



Standards Council of Canada
Conseil canadien des normes

Annual Report
2000-2001

**Canadian Standards Strategy,
the first year**

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How to reach us

Address: Standards Council of Canada
270 Albert Street, Suite 200
Ottawa, Ontario K1P 6N7

Telephone: +1 613 238 3222
Fax: +1 613 569 7808
E-mail: info@scc.ca
Web site: <http://www.scc.ca>

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The Standards Council of Canada

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

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

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

Standards development

The Standards Council accredits organizations that develop standards in Canada. It also approves the standards developed by those organizations as National Standards of Canada.

Internationally, the Standards Council coordinates Canada's participation in the International Organization for Standardization (ISO) and the International

Electrotechnical Commission (IEC), two of the world's most important voluntary standardization bodies. It also encourages the adoption and application of international standards in Canada.

Conformity assessment

Conformity assessment is the practice of determining whether a product, service or system meets the requirements of a particular standard. The Standards Council accredits organizations that perform this function, including certification bodies, testing and calibration laboratories, ISO 9000 quality management systems (QMS) registrars, ISO 14000 environmental management systems (EMS) registrars, and QMS and EMS auditor course providers and auditor certifiers.

Intergovernmental affairs and trade

The Standards Council advises federal, provincial and territorial governments on aspects of trade and regulatory policy related to standards and conformity

assessment. It also takes part in international mutual recognition activities to help ensure that Canadian exports of goods and services are accepted in foreign markets, and in initiatives to assist developing countries in the development of their own standards and conformity assessment systems.

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

Everything old is new again

Hugh Krentz, Vice-Chair

One year ago, the Standards Council of Canada established a bold new challenge for itself and the other members of the National Standards System (NSS), in the form of the Canadian Standards Strategy.

Launched on March 29, 2000, the Strategy presents an outline for a more collaborative and strategic approach to Canada's standardization activities. It identifies priority objectives and an action plan for achieving those priorities, with the intention of ensuring that standardization continues to advance the social and economic well-being of Canadians in a global economy. Over the past year, the Standards Council and its partners have set about converting the recommendations of the Strategy into action.

Coincidentally, the past year also marked the 30th anniversary of the creation of the Standards Council, an occasion which has prompted much reflection on our challenges and accomplishments over the years.

These two milestones make for some interesting comparisons. The Strategy responds to recent changes in the world of standardization, and establishes a newly focused and

coordinated approach to standardization in Canada. However, the fundamental challenges it was devised to address are not new at all. Many of them, in fact, are ones which the Standards Council has been facing for most of its history. Indeed, it could be argued that they are almost inherent to the practice of standardization.

On the international front, for example, the Strategy highlights the importance of Canadian participation in standardization activities that influence the development of international standards and conformity assessment systems, and improve Canada's access to global markets.

One of the factors that led to the creation of the Standards Council was Canada's disproportionately small influence in international standardization forums such as the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC). Under the leadership of the Standards Council, Canada has become a leading member of these organizations. At the regional level, we are involved in standards bodies uniting both the Americas and the nations of the Pacific Rim.



Another important focus of the Standards Council's early years was the development of an accreditation system for Canadian conformity assessment bodies. The growth of global markets in the years since has given that work an increasingly international orientation. One of the most significant changes has been the gradual development of global accreditation regimes. The Standards Council is taking part in the agreements through which these regimes are being established, and is providing Canadian businesses with the tools and information they need to take advantage of them.

At the same time, the traditional system of accredited third-party conformity assessment bodies faces a variety of challenges. These include the desire for alternative schemes for products with short life cycles,

and growing industry support for such measures as suppliers' declarations of conformity. The Standards Council is monitoring these developments as well, and working to ensure that any new schemes that emerge represent the needs of all stakeholders.

Information has been another fundamental element of the Standards Council's mission. While the means for communicating standards information have changed enormously over the last 30 years, the need to increase Canadians' awareness and understanding of standardization has not. If anything, the growing influence of standardization on Canada's social and economic well-being has increased its importance.

The Standards Council is continuing its effort to position itself as Canada's primary source of standards and conformity assessment information. In addition to the Internet, this effort involves print, multimedia presentations and various forms of outreach to decision makers at all levels of society, both directly and through the members of the NSS.

The subject matter that standards address has changed significantly since the days when standards bodies concerned themselves more or less exclusively with technical subjects such as the design of railway bridges or the length and threading of screws. This process of change began early in the Standards Council's history, with the dawning awareness that standards could

perhaps be applied to less tangible subjects such as quality management.

Today, standards are making their influence felt in areas such as the environment, health, safety and privacy. The Standards Council has already demonstrated its leadership in the discussion of these new issues, both domestically and internationally. In response to the Strategy, the Standards Council is now in the process of developing mechanisms to guide standardization activities in these and other emerging areas.

One of the earliest challenges faced by the newborn Standards Council was the task of encouraging existing, highly independent standards and conformity assessment organizations to become partners in a National Standards System. That challenge is reiterated in the Canadian Standards Strategy, which calls on the Standards Council to make the system more effective and representative of the people, businesses, organizations and governments affected by standardization.

Work is now underway to enhance the training, support and recognition provided to Canadians who take part in the development and application of standards. The Standards Council is constantly in the process of establishing new partnerships and strengthening existing ones.

The body of this Annual Report describes in detail the Standards

Council's achievements over the past fiscal year in the context of the National Standards Strategy. Many of those achievements have laid the groundwork that will be essential to the Strategy's implementation — and in doing so, demonstrate the will and determination that are necessary for its success.

While much of the work involved in implementing the Strategy falls to the Standards Council, successful achievement of the goals it sets out will require a committed effort on the part of all Canadian standards stakeholders. Fiscal year 2000–2001 saw the beginning of that implementation effort. I invite every Canadian with an interest in standardization to join us in seeing that effort through to its conclusion.



Note: Linda Lusby's term as Chair of the Standards Council of Canada expired on March 31, 2001. At the time this report was published, a new Chair had not been appointed. In the interim, Hugh Krentz, the Vice-Chair of Council, served as Acting Chair.

Building for a new challenge

Peter Clark, Executive Director

A construction site can be a fascinating place, thanks to the noise, the movement and the sense of something taking shape.

The Standards Council of Canada experienced some of that excitement during fiscal year 2000–2001, thanks to a burst of construction, both metaphorical and literal.

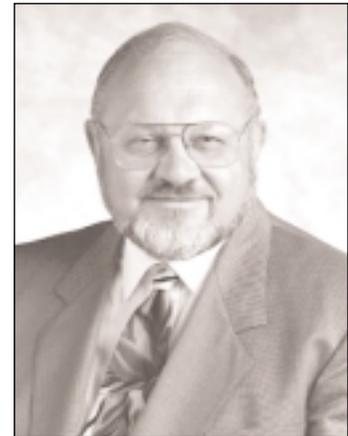
In the metaphorical sense, the Standards Council began construction on a new structure for standardization in Canada, as described in the Canadian Standards Strategy. Thanks to the Standards Council and the National Standards System it heads, Canada already has a strong foundation in standards and conformity assessment. During 2000–2001, the Standards Council sought to build a solid framework for that new structure on the existing foundation.

Like any construction project, the Strategy will require the work of many hands. Among the most important of these will be the people and organizations that make up the National Standards System, and the many other government agencies, businesses and non-government organizations with a stake in standardization.

The Standards Council is working to strengthen its existing relationships with partners such as Industry Canada and the Department of Foreign Affairs and International Trade, and to develop relationships with an ever-wider variety of new partners.

Another key relationship for the Standards Council is with the more than 300 conformity assessment organizations that it has accredited. We are continually improving the service we provide to our clients to ensure their continued ability to meet the growing need for conformity assessment services. For example, during the year, the Standards Council instituted a number of changes to its laboratory accreditation program, including a revised fee structure and a new guidance document. A series of detailed advance briefings won client acceptance, and the changes took effect on schedule, with little negative response, helping to move the programs closer to full cost recovery.

A less formal, but perhaps even stronger indication of clients' satisfaction with the Standards Council's accreditation programs is their continued expansion. Over an 18-month period, the laboratory



accreditation program grew by almost 20 per cent. Strong growth was also apparent in the QMS registrar and certification body programs.

Several thousand Canadians contribute to the work of the National Standards System through standards development committees, conformity assessment programs and advisory committees. This important resource needs to be cultivated to ensure that the right people are in place, and that they have the proper tools, training and motivation to serve Canada's standardization needs. A new volunteer program, extensively developed during 2000–2001 and scheduled to be unveiled in the new fiscal year, is intended to significantly enhance the recruitment, training and recognition of volunteers.

The Standards Council continues to expand the variety of standardization-related products and services it offers to Canadians. This year saw the publication of *The Story So Far*; a first-of-its-kind report on Canada's experience with ISO 9000, ISO 14000 and QS-9000. Based on a national survey of organizations deemed likely to use these management systems standards, the report enjoyed strong sales and favorable reviews in a number of specialty industry publications.

The report was also the first item to be sold through a new electronic commerce system on the Standards Council's Web site. With this system, the site now offers the potential to generate revenue for the Standards Council through the sale of information products such as specialized research reports. Several such products are now in development, and are expected to be launched in 2001–2002.

The literal construction took place early in the year, as a consequence of the Standards Council's relocation to a new headquarters. The move was intended to provide a new working environment for the organization's staff that was both physically and financially more efficient. As with most office moves, the new headquarters needed some renovation before the relocation to ensure that the new work space met the Standards Council's needs. And, as often happens, the work continued for some time even after we had moved in.

The Web site underwent extensive

renovation during the year, acquiring a fresh new look and feel and a host of new features.

During 2000–2001, the Standards Council conducted customer satisfaction research on a variety of key client groups, including visitors to the Web site, clients of the Information and Research Service and Enquiry Point, and clients of its accreditation programs. The surveys provided a wealth of data on clients' levels of satisfaction (generally high) and their needs, and provide guidance for future improvements in service delivery. Further research will be conducted in 2001–2002.

Internally, the Standards Council took steps to build a new and stronger human resources structure during 2000–2001. This was the first year of operation of a new compensation and performance management system intended to provide staff with clear objectives to work toward during the year. The system forms the core of a new approach to compensation that enables the organization to attract and retain exceptional performers.

The Standards Council also sought to strengthen its foundation through the appointment of a full-time quality manager. Reporting to the Executive Director, this new manager will be responsible for overseeing the maintenance and continued improvement of the organization's quality management system (QMS), formerly the part-time responsibility of another staff member. In addition to ensuring that operations are carried out

consistently and effectively, the QMS will help the Standards Council to qualify for a number of mutual recognition agreements with its counterparts around the world.

In light of the launch of the Canadian Standards Strategy, the Standards Council undertook a thorough assessment of its ability to effectively fulfil its commitments under the new plan. The conclusion of that assessment was that existing resources are inadequate to properly carry out all of the work that needs to be done to implement the Strategy. Accordingly, the Standards Council has applied to Treasury Board for an increase in its parliamentary appropriation. That application was still pending at the end of the fiscal year.

Construction is still not complete, but it's well under way. At the close of 2000–2001, Canada's new structure for standardization is beginning to take shape. Built on the strong foundation of the Standards Council and the National Standards System, and following the design of the Canadian Standards Strategy, we can expect it to stand for many years to come.





Introduction

Elements of the Canadian Standards Strategy

Fiscal year 2000–2001 was a period of transition for the Standards Council of Canada. In addition to being the final year of an ambitious three-year Strategic Plan, it was the first year of implementation of the Canadian Standards Strategy.

Officially launched on March 29, 2000, the Canadian Standards Strategy is a blueprint for the future structure of standardization activity in Canada. Its purpose is to provide direction and leadership on how to use standardization to best advance the social and economic well-being of Canadians in a global economy.

The eight key elements of the Strategy identify goals and actions that standards and conformity assessment stakeholders have identified as priorities for the entire National Standards System. A set of 23 initial implementation proposals provides a detailed, concrete framework for beginning the process of converting strategy to reality.

All of this is a response to the changing environment in which standardization takes place. Influences such as globalization, growing concern for the environ-

ment and the changing role of government have had a profound effect on standardization.

The Strategy is intended to guide Canada's response to that changing environment. The direction it suggests is not a radical change in course, but rather a renewed, focused and coordinated approach to many of the activities in which standardization stakeholders are already engaged.

As a result, many of the activities and initiatives undertaken by the Standards Council — including some going back to its establishment 30 years ago — reflect and contribute to the objectives of the Canadian Standards Strategy, even if they are not specifically identified in the Strategy or the implementation plan.

In recognition of the importance of the Canadian Standards Strategy, the structure of this report reflects the Strategy's eight key elements. The activities and accomplishments of the past year are described under the element to which they are most closely aligned.

It should be noted that, while the Strategy is central to much of the

activity described in this report, this document is not intended to serve as a report on the implementation of the Strategy *per se*. While the Standards Council is a significant and central player, the Strategy will be implemented by the National Standards System acting as a whole. A detailed report on overall progress toward the Strategy's objectives is therefore outside the scope of this document. A summary report on the Standards Council's activity in support of the implementation plan is included in the "Plans and actions" section (please see page 20).

For more information on the Canadian Standards Strategy and its implementation, please visit the Standards Council's Web site at <http://www.scc.ca>, or contact the Standards Council directly (please see the contact information on the inside front cover).

Canadian Standards Strategy element no. 1:

Participate in the development of international standards, and use standards adopted or adapted from internationally accepted standards to the greatest extent possible.

In today's global environment, international standards have become an important means of achieving social and economic prosperity for individuals, firms and nations. Well-defined, widely applied standards enhance trade and increase opportunities for Canadian industry in markets abroad. At the same time, internationally agreed-on and harmonized standards for social and public policy issues, such as the protection of privacy, preservation of the environment, and the promotion of health and safety, serve to shape the world and society in which we live.

Under the auspices of the Standards Council, almost 3,000 Canadians take part in the work of the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC), two of the world's foremost standards development bodies. Canada is a participating member of 151 ISO and IEC technical committees, 270 subcommittees and a number of working groups, in a wide variety of socially and economically significant fields, including information technology, energy, mining and minerals, health care and the environment.

Canada is not just a participant in this effort, it is also a leader. During the year, Canadians held positions in the influential management bodies and policy development committees of ISO and IEC. These included ISO's Technical Management Board and its committees on conformity assessment (CASCO), consumer policy (COPOLCO) and developing country matters (DEVCO), and IEC's Council Board and Committee of Action.

Canadians also play a leading role in the technical work of the two organizations. For example, Canada holds the chair and secretariat of ISO/TC 176, the technical committee on quality management responsible for the world-famous ISO 9000 series of quality management systems standards. During the year, TC 176 completed and published the revised "Year 2000" versions of the core standards in the series. The revised standards are intended to be easier to understand and apply, particularly in conjunction with an

An international leader

Canada plays an influential role in international standardization. In addition to providing chairs and secretaries for the technical committees listed below, Canadians lead over 100 subcommittees and working groups of the International Organization for Standardization (ISO), the International Electrotechnical Commission (IEC) and their Joint Technical Committee on Information Technology (ISO/IEC JTC 1).

As this table shows, Canada focuses its leadership efforts in areas related to Canadian trade priorities such as safety, natural resource industries, ISO 9000 and 14000, and new technologies.

Technical committee	Canadian chair	Canadian secretariat
ISO		
Paper, Board and Pulps (TC 6)	•	•
Dentistry (TC 106)	•	
Nickel and Nickel Alloys (TC 155)	•	•
Timber Structures (TC 165)	•	•
Quality Management and Quality Assurance (TC 176)	•	•
Hydrogen Technologies (TC 197)	•	•
Environmental Management (TC 207)	•	•
IEC		
Hydraulic Turbines (TC 4)	•	•
Overhead Electrical Conductors (TC 7)	•	
High-Voltage Testing Techniques (TC 42)		•
Tools for Live Working (TC 78)		•
Fire Hazard Testing (TC 89)		•
Electrical Insulation Systems (TC 98)	•	
Fuel Cell Technologies (TC 105)	•	
Methods for the Assessment of Electric, Magnetic and Electromagnetic Fields Associated With Human Exposure (TC 106)		•

ISO 14000 environmental management system.

ISO and IEC are taking steps to modernize their procedures and products, and Canada is playing a part in this effort as well. In January, the Standards Council and CSA International sponsored a workshop to develop ISO's first Industry Workshop Agreement. This is one of a number of new types of documents intended to provide stakeholders with technical guidance in a shorter timeframe than the formal ISO process normally permits. The event brought together 135 health professionals, including health care providers, consultants, accrediting bodies, government representatives and third party payers, to develop a document providing much-needed guidance on the application of ISO 9000 to the health care sector.

Canada was a leading player in efforts to strengthen and highlight the use of the "in some countries" clause in IEC standards. This provision allows the inclusion in IEC standards of requirements that reflect conditions in particular countries. That allows products manufactured in these countries to be accepted in other jurisdictions that reference IEC standards.

Canada's national standards are becoming increasingly aligned with foreign and international standards, ensuring that Canadian industry is positioned to develop products that succeed in global markets. In 2000–2001, 156 of the 199 National Standards of Canada approved by

the Standards Council were adopted from or based on regional or international standards.

Canadian Standards Strategy element no. 2:

Prioritize standardization efforts and resources within three key areas:

- those in which Canadians have a major interest in health, safety, the environment or other social issues
- trade sectors in which there are existing or potential benefits to Canadians
- harmonization of standards where appropriate, and especially within North American markets.

Participation in standardization activities can be expensive and time-consuming. Canadians must therefore direct their efforts and resources to areas of greatest existing and potential benefit. All global standards forums will continue to be important for many sectors of our economy. At the same time, NAFTA-related venues are clearly a high priority for Canadian standardization initiatives.

In setting priorities for standardization activities, ongoing analysis of trade flows for Canadian products and services, as well as markets, competitors and market opportunities, is essential. Similarly, Canadians must target efforts at issues in which we have major social, environmental, health or safety concerns, and at "niche mar-

kets" in which our standardization efforts have the potential to be particularly fruitful.

As an example, efforts are underway to coordinate standardization efforts in the area of electrical safety, ensuring both the effective use of scarce resources and the development of consistent policies and positions. At the policy level, a number of committees of the Standards Council, CSA International and Underwriters' Laboratories of Canada (ULC) have agreed to work together through the Canadian National Committee of IEC (CNC/IEC). At the technical level, CSA International is continuing to restructure its standards development committees to reflect the committee structure of IEC and the Council for the Harmonization of Electrotechnical Standards of the Nations of the Americas (CANE-NA). This will enable Canadians to discuss national, regional and international issues at the same table.

In their efforts to harmonize requirements, standards bodies will need to acknowledge the significant differences that sometimes exist between practices and technologies around the world. IEC, for example, recently accepted a recommendation from its Global Relevance Task Force to give equal status in IEC standards to the varying essential requirements of different regions of the world. Canada played a central role in this important step forward by providing the convener of the task force.

Issues of health and safety have

always been an important factor in the operation of the Standards Council's accreditation program for laboratories. Many of the current and emerging program specialty areas in which the Standards Council offers accreditation address the ability of laboratories to perform tests whose results have a direct bearing on the health and safety of Canadians.

For example, concern has been expressed about the effect that drugs used to treat farm animals may have on humans consuming milk, meat or eggs from these animals. During 2000–2001, the Standards Council granted the first accreditation under its program for laboratories engaged in test method development and non-routine testing. The recipient was the Canadian Food Inspection Agency's Centre for Veterinary Drug Residues, which develops and conducts tests for traces of veterinary drugs in animal tissues and products.

Some Canadians are also concerned about the reliable use of forensic laboratory procedures such as DNA testing in civil and criminal courts. The Standards Council and the Canadian Society of Forensic Science (CSFS) have developed an accreditation program for forensic laboratories. During 2000–2001, this program also granted its first accreditation and accepted several other applications.

Another example of a standardization initiative that reflects these priority areas is the Standards

Council's sustainable forest management (SFM) accreditation program. Forest products are an important trade sector for Canada. According to Statistics Canada, exports of forest products accounted for approximately \$41 billion, or about 10 per cent of the total value of Canada's exports, in 2000. The conditions under which these products are grown, harvested, processed and renewed have also become an environmental issue in Canada and around the world.

Under the SFM program, accredited environmental management systems (EMS) registrars may register forest companies that conform to CAN/CSA-Z809-96, *A Sustainable Forest Management System: Guidance Document*, a National Standard of Canada. By year end, two EMS registrars were accredited under the program, and a third registrar's application was under review. Approximately half of Canada's allowable annual forestry cut is now being managed under either this standard or a registered ISO 14001 EMS.

Another environmental issue of concern to Canadians is climate change. The Standards Council is active at the national and international levels in the effort to find standardization-based solutions to this problem. On behalf of the Standards Council, CSA International manages the secretariat of ISO's ad hoc group on climate change. The group's mandate is to identify and promote ways in which new or existing ISO standards and

guides could be applied to the issue of climate change. The Standards Council is also studying ways in which its conformity assessment accreditation programs could be used to support Canadian greenhouse gas measurement and verification initiatives.

Canada's major trading partner is of course the United States. There are also significant trade flows, and the potential for greatly expanded trade between Canada and other countries in North, Central and South America and the Pacific Rim, through initiatives such as the proposed Free Trade Area of the Americas.

The Standards Council has been an active and influential participant in a number of standards and conformity assessment organizations serving these regions, including the Pan-American Standards Commission (COPANT), the Pacific Area Standards Congress (PASC) and the Pacific Accreditation Cooperation (PAC). These organizations bring together standards and conformity assessment bodies to discuss issues of common concern, share experience and expertise, and promote harmonized approaches to standardization.

Canada plays a leading role in many of these forums. Our influence is illustrated by the fact that Linda Lusby, whose term as Chair of the Standards Council expired at the end of 2000–2001, has been nominated for the presidency of COPANT.

Another forum through which the Standards Council is developing closer ties with Canada's regional trading partners is the IEC. Canada is a member of IEC's Asia-Pacific steering group, which provides a forum for developed and developing countries in the region to establish common positions for issues before IEC's policy and management committees. The Canadian, U.S. and Mexican national committees of IEC also work together on a regular basis, a partnership that is expected to expand to include other IEC members in the forthcoming Free Trade Area of the Americas (FTAA).

Canada's trade priorities include helping developing countries to increase their trade capacity and take full advantage of the potential benefits of globalization. Harmonized standards and conformity assessment are an important element in ensuring market access for and technology transfer to developing nations. The Standards Council has provided technical assistance to developing countries for a number of years, bilaterally and through regional and international standards bodies, the Asia-Pacific Economic Cooperation (APEC) and the World Trade Organization (WTO). It is now seeking a more proactive and coordinated approach that supports Canada's trade and development objectives. In 2000–2001, for example, the Standards Council assumed a more active role in ISO's committee on developing country matters (DEVCO) by establishing a

Canadian advisory committee on DEVCO.

Canadian Standards Strategy element no. 3:

Monitor and evaluate innovations in conformity assessment practices, and actively pursue new international arrangements of anticipated benefit to Canada.

In considering innovation in conformity assessment practices, a little history will provide a backdrop for this evolving activity. Based primarily on third-party assessments, i.e., assessments by those with no interest in the outcome, there has been a world-wide acceptance of the concept. Canada has provided leadership in the development of the management system standards that have been produced for quality and, more recently, environment management systems.

ISO's conformity assessment group, CASCO, has been busy over the years building a series of guides and, more recently, standards designed to provide a common approach to the performance of conformity assessment for testing laboratories, product certification bodies, inspection bodies and management systems registration (certification) organizations. The standardization organizations that are also accreditation bodies, such as the Standards Council, have been directly involved in the work of CASCO while also being responsible for the secretariats for the ISO 9000 and 14000 standards. These

CASCO documents have provided the basis for a number of international recognition arrangements that are outlined later in this report. More recently, Canada is playing an important role in CASCO's working groups, particularly through its convenorship of a working the group that is revising ISO and IEC's code of good practice for conformity assessment. CASCO is also working on revising criteria documents for accreditation bodies, management systems registrars, and EMS and QMS auditors.

A number of years ago, it became clear that a more international approach to conformity assessment could be achieved if the registration organizations developed Memoranda of Understanding between them to facilitate recognition of their clients on a broader base. But this process was quite duplicative as many registrars sought out partners around the world. One Canadian registrar had MOUs with over 30 other registrars, many from far away places. This prompted the accreditation bodies to consider arrangements among themselves that would tie the registrars together as a more practical alternative to individual MOUs. Thus was born the International Accreditation Forum (IAF). With the increasing volume of trade across jurisdictions, the potential existed for unnecessary (and costly) duplication of conformity assessment practices and the accreditation bodies took action to deal with these anomalies. IAF's consideration of setting up an inter-

national accreditation infrastructure led the International Laboratory Accreditation Cooperation (ILAC), set up initially in the late 1970s, to reconsider its approach in this area.

Today, the IAF and ILAC have developed a comprehensive set of guidance documents and protocols that work with the CASCO guides and standards to help accreditors serve their clients better and more consistently worldwide. In parallel with this, several regional bodies have sprung up in Europe, the Asia Pacific, and the Americas, and now possibly in Africa and the Middle East. These bodies provide support for the accreditation bodies (ABs) in their region and are also linked to other regions by being recognized by the IAF and or ILAC.

These conformity assessment initiatives were all designed to facilitate world trade. One of the other important roles of the Standards Council is to take part in the development and implementation of government-to-government mutual recognition agreements (MRAs). Among the more notable of these trade agreements are three closely related MRAs between Canada and the European Union (EU), the European Free Trade Association (EFTA) and Switzerland. As the Canadian accreditor for certification bodies, the Standards Council continues to play a central role in the ongoing implementation of the electrical safety annexes of these agreements. Looking down the road, it is likely that the SCC will be involved in many aspects of the

Free Trade of the Americas Agreement (FTAA) with Latin American and Caribbean countries.

Bilateral and multilateral agreements such as MRAs among ABs have helped to address these issues in some markets by reducing redundant conformity assessment procedures, thereby lowering costs, reducing delays and expanding trade opportunities. The Standards Council is a signatory to the Pacific Accreditation Cooperation (PAC)'s quality management systems multilateral recognition arrangement (MLA) and the Asia Pacific Laboratory Accreditation Cooperation (APLAC)'s MRA for the accreditation of calibration and testing laboratories. The signing of

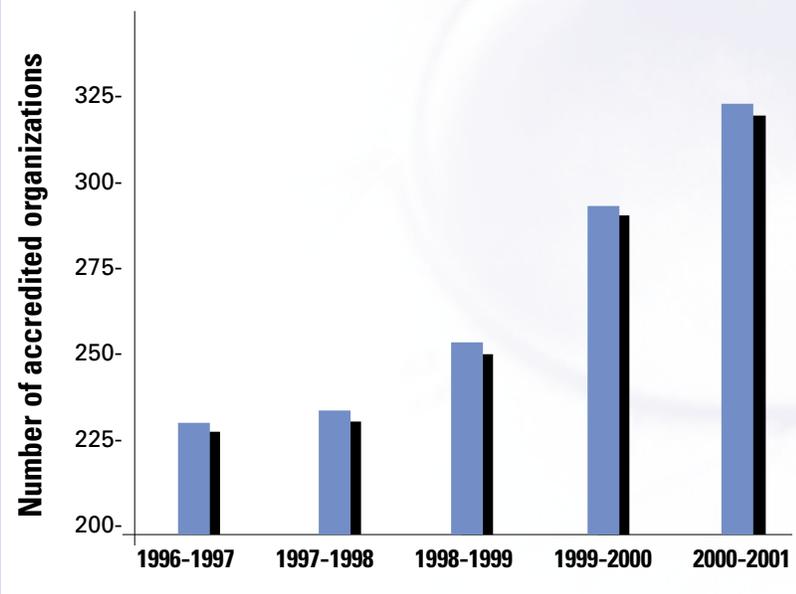
these arrangement documents also provided the Standards Council with the opportunity to sign both the IAF and ILAC MRAs. All accreditation MRAs are based upon comprehensive peer reviews.

The ultimate goal of the IAF and ILAC is to achieve a degree of mutual recognition that will lead to a single test and certification for a product or service that will be accepted worldwide. But the process of worldwide recognition takes time, as confidence needs to be built up between organizations and across cultures.

Canadians are able to take advantage of these and other agreements thanks to the Standards Council's

A growing resource

To take advantage of the expanding global marketplace, Canadian industry needs to demonstrate that its products and services conform to standards. Demand for internationally recognized conformity assessment procedures is increasing. As a result, the number of conformity assessment organizations accredited by the Standards Council has grown steadily over the past few years.



accreditation programs for conformity assessment organizations. Another factor in the Standards Council's acceptance into these agreements is its use of internationally recognized accreditation procedures and guidelines. In 2000–2001, the Standards Council adopted the new ISO/IEC Guides 65 and 66 as the basis for its accreditation programs for product certification bodies and EMS registrars, respectively. It also continued the implementation of ISO/IEC 17025, a new standard for laboratory accreditation. The adoption of these new requirements qualifies the Standards Council to participate in a variety of current and emerging MRAs. The Standards Council also uses ISO/IEC Guide 62 in its program for the accreditation of QMS registrars, which qualifies it to participate in MRAs in that area.

While these accreditation arrangements were under development other mechanisms were under consideration to attempt to deal with what had been seen by many as a more urgent need for recognition of products in some sectors, particularly for products with short life cycles. Less formal means of assessment such as self-declaration and supplier qualification were developed and have been accepted.

Another method to achieve product recognition has been developed at the certification body level where peer-review activities at that level permit mutual acceptance of test results. There are the three conformity assessment schemes devel-

oped by IEC: the IECCE-CB scheme for testing and certification of electrical equipment, the IECQ quality assessment system for electronic components, and the IECEx scheme for certifying electrical equipment for explosive atmospheres. Canada has been an essential player in the development and implementation of these systems, and was heavily involved in IEC's decision this year to open up the schemes to countries that are not current IEC members.

Both these mechanisms serve a particular client base and work well.

Looking again at the accreditation MRAs (as distinct from the trade-related agreements), one of the most significant accreditation-body agreements is the multilateral recognition arrangement between its AB members for ISO 9000 quality management systems (QMS) developed by the IAF. The Standards Council is a signatory to both the IAF arrangement and its regional counterpart, the PAC arrangement.

During 2000–2001, both IAF and PAC accepted new members to their agreements and began developing procedures to expand their agreements to cover the accreditation of ISO 14000 environmental management systems (EMS) registrars and product certification bodies. The Standards Council has applied to join the PAC EMS agreement and plans to apply to join the product certification agreement during the new fiscal year.

Towards the end of the year, the Standards Council signed two accreditation MRAs between ABs providing laboratory accreditation services. It became the thirteenth signatory to the APLAC MRA in the summer, following a comprehensive evaluation of its procedures. That acceptance enabled the Standards Council to become one of the 36 member bodies that signed the MRA developed by the ILAC in November. Both accreditation arrangements are expected to increase the value that the Standards Council's laboratory accreditation program provides to participating laboratories and their clients by increasing acceptance of Canadian test results around the world.

That acceptance should be further enhanced by a bilateral recognition agreement on laboratory accreditation between the Standards Council and the U.S. National Cooperation for Laboratory Accreditation (NACLA). The agreement was in development at year end and was expected to be signed early in the new fiscal year.

Other regional organizations are also in the process of developing MRAs. During 2000–2001, the Standards Council became a full member of the Interamerican Accreditation Cooperation (IAAC). IAAC is developing an ISO 9000 MRA for North, Central and South America that would enable these countries to participate in the IAF MRA. Work is also underway on an MRA for testing and calibration

laboratory accreditation bodies; the Standards Council is contributing to the MRA efforts of the IAAC Working Group developing these arrangements.

As noted above, these agreements are possible due to the adoption by participating countries of internationally recognized criteria and procedures developed through ISO's committee on conformity assessment (CASCO) and corresponding protocols adopted by IAF and ILAC. Canada is playing an important role in CASCO's working groups, particularly through its convenorship of the group that is revising ISO and IEC's code of good practice for conformity assessment. CASCO is also working on criteria documents for accreditation bodies, management systems registrars, and EMS and QMS auditors.

As Canada's international trade continues to grow, an increasing number of foreign conformity assessment organizations are seeking Canadian accreditation in order to offer their services to clients selling goods and services to Canada, to demonstrate they are participating in Canadian accreditation programs, to achieve accreditation in countries where accreditation bodies or accreditation programs do not yet exist, or to fulfil requirements of government-to-government trade agreements. During 2000–2001, the Standards Council asked Parliament through the Minister of Industry to amend the *Standards Council of Canada Act* to permit it to accredit organizations

in selected countries in the Americas, Europe and the Pacific Rim. The amendment was pending at year end, and was expected to be approved early in the new fiscal year.

The growing demand for accredited conformity assessment organizations has led the Standards Council to expand the number of specialty areas within its Program for the Accreditation of Laboratories — Canada (PALCAN). In 2000–2001, PALCAN launched a specialty area for proficiency testing providers. These organizations provide test samples of known composition which laboratories then analyze in order to demonstrate their competency. Proficiency testing is an important element in laboratory accreditation.

In cooperation with Agriculture and Agri-Food Canada, the Standards Council also worked to establish an accreditation program for organic agriculture certification bodies. The program, based on a National Standard of Canada developed by the Canadian General Standards Board (CGSB) will help to ensure that Canadian farmers have access to the growing world market for organically grown products. One application to the program had been accepted by the end of the year, and more are expected in 2001–2002.

The Standards Council operates programs for organizations involved in testing, calibration, certification, registration of ISO 9000 quality and ISO 14000 envi-

ronmental management systems, auditor training and auditor certification. By the end of 2000–2001, the Standards Council had accredited 323 such organizations.

Canadian Standards Strategy element no. 4:

Actively communicate the role of standards, and the benefits and challenges associated with standardization processes and products, among public- and private-sector decision makers at all levels of Canadian society

Building awareness and understanding of standardization and the important contribution it makes to Canadians' social and economic well-being is critical to the long-term success and funding of Canada's standardization efforts. An informed public, with a solid understanding of the benefits and appropriate use of standardization processes, will help to ensure that decision makers in both government and industry give full consideration to standardization as an important tool for shaping policies that meet the needs of the Canadian public and industry.

Similarly, it is essential that Canadian industry have a full and balanced understanding of the role of standards and the benefits and challenges of standardization processes and products. This will help to ensure that the businesses and organizations that provide volunteers to the standards system are confident they are making a solid

investment — both for their organization and for Canada.

Communicating the benefits of standardization has been a priority for the Standards Council since its establishment 30 years ago. Over that time, the means of communication available to Canadians have changed considerably, and the Standards Council's communications efforts have changed along with them.

Much of the Standards Council's communication with its clients now takes place through its Web site at <http://www.scc.ca>. Early in 2000–2001, the Standards Council launched a major redesign of the site, intended to make it more visually appealing, more informative and easier to use and navigate. User feedback to the changes was extremely positive.

Changes continued through the year. New content added to the site included notices from the Standards Council's accreditation programs, public review notices for draft Canadian standards, and a new section on the Year 2000 revisions to the ISO 9000 standards.

One of the major additions to the site was a new "News and Features" section intended to provide timely and varied information on standardization developments in Canada and around the world.

Standards Council staff continued to develop and refine policies in Web-site related areas such as pri-

vacy, advertising and reciprocal links to other sites.

The Web site was the subject of a customer satisfaction survey conducted during the year. The survey provided useful guidance on the needs and expectations of site users. It indicated that the site was useful in improving visitors' access to standards information and their use of standards. The findings of the survey will be used to continue to improve and refine the content and presentation of the site.

In recognition of the growing importance of the Internet as an information medium, the Standards Council decided to devote more effort to providing content for the Web site and discontinued regular publication of its newsmagazine *CONSENSUS*. Special issues of *CONSENSUS* will still be published from time to time. These will focus on special events or major issues in standardization.

Two such issues were published in 2000–2001. One focused on the launch of the Canadian Standards Strategy, featuring transcripts of the speeches presented at the cross-Canada launch event. The other celebrated the 30th anniversary of the Standards Council. It featured a detailed account of the organization's history, and congratulatory messages from its counterparts around the world.

The Standards Council produced a number of other informative publications during the year, including a family of brochures on its accredita-

tion programs for EMS and QMS registrars, laboratories and certification bodies.

One of its more ambitious publications was *Management Systems Standards: The Story So Far*, a detailed report on a survey of Canadians' experience with ISO 9000, ISO 14000 and QS-9000. Conducted in cooperation with Industry Canada and the Standards Council's Canadian National Committee on ISO (CNC/ISO), the study was the first comprehensive national survey of the use and acceptance of these influential standards in Canada.

The information gleaned in the survey will help businesses, governments and standards participants to make informed decisions about the future development, implementation and application of the standards.

In addition to being the first study of its kind, the report was also the first product to be made available through the Web site's electronic commerce facility. Buyers could choose to receive a hard copy or download an electronic version. *The Story So Far* enjoyed strong sales and favourable reviews.

In addition to its own information-dissemination efforts, the Standards Council also sought ways of using other media to communicate information about standardization. Staff continued to produce a bimonthly column on ISO 14000 for *Hazardous Materials Management* magazine, and developed a series of

“set piece” articles on the Council’s information service and WTO/NAFTA Enquiry Point suitable for newsletters, magazines and newspapers.

Another important element in the Standards Council’s communications effort is its Information and Research Service, which provides information on programs and services, standards, technical regulations and conformity assessment requirements in Canada and in foreign markets. The service maintains

Canada’s most comprehensive standards reference centre, featuring full collections of standards and standards-related documents from Canada, the U.S., ISO, IEC and key foreign jurisdictions. This material is increasingly being provided in electronic form, ensuring faster, easier access and more up-to-date information. More than 75 per cent of the centre’s standards collection is now in electronic format.

The service responded to more than 6,000 enquiries in 2000–2001.

About two-thirds of these came from Canadian industry, particularly small- and medium-sized businesses. A customer survey of information service clients showed that most reported a high level of satisfaction with the service they had received.

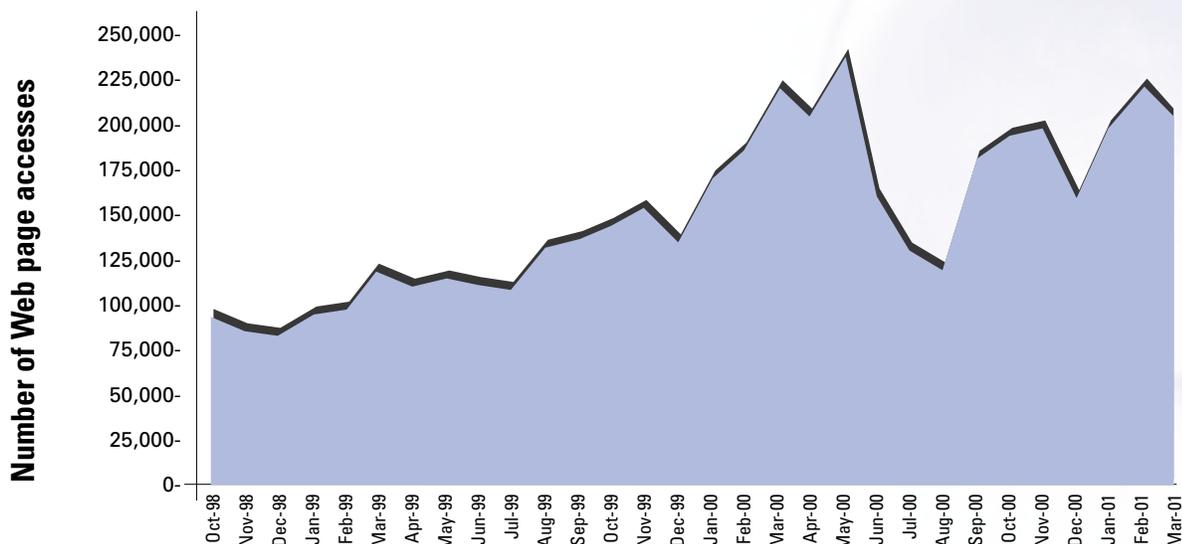
The Standards Council continued to operate Canada’s WTO/NAFTA Enquiry Point on behalf of the Department of Foreign Affairs and International Trade. Through its online database and e-mail based

Questions and answers

The Standards Council of Canada’s Web site has changed the way in which Canadians obtain standards information. A growing number of clients are relying on the Web site for their basic information needs and turning to the Information and Research Service for more complex or specialized queries.

As the graph below shows, the overall number of visitors to the Web site has grown steadily over the years, despite seasonal dips and surges in demand. (The record number of visitors during the period around March 2000 is likely due to interest generated by the launch of the Canadian Standards Strategy.)

The Internet has also become an important avenue of communication with the Information and Research Service. The number of enquiries received via the Internet (in the form of e-mail or messages forwarded from the Web site) has grown by approximately 600 per cent over the last four years. Telephone enquiries have declined by about 30 per cent over the same period.



Export Alert! service, the Enquiry Point informs Canadians of proposed changes to regulations in Canada and around the world, and gives them the opportunity to comment on these proposals before they become law. Over 1200 notifications were disseminated through the Enquiry Point in 2000–2001, including 35 from Canada.

Trade shows also provide an important means of contact with current and potential future clients. During 2000–2001, the Standards Council was represented at a variety of trade shows reaching priority target audiences, including *le Monde des affaires* and *Americana 2001*.

Canadian Standards Strategy element no. 5:

Position standardization processes as a necessary complement to regulatory processes, and encourage the use of standards in the development of Canadian public policy.

There is enormous potential for standardization processes to help reduce the costs of regulation, facilitate internal and external trade and technology transfer, and enhance Canada's overall competitiveness. These goals can be accomplished without compromising consumer confidence and safety.

Federal, provincial/territorial and municipal governments currently make use of voluntary standardization practices in their regulatory efforts. Examples include incorpo-

rating standards into regulations, using standards as alternatives or supplements to regulations (e.g., national voluntary codes), and devolving to, or otherwise relying on, private-sector conformity assessment processes to promote and monitor compliance with regulations.

One example of the incorporation of standardization into regulation is Health Canada's new requirements for certain types of medical devices sold in Canada. The new regulations, which will take effect in 2003, require affected devices to be manufactured under a registered quality management system that conforms to ISO 13485 or ISO 13488, two standards providing specific guidance for the application of ISO 9000 to this industry. During 2000–2001, the Standards Council signed an agreement with Health Canada extending the Standards Council's ISO 9000 accreditation program to allow registrars to register these systems. The program is now up and running and several applications for accreditation have been received.

Another example of standardization processes being incorporated into regulatory systems is the *Personal Information Protection and Electronic Documents Act*. This federal legislation, which came into force on January 1, 2001, incorporates many of the principles of CSA International's privacy code, a National Standard of Canada.

Regulatory systems came under intense public scrutiny in

2000–2001 in the wake of the Walkerton tragedy. An *E. coli* outbreak in the municipal water system in Walkerton, Ontario is suspected to be the cause of at least seven deaths and hundreds of cases of illness. The incident led to calls for greater monitoring and control of the safety of water supplies.

Standardization has the potential to contribute to this effort. Standardized test methods, for example, make it possible to monitor and compare levels of contamination. Accreditation helps to ensure that testing laboratories have the capability to perform reliable tests.

In the wake of the Walkerton incident, the government of Ontario amended its drinking water regulations to require that certain tests be performed by a laboratory accredited by the Standards Council. The Standards Council is encouraging other provincial governments to take similar action. As part of this activity, the Standards Council and the Canadian Association of Environmental Analytical Laboratories (CAEAL) submitted a report to the public inquiry into the Walkerton tragedy detailing the potential role for accreditation in drinking water safety.

That role is being recognized outside Canada as well as within the country. The Pan-American Health Organization (PAHO) has asked the Standards Council and CAEAL to help it develop an accreditation program for water testing laboratories in Latin America and the

Caribbean. This will assist in the establishment of a safe, reliable drinking water infrastructure in the region. An agreement to establish the program was in development at year end and was expected to be signed in the new fiscal year.

Canadian Standards Strategy element no. 6:

Develop mechanisms to guide standardization activities in current and emerging social and economic issues.

Technological advances and the globalization of economies have given rise to a range of new issues and challenges. Recently, standardization processes and products have been applied increasingly to such issues as the environment, health, safety and privacy. Other issues, from genetically modified foods, to the electronic marketplace, to the myriad challenges posed by an aging population, are clearly on the horizon as a focus for standardization organizations.

Standardization has the clear potential to make a constructive contribution to these emerging issues. However, they also pose a number of challenges to standards organizations. The broad public interest in many of these issues, for example, will require the recruitment and training of participants unfamiliar with standards systems and approaches. The vast array of issues in which standards organizations could potentially be involved threatens to strain already limited

resources. Applying consensus-based procedures to sensitive social issues can have public-relations implications.

Standards organizations need to develop clear policy frameworks to prepare them to cope with the challenges and opportunities that these newly emerging issues represent.

The Standards Council's Intergovernmental Affairs and Trade Branch, established in 1999–2000, will play a central role in the creation of these frameworks through its policy research and development work.

The extension of standardization into new subject areas will require the cultivation of new expertise and new perspectives in the many organizations and committees that guide the work of the National Standards System. The identification and recruitment of new standards and conformity assessment volunteers is a central element of the volunteer program now in development (please see below).

Canadian Standards Strategy element no. 7:

Improve system responsiveness and enhance participation in all standardization activities.

As with any system, continuous review and improvement of the infrastructure that supports standardization activities is vital. For example, there is much evidence to show that standards volunteers and their organizations need to have the right information at the right time if they are to participate effectively in standardization activities.

The effectiveness of voluntary consensus standards depends on having broad-based, balanced and expert input into their development and adoption. The roles of current participants, including industry, governments and consumers, must be re-examined and the importance of their participation reaffirmed. The base of sectors and issues represented at the standardization table will also be expanded as policy frameworks are developed for emerging issues.

One of the most valuable assets of the National Standards System is the almost 3,000 Canadians who take part in national and international standards development and conformity assessment activities. The Standards Council is developing a comprehensive program to recruit, train, support and recognize the volunteers who take part in this work. Key features of the program include:

- a series of publications to increase current and prospective volunteers' understanding of the National Standards System and their role in it;
- training courses;
- certificates recognizing years of service to the National Standards System; and
- several new awards recognizing outstanding leadership, service and achievement on the part of both individuals and organizations.

The program will be launched in the new fiscal year.

Another means by which the Standards Council recognizes the contributions of its individual participants is through the presentation of the Jean-Paul Carrière Award. Named in honour of one of the Standards Council's earliest and most influential Presidents, the award recognizes distinguished service to national and international standardization. The 2000 award was presented to Dr. Pierre F. Caillibot. Dr. Caillibot is the chair of ISO's technical committee on quality management and quality assurance (ISO/TC 176), the committee responsible for the ISO 9000 series of quality management standards. He has also served as chair of the Canadian National Committee for ISO (CNC/ISO) and as a member of a number of Canadian and international technical committees, work groups, task groups and organizations dealing with a variety of quality related issues.

The Standards Council took a moment to salute its accomplishments, its staff and its volunteers, on the occasion of the organization's 30th anniversary. A special issue of *CONSENSUS* commemorated the achievements of the Standards Council since its creation in October 1970. Current and former staff, Council members and representatives of the volunteer community also gathered in Ottawa for a modest but festive "birthday party".

Another group of people who are vital to the work of the Standards Council are its clients — the thousands of people and organizations who use the products and services of the Standards Council. In 2000–2001, the Standards Council conducted customer satisfaction research on several of its client groups, including visitors to the Web site, clients of the Information and Research Service and WTO/NAFTA Enquiry Point, and accredited organizations. The surveys helped identify the clients of the Standards Council, their needs and expectations, and their satisfaction — which, on the whole, tended to be high — with the service provided. These findings will be used to improve the services delivered to clients.

The needs and attitudes of clients were also an issue for the Standards Council's accreditation programs. At the beginning of the fiscal year, PALCAN implemented a number of significant changes, including a shorter reassessment cycle, the

adoption of ISO/IEC 17025 as the criteria document for accreditation, and a new fee structure. In anticipation of the changes, PALCAN had taken special efforts to inform its clients of what was coming and the reasons behind the changes. Clients responded well to these changes. The majority have adapted to the new international requirements, and have indicated that they understand and accept the reasoning behind the new fee structure.

Canadian Standards Strategy element no. 8:

Forge partnerships and strategic alliances among current and potential participants in standardization activities.

Ensuring the most effective organization of standards volunteers and information and the best possible use of resources means broadening and strengthening the base of participants. Informal and formal collaborative approaches, both long-term and ad hoc, often serve to leverage scarce resources and have a greater impact than do individual efforts. Similarly, efforts aimed at developing and operating sector-based initiatives should focus first on maximizing the use of existing infrastructure, then on developing new infrastructure (such as advisory committees, inter-government committees, non-government sector-based organizations and industry-based groups).

Partnership has been a byword for the Standards Council since its inception. In fact, one of the reasons the Standards Council was created was to coordinate the efforts of the wide variety of players in the Canadian standardization area.

Since then, the Standards Council has forged strong partnerships with standards bodies, government agencies, non-governmental organizations, industry groups, businesses and consumers across the country and around the world.

These partnerships take a variety of forms. Partner organizations such as Health Canada play a central role in several accreditation programs, for example. Partners may also take part in communications efforts. The Standards Council's participation in several recent trade shows was undertaken jointly with other organizations.

In 2000–2001, the Standards Council continued its efforts to strengthen existing partnerships and establish new ones. Along with other leading members of the National Standards System, for example, the Standards Council developed and put into operation a marketing plan for the System. The intent of the plan is to make members and clients of the System aware of its existence and of its central role in standardization in Canada.

Another example of the Standards Council's partnership-building activities is the Joint Open Forum on Standardization Enablement in Electronic Commerce, which took place in Ottawa in March, 2001. Jointly sponsored by the Standards Council, the Telecommunications Standards Advisory Council of Canada (TSACC), the Information Technology Association of Canada (ITAC) and Industry Canada, the forum was intended to determine needs, priorities and possible approaches to the development of standards for electronic commerce, both in Canada and internationally. The event brought together representatives of government, banks, IT manufacturers, vendors, service providers and consumers. As a result of the forum, participants intend to establish a business team that will develop recommendations for action by electronic commerce stakeholders.



Plans and actions

Two principal planning documents guided the Standards Council of Canada's activities during 2000–2001: the organization's Strategic Plan 1998–2001 and the implementation proposals presented in the Canadian Standards Strategy.

The following is a brief summary of progress made against the objectives set out in these documents. For additional details on these activities, please see the referenced pages in the main body of the Annual Report (where applicable).

Strategic Plan 1998-2001

Fiscal year 2000–2001 marked the last year of this ambitious Strategic Plan. The plan presented a series of action plan elements, grouped according to strategic thrusts, taking as its focus the following statement of intent:

Committed to excellence and to Canada's goal of enhancing competitiveness and social well-being, we will provide leadership in national and international standardization, through effective relationships, strategic action and quality of service.

Committed to excellence

... design and establish excellence indicators and establish targets ...

Six critical performance indicators were established in 1999–2000, covering major areas of operation. The indicators, and their results at year end, were as follows:

Customer satisfaction

The target for this indicator was a customer satisfaction rating of 3.25 on a scale of 0–4 in a general client survey. Because of changes to the content and targeting of the customer satisfaction surveys undertaken this year (please

see page 18), it was not possible to use this scale. The mean level of client satisfaction in the surveys conducted was 3.5 out of 5.

Media effectiveness and customer response

Web site “hits” and information service contacts increased approximately 30 per cent over the previous fiscal year. Media contacts dropped by approximately 40 per cent, reflecting a surge during the previous year as a result of the launch of the Canadian Standards Strategy.

Staff stability

Turnover rates remained stable, while job vacancy times increased by about 10 per cent.

Canadian participation in international standards development committees

Total membership, number of delegates and number of subcommittees chaired by Canadians remained stable.

QMS registrar accreditation program

The program maintained conformity with national and international standards and levels of surveillance activity.

Certification and testing organizations accreditation programs

Cost recovery efforts fell just short of their revenue targets. Accreditation times have remained relatively constant, against a target of a 10 per cent reduction, due in part to turnaround times in communications with clients.

Providing leadership in standardization

... identify, prioritize and enhance current relationships with other parties ...

The Standards Council's relationships with other parties have been enhanced through initiatives such as the Canadian Standards Strategy development and implementation effort and the NSS marketing plan (please see page 19). Partnerships and strategic alliances are one of the eight elements of the Canadian Standards Strategy.

... develop, communicate and implement a National Standards Strategy ...

The Canadian Standards Strategy was launched in March 2000, and its implementation is underway.

... promote collaboration between federal, provincial and territorial governments in standards matters ...

Collaboration between various levels of government has been enhanced by the Provincial-Territorial Advisory Committee (PTAC) and by the Standards Council's close relationship with a number of federal government agencies.

... develop and implement an alternative funding strategy for international work, and promote increased industry participation ...

This action item has been incorporated into the Canadian Standards Strategy.

... review and establish a strategy for international and regional forums and MRAs ...

This action item has been incorporated into the Canadian Standards Strategy.

Effective relationships

... determine the needs and levels of participation of NGOs, industry and government ...

Participation in and responsiveness of the National Standards System are key elements of the Canadian Standards Strategy.

... identify the current satisfaction rating of volunteers and set annual targets for improvement ...

The satisfaction of volunteers is a major focus of the volunteer recruitment, training and recognition program now in development (please see page 17).

... develop and implement an action plan in response to the employee survey ...

Although it is now several years old, the employee survey continues to inform human resources initiatives, including the new performance management plan and the forthcoming employee orientation booklet.

... achieve an employee satisfaction rating of 3.25 ...

Evaluations of employee satisfaction have continued, albeit through more informal means.

Strategic action

... review operations and update the Strategic Plan annually ...

A new strategic planning cycle was launched in 2000–2001.

... identify and allocate the resources to meet the objectives of the Strategic Plan ...

A comprehensive review of resources has led the Standards Council to apply to Treasury Board for an increase in its parliamentary appropriation.

... enhance the ability to identify and respond to key issues and challenges in a strategic, proactive manner ...

The implementation of the Canadian Standards Strategy is expected to significantly increase this ability.

... continue the implementation of the Standards Information Service of Canada (SISC) ...

The Standards Council's Web site, which was redesigned early in the year, provides an increasingly broad variety of standards news and information (please see page 14). The number of visitors to the site continues to grow steadily, as does the use of on-line forums by a wide variety of committees.

... determine the appropriate numbers and levels of participation in strategic committees ...

Canada's level of participation in key standards development committees is an important element of the Canadian Standards Strategy.

... develop and implement a volunteer identification, orientation and recognition plan ...

Several of the key components of the plan were developed during 2000–2001, and the plan is expected to be launched in the new fiscal year (please see page 17).

... plan and implement a system for information gathering and analysis and intelligence dissemination ...

This action item has become one of the implementation proposals in the Canadian Standards Strategy.

... evaluate and improve the effectiveness of all Council advisory committees ...

The Standards Council's advisory committee structure was extensively revised in previous years. The Corporate Governance Committee is continuing to monitor the effectiveness of all advisory committees.

... position the Standards Council as the leader for standardization in Canada ...

The Standards Council's marketing, communication and information efforts (please see page 14) are strongly focused on positioning the Standards Council as the leader for standardization in Canada.

Quality of service

... achieve a customer satisfaction rating of 3.25 ...

Please see the item on "excellence indicators" (page 20).

... achieve ISO 9001 and ISO 14001 registration/recognition ...

The appointment of a quality systems manager (please see page 5) is expected to contribute significantly to the achievement of this objective.

Canadian Standards Strategy

The Canadian Standards Strategy includes an initial set of 23 implementation proposals. These are concrete actions intended to help bring about the objectives of the Strategy. While the Standards Council will take a lead role in many of the implementation proposals, several of them involve action by more than one organization.

1. Create and maintain a framework for developing national positions.

Development of a suggested policy framework was underway at year end.

2. Establish a broader mandate for technical committees under CNC/ISO and CNC/IEC.

Committees in the electrical safety area are now working at the national, regional and international levels (please see page 8).

3. Take leadership in developing international standards for electronic commerce.

The Joint Open Forum on Standardization Enablement in Electronic Commerce (please see page 19) is expected to lead to a more unified Canadian effort on electronic commerce standardization both domestically and internationally.

4. Engage developing countries in international standardization.

The Standards Council is taking a more active role in forums such as ISO's committee on developing country matters (ISO/DEVCO) (please see page 10).

5. Develop, implement and maintain processes for setting priorities for standardization activities in the areas of health, safety, the environment and other social issues.

The Standards Council's Consumer and Public Interest Committee (CPIC) is expected to take a lead role in the development of these processes.

6. Develop and maintain the capacity for standards-related policy development, analysis and dissemination.

The Standards Council's Intergovernmental Affairs and Trade Branch is establishing a policy development staff, linking with other government agencies with a standardization policy role, and preparing several policy papers.

7. Ensure that standards development processes support social policy objectives.

Social policy objectives will become a consideration in upcoming revisions to the Standards Council's criteria for approval of National Standards of Canada.

8. Move toward a global accreditation regime.

The Standards Council is a member of a number of agreements and organizations working towards the development of a global accreditation regime (please see page 10).

9. Identify and make available to stakeholders the objectives and strategies underlying trade-related Mutual Recognition Agreements (MRAs).

A policy framework paper had been developed and was approved in principle by Council at the end of the fiscal year.

10. Examine the use of alternative conformity assessment practices.

Collaborative efforts with other agencies are continuing. Case studies on the use of suppliers' declaration of conformity in Canada will be released in the new fiscal year.

11. Strengthen Canada's metrological infrastructure.

The Standards Council's accreditation program for calibration laboratories, operated in partnership with the National Research Council of Canada, helps to support Canada's metrological infrastructure.

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

The Standards Council has established an NSS marketing committee intended to promote awareness and use of the system (please see page 19).

13. Connect emerging industries to standardization activity.

Outreach to emerging industries, such as the electronic commerce sector, is continuing.

14. Examine and evaluate management system standards.

The Standards Council continues to evaluate the use of management systems standards in Canada. The publication of the national survey of Canadian experience with ISO 9000, ISO 14000 and QS-9000 (please see page 14) has contributed to this effort.

15. Develop a Web portal for the NSS.

Development of the existing Web site (please see page 14) into a Web portal will take place in the new fiscal year.

16. Provide support for the Agreement on Internal Trade (AIT).

The Standards Council's Provincial-Territorial Advisory Committee (PTAC) has established a liaison with the AIT secretariat. IGAT staff are monitoring activity under the AIT.

17. Make standards and conformity assessment a full part of the public policy debate.

The Standards Council is encouraging regulatory use of standards and conformity assessment systems in a variety of ways, including the establishment of new government partnerships (please see page 16).

18. Utilize quality management systems and environmental management systems to achieve public policy objectives.

A new regulatory system for medical devices includes a requirement for management systems based on ISO 9000 (please see page 16).

19. Communicate the value of environmental management standards.

The ISO 9000 survey report (please see page 14) includes information on the effectiveness of environmental management systems standards. The certification of forests under a sustainable forest management system standard related to ISO 14000 (please see page 9) should also help to raise awareness.

20. Employ innovative funding mechanisms.

Alternative sources of funding are being considered to support specific initiatives, such as support for developing countries.

21. Implement a volunteer program.

The volunteer program is in development, and is expected to be launched in the new fiscal year (please see page 17).

22. Generate strategic sectoral participation.

Work to identify sectoral mechanisms is underway.

23. Facilitate consumer input to the NAFTA

CPIC is considering ways to link regional consumer coordination to regional trade agreements and standards organizations in the Americas.

Structure

The Standards Council of Canada is a Crown corporation reporting to Parliament through the Minister of Industry.

Our mandate

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

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

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

Standards Council of Canada Act (1996, c. 24)

Council

The organization's governing Council consists of a Chair, a Vice-Chair, one member each from the federal

government and Council's Standards Development Organizations Advisory Committee (SDOAC), two from Council's Provincial-Territorial Advisory Committee (PTAC) and nine others from the private sector, including non-governmental organizations (NGOs). Both PTAC and SDOAC are established in the *Standards Council of Canada Act*. Other advisory committees have been created by Council to assist in such matters as standards development, conformity assessment, trade and consumers and the public interest.

Council members, 2000–2001

Chair: Linda Lusby Associate Professor of Environmental Science, Acadia University (term ended March 31, 2001)

Vice-Chair: Hugh Krentz President, Canadian Institute of Steel Construction

Members:

Mark Schnell *Chair, Provincial/Territorial Advisory Committee*, Business Development Manager, Saskatchewan Economic Development Corporation

Philippe Fontaine *Vice-Chair, Provincial/Territorial Advisory Committee*

Jacques Girard Director of Standardization and Certification, Bureau de normalisation du Québec (BNQ)

Hans Konow President and CEO, Canadian Electricity Association

Suzanne Morin Senior Counsel, Regulatory Law, Bell Canada

James Reichert President and CEO, Science Council of British Columbia

Phil Saunders Director, Technology Policy and Regulations, Information Technology Association of Canada

Irene Seiferling Past Chair, Consumers' Association of Canada

Andrei Sulzenko Assistant Deputy Minister, Industry and Science Policy, Industry Canada

Céline Trépanier President, Export Concept

Caroline Vallée Manager, Performance Improvement, KPMG Management Consulting

Stephen Van Houten Executive Vice-President and CEO, Toronto Real Estate Board

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

Staff

The strategies and policies established by Council are implemented by a staff of approximately 70, located in the corporate offices in Ottawa. The staff is organized into branches and divisions with specific program responsibilities, as illustrated in the organizational chart opposite.

Staff Directors

Peter Clark Executive Director

Kevin McKinley Director, Standards

Elva Nilsen Director, Intergovernmental Affairs and Trade

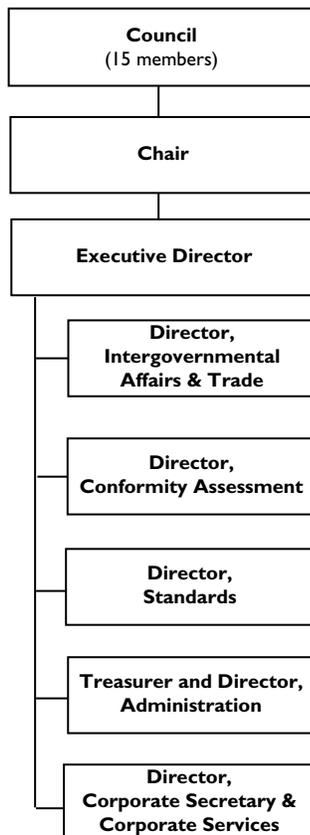
Rick Parsons Treasurer and Director, Administration

Sandra Watson Corporate Secretary and Director, Corporate Services

Don Wilson Director, Conformity Assessment



Standards Council of Canada
Conseil canadien des normes



Corporate governance statement

In 2000–2001, the Corporate Governance Committee of the Standards Council of Canada remained active in overseeing and improving the functioning of SCC Advisory Committees. It also focused efforts on the preparation and subsequent approval by Council of the duties and responsibilities of the Chair and Executive Director, modified terms of reference for the Corporate Governance Committee and revisions to the SCC by-laws. In addition, the Committee reviewed the annual objectives of both the Chair and Executive Director and was involved in the development of the SCC's Strategic Plan. The Committee also embarked on efforts to prepare performance indicators for the Council and to develop a workplan for the upcoming year.

Report of management's responsibility

The Honourable Brian Tobin, P.C., M.P.
Minister of Industry

Mr. Minister,

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

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

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

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



Hugh Krentz
Vice-Chair

May 25, 2001

Auditor's Report

To the Minister of Industry

I have audited the balance sheet of the Standards Council of Canada as at March 31, 2001 and the statements of operations and equity of Canada and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

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



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

Ottawa, Canada
May 25, 2001

BALANCE SHEET

	As at March 31	
	2001	2000
ASSETS		
Current		
Cash	\$ 1,231,494	\$ 719,673
Accounts receivable:		
Federal government departments and agencies	273,919	1,036,173
Other	1,216,245	1,071,647
Parliamentary appropriation receivable	310,000	47,000
Prepaid expenses	356,222	327,259
	<u>3,387,880</u>	<u>3,201,752</u>
Capital assets (Note 3)	<u>1,123,926</u>	<u>613,165</u>
	<u>\$ 4,511,806</u>	<u>\$ 3,814,917</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 635,564	\$ 936,981
Accrued employee entitlements	54,772	54,063
Deferred accreditation fees	1,070,580	573,085
	<u>1,760,916</u>	<u>1,564,129</u>
Long term		
Deferred revenue related to capital assets (Note 4)	124,856	314,405
Deferred government funding (Note 5)	622,806	298,760
Deferred revenue - Tenant improvement allowance (Note 6)	376,264	—
	<u>1,123,926</u>	<u>613,165</u>
	<u>2,884,842</u>	<u>2,177,294</u>
EQUITY OF CANADA		
Equity of Canada	<u>1,626,964</u>	<u>1,637,623</u>
	<u>\$ 4,511,806</u>	<u>\$ 3,814,917</u>

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

Approved by the Council:


The Vice-Chair


Executive Director

STATEMENT OF OPERATIONS AND EQUITY OF CANADA

For the year ended March 31

	2001	2000
Revenue		
Conformity Assessment accreditation fees	\$ 3,164,349	\$ 2,751,778
Royalties from sales of standards (Note 8)	556,012	530,107
WTO/NAFTA Enquiry Point	309,050	304,027
Standards Initiatives Program funding	—	1,234,714
Other	357,731	336,577
	<u>4,387,142</u>	<u>5,157,203</u>
Expenses (Note 9)		
Conformity Assessment	2,497,893	2,627,546
Information Services	375,411	419,732
WTO/NAFTA Enquiry Point	309,050	304,027
Standards Development	2,481,359	2,638,157
Intergovernmental Affairs and Trade	538,060	711,769
Management and Administrative Services	3,317,982	3,769,330
	<u>9,519,755</u>	<u>10,470,561</u>
Net loss before government funding	<u>(5,132,613)</u>	<u>(5,313,358)</u>
Government funding		
Parliamentary appropriation for operating expenses	4,925,095	5,132,924
Amortization of deferred government funding	196,859	198,046
	<u>5,121,954</u>	<u>5,330,970</u>
Net (Loss) Income	<u>(10,659)</u>	17,612
Equity of Canada at the beginning of the year	<u>1,637,623</u>	<u>1,620,011</u>
Equity of Canada at the end of the year	<u>\$ 1,626,964</u>	<u>\$ 1,637,623</u>

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

STATEMENT OF CASH FLOWS

	<u>For the year ended March 31</u>	
	2001	2000
Operating activities		
Net (Loss) Income	\$ (10,659)	\$ 17,612
Adjustment for non-cash items		
Amortization of capital assets	404,396	412,667
Amortization of deferred revenue related to capital assets	(189,549)	(214,621)
Amortization of deferred government funding	(196,859)	(198,046)
Amortization of tenant improvement allowance	(17,988)	—
	<u>(10,659)</u>	<u>17,612</u>
Changes in current liabilities and current assets other than cash	<u>522,480</u>	<u>132,120</u>
Cash flows from operating activities	<u>511,821</u>	<u>149,732</u>
Investing activities		
Additions to capital assets	<u>(915,158)</u>	<u>(197,076)</u>
Financing activities		
Funding for acquisition of capital assets		
Parliamentary appropriation	520,905	197,076
Tenant improvement allowance	394,253	—
	<u>915,158</u>	<u>197,076</u>
Increase in cash during the year	511,821	149,732
Cash at the beginning of the year	<u>719,673</u>	<u>569,941</u>
Cash at the end of the year	<u>\$ 1,231,494</u>	<u>\$ 719,673</u>

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

Notes to Financial Statements, March 31, 2001

1. AUTHORITY, OBJECTS, AND PROGRAMS

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Capital assets

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

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

(b) Revenues

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

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

(c) Parliamentary appropriations

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

(d) Pension plan

Employees of the Council participate in the Public Service Superannuation Plan, administered by the Government of Canada. The Council matched these contributions equally for each employee, for the year in which services are rendered, until March 31, 2000. On April 1, 2000 the Council's share of contributions increased to \$2.14 for each dollar the employee contributes. The Council's current year share of contributions is \$359,629 (2000 - \$158,751). These

contributions are recognized during the year in which services are rendered and represent the total pension obligations of the Council. The Council is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

3. CAPITAL ASSETS

	<u>2001</u>			<u>2000</u>
	Cost	Accumulated amortization	Net book value	Net book value
Furniture	\$ 224,732	\$ 36,681	\$ 188,051	\$ 3,147
Equipment	1,769,764	1,339,678	430,086	603,308
Leasehold improvements	530,129	24,340	505,789	6,710
	<u>\$ 2,524,625</u>	<u>\$ 1,400,699</u>	<u>\$ 1,123,926</u>	<u>\$ 613,165</u>

4. DEFERRED REVENUE RELATED TO CAPITAL ASSETS

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

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

	<u>2001</u>	<u>2000</u>
Balance at beginning of year	\$ 314,405	\$ 529,026
Less amounts amortized to revenue	<u>189,549</u>	<u>214,621</u>
Balance at end of year	<u>\$ 124,856</u>	<u>\$ 314,405</u>

5. DEFERRED GOVERNMENT FUNDING

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

Changes in the deferred government funding balance are as follows:

	<u>2001</u>	<u>2000</u>
Balance at beginning of year	\$ 298,760	\$ 299,730
Add appropriations used to acquire depreciable capital assets	520,905	197,076
Less amortization	<u>196,859</u>	<u>198,046</u>
Balance at end of year	<u>\$ 622,806</u>	<u>\$ 298,760</u>

6. DEFERRED REVENUE – TENANT IMPROVEMENT ALLOWANCE

The Council has received \$394,253 from the landlord to pay the cost of tenant improvements made to the office space it leases, beginning in July 2000. This amount has been recorded as deferred revenue and is being amortized to income over the duration of the lease.

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

	<u>2001</u>	<u>2000</u>
Balance at beginning of year	—	—
Add amount received from the landlord	\$394,253	—
Less amortization	<u>17,989</u>	<u>—</u>
Balance at end of year	<u>\$ 376,264</u>	<u>—</u>

7. FINANCIAL INSTRUMENTS

Accounts receivable and accounts payable are incurred in the normal course of business. All are due on demand and are non-interest bearing. The carrying amounts of each approximate fair values because of their short maturity. There are no concentrations of accounts receivable with any one customer and, accordingly, no significant credit risk exists. At March 31, 2001, the Council had entered into foreign exchange contracts to purchase, on September 26, 2001, 477,103 Swiss Francs to pay the second half of its year 2001 membership dues to ISO and IEC. The prevailing rate of exchange in effect at the time of this transaction was 1 sfr: \$0.9116.

8. ROYALTIES FROM SALES OF STANDARDS

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

9. EXPENSES

	<u>2001</u>	<u>2000</u>
Salaries and employee benefits	\$ 4,176,542	\$ 3,737,445
Travel	1,334,433	1,380,879
Memberships in International Organizations	955,487	1,062,170
Professional and special services	924,817	1,843,372
Office accommodation	658,737	828,911
Amortization of capital assets	404,396	412,667
Publications and printing	332,700	457,278
Office supplies	151,609	101,945
Telecommunications and postage	143,673	191,071
Public relations	89,480	87,630
Meetings	72,121	135,108
Rental of office equipment	57,170	48,111
Other	218,590	183,974
	<u>\$ 9,519,755</u>	<u>\$ 10,470,561</u>

10. COMMITMENTS

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

Starting in:	July 2001	\$280,929
	July 2005	\$299,975
	July 2010	\$319,021

11. RELATED PARTY TRANSACTIONS

The Council is a component of the Government of Canada reporting entity and is therefore related to all departments, agencies, and Crown corporations. The Council enters into transactions with these entities in the normal course of business.

12. COMPARATIVE FIGURES

Certain figures for 2000 have been reclassified to conform to the presentation adopted this year.

