figure 2: Financial Highlights



Corporate Governance

In 2008-2009, the Standards Council of Canada (SCC)'s Governing Council members continued their role as active stewards of the corporation by ensuring that SCC's policies and practices continued to reflect the organization's strong governance orientation. Governance direction is provided by Council directly, and through the advice offered by its two standing committees, namely the Corporate Governance and Audit Committees.

An important part of SCC Council's corporate governance responsibilities is charting the strategic direction for the organization, based on a number of factors, including its mandate; the Canadian Standards Strategy (CSS) and priorities set out by the federal government. As part of this focus, Council, as in previous years, held its annual strategic planning session alongside planning sessions conducted with staff. In keeping with SCC's adherence to quality management principles, input on SCC's strategic directions is sought from various levels within the organization to ensure that Council ultimately has the benefit of this knowledge in order to determine SCC's strategic directions.

As part of its continuous improvement in the area of strategic planning, Council also reviewed SCC's enterprise risk management assessment (ERMA) document that was developed in the last fiscal year, in order to validate and update the key risks facing the organization. This document will assist external audiences to more fully understand SCC's overall risks and plans.

In terms of strategic direction, SCC has placed increased emphasis on the direction of the corporation in future years. The organization set a number of future goals, such as revamping the business model for the Conformity Assessment branch and pursuing new business opportunities. Other goals for the future include increasing the number of volunteers; securing additional funding to more effectively support international and regional involvement on international technical committees; succession planning within the organization; and initiatives, such as a talent management framework, to ensure the ongoing effectiveness of the organization.

FY 2008-2009 also saw work to update the Canadian Standards Strategy (CSS) for 2009-2012. Staff conducted consultation activities throughout much of 2008, culminating in four main goals, each with a number of supporting objectives. Council approved this updated strategy in December, and established a CSS Implementation and Reporting Team to oversee the new strategy's implementation.

Council continued its efforts to maintain effective and transparent communication of its activities to the Canadian public. For example, SCC provides organizational information — including that relating to travel, hospitality and other related expenses incurred by SCC's Executive Director — through the SCC website. Also, as part of SCC's obligations as a Crown corporation, and out of a desire to increase transparency in its operations, Council confirmed plans for its first annual public meeting, scheduled to take place in FY 2009-2010.

SCC also underwent a special examination of its operations and financial practices, as required by the Financial Administration Act. The results of the examination are expected early in the 2009-2010 fiscal year. SCC's intention is to post the results of this information on its website, as it did with the results of its previous special examination in 2004.

While Council's membership numbers remained stable in 2008-2009, SCC welcomed one new member. Also, SCC Council Chairman Hugh Krentz received an additional one-year appointment.

Council members continued to show a high degree of commitment to the work of SCC, demonstrated through their attendance at meetings and their work on advisory committees. These members draw their expertise and professionalism from a varied spectrum of industry sectors that represent Canadian society. This helps ensure that Council-devised policies are balanced for all areas of the Canadian public as the SCC continues to promote effective and efficient standardization within Canada and internationally.

As it sets out to implement the strategies and changes that have been developed over the past year, SCC is certain it will maintain the high level of governance it has always displayed.

Figure 3: Council Members, 2008-2009



From left to right:

Israel (Issie) Lyon

Representative - Provincial and Territorial Advisory Committee
 Manager, Cabinet Office Liaison and Policy Support Unit, Economic
 Development Strategy Branch, Ontario Ministry of Economic
 Development and Trade

Raymond Gagnon

Private sector representative
 Partner, N.T.R. Management Consulting Group

Pierre-Paul Riopel

Private sector representative
 Vice-president, Manufacturing and Technology, Thomas & Betts Ltd.

David Fardy

Private Sector Representative
 General Manager, Protrans Personnel Services Inc.

Hugh Krentz

Chairman
 Consultant to the Canadian Steel Construction Council

Suzanne Morin

Private Sector Representative
 Assistant General Counsel,
 Regulatory Law and Policy, Bell Canada

Hazel Cail

Representative, Provincial Territorial Advisory Committee
 Associate Director, Strategy,
 Alberta International and Intergovernmental Relations

Hélène Lefebvre

Private sector representative
 Engineering Specialist, Petro-Canada

Norma McCormick (Non-Voting Member)

Chair, Consumer and Public Interest Committee
 President, Corporate Health Works Inc.

Stephen J. Mallory

Private Sector Representative
 President and CEO, Directors Global Insurance Brokers Ltd.

Steven Reynolds

Private Sector Representative
 Research and Development Manager,
 The Peelle Company Limited

James G. Frank (not present)

Private sector representative
 Economic policy and strategy consultant

Marian Gaucher (not present)

Representative, Standards Development Organization Advisory
 Committee
 Manager, Standards Division,
 Canadian General Standards Board

Operating Environment and Context

As a federal Crown corporation, the Standards Council of Canada (SCC)'s operating environment is affected at the national and international levels by various internal and external issues and conditions.

In 2008-2009, SCC determined its strategic direction based on a number of factors. These included: its mandate set out by the Standards Council of Canada Act; actions set out in its corporate plan; the national direction laid out in the 2005-2008 Canadian Standards Strategy; its commitments to various regional and international organizations; priorities set out by the federal government; and various issues that affect standards and conformity assessment communities globally.

The following internal and external conditions also affected SCC's direction as it strived to make connections and build trust in Canada and around the world in 2008-2009.

Internal Conditions

Participation in international technical committees

Canada's National Standards System (NSS) depends on volunteers to take part in technical work at the global level to bring Canada's perspective to the international standards development process. Involvement in standards development and conformity assessment activities gives Canadian industry and government a leg up by helping to fuel innovation and develop new products, as well as facilitate international trade. SCC is facing similar challenges as other organizations in attracting volunteers, and SCC's Member Program is working diligently to increase volunteer numbers through active retention, recruitment and training programs.

Conformity assessment

Approximately 40 per cent of SCC's revenues are raised through the accreditation programs it offers. The successes achieved in building a global accreditation system have benefited Canadian industry and conformity assessment bodies (CABs). In the voluntary sector, many CABs are choosing to consolidate the number of accreditations they hold. This may put a strain on SCC's client base and revenues. In this new environment, SCC is working to ensure that it continues to provide high-calibre programs at a competitive price, targeted directly at the needs of both its current clientele and future prospects.

Financial resources

In 2008-2009, SCC received requests for services that extended into a variety of aspects of Canadian life, such as business, environmental and health concerns, and social issues, as well as more traditional standardization areas, such as trade and manufacturing. In order to effectively meet these demands and take advantage of opportunities to expand its programs, while keeping all offerings affordable for Canadians, SCC is developing a business case to seek additional funding in FY 2009-2010 to enhance its support to national priorities. In addition, SCC is continuing to explore new standards and accreditation programs in emerging sectors to boost market revenues.

Human resources

SCC considers its employees its greatest resource and values the specific and technical knowledge they bring to the organization. However, because of the specialized knowledge required of staff members, it takes a longer than average time to hire new employees and the associated costs are relatively high. A maturing workforce also requires increased emphasis on succession planning. To meet these challenges, SCC placed increased emphasis on employee satisfaction and retention. In 2008-2009, it developed a talent management program focused on career-building opportunities, and devoted about 1.8 per cent of its salary budget to staff training. As well, SCC set a goal to achieve a less than five per cent turnover rate for 2008-2009.

External Conditions

Global economy

The National Standards System (NSS)'s protection of Canada's interests in global standards development and conformity assessment activities continues to be a key factor for Canada's future prosperity and international competitiveness. Canada's long-term attention to standardization activities has made it one of the most trusted exporters in the world. Given the strong link between standardization and innovation, Canada's involvement in technical work promises to be an advantage to weathering the global economic downturn. To continue to enhance development of this critical key factor in 2008-2009, SCC's Member Program increased its support and training resources to SCC committee members to ensure that Canada's interests are actively represented during standards development, nationally, regionally and globally.

Stakeholder demands

Standardization needs have changed drastically over the more than 35 years since SCC began operating. While most standards in the 1970s and 1980s were related to products, there is now a growing demand for standards in relation to issues such as social responsibility, counterfeit product control, food safety, and greenhouse gas measurement. As a result, both the public and private sectors have requested that SCC offer new programs and services. In response, SCC has become involved in a number of initiatives, such as, the Trilateral Regulatory Cooperation Framework under the Security and Prosperity Partnership of North America, to address challenges posed by increased globalization and the Agreement on Internal Trade, for a reduction in internal and external barriers to trade. Other demands include the promotion of standardization in healthcare and streamlining regulations. In addition, there is also a growing need for more SCC accreditation services for greenhouse gas verification, food safety, and information security, among other areas. As a result of this overall increase in demand, SCC augmented its support to technical committee members and provided the financial and human resources needed to effectively serve SCC stakeholders.

Counterfeit products and certification marks

Canada is a world leader in producing safe, well-made goods for use within its own borders and for export to other countries. However, a large number of products in Canada are imported, and a flood of subpar products, false certifications, and counterfeit brand names has brought the quality of all goods into question for consumers. Counterfeiting is a global concern that costs the marketplace billions annually. It threatens product value and causes consumers to doubt the quality of legitimate products. It also undermines trust in certification marks, which are designed to assure consumers of a product's quality. This in turn affects the National Standards System (NSS), which protects the interest of both business and consumers. The NSS and its stakeholders have worked hard to ensure products and certification marks embody high quality. SCC is working with public and private sector stakeholders to raise awareness of counterfeit products, and educate consumers on the role the standardization system plays in preventing inferior products from reaching the marketplace.

Performance against Objectives

STRATEGIC PRIORITY 1:

Build capacity through increasing revenues and participation in order to best fulfill demand for programs and services and improve effectiveness

Though SCC is tasked with supporting Canadians and Canadian organizations involved in voluntary standardization, its means for doing so have not changed significantly in recent years. The organization has set building its financial capacity as a key priority so that it can more successfully meet stakeholders' needs for standards and accreditation services.

"Sell" the benefits of standardization

As part of its efforts to inform stakeholders about the benefits of standardization and the National Standards System (NSS), SCC worked to promote the results of the study, *The Economic Value of Standardization*, prepared for SCC by the Conference Board of Canada. The study found that between 1981 and 2004, standardization accounted for a 17 per cent growth rate in labour productivity, which translated into approximately 9 per cent of Canada's output (real GDP). The report estimated that the level of economic output in 2004 would have been \$62 billion lower if there had been no growth in standards over the studied period. SCC hopes to use the results to secure increased interest in the NSS.

As part of its efforts to impart the knowledge of standardization's financial benefits to Canadians, SCC offered an armchair session at the NSS Conference in St. John's, Newfoundland and Labrador, in June; and a presentation at the Standards Engineering Society Annual Conference in San Diego, California in August 2008. SCC also shared the report's findings with other economies through presentations at the seventh Asia-Pacific Economic Cooperation (APEC) conference on standards and conformance in Cusco, Peru, in August; at the APEC Subcommittee on Standards and Conformance's meeting in Singapore in February; and at the World Trade Organization (WTO)'s Technical Barriers to Trade Committee workshop on the role of international standards in economic development in Geneva, Switzerland, in March, 2009.

Expand conformity assessment accreditation programs

Conformity assessment is a large part of SCC's business: the Conformity Assessment branch's accreditation programs make up almost 40 per cent of SCC's revenue base.

While SCC strives to meet the challenges of a more competitive environment, it is working with a number of regulators to promote the use of conformity assessment services as an important tool in supporting federal and provincial government priorities.

SCC has been exploring areas where it can blaze a new trail in offering accreditation services. As part of this, in June 2008, the organization announced a comprehensive Greenhouse Gas Accreditation Program that includes the development of qualification requirements for validators and verifiers and accreditation of verification bodies. Also, the Canadian Food Inspection Agency is assessing SCC's organic product certification body program, and is expected to recognize the program under Canada's new organic product regulations.

In addition, SCC has begun its qualification of the Canadian Lumber Standards Accreditation Board as a partner in an accreditation program for lumber grading agencies, and has been promoting its program formed in partnership with the Ontario Medical Association (OMA) and the Bureau de Normalisation du Québec (BNQ) to accredit medical laboratories. In August, the program accredited its first laboratory.

Funding and resources

SCC welcomed a number of agreements with the federal and provincial governments that will bring in significant revenue, such as a memorandum of agreement with Health Canada, signed in November, to support standardization

work related to the proposed update to the *Consumer Product Safety Act*. SCC also brought in revenue through an increased number of copyright agreements for use of ISO and IEC standards; a re-negotiated contract with the federal Department of Foreign Affairs and International Trade (DFAIT) for operating the WTO/NAFTA¹ Enquiry Point from 2008 to 2011; and a new agreement for hosting *Export Alert!*.

Figure 4: Accreditation under SCC's Conformity Assessment Programs

SCC offers accreditation solutions and conformity assessment service in a number of areas:	Number of Clients		
	2007-2008 Actual	2008-2009 Target	2008-2009 Actual
• Laboratories	346	381	311*
• Quality management systems (including a sector program for telecommunications)/ environmental management systems (including sector programs for forestry and hog farming)	15	23	23
• Management systems for manufacturers of medical devices (CMDCAS-recognized)	14	14	14
• Inspection Bodies	12	20	12**
• Personnel Certification	3	6	4
• Product and service certification bodies	31	32	29

* The Ontario Ministry of Environment's decision to accept accreditation for drinking water labs from either SCC or CALA, instead of both organizations resulted in SCC seeing a loss of 40 labs.
 ** The launch of a new inspection program for gas equipment and insulation installers was delayed, accounting for the shortfall of expected accreditations of inspection bodies.
 Source: Conformity Assessment branch Tracking Reports

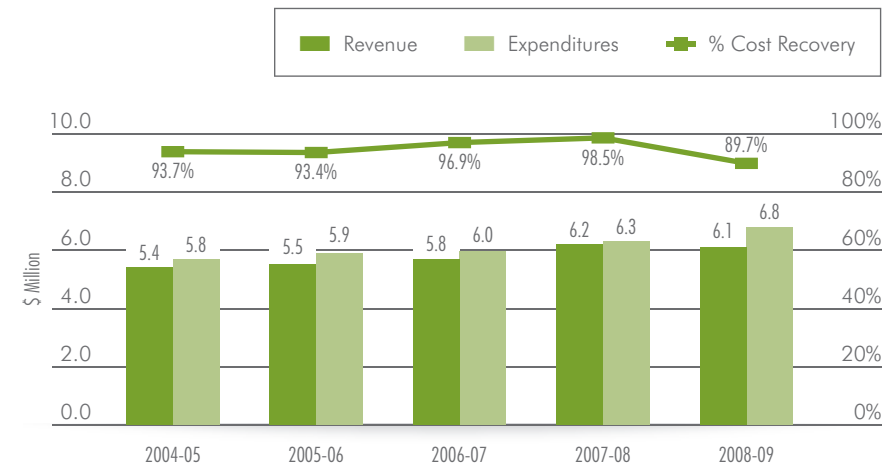
¹ World Trade Organization/North American Free Trade Agreement

Member Program

SCC undertook a thorough review of its Member Program to attract and retain volunteers involved in the development of national and international standards and to ensure the ongoing viability of the NSS. As a result of this review, SCC will be holding an annual Member Program roundtable, and establishing an orientation session to get new volunteers involved in committee work more quickly.

SCC also worked to promote the Member Program, while recognizing the achievements of volunteers and committees in the NSS, through the presentation of the 2008 SCC Awards. The awards ceremony took place during the 2008 NSS Conference in St. John's, Newfoundland and Labrador, in June 2008.

Figure 5: Overall Cost Recovery: Conformity Assessment Branch



Performance against Objectives

STRATEGIC PRIORITY 2:

Develop increased recognition of SCC's role amongst key stakeholder groups (industry, government and consumer organizations)

Voluntary standards development activities rely heavily on stakeholder input for technical expertise and commitment to provide resources. That is why the Standards Council of Canada (SCC) is focused on raising awareness and promoting the role of SCC and Canada's National Standards System (NSS) in developing standardization. This strategic priority continues to fulfill key objectives of the *Standards Council of Canada Act*: promote the participation of Canadians in voluntary standards activities; promote public-private sector cooperation in relation to voluntary standardization in Canada; and build trust in the standardization community as it fosters quality, performance and technological innovation in Canadian goods and services through standards-related activities.

Marketing and outreach initiatives targeted at key SCC stakeholder groups

SCC implemented its government and industry outreach plans as set out in its 2008-2009 marketing and communications plan. Initiatives included the renewal of the Canadian Standards Strategy (CSS) for 2009-2012, and the unveiling of the new Greenhouse Gas Accreditation Program. As well, staff members took part in trade shows, speaking engagements and presentations to various stakeholder groups (see Figure 6) to raise awareness of SCC's role as Canada's standards leader and national accreditation body.

SCC staff members contacted representatives of industry and government organizations, such as Maple Leaf Foods and occupational health and safety regulators, to ensure their organizations up-to-date understanding of the NSS and its benefits.

In addition, SCC continued to promote the economic benefits of standardization through speeches, trade shows, and conferences. Examples include a presentation at the Standards Engineering Society Annual Conference and an "armchair session" at the NSS Conference (see Strategic Priority 1 for more presentations on the *Economic Value of Standardization*).

SCC's outreach activities were aimed not only at encouraging dialogue and participation in standards-related activities and attracting volunteers to the NSS, but also at helping SCC identify possible future stakeholders in the standardization community.

Government of Canada Initiatives

SCC took part in developing the Regulatory Cooperation Framework (RCF) under the Security and Prosperity Partnership (SPP) between Canada, the United States and Mexico, by providing input into standardization-related matters. In December 2008, SCC participated in and presented at a Regulatory Impact Analysis Forum that was hosted jointly by the Treasury Board Secretariat and the Department of Foreign Affairs and International Trade (DFAIT). The event was attended by central agencies, embassies and regulators from Canada, the United States, and Mexico. SCC also hosted a symposium in Washington, D.C. on standardization-based solutions to address regulatory differences between North American countries.

Along with the efforts in support of the SPP-RCF, SCC supports Canada's involvement with WTO's Technical Barriers to Trade Committee and the Asia-Pacific Economic Cooperation (APEC), helping Canada to fulfill its international trade obligations as specified in Annex B of the Cabinet Directive on Streamlining Regulation.

Figure 6: Outreach and Marketing Highlights

May 20, 2008	Held a meeting with the management systems certification bodies to exchange information and bring everyone to the same level of understanding accreditation requirements.
May 28, 2008	Presented to Canadian Industry Program for Energy Conservation, NRCAN in Ottawa, ON
June 2-4, 2008	Conducted the third National Standards System Conference in St. John's, NL
June 9, 2008	Celebrated the first International Accreditation Day with various promotional efforts.
June 19, 2008	Co-sponsored and participated in International Trade Day, hosted by the Canadian Chamber of Commerce
August 18-19, 2008	SCC Chairman Hugh Krentz presented on the Economic Value of Standardization in Canada at the Standards Engineering Society (SES) Conference in San Diego, California, USA
August 20, 2008	Offered presentation on SCC and NSS support for regulators to the IEEE Standards Association Corporate Advisory Group in Ottawa, ON
October 14, 2008	Published Volume 35 of CONSENSUS Magazine, entitled: <i>Building better communities</i>
October 23, 2008	Provided presentation to the 20th meeting of the NAFTA Committee on Standards-related Measures
November 24-25, 2008	Participated in the Community of Federal Regulators (CFR)'s Annual Workshop
December 15, 2008	Delivered presentation on SCC and the NSS at the trilateral (Canada-US-Mexico) Regulatory Impact Analysis Forum in Ottawa, ON
February 4, 2009	Outreach to the Committee of Federal Regulators (CFR)'s Sub-Committee on Education resulted in agreement to submit a proposal for standardization training to CFR members
March 17-18, 2009	Held meetings with product certification and inspection bodies to exchange information and bring everyone to the same level of understanding accreditation requirements.

SCC continues to promote the use of standards and conformity assessment to help address internal trade issues (the Council's Advisory Committee on Trade is the lead committee on this issue) by providing advice to Industry Canada on revisions to the standards chapter of the Agreement on Internal Trade (AIT). There have been renewed interest and efforts in this area following the success of the Trade Investment and Labour Mobility Agreement (TILMA) between British Columbia

and Alberta, and the Council of the Premiers' recent decision regarding improved labour mobility between provinces.

Canada's provinces and territories, which cover public safety concerns in areas such as electricity, gas, elevating devices, boilers and pressure vessels, and amusement rides, have created the National Public Safety Advisory Committee (NPSAC) to discuss issues amongst themselves and further the aims of the AIT. SCC is a full member of this group, assisting them to make full use of standards and conformance to achieve their individual mandates. In light of the common aims of both groups, SCC has taken on the Secretariat of NPSAC to provide continuity and support. NPSAC is assessing the feasibility of establishing national arrangements to achieve a single Canadian safety system that meets the needs of all jurisdictions. NPSAC is also engaged with a variety of provincial and territorial ministries to establish a national accord that will provide efficiencies in regulation and make full use of standards and conformance systems.

Whereas the updated Canadian Standards Strategy (2009-2012) identifies the promotion of product safety as a central goal for members of the NSS, staff members at SCC continued to explore opportunities for the increased use of standardization in healthcare, the environment and other public health and safety sectors. SCC is working with Health Canada in updating the national Consumer Products Safety Act and in establishing the National Public Safety Advisory Committee's steering group to establish a single national system for product safety.

SCC also participates in Health Infoway's Standards Collaborative Strategic Committee, which is key to introducing electronic health records to all areas of the Canadian health care system. SCC has been assisting with the development of standards and conformance measures that will facilitate Canada's use of this innovative technology with the tremendous potential to improve the health of Canadians. As well, SCC has completed the accreditation of its first client under a joint national medical laboratory accreditation program with the Ontario Medical Association (OMA) and Bureau de normalisation du Québec (BNQ).

SCC has successfully been able to influence the language of the standards-related measures of free trade agreements being negotiated with the Dominican Republic, Jordan, Panama, Peru and Colombia. SCC also provided support to DFAIT in addressing a number of questions arising from the Brazil, China, Dominican Republic, European Communities, Japan, Jordan, Korea, and United States WTO Trade Policy Reviews.

Academic Community

In an effort to reach potential stakeholders and volunteers in the NSS early in their careers, SCC developed an Education Program that targets university students. In 2008-2009, the program saw massive growth: SCC signed 50 licensing agreements to provide standards, free-of-charge for a limited time, to universities and colleges across Canada. This represents a 100 per cent increase over the 2007-2008 fiscal year. These agreements gave more than 1,800 students in 86 courses access to 594 ISO and IEC standards, and an introduction to the standardization community.

In other efforts to reach out to the academic community, SCC met with representatives of the Association of Canadian Community Colleges to encourage the use of ISO and IEC standards in the course work of member colleges, and with officials from Memorial University in June 2008 and Carleton University in March 2009 with the goal of signing agreements with the institutions.

Staff also held discussions with the Community of Federal Regulators (CFR)'s sub-committee on education, and with representatives from the Canada School of Public Service, to discuss potential standardization training for regulators; these discussions led to the development of a pilot training course for federal, provincial and territorial regulators. The course, which was delivered in March 2009, provides regulators with an overview of SCC and the NSS; it also explores how standards and conformity assessment programs can effectively support policy and regulatory efforts.

Performance against Objectives

STRATEGIC PRIORITY 3:

Strengthen Canada's international and regional participation in standardization to build SCC's global presence

Trade is a vital part of Canada's economy; Canada's influence in developing and adopting international and regional standards and conformity assessment practices is an essential component to the country's successful trade strategy. In this respect, the Standards Council of Canada (SCC)'s goal is to strengthen international relationships in the standardization community and Canada's participation in the International Organization for Standardization (ISO), the International Electrotechnical Commission (IEC), and other international and regional standardization bodies. SCC also works with international and regional partners, such as the International Accreditation forum (IAF) and the International Laboratory Accreditation Cooperation (ILAC), to increase worldwide acceptance of conformity assessment results through mutual recognition agreements. These connections increase demand for SCC programs and services, and open up new accreditation partnership opportunities for SCC.

Evaluate and strategically participate in international and regional standards development and conformity assessment bodies

Canada has a long history of involvement in regional and international standardization, and is held in high regard globally as a leader in standardization activities. SCC continues to participate actively on governance and technical committees at both ISO and IEC.

SCC continued to hold key positions in other international and regional standardization forums, such as: IAF; ILAC; the Council for Harmonization of Electrotechnical Standards of the Nations of the Americas (CANENA); the Pan American Standards Commission (COPANT); the InterAmerican Accreditation Cooperation (IAAC); the Pacific Accreditation Cooperation (PAC); and the Pacific Area Standards Congress (PASC) (see Figure 7 and 8).

In addition, SCC supported several Canadian top-level positions on international and regional committees: President of IEC; President of COPANT; Chair of PAC; and Chair of IAAC. SCC provides support to these offices to ensure Canada's profile and impact are maximized, regionally and internationally.

Emerging markets

SCC has a strong record in supporting developing countries as they work to establish their own standards and conformity assessment infrastructure. These efforts build recipient countries' capacities to fulfill obligations under the World Trade Organization (WTO) Agreement on Technical Barriers to Trade, and Sanitary and Phytosanitary Agreements, and help integrate their economies into regional and international trading systems.

In 2008-2009, SCC continued to collaborate with emerging economies, such as India and China, in line with Government of Canada priorities and commitments. The Government of Canada's Department of Foreign Affairs and International Trade (DFAIT)'s Canadian International Development Agency (CIDA) recently approved a project that will see SCC building connections with Colombia and Peru as it helps increase capacity in those countries' standards systems.

Also, Canada's Enquiry Point and Export Alert! programs for the dissemination of WTO notices of proposed regulatory changes that may affect trade continue to generate much interest in the WTO community. This has resulted in the signing of a new Export Alert! hosting arrangement with Tunisia, and renewing existing partnerships with Austria, Malaysia, and Trinidad and Tobago.

Canadian impact on, and participation in, regional and international standardization organizations

Canada’s membership in international and regional standardization organizations ensures Canada’s interests are represented in the development of international standards and in conformity assessment requirements. During the 2008-2009 fiscal year, the vast majority of proposed Canadian policy positions were achieved. For example, 91 per cent of proposed Canadian policy positions were achieved on IAF and PAC letter ballots; 100 per cent of proposed policy positions were achieved at IAAC; 94 per cent at ISO/CASCO; and 100 per cent of proposed policy positions were achieved on the IEC Council and Council Board. This exceeds the goal of 80 per cent set in the 2008-2009 SCC Corporate Plan, and means the Canadian viewpoint is well represented in the resulting international standards and policies.

In addition, Canada took a lead role in establishing the forum of the IEC National Committees of the Americas (FINCA). Formerly known as the Multinat countries, this group of five countries – Canada, the United States, Mexico, Brazil, and Argentina – aims to exchange information focused on the development of international standards and conformity assessment services in the region. It also has the objective of promoting technology transfer, consumer safety and the protection of the environment, as well as advancing IEC objectives.

Figure 7: Canadian participation in international standards development and conformity assessment bodies

Standards	Conformity Assessment
President of International Electrotechnical Commission (IEC)	Vice-Chair of International Accreditation Forum (IAF)
Member on IEC Council Board	Vice-Chair of IAF Technical Committee
Member on IEC Standardization Management Board	Member of Executive Committee of the International Laboratory Accreditation Cooperation (ILAC)
Member on ISO Technical Management Board	Member of ILAC’s Accreditation Requirement Committee
	Member of IEC Conformity Assessment Board

Implement cross-frontier policy

SCC retained its signatory status in all of its multilateral recognition arrangements (MRAs/MLAs) with international and regional standardization bodies. This allows SCC-accredited bodies to be recognized by all other MLA and MRA signatories the world over. SCC also completed the accreditation audits of all key and critical locations of Product Certification Bodies by the IAF deadline of December 31, 2008.

As well, SCC completed the re-accreditation of all its management system certification body clients to the newly issued standard, ISO/IEC 17021 (Conformity assessment – Requirements for bodies providing audit and certification of management systems), before the deadline of September 15, 2008. This ensures these clients are meeting the most up to date standard in issuing management certifications.

Training/development opportunities for developing countries

SCC made connections in developing countries by delivering training and information sessions on SCC’s accreditation program for standards development organizations. Living up to its reputation as a trusted standardization leader, SCC provided training to a number of standardization organizations from other countries, such as Ghana, Jamaica, Peru, Tunisia and Malaysia, to help them advance the building of their standardization infrastructure.

Canadian participation and contribution to ISO and IEC

Canada is a trusted member of the international standardization community, and committed Canadians maintained their participation and contribution to standards development activities at ISO and IEC throughout 2008-2009. This ensures Canada’s voice is heard in international standards development, thus benefitting businesses and other Canadian organizations that use these standards. Canada, by way of SCC, actively participates in 463 – just more than half – of a total of 923 ISO and IEC technical committees. On those committees, Canada has maintained a 100 per cent voting performance for standards at the draft international standards and final draft international stages (see Figure 9).

SCC is also a key player in a number of other committees at ISO and IEC, such as ISO’s Committee on Conformity Assessment (CAC/CASCO), ISO’s Consumer Policy Committee (ISO/COPOLCO), ISO’s Committee on Developing Countries (ISO/DEVCO) and ISO’s Commercial Policy Committee.

National Standards of Canada

Harmonization of national standards with international standards helps eliminate trade barriers between Canada and the global marketplace, which leads to Canadian products being more readily accepted in other countries worldwide, boosting the country’s economy and helping Canadian businesses export their products and services successfully. As of April 1, 2009, 120 of the 167 standards designated as National Standards of Canada in 2008-2009 were adopted from international standards. This is just under 72 per cent, and slightly above the goal of 70 per cent set out in SCC’s Corporate Plan.

Also, Canada’s standards development organizations have mirror committees for about 42 per cent of the 485 international technical committees on which Canada holds participating status, exceeding the goal of 40 per cent harmonization laid out in the 2008-2009 SCC Corporate Plan. These committees are Canadian committees that mirror the activities of ISO and IEC technical committees.

Strategic participation by Canadians in relevant ISO/IEC committees

In FY 2008-2009, there were 164 Canadians managing ISO and IEC technical committees. This total surpasses the target of 160 set out in the 2008-2009 SCC Corporate Plan. In an economic climate that is seeing Canadian branch plants closing, this participation in developing international standards that can positively affect trade is a boon to Canadian businesses looking for a marketplace advantage.

In addition, there were 88 Canadians elected or appointed to IEC/ISO policy and management committees during the same period. This total also exceeds the goal of 72, as set out in the SCC Corporate Plan. This involvement allows Canada to participate in the shaping of international standards development policy, and will result in Canadian values – in respect to health and safety, global security, and other issues – being reflected in international standards.

Figure 8: Canadian participation in regional standards development and conformity assessment bodies

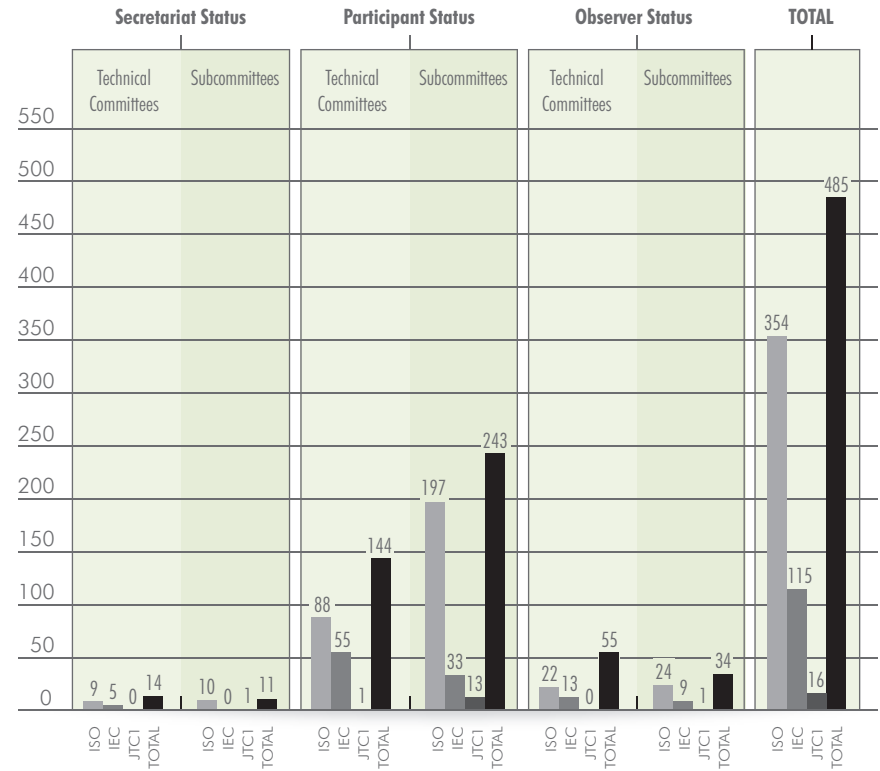
Standards	Conformity Assessment
President of the Pan-American Standards Commission (COPANT)	Chair of InterAmerican Accreditation Cooperation (IAAC)
Member of COPANT Board of Directors	Vice-Chair of IAAC’s product certification sub-committee
Member of Pacific Area Standards Congress (PASC)	Chair of IAAC Inspection Body subcommittee
Member of PASC’s Executive Committee	Chair of Pacific Accreditation Cooperation (PAC)
	Chair of the PAC Technical Committee
	Member of Board of Management for the Asia Pacific Laboratory Accreditation Cooperation (APLAC)
	Member of APLAC’s Technical Committee
	Member of APLAC’s Proficiency Testing Committee

Figure 9: Canada's voting performance on international committees for FY 2008-2009

	Votes	Abstentions	Staff Abstentions
ISO	1547	195	84
IEC	399	6	18
JTC1	939	107	8

Source: SCC voting records

Figure 10: Canadian Involvement in International Technical Work



Performance against Objectives

STRATEGIC PRIORITY 4:

Build partnerships to protect the integrity of the Canadian standards system

The Standards Council of Canada (SCC) takes very seriously its commitments to align its initiatives with Government of Canada priorities and to effectively support stakeholders in the National Standards System (NSS). SCC has made significant efforts in building connections with other stakeholder organizations to fulfill its role in protecting the health and safety of Canadians.

Participation in anti-counterfeiting activities

To help raise awareness of problems associated with counterfeit items and products bearing fake certification marks in the marketplace, SCC joined the Canadian Anti-Counterfeiting Network. There, it works with other associations, brand owners and law firms in the fight against counterfeit products. SCC also partnered with Health Canada to explore areas of collaboration in support of the new Canadian Consumer Product Safety Act, and in support of opportunities to use standards and conformity assessment practices, as a means to fulfill the requirements of the Act.

SCC helped establish, and is participating in, ISO's project committee developing anti-counterfeiting tools (ISO/TC 246). Canada has also formed a mirror committee to provide Canadian input to the standard for performance requirements for purpose-built anti-counterfeiting tools (ISO 12931). The standard is now under development and was at the preparatory stage at the end of FY 2008-2009.

To inform members of the public about the dangers of counterfeit products, SCC organized a plenary/workshop on product safety at the 2008 NSS Conference.

SCC also spearheaded a project to develop a certified product advisories database. This database provides information on product advisories (recalls and incidents) from SCC-accredited certification bodies. When it becomes available to the public, this database will allow consumers to obtain information on certified products that have been recalled.

Consumer Product Safety Task Force

The Standards Council of Canada (SCC)'s Consumer and Public Interest Committee (CPIC) has established a consumer product safety task force to review and, where appropriate, develop recommendations for modifications to policies and procedures within the NSS. The overall goal of the task force is to effectively address issues related to the safety of certified and non-certified consumer products.

The task force made a number of recommendations to Council in three key areas: national coordination of recall and alerts repository/public contact agency, market and factory surveillance, and strengthening the CAN-P documents. Council and staff are now examining how to best employ these recommended actions.

In addition, SCC assumed the role of secretariat for the National Public Safety Advisory Committee (NPSAC) on April 1, 2008. This role is important to SCC and its efforts in protecting Canadians' safety, as it allows even more collaboration with NPSAC and SCC's Provincial and Territories' Advisory Committee (PTAC). The secretariat role will allow SCC to bring together the right people involved in standards and conformity assessment matters within the provinces and territories, and align their efforts with those at the federal level. A NPSAC Steering Group has initiated a study into the feasibility of creating a single national system for managing electrical product safety in Canada.

Canada also holds the secretariat and chair position of the newly established ISO project committee for Consumer Product Safety (ISO/TC 243), the Chair position for the project committee for second-hand goods (ISO/TC 245) and is a participating member of the project committee for product recall (ISO/TC 240). This Canadian involvement will help ensure Canada's interests are represented in resulting standards, benefitting Canadian governments, industry and consumers.

Performance against Objectives

STRATEGIC PRIORITY 5:

Enhance organizational effectiveness

The Standards Council of Canada (SCC)'s most important resource is its staff. SCC has renewed its focus on retaining qualified staff members by investing in its people through professional development and training opportunities, and through continued development and maintenance of quality management system documentation. These efforts, as well as the development of a talent management framework, are all aimed at helping SCC remain an employer of choice.

Strategic Planning

Throughout FY 2008-2009, SCC continued to refine its strategic planning process. Its staff members and Council participated in its annual strategic planning session, which resulted in a new five-year corporate plan focused on improved performance measures and reporting practices.

As an important component of SCC's overall risk management program, SCC had already prepared an enterprise risk management assessment (ERMA) and integrated it into its strategic planning. In 2008-2009, SCC's Audit and Corporate Governance Committees reviewed the ERMA and included a reporting mechanism, which will be used to report against the strategic plan in the future.

SCC's governing Council approved the updated Canadian Standards Strategy (CSS) for 2009-2012. The revised document identifies the collective needs and priorities of Canada's National Standards System (NSS) stakeholders on how best to use standards, accreditation and conformity assessment systems to advance the health, safety and well-being of Canadians.

Action and reporting progress against the strategy is the responsibility of all key stakeholder groups. SCC established an implementation and reporting team (IRT), comprised of NSS stakeholders, to lead and oversee the implementation of the updated CSS (see Figure 11). This team will provide progress reports of the strategy's implementation at six-month intervals. SCC, in cooperation with various levels of government, industry, consumer and non-governmental organizations, will be guided by the vision and goals of this strategy.

Governance

SCC is proud of its strong governance record. In FY 2008-2009 SCC's governing Council reviewed and revised its advisory council structure to streamline its committees and increase effectiveness. The exercise resulted in Council establishing a new mandate for the Advisory Committee on Standards, and creating the International and Regional Committee (IRC) for dialogue amongst Canadians at the governance levels of international and regional standards development organizations. The mandate of these committees is to provide the governing Council with a wide variety of advice, information and viewpoints; the intent behind the streamlining exercise is to eliminate redundancies, and allow members to better consider a wider range of interconnected issues.

Human Resources

SCC launched and continues its implementation of a corporate-wide talent management framework. This six-pronged framework houses the human resources programs and services that relate to the attraction and retention of talent.

The focus of the framework is on building rigorous approaches to the recruitment, selection and orientation of candidates, while providing existing employees with enhanced opportunities for career development. It also includes a revised succession plan, designed to ensure that the organization will continue to operate effectively and with the least possible disruption should a position become vacant.

The components of the framework align with SCC's strategic priorities and reflect the organization's vision, mission, mandate and values.

Financial audit opinion

In accordance with SCC's obligations pursuant to the *Financial Administration Act*, SCC underwent its annual financial audit. At the same time, SCC received an unqualified opinion from the Office of the Auditor General (OAG) on its audited financial statements for FY 2008-09.

Figure 11: Canadian Standards System renewal for 2009-2012

<p>One of the key responsibilities of SCC is to coordinate the renewal of the Canadian Standards Strategy (CSS) through a meaningful consultation process with stakeholders and appropriate partners. In 2007-2008, SCC initiated this process by sending out a questionnaire, and asking for input. Interested parties also provided input during the June 2008 NSS Conference, and through SCC's website. In all, SCC received contributions from approximately 200 stakeholders of Canada's National Standards System (NSS). New and innovative ways were put forward to help Canada's NSS achieve its potential. Using that input, SCC developed the following four key goals with supporting objectives for the updated CSS for 2009-2012:</p>
<p>1. Promote Trade and Consumer Safety.</p> <ul style="list-style-type: none"> 1.1 Develop solutions and establish partnerships to help reduce the entry, sale, distribution and use of unsafe products in Canada. 1.2 Increase the participation of Small and Medium-Sized Enterprises (SMEs) in Canada's NSS. 1.3 Promote the adoption of international standards, conformity assessment and accreditation procedures by international partners, and influence partners at international levels. 1.4 Promote the use of standardization for regulatory cooperation and the reduction of trade barriers. 1.5 Enhance developing countries' participation in international standardization activities as part of our national trade and development priorities.
<p>2. Ensure that the NSS is continually evolving to meet changing demands.</p> <ul style="list-style-type: none"> 2.1 Strengthen the volunteer base of the NSS. 2.2 Enhance sustainable funding mechanisms/sources to support the NSS. 2.3 Improve the responsiveness of the NSS.
<p>3. Expand understanding, recognition and use of the NSS.</p> <ul style="list-style-type: none"> 3.1 Increase the federal, provincial, territorial and municipal governments' understanding of, participation in, and funding for the NSS. 3.2 Increase the inclusiveness of the NSS. 3.3 Increase industry's understanding of and participation in the NSS. 3.4 Increase understanding of and participation in the NSS by academia.
<p>4. Identify and address emerging national issues in which standards and accreditation solutions can be applied.</p> <ul style="list-style-type: none"> 4.1 Identify opportunities for the application of standards and accreditation solutions in areas that support government priorities.

SCC also underwent its quinquennial Special Examination. The examination covered SCC's corporate governance, its strategic and operational planning and accountability, accreditation practices, priority-setting mechanisms, resources to support international participation, and the approval criteria and process of designating National Standards of Canada. The OAG will present the examination's results early in the new fiscal year.

Employee satisfaction

SCC implemented the results of a staff satisfaction survey conducted in 2006-2007 with the aim of enhancing its working environment. Though staff turnover in 2008-2009 was 7.6 per cent – slightly higher than the goal of 5 per cent as set out in the 2008-2009 Corporate Plan – the turnover rate remained virtually unchanged from 2007-2008 (8 per cent).

Client satisfaction

As part of SCC's commitment to quality service and to offering the best possible customer care, as set out in its quality management system, the corporation wants to know how well it is meeting the needs of its clients. To do this, SCC conducts client satisfaction surveys regularly. In 2008-2009, SCC used an enhanced approach to collecting this information, orchestrating a single corporate-wide survey that included all branches, programs and services.

The results of the survey were positive, with 89 per cent of those polled saying they were satisfied with the services that SCC offers. This surpasses the organization's satisfaction target of 75 per cent.

Figure 12: Staff Training

	Amount	% of Salary Budget
Total Training Budget	\$102,000	1.60%
Total Training Expenses	\$78,682	1.25%
% of Training Budget Used	77%	
Average Spending Per Employee	\$887	

Also, as part of its efforts to best serve its clients, SCC conducted an online client survey to gauge satisfaction with the corporation’s website. Of the 336 respondents who completed the online satisfaction survey, 18 per cent of respondents said they were completely satisfied, while 61 per cent indicated they were somewhat or moderately satisfied with SCC’s website.

Figure 13: Results of SCC Client Satisfaction Survey

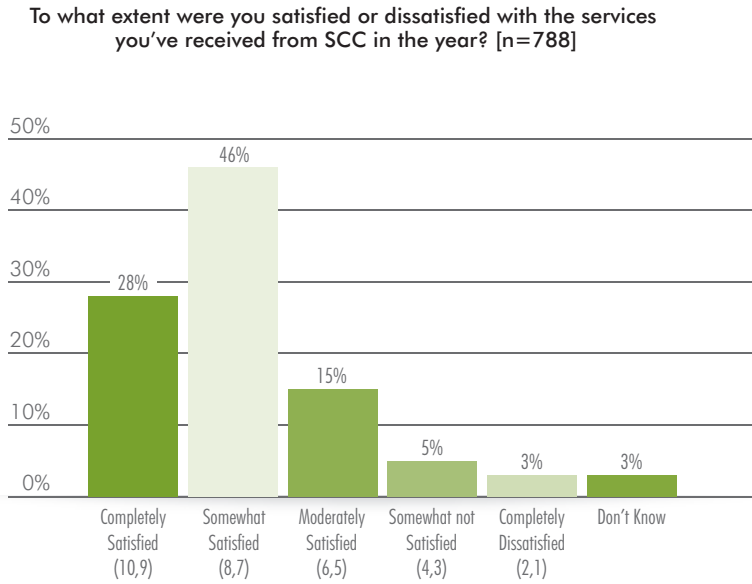
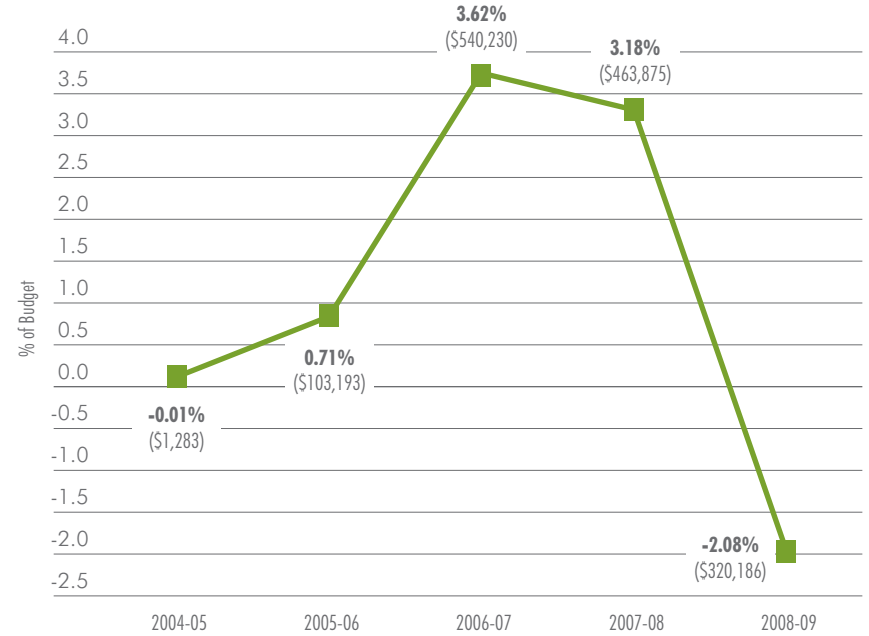


Figure 14: Net Income/Loss as a Percentage of Budget



Management discussion and analysis

The Standards Council of Canada (SCC) maintains its focus on managing and addressing the organization's key risks on an ongoing basis. In 2008-2009, SCC updated the enterprise risk management assessment (ERMA) document to ensure its strategies that govern each significant risk continue to be appropriate and prudent.

SCC implements the ERMA as part of its annual planning cycle. This involves using SCC's internal risk reporting mechanism to keep the organization's audit committee informed of progress. The mechanism includes methods of identifying strategies to enhance the management of each significant risk, and monitoring progress in completing each of the strategies. SCC's audit committee provides an oversight function to ensure the effective implementation of SCC's ERMA, and will be reviewing progress on a biannual basis.

Annually, the assessment is examined at the joint Audit and Corporate Governance Committee meeting. SCC management, meanwhile, is responsible for updating the assessment, and identifying and carrying out strategies to minimize and mitigate risk to the organization.

SCC's risk assessment is incorporated into the annual corporate plan and annual report. The results of the ERMA ensure that the strategies to reduce the impact of risk are incorporated into SCC's strategic planning and five-year corporate plan. SCC has integrated the concepts from the ISO draft international standard 31000 on Risk Management Principles and Guidelines to insure a standard framework for managing risk.

SCC's current risk assessment continues to identify the most pressing risks facing SCC in terms of their probability of occurring, their impact on SCC strategic priorities, and current and planned strategies to mitigate and/or minimize risk. While the following key risks have not changed substantially over the last two years, progress has been made in terms of minimizing these risks and reducing their impact.

Financial resources

FY 2008-2009 has seen an increased recognition of the importance of standards and conformity assessment to secure the future economic and social well-being of Canadians and to enhance Canada's competitiveness, innovation and growth. The resulting augmented demand on SCC's current resources has confirmed that it is operating beyond its capacity and existing resources are not sufficient to allow the organization to fully carry out its key role in support of public policy issues such as environmental protection and securing the health and safety of Canadians.

To keep up with demand, within the current business model, additional resources are needed so SCC can respond effectively to the increasing number of stakeholders and demands for standardization programs and services. This has been building for several years and the current economic downturn has put more pressure on the organization as stakeholders realize more fully the importance of the "trust factor" associated with standardization. This has placed a particularly large strain on SCC accreditation programs.

To minimize risk in this area, SCC renewed its exploration of business opportunities for new accreditation programs and worked to further refine its business case.

Human resources

SCC faces many of the same challenges in the area of human resources as other federal Crown corporations. In addition to the highly technical positions SCC requires, many of the positions are knowledge-based and require staff to have a thorough understanding of standards and conformity assessment. This risk is compounded by the inherent difficulty in defining a succession plan for such a small and specialized organization. By implementing a talent management program that includes an update of its current succession plan, SCC will minimize this risk.

International technical participation

The ability to sustain effective member representation within the Canadian standards system is a key to Canada's ability to influence international standards. If the high standard that SCC has set lapses in any way, Canadian business and

industry will suffer from having to comply with international standards that have been developed without the Canadian perspective. Integration of Canadian needs and requirements into international standards help ensure that Canadian products and services are saleable and that imported products meet Canadian needs.

SCC's significant long-term participation and influence at the governance level in international and regional standardization bodies strengthens Canada's global competitive position. Ensuring inclusion of Canadian perspectives into resulting international standardization policies provides Canada with a competitive advantage.

Replicating this strength at international and regional technical-level committees is a key undertaking of SCC. In collaboration with standards-development organizations, SCC is developing strategies aimed at increasing Canadian participation in international and regional standardization work, to ensure a continued high level of trust in Canadian products in the global marketplace, and to maximize Canada's ability to successfully and easily export products abroad.

Conformity Assessment

SCC's accreditation programs correspond to real needs in Canadian society such as safety, healthcare and the environment. They also provide industry, governments, and consumers with the assurance that products and services have met reliable safety verification standards. SCC's Conformity Assessment branch faces the challenges of an increasingly competitive business environment. Consolidations and mergers of conformity assessment bodies and increased competition have created challenges for the branch. Despite this increasingly competitive business environment, marketplace demand for SCC accreditation programs is on the rise in new areas, such as greenhouse gas, food safety and inspection body accreditations. SCC is addressing this risk through a number of initiatives that involve performance measurement and performance enhancement.

Other areas of corporate risk that SCC continues to monitor include: corporate reputation, strategic planning, legal, corporate governance and information technology. These risks, however, have a low probability of occurring and have well-defined strategies in place for minimizing and mitigating potential risks in these important organizational areas.

International Financial Reporting Standards

Beginning in 2011, Canadian publicly accountable enterprises will be required to prepare their financial statements in accordance with International Financial

Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

SCC will adopt IFRS effective April 1, 2011 and present financial results for the year ended March 31, 2012 on that basis. The organization will be required to prepare an opening balance sheet and provide information that conforms to IFRS for comparative periods presented.

SCC began its IFRS conversion project during 2008 and established an appropriate governance structure which includes senior management from the organization's Finance department and the Audit Committee. Finance staff was also engaged in training programs. SCC has retained an external advisor to work with staff in completing the conversion. Finance staff members will provide regular updates to the Audit Committee.

SCC's implementation of IFRS consists of three primary phases: scoping and diagnostic; solution development; and implementation and execution.

The scoping and diagnostic phase involves a high-level review and assessment of the differences between Canadian generally accepted accounting principles (GAAP) and IFRS as specifically applicable to the Standards Council of Canada. SCC completed this phase in December, 2008, and reported the results to the Audit Committee. This review also highlighted potential impacts of IFRS to accounting and reporting processes, information systems, and business processes. The key differences and issues identified during the IFRS diagnostic include:

- First-time adoption requirements (IFRS 1)
- Presentation of financial statements (IAS 1)
- Related party disclosures (IAS 24)
- Provisions and contingent liabilities (IAS 37)

The transition to IFRS is expected to have a low-to-moderate impact on SCC's financial statements. Other than the potential impact of IFRS 1, the measurement of transactions recorded in our financial statements does not appear to be significantly impacted by conversion to IFRS. The diagnostic exercise, however, did reveal several areas where SCC will be required to disclose additional information in the financial statements.

SCC finalized its IFRS convergence plan in March 2009. The plan includes a detailed timetable for assessing the impact on systems, internal controls and business activities.

SCC will continue to assess the impact of adopting IFRS and will update its Management Discussion and Analysis disclosures to report on the progress of its IFRS convergence.

Finance

In 2008-2009, the Standards Council of Canada (SCC)'s total revenue – other than Parliamentary appropriation – of \$7.74 million was 2 per cent lower than the \$7.90 million recorded in FY 2007-2008, but slightly higher than the budgeted \$7.68 million. Increases in Conformity Assessment accreditation fees, WTO/NAFTA Enquiry Point operations, and other miscellaneous sources of income were more than offset by declines in royalties from the sales of standards and revenues from sponsorship/partnership agreements.

Revenue from Conformity Assessment accreditation fees grew by 2 per cent year-over-year, rising from \$5.76 million to \$5.89 million. The increase was little more than the rate of inflation and continued the trend of the past several years of single-digit increases. This trend is due largely to the combination of maturing programs, increased competition, and recessionary forces limiting revenue growth as many multinational clients rationalize and limit the number of accreditations that they hold. This trend is of particular concern in the Management Systems program: while revenues for Certification and the Accreditation for Laboratories (PALCAN) programs rose (4 per cent and 6 per cent respectively), Management Systems program revenues declined significantly (16 per cent). Increases, where recorded, were attributable to a growing client base as well as increased levels of activity within the existing client base.

Overall cost recovery for the Conformity Assessment family of programs fell to 90 per cent, compared to the budgeted target of 92 per cent, and down from the previous year's level of 98 per cent. Declining cost recovery levels are attributed to increased costs – particularly compensation costs and professional fees – along with a higher administrative and management overheads, while revenues from partnership consulting services fell to \$243,000, from the 2007-2008 amount of \$475,000. On a program basis, cost recovery percentages were 82 per cent for Certification (90 per cent in 2007-2008); 93 per cent for Management Systems (111 per cent, 2007-2008), and 92 per cent for PALCAN (95 per cent, 2007-2008).

Royalties from the sales of standards totalled \$678,000, slightly better than the budgeted \$660,000, but down 6 per cent from the previous year's level of \$718,000. The year-over-year decrease is likely attributable to the current recession rather than any particular structural trend.

Funding from sponsorship/partnership agreements also declined year-over-year to \$345,000 from the 2007-2008 level of \$679,000. Though SCC expected lower numbers in this revenue source, this result still fell short of the budgeted \$389,000. The decrease from 2007-2008 was related to the conclusion of the work undertaken on three CIDA-funded developing country projects for Costa Rica in that year. The shortfall in comparison to the budget was due to fewer sponsorships and registrations than were expected for the National Standards System Conference.

Revenue from other income sources amounted to \$463,000 (compared to \$407,000 in 2007-2008) versus a budgeted \$392,000. This revenue includes funds collected from web hosting of outside clients for SiteScape and *ExportAlert!* services; amortization of deferred revenue related to leasehold improvements and capital asset acquisitions; sponsorship of international technical committee meetings; and interest income – all of which were largely on or slightly above budget.

In total, expenses for FY 2008-2009 were \$15.26 million, compared to the previous year's total of \$14.56 million and to the budgeted \$15.43 million. Operating costs increased in all functional areas, with the exception of Management and Administrative services.

Conformity Assessment expenditures rose due to higher average staff levels and related costs, along with higher professional fees because of increased average per-diem charges and increased audit activity. These increases, however, were not matched by sufficiently increased revenues, resulting in—as noted previously—declining cost recovery rates. Before the application of overhead, Conformity Assessment returned a surplus of \$1.26 million, down from the previous year's total of \$1.87 million and a budgeted \$1.55 million.

On a functional basis, significant year-over-year variances include salaries and employee benefits, which increased due to economic pay increases, increased benefit costs and, in particular, pension contributions; higher average staff levels; and the use of contract staff to fill extended leave vacancies. Travel expenditures were higher due to the hosting of the National Standards System Conference, increased funding for delegates to international technical committee meetings, and higher assessor travel for Conformity Assessment activities. Publications and printing costs declined as expenditures for the translation of National Standards of Canada were lower due to the use of funds deferred from prior years.

Total operational revenues and funding, including Parliamentary appropriation, fell short of expenditures by \$320,000, which, coupled with other comprehensive income, resulted in a comprehensive loss or deficit of \$278,000, compared to the previous year's comprehensive income of \$513,000. However a combination of both higher revenues and lower expenditures than planned produced a better-than-expected overall result in comparison to the budgeted deficit of \$587,000.

Management Responsibility for Financial Statements

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

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

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

The Board, 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 Board members, meets with management and the Auditor General representatives to review the annual financial statements and reports on them to the Board.



Rick Parsons
Treasurer and Director of Administration

Ottawa, Canada
May 22, 2009

Auditor's Report

To the Minister of Industry

I have audited the statement of financial position of Standards Council of Canada as at 31 March 2009 and the statements of operations and comprehensive income, changes in shareholder's equity 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 31 March 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

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



Nancy Y. Cheng, , FCA
Assistant Auditor General
for the Auditor General of Canada
Ottawa, Canada
22 May 2009


Statement of Financial Position

As at March 31	2009	2008
ASSETS		
Current		
Cash	\$ 3,645,217	\$ 3,397,176
Accounts receivable net:		
Federal government departments and agencies	389,067	472,266
Other	1,179,081	1,239,411
Parliamentary appropriation receivable	784,000	1,045,000
Prepaid expenses	819,000	1,009,855
	6,816,365	7,163,708
Property, plant, and equipment (Note 5)	639,738	733,076
	\$ 7,456,103	\$ 7,896,784
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 1,561,339	\$ 1,600,502
Deferred accreditation fees	1,958,080	1,965,496
Deferred revenue	12,956	35,750
	3,532,375	3,601,748
Long term		
Deferred government funding (Note 6)	466,451	533,506
Deferred revenue - Tenant improvement allowance (Note 7)	173,287	199,570
	639,738	733,076
	4,172,113	4,334,824
SHAREHOLDER'S EQUITY		
Retained earnings	3,131,059	3,451,245
Accumulated other comprehensive income (Note 8)	152,931	110,715
Equity	3,283,990	3,561,960
	\$ 7,456,103	\$ 7,896,784

Commitments (Note 11)

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


Chair


Treasurer

Approved by the Council:

Statement of Operations and Comprehensive Income

For the year ended March 31	2009	2008
Revenue		
Conformity Assessment accreditation fees	\$ 5,893,040	\$ 5,763,908
Royalties from sales of standards (Note 9)	677,519	718,315
WTO/NAFTA Enquiry Point	360,559	339,827
Sponsorship/Partnership Funding	344,569	678,799
Other	463,475	406,585
	<u>7,739,162</u>	<u>7,907,434</u>
Expenses (Note 10)		
Conformity Assessment	4,901,576	4,390,338
Information Services	547,384	471,961
WTO/NAFTA Enquiry Point	360,559	339,827
Standards Development	3,730,871	3,718,082
Intergovernmental Affairs and Trade	1,187,265	1,088,779
Management and Administrative Services	4,527,748	4,544,680
	<u>15,255,403</u>	<u>14,553,667</u>
Net loss before government funding	<u>(7,516,241)</u>	<u>(6,646,233)</u>
Government funding		
Parliamentary appropriation for operating expenses	7,027,123	6,924,598
Amortization of deferred government funding (Note 6)	168,932	185,510
	<u>7,196,055</u>	<u>7,110,108</u>
Net (loss) income	<u>(320,186)</u>	<u>463,875</u>
Other comprehensive Income		
Contributions received (Note 8)	42,216	48,864
	<u>42,216</u>	<u>48,864</u>
Comprehensive (loss) income	<u>\$ (277,970)</u>	<u>\$ 512,739</u>

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

Statement of Changes in Shareholder's Equity

For the year ended March 31	2009	2008
Retained Earnings		
Balance at the beginning of the year	\$ 3,451,245	\$ 2,987,370
Net (loss) income	(320,186)	463,875
Balance at the end of the year	3,131,059	3,451,245
Accumulated Other Comprehensive Income		
Balance at the beginning of the year	110,715	61,851
Other comprehensive income	42,216	48,864
Balance at the end of the year	152,931	110,715
Total Shareholder's Equity at the End of the year	\$ 3,283,990	\$ 3,561,960

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

Statement of Cash Flows

For the year ended March 31	2009	2008
Operating activities		
Net (loss) income	\$ (320,186)	\$ 463,875
Adjustments for non-cash items		
Amortization of property, plant, and equipment	195,215	211,793
Amortization of deferred government funding	(168,932)	(185,510)
Amortization of tenant improvement allowance	(26,283)	(26,283)
	(320,186)	463,875
Changes in restricted contributions from non-owners	42,216	48,864
Changes in current liabilities and current assets other than cash	526,011	560,751
Cash flows provided by operating activities	248,041	1,073,490
Investing activities		
Additions to property, plant, and equipment	(101,877)	(204,402)
Financing activities		
Funding for acquisition of property, plant, and equipment		
Parliamentary appropriation	101,877	204,402
Increase in cash during the year	248,041	1,073,490
Cash at the beginning of the year	3,397,176	2,323,686
Cash at the end of the year	\$ 3,645,217	\$ 3,397,176

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

Notes to Financial Statements, March 31, 2009

1. AUTHORITY, OBJECTS, AND PROGRAMS

The Standards Council of Canada (SCC) was created by Parliament as a corporation under the *Standards Council of Canada Act* in 1970 (revised, 2006) to be the national coordinating body for voluntary standardization. The Council is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act* and, for the purposes of the *Income Tax Act*, is deemed to be a registered charity.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Adoption of new accounting standards

Effective April 1, 2008, the CICA's new accounting standard, Section 1535, *Capital Disclosures*, was implemented, which requires the disclosure of both qualitative and quantitative information that enables users of financial statements to evaluate the entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital, as well as its compliance with any externally imposed capital requirements. The new standard did not have an effect on the financial position or results of operations of SCC but did result in changes to the note disclosure. Further information can be found in Note 3 below.

Effective April 1, 2008, the accounting and disclosure requirements of the CICA's two new accounting standards, Section 3862, *Financial Instruments – Disclosures*, and Section 3863, *Financial Instruments – Presentation*, were implemented. These new standards replace accounting standard 3861, *Financial Instruments – Disclosure and Presentation*. Enhanced disclosure is required to assist users of the financial statements in evaluating the significance of financial instruments on the SCC's financial position and performance, including qualitative and quantitative information about SCC's exposure to risks, including credit, interest rate, liquidity, currency and other price risks arising from financial instruments. The new accounting standards cover disclosure only and had no effect on the financial results of the SCC. Further information can be found in Note 4 below.

(b) Property, plant, and equipment

Property, plant, and equipment 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

(c) Revenues

Funds received or receivable in respect of conformity assessment application fees and the annual portion of accreditation fees are recorded as deferred accreditation fees and are recognized as revenues in the year in which they are earned. Application fees are recognized as revenue upon completion of the assessment process and granting of accreditation. Annual fees are amortized to revenue on a straight line basis over the period to which the fee applies. Funds received or receivable in respect of conformity assessment audit and assessment fees are recognized as revenue at the time the related services are provided.

Royalties from sales of standards are recognized as revenue for the period in which the related sale occurred.

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.

Restricted contributions from non-owners received for the hosting of international meetings or conferences are included as part of Other Comprehensive Income until such time that it is appropriate to recognize the amounts in income. Contributions received for the hosting of international meetings or conferences are recognized as revenue at the time the related expenses are incurred. The Council also administers a fund on behalf of an unrelated entity which is included as a current liability. Contributions received for this fund and its related expenditures are recorded directly to the liability.

(d) Expenses

Expenses are recognized when goods and services are received.

(e) Parliamentary appropriations

The Government of Canada provides funding to the Council. The portion of the parliamentary appropriation used to purchase depreciable property, plant, and equipment is recorded as deferred government funding and amortized on the same basis and over the same periods as the related property, plant, and equipment. The portion of the appropriation related to operations is recorded in the Statement of Operations and Comprehensive Income in the year for which it is approved.

(f) Vacation pay

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

(g) Employee benefit plan

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

(h) Employee future benefits

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

(i) Management estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. The useful life expectancy predictions for property, plant, and equipment and certain employee-related liabilities are the most significant items where estimates are used. Actual results could differ from management's best estimates as additional information becomes available in the future.

(j) Financial instruments – measurement and recognition

As required by Section 3855, the Council has classified cash as a financial asset held for trading and is measured at fair value. Accounts receivable are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other financial liabilities. Financial assets classified as loans and receivables and financial liabilities other than those held for trading are initially measured at fair value and subsequently measured at amortized cost.

3. CAPITAL MANAGEMENT

SCC's capital includes retained earnings and other comprehensive income as follows:

	2009	2008
Retained earnings	\$ 3,131,059	\$ 3,451,245
Accumulated other comprehensive income	152,931	110,715
Equity	\$ 3,283,990	\$ 3,561,960

SCC operates on a cost-recovery basis. Its objective when managing capital is to effectively manage actual costs to budget on an annual basis and to ensure that it has adequate capital to deliver its mandate and to ensure that it continues as a going concern. SCC is prohibited from issuing its own capital or its own debt to meet any capital requirements.

SCC's capital management is approved annually through its corporate plan and budget.

There is no externally imposed capital requirement that the SCC is required to comply with.

SCC has managed its actual costs to budget as approved in its 2008-09 corporate plan and budget. No changes were made in the objectives during the years ended March 31, 2009 or March 31, 2008.

4. FINANCIAL INSTRUMENTS

The Council's financial instruments consist of cash, accounts receivable and accounts payable and accrued liabilities. 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 value of each financial instrument approximates its fair value because of the short maturity of the instruments.

In the normal course of business the Council is exposed to credit risk and liquidity risk. The Council's exposure and strategies to mitigate these risks are noted below:

Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument, leading to a financial loss. The maximum exposure the SCC has to credit risk is \$1,179,081 which is in relation to its accounts receivable. Credit is granted to customers as required for the assessment of additional fees that may be determined to be applicable after audit or accreditation. Credit may also be granted to customers in accordance with existing policies pertaining to deferred payment of fees. In all cases, prudence with respect to credit risk incurred is observed at the time of the transaction. Credit is automatically granted to employees for travel and salary advances. Credit is also automatically extended to government departments, agencies, Crown corporations, and government business enterprises. There is minimal potential risk of loss related to receivables from governmental agencies and employees. SCC does not hold any collateral as security. There are no concentrations of accounts receivable with any one customer and accordingly no significant credit risk.

As at March 31, the aging of non-related party accounts receivable is as follows (for terms and conditions relating to related party receivables, refer to Note 12):

	Total	Current	30-60 Days	60-90 Days	90-120 Days	>120 Days
2009	\$ 1,179,081	\$ 885,065	\$ 112,366	\$ 54,194	\$ 6,336	\$ 121,120
2008	\$ 1,239,411	\$ 838,098	\$ 305,604	\$ 36,826	\$ 4,585	\$ 54,298

SCC will record an allowance considering the age of the outstanding receivable and the likelihood of collection. Provisions are also made for clients where collection of the receivable is doubtful based on information gathered through collection efforts. An allowance is reversed once collection of the debt is successful or the amount is written off.

An account receivable will be considered to be impaired or written-off when the SCC is certain that collection will not be made and appropriate approvals have been obtained. During the year, no interest was earned on impaired assets and none of the past due amounts have been renegotiated. Those that are neither past due, nor provided for or impaired are considered to be of good quality.

At March 31, 2009 accounts receivable at initial value of \$24,400 (2008 - \$33,103) were impaired and fully provided for. The following table provides a reconciliation of the allowance during the year.

The movement in this allowance is summarized below:

	2009	2008
Balance at beginning of year	\$ 33,103	\$ 28,750
Add charge for the year	47,690	7,140
Less utilized	(56,393)	(2,787)
Unused amounts reversed	-	-
Balance at end of year	\$ 24,400	\$ 33,103

Liquidity risk

Liquidity risk is the risk that the SCC will encounter difficulty in meeting its obligations associated with financial liabilities. SCC's objective is to maintain sufficient cash through drawdown of its voted parliamentary appropriation, collection of Conformity Assessment fees and other services in order to meet its operating requirements. SCC manages liquidity risk through a detailed annual planning and monthly cash flow planning and billing process which is structured to allow for sufficient liquidity from one billing period to the next. In addition the SCC sets guidelines for working capital of two month's cash requirements, a current ratio of 2.5 to 1 and a quick ratio of 2 to 1.

As at March 31, 2009, all accounts payable and accrued liabilities are due within one year.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: Interest rate risk, currency risk and other price risks such as equity risk. SCC's financial instruments are not significantly exposed to market risk.

5. PROPERTY, PLANT, AND EQUIPMENT

	2009		2008	
	Cost	Accumulated amortization	Net book value	Net book value
Furniture	\$ 282,593	\$ 269,160	\$ 13,433	\$ 13,115
Equipment	1,569,304	1,343,277	226,027	259,584
Leasehold improvements	777,697	377,419	400,278	460,377
	\$ 2,629,594	\$ 1,989,856	\$ 639,738	\$ 733,076

6. DEFERRED GOVERNMENT FUNDING

Deferred government funding represents the unamortized portion of parliamentary appropriation used to purchase depreciable property, plant, and equipment.

Changes in the deferred government funding balance are as follows:

	2009	2008
Balance at beginning of year	\$ 533,506	\$ 514,614
Add appropriation used to acquire depreciable property, plant, and equipment	101,877	204,402
Less amortization	(168,932)	(185,510)
Balance at end of year	\$ 466,451	\$ 533,506

7. 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:

	2009	2008
Balance at beginning of year	\$ 199,570	\$ 225,853
Less amortization	(26,283)	(26,283)
Balance at end of year	\$ 173,287	\$ 199,570

8. CONTRIBUTIONS RECEIVED

The Council has received funds from unrelated parties on a voluntary basis, which are restricted to the hosting of international technical committee meetings and conferences held in Canada. These funds from non-owners have been recorded in other comprehensive income as contributions received and are recognized as revenue at the time the related expenses are incurred.

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

	2009	2008
Balance at beginning of year	\$ 110,715	\$ 61,851
Add contributions received	205,480	99,253
Less contributions expended	(163,264)	(50,389)
	42,216	48,864
Balance at end of year	\$ 152,931	\$ 110,715

9. 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.

10. EXPENSES

	2009	2008
Salaries and employee benefits	\$ 8,464,348	\$ 7,765,989
Travel	2,228,660	1,956,175
Professional and special services	1,547,782	1,666,815
Memberships in international organizations	1,023,140	1,017,827
Office accommodation	635,372	631,193
Meetings	325,320	403,044
Amortization of property, plant, and equipment	195,215	211,793
Publications and printing	121,544	234,749
Telecommunications and postage	112,710	126,773
Office supplies	104,440	143,526
Public relations	92,605	61,944
Rental of office equipment	59,533	53,869
Other	344,734	279,970
	\$ 15,255,403	\$ 14,553,667

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

	2009	2008
Council's contributions	\$ 842,429	\$ 706,030
Employees' contributions	\$ 395,029	\$ 332,847

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

11. COMMITMENTS

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

2009-2010	\$ 331,799
2010-2011	\$ 345,290
2011-2012	\$ 350,845
2012-2013	\$ 350,845
2013-2014	\$ 350,845
Balance	\$ 453,176

12. RELATED PARTY TRANSACTIONS

The Council is related in terms of common ownership to all Government of Canada departments, agencies and Crown corporations. The Council enters into transactions, which are measured at the exchange amount, with these entities in the normal course of business. During the year, the Council incurred expenses totaling \$60,581 (2008 - \$183,829) and recorded revenues of \$1,349,877 (2008 - \$1,569,302) with related parties. As at March 31, 2009, the Council recorded accounts receivable with related parties of \$389,067 (2008 - \$472,266) and accounts payable of \$13,300 (2008 - \$15,928).