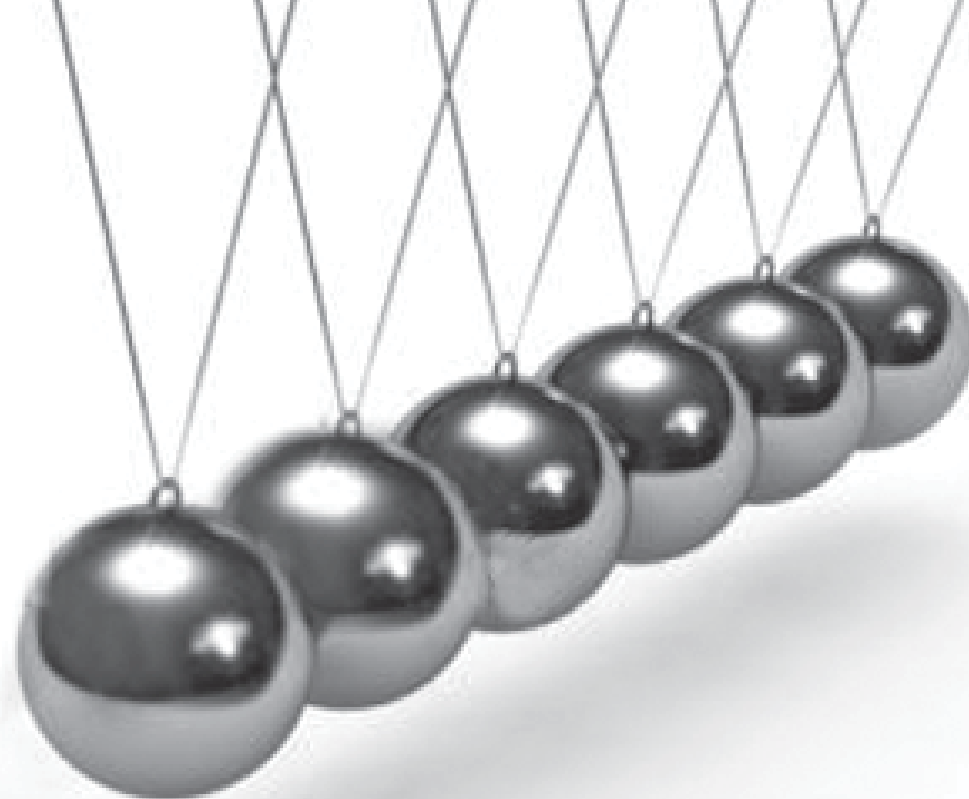

GEARED UP AND GAINING MOMENTUM

>>> ANNUAL REPORT 2010-2011



Standards Council of Canada
Conseil canadien des normes

OUR MANDATE

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

OUR MISSION

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

OUR VISION

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

HOW TO REACH US

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>>> 2010-2011 YEAR AT A GLANCE

The Standards Council of Canada (SCC) was involved in many varied endeavours of significance to Canadians throughout the 2010-2011 fiscal year. The following provides an overview of how the organization has geared up and is gaining momentum.

At the National level

- Disseminated a Call to Action in support of Standardization Activities pertaining to Government of Canada Priorities.
- Identified and communicated information to key stakeholders on trends impacting Canada's standardization system (see Figure 4).
- Conducted preliminary scoping and analysis on 11 potential targeted areas where if Standards Roadmaps were developed, Canadian industry would benefit.
- Identified new strategies and approaches to address the impact of current trends, including the economic downturn on Canada's national standardization system.
- Worked with Industry Canada to establish interdepartmental and intradepartmental advisory committees on Standardization.

With Clients

- Earned revenue from accreditation fees of \$6.2 million.
- Achieved recognition by the United States Environmental Protection Agency (EPA) as an accreditation body for laboratories and certification bodies that perform product testing in support of the ENERGY STAR program.
- Strengthened relationships within the academic community resulting in an increase (of approximately 87 per cent) in the number of license agreements for the use of international standards by Canadian universities and colleges.
- Attained recognition by The Foundation for Food Safety Certification as an accreditation body under the Food Safety System Certification (FSSC) 22000 scheme.

On the International front

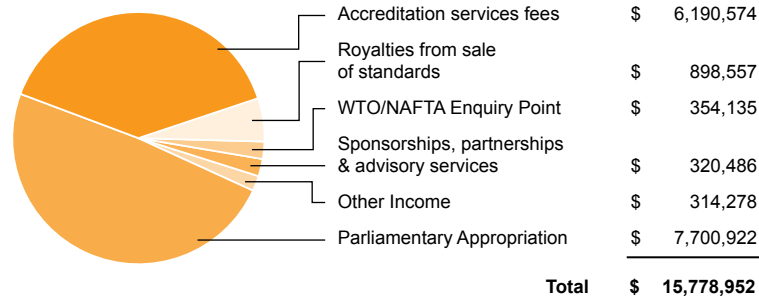
- Provided ongoing support to Department of Foreign Affairs and International Trade (DFAIT) in negotiation of the Canada-EU trade agreement and other initiatives of strategic importance to Canada.
- Strove to maintain participation by the right people at the right time in the right technical committees of the International Organization for Standardization (ISO) and International Electrotechnical Commission (IEC): the total number of Canadians participating in international standards development committees increased from 2,648 to 2,758 by March 31, 2011.
- Signed a Memorandum of Understanding (MOU) with the Mongolian Agency for Standardization and Metrology.
- Renewed its Agreement on Cooperation with the Standardization Administration of China (SAC).
- Maintained international influence with the successful election of the SCC Executive Director to ISO Technical Management Board and the election of Canadian candidates to IEC Standards Management Board (SMB) and the IEC Council Board; as well as regional influence with the re-election of the SCC Conformity Assessment director to the Certification Body subcommittee of the Inter-American Accreditation Cooperation.

Within the Organization

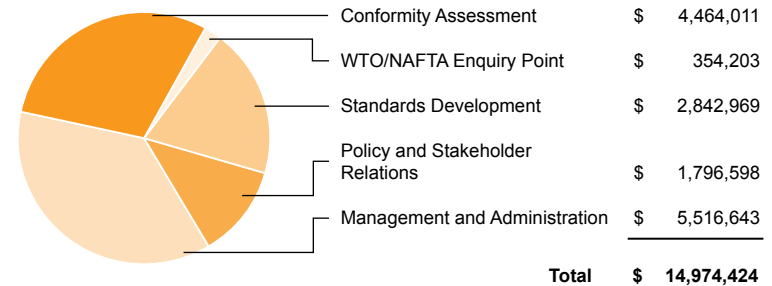
- Achieved a full recovery of its operating costs for Conformity Assessment and generated a net surplus of 3 per cent (or \$182 thousand).
- Welcomed the appointment by the Honourable Minister Clement of Dr. W.A. Shaw as Vice-Chair of the SCC governing Council.
- Examined its operations and established the necessary mechanisms to review and determine priorities, as well as to streamline its business activities.
- Reinvigorated its organizational structure with the addition of two new members to its senior management team.

Figure 1: Financial Highlights

Revenues



Expenses



Source: SCC Finance branch



>>> MESSAGE FROM THE CHAIRMAN

Hugh Krentz

For more than 40 years I have had the privilege of working directly alongside many Canadian experts in the field of standardization at the national, regional and international levels. For the past 10, I've had the honour of serving as Chairman of the Standards Council of Canada (SCC). This firsthand experience has given me a deep appreciation for the important role that standards play in safeguarding citizens while facilitating Canadian competitiveness and innovation.

Throughout 2010-2011, great strides have been made to establish a more targeted and strategic approach to the prioritization of standardization activities in Canada, as well as to promote the value of the work being done by our vast network of partners and contributors. SCC staff has worked tirelessly to reach out to key stakeholders in industry and government. Our combined efforts will help ensure that the contributions made by standardization to Canadian public policy do not go unnoticed.

The SCC's call to action has been heard and with the continued support of this nation's federal government, Canada's standardization network can help maximize this country's potential for economic growth and sustainability. To succeed, it will be necessary for our brightest minds to be engaged. Having Canadian experts involved in the development and discussion of international standards will lead to more opportunities for Canadian manufacturers, greater acceptability of Canadian products and more jobs for Canadians.

Canadian efforts to harmonize standards and conformity assessment practices will yield great value for Canadians. Achieving compatibility of products and services with international requirements is essential for businesses to gain market access and become more competitive in global markets. Given the inseparable link between standards and trade, and Canada's status as one of the most trade-dependent nations among the G8 countries, SCC will continue to focus attention on reducing potential barriers to international trade.

Another ongoing priority for SCC has been supporting the work of regulators in their use of standards as a policy instrument of choice to protect the health, safety and security of Canadians in areas such as food and consumer products, infrastructure and the workplace. As part of this work, SCC will highlight the opportunities for Canadian law makers to streamline the regulatory process, save time and taxpayer money, and address industry best practices.

I am extremely proud of the leadership that the SCC has demonstrated throughout this past year by focusing on areas of priority and vital importance to Canada. The momentum gained will yield great value for this nation and its citizens.

As I embark on my final year as SCC Chairman, I am greatly encouraged by the progress that has been made in getting Canadian governments, business and industry to support standardization. I am confident that in collaboration with our stakeholders, SCC will play an important role in safeguarding the health and safety of Canadians while strengthening Canadian innovation and productivity.



>>> MESSAGE FROM THE EXECUTIVE DIRECTOR

John Walter

It has been an exciting year for the Standards Council of Canada (SCC). We're rapidly creating a future in which standardization activities deliver more benefits for Canada. New partnerships have been forged and stakeholders have voiced their support for a modern and revitalized standardization infrastructure. This shift in approach will enhance the competitiveness of Canadian businesses both nationally and globally and will better protect the health and safety of all Canadians.

In 2010-2011, SCC articulated a clear vision and strategic direction for the advancement of standardization in Canada. We considered trends and conditions that impact upon Canada's standardization community. We assessed the challenges and opportunities associated with the evolution of standardization nationally, regionally and internationally. The proposed path forward invests our valuable resources in ways that will have the greatest return.

Throughout this past year, we implemented a number of important changes to SCC internal operations. We completed an assessment and realignment of the resources and competencies required to deliver on the organization's mandate. We embarked on a review of the processes, procedures and tools necessary to establish a more flexible model to support a broader range of Canadian standardization activities. For the past decade, funding to SCC for standardization has remained fixed. With the budget announcement of March 22nd, 2011, the Government of Canada acknowledged confidence in the ability of SCC to coordinate national standardization activities that are vital to Canada. Working with stakeholders from across government and industry, SCC was able to communicate the need for greater support to address some of the challenges that are contributing to the erosion of the effectiveness of Canada's national system.

Standards and conformity assessment are the pillars upon which our society is based. Canadian companies need the support of a world-class standardization and accreditation infrastructure to compete in global markets. Likewise, to effectively

address concerns about consumer product safety and security, Canada must play an active role in the international network that ensures conformity to standards across trading nations.

Both from a national and international perspective, SCC has established a state of readiness to deliver a more robust and coordinated suite of standardization solutions. We are better prepared to address a broader range of issues that are of relevance to Canada. We're developing strategies to support Canada as a standards maker in critical sectors such as energy and the environment, health and life sciences, infrastructure and innovation. We also actively support the Government of Canada in negotiations with key trading partners.

There are hundreds of organizations and thousands of people in Canada working on standardization activities, primarily on a voluntary basis. SCC staff has worked tirelessly over the past year to connect with those dedicated individuals whose expertise and knowledge is fundamental to the mapping of Canada's future as a leader in standards and conformity assessment. Within the parameters of our current resources, SCC will continue to support Canadian standardization experts, enabling them to more effectively participate in standards-related activities both regionally and internationally.

I am energized and more committed than ever to raising awareness about the value of standards and conformity assessment with key decision makers in this country, and to securing a stronger long-term investment for Canada's standardization network.

Building on the momentum we've gained, SCC will continue to strengthen and modernize Canada's standardization infrastructure. Together, we will establish a stronger Canadian voice in developing international standards and will support the use of appropriate standards in Canadian regulations.

>>> CORPORATE PROFILE

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

Mandate

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

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

Structure

Governing Council

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

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

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

Committees of Council

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

Advisory Committees

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

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

Staff and Activities

The strategies and policies established by SCC's governing Council are implemented by a staff of approximately 83. SCC's work is organized into five branches:

- Standardization — Managing Director, Chantal Marin-Comeau
- Conformity Assessment — Director, Stephen Cross
- Policy and Stakeholder Relations — Managing Director, Michel Girard
- Corporate Services — Director, Sandra Watson
- Finance, Administration & Information Management / Information Technology — Chief Financial Officer, Sylvie Lafontaine

Standardization

The Standards branch serves as bridge between SCC's work in standards and its work in the conformity assessment areas. Knowing about emerging standards issues more immediately may assist SCC's Conformity Assessment branch to be better prepared for changes in the marketplace.

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

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

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

Conformity Assessment

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

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

In addition, SCC offers a recognition program for the

- The Organization for Economic Co-operation and Development (OECD)'s Good Laboratory Practice (GLP) program.

SCC is also a member of several organizations that have mutual recognition agreements in place to promote international acceptance of conformity assessment results, as part of greater efforts to form harmonized global accreditation cooperation. These organizations include the International Accreditation Forum (IAF), the International Laboratory Accreditation Cooperation (ILAC), the Asia Pacific Laboratory Accreditation Cooperation (APLAC), the Inter American Accreditation Cooperation (IAAC), and the Pacific Accreditation Cooperation (PAC).

Policy and Stakeholder Relations

Capitalizing on new opportunities for the standardization community to provide social and economic benefits to Canada is the focus of SCC’s Policy and Stakeholder Relations branch. Through strategic outreach and the engagement of key stakeholders, the branch leads SCC’s efforts to promote the value of standardization to key decision-makers within government departments in growing sectors of the economy. The branch also leads the development of policy issues and analyses trends in standardization to support the impacts of climate change in the North. The Policy and Stakeholder Relations branch is organized in four teams: Standards Roadmaps, Training/Capacity-Building, Outreach and Business Development. It also provides corporate communications and marketing support for the organization.

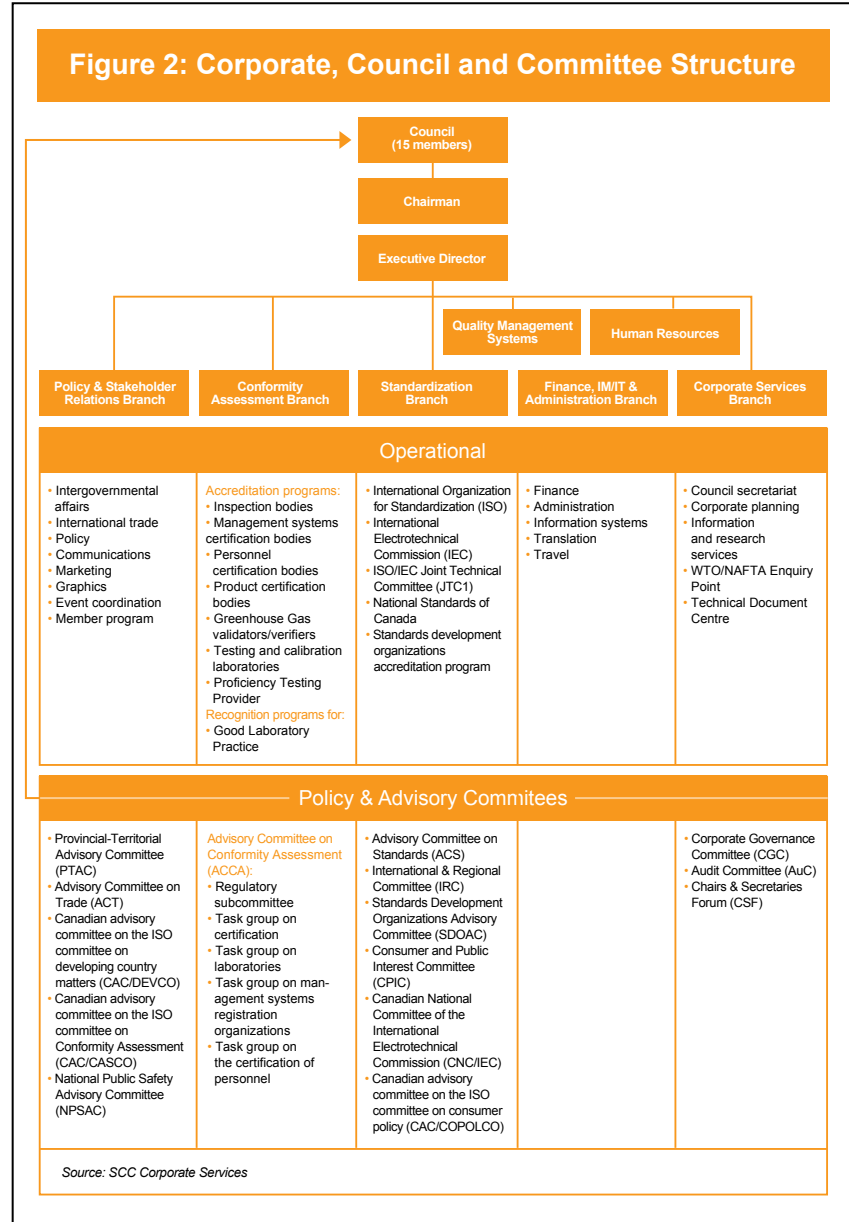
Corporate Services

SCC’s Corporate Services branch provides secretariat and governance policy support to SCC’s governing Council and its standing committees; in addition it provides strategic and corporate planning support for the organization. Corporate Services is also responsible for SCC’s Information and Research Service, which together form Canada’s contact point for the ISO information network (ISONET). In addition, SCC serves as Canada’s World Trade Organization (WTO) and North America Free Trade Agreement (NAFTA) Enquiry Point.

Finance, IM/IT and Administration

The Finance, Information Management/Information Technology (IM/IT) and Administration branch provides financial, technical and administrative support to the SCC. Its functions include financial management, information and technology management, as well as office administration, translation and travel services.

Figure 2: Corporate, Council and Committee Structure



Source: SCC Corporate Services

>>> CORPORATE GOVERNANCE

At the Standards Council of Canada (SCC), corporate governance direction and stewardship is provided by the SCC governing Council. In concert with the advice offered by its two standing committees—the Corporate Governance and Audit committees, the governing Council informs and influences the strategic direction of the organization.

Council members are active participants in helping SCC to advance Canadian standardization activities, and as such are involved in promoting the vital contributions made by standards and conformity assessment practices to Canada's societal and economic well-being.

At Council's request, SCC has re-examined its advisory committee structure and is working on a new model of stakeholder involvement. In order to engage many more Canadians in the work of standardization, SCC intends to establish a virtual standardization network. Using the principles of social networking, SCC expects to reach and engage a broader range of Canadian stakeholders, including a new generation of potential participants, in areas of strategic importance to Canada's economy.

In 2010, governing Council completed a self-assessment of their performance, which examined their overall role, including the conduct and frequency of meetings, strategic planning, succession planning, legal liability and risk monitoring. Council routinely monitored and ensured that all recommendations from SCC's 2009 *Special Examination* and other audits were implemented. They helped ensure that governance instruments were maintained, and fulfilled their role in reviewing the annual performance of both the Executive Director and Chair. In addition, as part of their annual strategic planning efforts, Council requested that the Executive Director provide them with an updated and forward-looking vision for the SCC.

Members of the Audit Committee and Council reviewed the organization's updated 2010 enterprise risk management assessment (ERMA). The Audit Committee is sufficiently satisfied that the organization has incorporated the right risk mitigation strategies into its corporate plan.

The Audit Committee also oversaw SCC's review and adoption of the Public Sector Accounting Board (PSAB) standard (effective April 1, 2011). Based on the *Financial Administration Act* (FAA) requirements, SCC presented a schedule of internal audits for the next five-year period. SCC completed the first audit in the schedule on SCC's international technical committee program. Members also provided advice in reviewing quarterly financial statements, annual budgets and relevant financial policies for the organization.

In 2011 governing Council, which is made up of representatives from across the Canadian private and public sector, welcomed a new Vice-Chair to Council, Dr. W.A. Sam Shaw. Dr. Shaw brings with him the experience of having chaired an international standards (ISO) technical committee. A new Chair and Vice-Chair, of the provincial and territorial and advisory committee (PTAC), Gary Gehring and Dan Boyd, also joined Council. Throughout the year, three Council members were reappointed, all for four-year terms.

SCC's strong governing Council provides a solid framework from which to advance Canadian standardization activities. As SCC moves forward, it will continue to adhere to Treasury Board of Canada Secretariat best practices for public sector governance. In addition, as it strives to modernize many aspects of its operations, including its enterprise information management and technology tools, and its approaches to international participation and engagement, it will continue to rely heavily on the stewardship of its governing Council.

Figure 3: Council members 2010-2011



Source: SCC Corporate Services

Left to right

Richard Raymond
Private sector representative
Steel fabrication and product distribution

Dr. Sam Shaw
SCC Council Vice-Chair,
Vice-president of Natural Gas Policy
Development at Encana Natural Gas

James G. Frank
Private sector representative
Economic policy and strategy consultant

Stephen J. Mallory
Private sector representative
President and CEO of Directors Global
Insurance Brokers

Suzanne Morin
Private sector representative
Past Assistant General, Counsel & Privacy
Ombudsman, Regulatory Law & Policy
with Bell Canada

John Walter
SCC Executive Director

Hugh Krentz
SCC Chairman
Consultant to the Canadian Institute
of Steel Construction

Steven Reynolds
Private sector representative
Research and Development Manager at
Peelle Company Ltd.

David Fardy
Private sector representative
General Manager, Protrans Personnel
Services Inc.

Gary Gehring
*Provincial Territorial Advisory
Committee representative*
Manager, Program Evaluation with
Saskatchewan Workers' Compensation Board

Marian Gaucher
*Chair, Standards Development
Organization Advisory Committee*
Manager, Standards Division, Canadian General
Standards Board

Norma McCormick
(non-voting member)
Chair, Consumer and Public Interest Committee
Principal, Corporate Health Works Inc.

Dan Boyd (absent)
*Vice-Chair, Provincial Territorial
Advisory Committee*
Assistant Deputy Minister, Consumer Services
and Infrastructure Development Division with the
Yukon Department of Community Services

»»» OPERATING ENVIRONMENT AND CONTEXT

Every year, the environment and context within which the Standards Council of Canada (SCC) operates is affected by numerous extraneous factors. Influences and circumstances at both the national and international level impact the organization's ability to execute on its strategic direction.

In 2010-2011, SCC pursued its strategic goals with consideration for its mandate from Government, the direction set-out in the 2010-2011 Corporate Plan, the commitments drawn from its membership in regional and international organizations, as well specific trends affecting Canada's standardization system, and the national landscape.

As it geared up and gained momentum from various activities, SCC's operations were influenced by the following:

Participation in International Standardization Activities

In recent years, SCC has observed an increase in the number of international standards and conformity assessment schemes that are being used by Canadian industry and governments. A number of factors including market globalization and interoperability of supply chains are contributing to this trend.

In addition, Canadian involvement in the development of standards that relate to new and emerging sectors is not growing rapidly enough to offset reduced levels of participation in more mature, traditional sectors. With fading support from Canada's industrial sector, it is becoming increasingly difficult to engage Canadian technical experts in standardization activities. A loss of influence and advantage by Canadians at the international level could impede Canadian economic growth and restrict industry leadership in nascent markets.

Increased participation in international and regional standardization committees clearly supports Canada's trade objectives. The adoption of harmonized standards and conformity assessment practices enables Canadian businesses to participate in the global marketplace alongside much larger players; it encourages greater acceptability of Canadian products; and it establishes the necessary conditions for more jobs for Canadians.

To ensure that Canada's perspective is included at the international standards development table, and to help Canadian industry and government meet international trade requirements, the country must be strategic about its participation in technical committee work.

Use of Standardization by Regulators

Over the years, Canadian regulators have come to depend on standards and conformity assessment as a necessary complement to regulations. The reference and use of standardization in federal and provincial laws, model codes as well as in related instruments enables governments to streamline regulatory processes and to implement a consistent, predictable and credible regulatory framework.

However, to adequately protect the health and safety of Canadians, it is essential that regulators choose standardization solutions that are applicable to Canadian circumstances, and that the most appropriate methods of incorporation are applied.

Across a range of sectors, there is an opportunity for federal and provincial governments to use standards more effectively to advance health and safety programs while also achieving government efficiency and effectiveness. Standardization can help reduce duplication; it contributes to cost savings and to safety improvements.

Financial Resources

While SCC has been steadily working to expand the range of products and services that it offers to clients and stakeholders, its baseline funding has remained static. Continuing to support government priorities and meet the needs of the private sector, while delivering on its own mandate and strategic objectives, has put SCC in a deficit financing situation where it is challenged to deliver on its essential programs and services.

SCC has embarked on a number of strategies to increase its sources of revenue. In addition to developing a business case that demonstrates the need for additional financial resources, the organization is striving to widen its range of revenue-earning services, prioritize spending and ensure the delivery of cost-effective solutions.

Value and Awareness of Standardization

Many key Canadian decision makers remain largely unaware or misinformed about the intricate relationship between standards and conformity assessment and the health and safety, economic well-being and protection of Canadian interests. In particular, many do not realize the value of having a strong Canadian voice in the development of international standards, as a means of meeting consumer concerns and preventing potential barriers to trade.

To remedy this, SCC is working to promote its programs and services within the private and public sector. It has been targeting specific federal government departments, provincial ministries and industry associations. Through partnerships and working relationships with select target groups SCC intends to raise awareness of the value of standardization and the need for greater involvement by these groups in Canada's national standardization efforts.

The 2011 federal Budget that was tabled in the House of Commons on March 22, proposed to provide an additional \$2.1 million per year starting in 2012–13 to the SCC for standardization-related activities. Mention of SCC in the 2011 federal Budget is a clear indicator of confidence in the organization to coordinate national standardization activities in support of the priorities of the government of Canada, Canadian industry and ultimately the Canadian economy.

Figure 4: Key Facts, Figures and Trends

The following provides an overview of some of the trends that are impacting Canada's standardization system:

	2009–2010	2010–2011	
Total number of standards maintained by Canadian standards development organizations	3,780	3,482	↓
Total number of standards maintained by international organizations	26,943	27,958	↑
Total number of Canadian volunteers participating on international standards development committees	2648	2758	↑
Total number of Canadian federal government employees involved (through SCC) in international standardization committees	378	401	↑
Total number of National Standards of Canada approved by SCC that year	178	113	↓

Baseline findings on standards incorporated by reference:

	2010–2011
Number of federal regulations being monitored by SCC	90
Number of Canadian, regional and international standards referenced in those federal regulations being monitored by SCC	892
Number of Canadian standards referenced in those federal regulations being monitored by SCC	395
Number of international standards referenced in those federal regulations being monitored by SCC	236
Number of National Standards of Canada (approved by SCC) referenced in those federal regulations being monitored by SCC	259

Number of National Model Codes being monitored by SCC	5
Number of standards incorporated by reference in those National Model Codes being monitored by SCC	775
Number of Canadian standards incorporated by reference in those National Model Codes being monitored by SCC	479
Number of international standards referenced in National Model Codes being monitored by SCC	6
Number of National Standards of Canada (approved by SCC) referenced in those National Model Codes being monitored by SCC	280

Multiple sources: Data collected by SCC Policy and Stakeholder Relations branch

>>> PERFORMANCE AGAINST OBJECTIVES

Strategic Priority 1

Protect the Integrity of the National Standards System (NSS)

Promote the value of Standardization

Throughout 2010-2011, the Standards Council of Canada (SCC) remained intent on promoting the value of standardization to key industry and government stakeholders. It conducted extensive research on structural trends affecting Canadian standardization and outlined a course of action for addressing those issues with the greatest impact on Canada's effectiveness. It worked closely with Canada's 4 SCC-accredited standards development organizations to understand weaknesses and potential irritants to the integrity of Canada's system.

SCC also exchanged information and results about the economic value of standardization with its counterparts in other countries, including through the National Institute for Standards and Technology (NIST) North American Standardization Education Workshop and the ISO/IEC Marketing Communications Forum. Within Canada's academic community, results of Canada's economic study were distributed to 92 Canadian university libraries and to all university business deans in Canada.

Participate in product safety and anti-counterfeiting activities

For the past several years, the SCC has been working with Health Canada's Consumer Product Safety bureau to identify opportunities for standardization to address consumer product safety. In FY 2010-2011, SCC supported the Government of Canada's work on product safety (Bill C-36) by submitting a formal written submission endorsing the latest Bill to the Senate. In support of the new Canadian Consumer Product Safety Act (CCPSA), SCC is collaborating with Health Canada on standards and certification-based strategies that address consumer product safety.

This includes:

- Conducting a scoping analysis and establishing an appropriate value proposition of applicable standards solutions for that which is covered under the Act; and
- Developing a best practice guide on consumer product safety for manufacturers, importers and exporters outlining different conformity assessment options.

In addition, SCC continues to work with Health Canada and pertinent standards development organizations on required improvements to Canadian participation in areas of concern such as toy safety (e.g. ISO/TC 181).

Develop a national recruitment strategy and implement Canada's Standards Strategy

Given SCC's shift in strategic direction to focus on specific target sectors, national recruitment has continued to evolve through an enhanced strategic partnership with Canada's four standards development organizations (SDOs). SCC and the SDOs are working together to determine a more effective way to coordinate recruitment of Canadian experts to participate on standards committees—ones that are a priority for Canada's economy.

Various initiatives identified in the 2009-2012 Canadian Standards Strategy (CSS) have been jointly met through SCC's cooperation with key stakeholders.

Major accomplishments from the CSS include:

- A product safety strategy;
- Mapping of federal/provincial/territorial priorities;
- Input to the Canada-EU comprehensive trade negotiations;
- The development and distribution of standardization success stories.

The majority of remaining CSS initiatives will be integrated by the SCC or its key stakeholders into their core operations. Among the initiatives that are expected to become part of ongoing business operations are: input to free trade agreements, outreach to target key government and business leaders, and the development of mechanisms to address emerging standardization issues.

>>> PERFORMANCE AGAINST OBJECTIVES

Strategic Priority 2

Achieve International standards conducive to Canada's interests



Source: SCC website

September 28 2010

The Mongolian Agency for Standardization and Metrology (MASM) and the SCC signed a Memorandum of Understanding (MOU) at Parliament Hill. In attendance were (left to right) Dorjdamba Zumberelkham, Head of Civil Service Council of Mongolia; Tundevori Zalaa-Uul, Ambassador of Mongolia to Canada; Mongolian Prime Minister, Sükhbaatar Batbold; Prime Minister of Canada, Stephen Harper; Maria Barrados, President of the Public Service Commission of Canada; SCC Executive Director, John Walter and the Honourable Gerry Ritz, Minister of Agriculture and Agri-Food Canada.

Strengthen global accreditation networks and maintain strategic leadership positions

Securing a place at the international standardization table is increasingly vital to Canada's national competitiveness. A lack of influence translates into lost markets for Canadian businesses. Equally significant is the integration of Canadian viewpoints on emerging technologies into international standards.

The combination of strong Canadian policy positions and involvement by the right individuals in standards work will enable Canada to maintain its profile and to have an impact internationally and regionally.

Over the years, the Standards Council of Canada (SCC) has focused on maintaining strong connections to international and regional standards development and accreditation (or conformity assessment) forums. Through mutual recognition agreements and involvement in these networks, SCC is able to provide a competitive advantage for Canada.

To this end, SCC has pursued and secured a range of leadership roles within ISO, IEC and various other influential standardization bodies.

Promote Cooperation and Agreements with other countries

In September 2010, the SCC signed a Memorandum of Understanding (MOU) with the Mongolian Agency for Standardization and Metrology. As announced by Canadian Prime Minister Stephen Harper, the agreement was one of three MOUs signed during a visit to Ottawa by Mongolian Prime Minister Sukhbaatar Batbold. Cooperation on standardization activities with Mongolia is expected to contribute to bilateral trade, as well as to enhance market access.

The Agreement on Cooperation with the Standardization Administration of China (SAC) was also renewed. Originally signed in July 2005, the agreement between SCC and SAC has helped pave the way for collaboration in standardization between Canada and China. Over the years, SCC has supported China on committee work at the international level as well as provided technical assistance, training, and support for capacity-building projects. This renewal provides formal recognition by both national bodies and represents their desire to continue to work toward mutually beneficial goals. This will ensure that the respective standards of each organization do not present any barriers to trade or potential harm to users.

Provide Capacity Building and Training

Through various capacity building projects SCC's commitment to building relationships with developing countries has enabled the organization to showcase and promote its standardization know-how. This has contributed to SCC's reputation and Canada's recognition as a world leader in standardization.

During FY 2010-2011, the SCC provided standardization support for many different projects:

- Canada-Americas Trade-Related Technical Assistance (CATRTA) Program is a \$17 million responsive program funded by the Canadian International Development Agency (CIDA) and managed by the Conference Board of Canada. The five-year project is designed to meet the priority needs of Canada and Canadian Free Trade Agreement (FTA) partner countries and sub-regions in the Americas that are focus countries of CIDA.

Figure 5: International & Regional Networks

Participation	International	Regional
Standards Development	<ul style="list-style-type: none"> • Past President of International Electrotechnical Commission (IEC), Jacques Régis • Member on IEC Council Board, Dr. Greg Stone • Member on IEC Standardization Management Board, Keith Rodel • Member on ISO Technical Management Board, SCC Executive Director John Walter • Member on ISO/DEVCO Chairman's Advisory Group (CAG), John Walter • Chair of ISO/COPOLCO, Norma McCormick • Member on ISO Council, SCC Chairman Hugh Krentz 	<ul style="list-style-type: none"> • Member of COPANT Board of Directors, SCC Managing Director, Chantal Marin-Comeau • Member of Pacific Area Standards Congress (PASC) Executive Committee, John Walter • Member of Réseau Normalisation et Francophonie (RNF), Chantal Marin-Comeau
Conformity Assessment	<ul style="list-style-type: none"> • Vice-Chair of Certification Body Sub-Committee of Inter-American Accreditation Cooperation (IAAC), SCC Director, Stephen Cross • Member of the International Accreditation Forum (IAF) and various working groups • Member of the International Laboratory Accreditation Cooperation (ILAC) 	<ul style="list-style-type: none"> • Member of Pacific Accreditation Cooperation (PAC) • Member of the Asia Pacific Laboratory Accreditation Cooperation (APLAC)

Multiple sources: SCC Standardization branch Tracking Reports

Figure 6: Impact of Canadians on International and Regional Activities

As set-out in the 2010-2011 SCC corporate plan, by the end of fiscal year the target of achieving more than 80% of proposed Canadian policy positions at these organizations had been met.

Organization	Target	Actual	Achieved
International Accreditation Forum (IAF)	80%	100%	✓
Pacific Accreditation Cooperation (PAC)	80%	100%	✓
InterAmerican Accreditation Cooperation (IAAC)	80%	100%	✓
ISO / Conformity Assessment Committee (CASCO)	80%	100%	✓

Source: Letter ballots of above-listed organizations

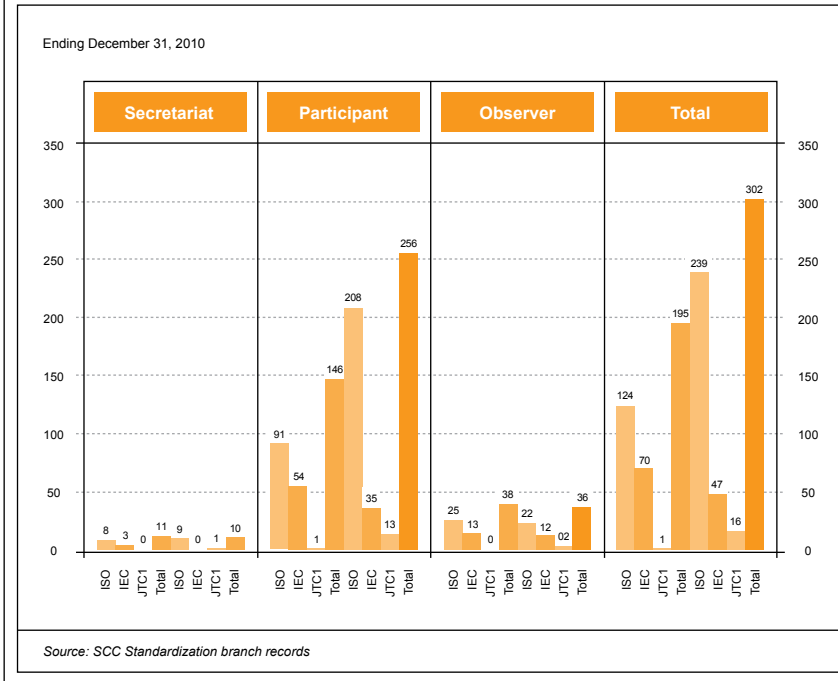
- At the recommendation of the Department of Foreign Affairs and International Trade (DFAIT), the SCC provided training to a representative in Brazil on the implementation and application of World Trade Organization Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement) in Canada.
- The SCC delivered three presentations on Proficiency Testing, Measurement Traceability, and the impact of standardization and conformity assessment on international trade, to the Instituto de Corrosion y Proteccion, Pontificia Universidad Catolica del Peru.

Participate more strategically in international and regional forums

As part of efforts to modernize and streamline operations, SCC conducted an internal review of Canada’s role in international and regional forums. SCC has identified a number of required adjustments to the criteria used for the selection and assessment of participation. As it moves into the new fiscal year, it will establish a more rigorous process for evaluation of the benefits of involvement and the associated governance of funding for involvement by Canadians in international and regional forums and all related activities.

Figure 7: Canadian Involvement in International Technical Work

FY 2010-2011, Canadians participated in a total of 195 technical committees and 302 subcommittees. These committees develop new standards and update existing international standards for thousands of products, systems and services.



>>> PERFORMANCE AGAINST OBJECTIVES

Strategic Priority 3

Increase revenues in selected programs and services

Identify standards and accreditation solutions

As a result of efforts to increase revenues in select accreditation programs, the Standards Council of Canada (SCC) was able to fully recover the costs of operating its accreditation services including its conformity assessment programs.

In recent years, the demand for SCC programs and services has steadily increased resulting in some pressure on existing resources. Throughout the year, while exploring business opportunities and potential for growth, the SCC remained committed to effective delivery of essential accreditation programs and services.

There is an expectation that accreditation revenues will stabilize over the next few years as a result of the economic challenges facing Canadian businesses, maturing accreditation market sectors, and increasing globalization pressures.

Implement conformity assessment (CA) programs

In 2010-2011, SCC accreditation was recognized by the Foundation for Food Safety Certification under the Food Safety System Certification (FSSC) 22000 scheme. SCC is now able to offer accreditation to certification bodies interested in auditing and certifying the food safety systems of food manufacturers.

SCC's program for the accreditation of inspection bodies was also extended to include organizations that evaluate commercial and industrial gas-fired appliances and equipment for safety and suitability.

Among the other notable activities affecting conformity assessment programs were:

- An increase in applicants and interest in SCC's greenhouse gas validation and verification program;
- The expansion of the product certification and laboratory accreditation programs to include Energy Efficiency Verification as part of recognition by the U.S. Environmental Protection Agency (EPA) Energy Star and Natural Resources Canada (NRCan) Office of Energy Efficiency;
- Revisions to the management systems accreditation program; and
- The notification to existing clients and potential clients of the Good Laboratory Practice (GLP) recognition program of Health Canada deadline for transition.

Figure 8: Accreditation to SCC Conformity Assessment programs

Accreditation Programs Offered by SCC	Number of Clients		
	2009–2010 Actual	2010–2011 Target ¹	2010–2011 Actual
Laboratory:	321	335 ²	325 ³
• Laboratory (ISO/IEC 17025)			280
• Medical laboratory (ISO 15189)	5	10	19
• Proficiency testing providers (ISO/IEC 17043)			4
Good Laboratory Practice (GLP) Recognition			22
Product certification bodies (ISO/IEC Guide 65)	31	35	31
Management systems certification bodies (ISO/IEC 17021)	19	20	19
Personnel certification bodies (ISO/IEC 17024)	5	7	5
Inspection Bodies (ISO/IEC 17020)	14	14	14
Greenhouse gas verification bodies (ISO 14065)	0	5	1
Certified Reference Materials Producers ⁴		3	
Total	395	419	395
<small>1 Target as proposed in the 2010-2011 SCC Corporate Plan 2 This target, which appeared in the 2010-2011 SCC Corporate Plan, included an expected 10 medical laboratories 3 In FY 2010-2011, clients of the SCC's GLP recognition program were not included in Laboratory totals 4 The Certified Reference Materials Producers program was not launched in FY 2010-2011</small>			
<small>Source: SCC Conformity Assessment branch tracking records</small>			

Seek alternate sources of revenue and resources

The SCC continues to explore potential course offerings and customized training of value to its stakeholders and members. In FY 2010-2011, SCC delivered three courses on the impact and use of the international laboratory accreditation standard (ISO/IEC 17025).

Increase to base annual appropriation

The 2011 federal Budget that was tabled in the House of Commons by the Honourable James M. Flaherty, P.C., M.P., Minister of Finance on March 22, proposed to provide an additional \$2.1 million per year starting in 2012-13 to the Standards Council of Canada (SCC) for standardization-related activities.

The SCC also expects that based on the \$58 million in federal funding for various programs aimed at helping Canadians adapt to a changing climate, it will be allocated \$2.5 million over five years.

This infusion of annual funding to SCC will strengthen and modernize Canada's standards system. It will establish a stronger Canadian voice in developing international standards, and support the use of appropriate standards in Canadian regulations and in trade negotiations.

>>> PERFORMANCE AGAINST OBJECTIVES

Strategic Priority 4

Increase recognition of SCC among key stakeholders

Increase outreach efforts to target priority groups

Maintaining strong relationships with stakeholders is necessary to the work of the Standards Council of Canada (SCC). In order to ensure that Canada remains at the forefront of awareness, technology, trade and best practices in standardization, SCC must strive to regularly engage with its stakeholders on topics and activities of relevance.

As a result of outreach efforts undertaken throughout the 2010-2011 fiscal year, SCC was able to significantly strengthen its relationships with key federal government and industry stakeholders. Following are some of the outcomes of work undertaken throughout FY2010-2011:

At a federal level

- An Interdepartmental Advisory Committee on Standardization, comprised of 15 Canadian federal departments involved in standardization, was established.
- SCC contributed to progress being made on negotiations towards a Canada and European Union Comprehensive Economic and Trade Agreement (CETA).
- A roadmap on the use of standards and certification-based solutions for Consumer Product Safety is being developed.
- The value proposition on enhancing the climate resilience of northern infrastructure with codes, standards and related instruments in support of the True North initiative has been endorsed by stakeholders.
- Funding to enable SCC to support objectives of the Canada-Americas Trade-related Technical Assistance Program (CATRTA) has been secured from Canadian International Development Agency (CIDA).
- Under contract with Natural Resources Canada (NRCan), SCC produced a gap analysis and a matrix that documents existing Canadian natural gas codes, standards and regulations.

- SCC is assisting Environment Canada in the identification of new standards for the specification of Environmental Technology Verification (ETV), and recognition of organizations involved in ETV.

At a provincial level

- SCC liaised with Provincial-Territorial Advisory Committee (PTAC) to identify and resolve important standardization issues affecting the provinces and territories.
- It also engaged the Council of the Federation on how to systematically connect with the provinces and territories at a more strategic level to encourage them to leverage national standardization initiatives.

With industry

- SCC liaised with the Canadian Natural Gas Vehicle Alliance and facilitated linkages with various other stakeholders.
- Work on a standardization roadmap for cloud computing was initiated in collaboration with members involved in the Cloud Computing Rapporteur Group.
- Support and endorsement of the value of standardization was obtained from high profile executives willing to champion and document their commitment to Canadian standardization.

Promote the SCC and the benefits of standardization to key stakeholders

On June 9th, 2010, the Standards Council of Canada (SCC) held its first ever Annual Public Meeting, bringing together an array of standardization professionals and members of the public. A total of over one hundred people participated in the event: seventy of those attended the meeting in-person and an additional 38 viewed the proceedings live via webcast.

A strategic session with Rob Steele, the Secretary-General of the International Organization for Standardization (ISO), was hosted by the SCC at its offices on July 26th 2010. At the session, invited participants were given an overview of the current state of national and international standardization and provided with an opportunity to engage with SCC in a dialogue on this topic.

On World Standards Day (October 14th, 2010), the SCC invited national stakeholders, committee members, accredited clients, potential partners and the public to a special event on “Accessibility for All”. The event also provided an opportunity for the SCC to celebrate its milestone 40th anniversary—with presentations on the evolution of accessibility standards in Canada, an armchair session showcasing several perspectives on how standards enable accessibility and an exhibit component.

Video recordings of the promotional events it hosted in 2010-2011 are available for viewing from the SCC website, as are the numerous success stories about the benefits of standardization that it published throughout the year.

Address issues of concern affecting Canada’s network of standardization experts

In collaboration with key stakeholders, SCC identified the trends, opportunities and challenges facing Canada’s system of standardization professionals including those issues requiring immediate attention and support.

Among the most poignant challenges facing Canada’s network:

- Standards development in Canada is not keeping up with the rapid introduction of new and diversified technologies.
- New standards that would benefit the Canadian economy are not being developed.
- Canada’s ability to participate in and maintain the secretariats of key international standards development committees is threatened without sustained sources of funding.
- Participation in all international committee activities is not possible or necessary.
- Many standards—including a number that are currently referenced in regulation, codes, and related instruments such as the National Building Code—are not being updated due to time and resource constraints.

SCC renewed its commitment to stakeholders in responding to those issues with the greatest impact on the effectiveness of Canada’s national standardization network (see Figure 9).

Inclusion of standards and accreditation in key government priorities

In 2010-2011, in collaboration with key stakeholders, SCC proposed a shift towards a more targeted approach to participation in standardization activities for Canada and greater alignment with the Government of Canada priorities.

Eleven areas of strategic national importance were identified and investigated for the potential development of standardization roadmaps:

Energy and the Environment

- CO2 Capture and Storage - greenhouse gas emission reductions/access to markets
- Fuels Infrastructure - moving to cleaner and renewable fuels

Health and Life sciences

- Consumer Product Safety - supporting the Consumer Product Safety Act
- Food Safety - implementing new standards and conformity assessment solutions for robust management systems
- Healthy Enterprises - increasing the productivity of Canadian organizations

Infrastructure

- Electric Vehicles - establishing infrastructure for a new generation of automobiles
- Green Buildings Envelope - improving sustainability and energy efficiency
- North American Smart Grid - fostering the deployment of green electricity

Innovation

- Cloud computing - standardization framework for new infrastructure and services
- Leading Edge Medical Devices - building on Canada's leading technology platforms
- Nanotechnology - establishing a safe foundation for new industries and products

These priority areas were chosen based on their importance: in protecting the health and safety of Canadians as well as in achieving global market access for Canadian products and services. SCC recognizes that Canada must secure the participation of the right Canadian subject matter experts and ensure these have been trained to negotiate Canada's position successfully—so that resulting standards solutions fit Canadian conditions.

Increase understanding of and participation in Canada's network of standardization expertise by academia

The SCC continued to provide a valuable service to Canadian universities and colleges through its Educational Program.

In 2010-2011, standards were utilized in 30 Canadian universities and colleges representing 60 courses. Access was provided to 2,224 students. SCC provides this service as an investment in the future of standards and standardization in Canada.

In connecting with academia SCC is raising awareness of the value of standards to the next generation of Canadian knowledge workers as well as to the professors, researchers and many others involved in academic pursuits who may through this exposure become more directly involved with Canada's national system.

Figure 9: Summary of Required Actions to Address Issues Affecting Canadian standardization

The Standards Council of Canada (SCC) and Canada's standards development organizations (SDOs) are committed to working together to achieve results and minimize the erosion of the effectiveness of the Canada's national standardization network:

Issue	Action	Outcome
<ul style="list-style-type: none"> • Standards development in Canada is not keeping up with the rapid introduction of new and diversified technologies • New standards that would benefit the Canadian economy are not being developed 	<ul style="list-style-type: none"> • Focus resources by tailoring standardization solutions to support key government and industry priority sectors • Adjust our national system making it more open, flexible, and responsive to new and growing sectors that will benefit the Canadian economy 	<ul style="list-style-type: none"> • Canada will maximize its trade and commerce portfolio • Canadian companies will gain market access and become more competitive in global markets
<ul style="list-style-type: none"> • Canada's ability to participate in and maintain the secretariats of key international standards development committees is threatened without sustained sources of funding • Participation in all international committee activities is not possible or necessary 	<ul style="list-style-type: none"> • Enhance Canada's strategic role internationally and regionally by targeting committee work in areas that will contribute to key growth sectors • Decide where to remain a "standards taker" and in what areas to become a "standards maker" 	<ul style="list-style-type: none"> • Maintain/establish leadership positions that drive and influence economic growth • Canada will become a "standards maker" in critical sectors • Participation at the right level, on the right issues by the right people
<ul style="list-style-type: none"> • Many standards—including a number that are currently referenced in regulation, codes, and related instruments such as the National Building Code—are not being updated due to time and resource constraints 	<ul style="list-style-type: none"> • Invest the necessary resources to urgently review existing standards that are vital for safeguarding the health and safety of Canadians 	<ul style="list-style-type: none"> • Regulators will choose standards solutions that are adapted to Canadian circumstances • The health and safety of Canadians will be enhanced

Source: A Call to Action : in support of Canadian standardization priorities (2010-06-17)

>>> PERFORMANCE AGAINST OBJECTIVES

Strategic Priority 5

Enhance organizational effectiveness

Develop and refine key performance measures

In 2010-2011, the Standards Council of Canada (SCC) undertook a review of many aspects of its business. As it underwent these reviews the intent was to foster a corporate culture of organizational excellence, strong leadership, customer focus, good governance, proper training, improved strategic planning, and financial stewardship.

Among the methods and tools used by the SCC to measure and assess its performance are: feedback from surveying of its clients and stakeholders, auditing of processes and methods against quality documentation, as well as tracking of key indicator such as the impact of Canadians on international and regional activities, and the extent of Canadian Involvement in international technical work.

As the organization continues to shift its focus and refine its priorities in order to achieve optimal organization effectiveness, it will continue to refine its key performance indicators accordingly.

Improve SCC quality management

SCC continues to modernize many of its processes and procedures, and is conducting a complete review of its quality management system to ensure that it meets the international standard for quality management (ISO 9001: 2008). This project is expected to be completed by 2012.

In FY 2010-2011, SCC conducted an internal assessment of its international participation. Information on over 55 international committees was compiled and reviewed. The exercise assisted SCC in evaluating and determining required changes to its technical committee program and to its governance participation. This includes establishing criteria on the significance (contributions), sustainability (cost of participation), impact for Canada, and sufficiency (when is it enough and when can we declare success) of participation in each committee. Determining appropriate levels of support for those Canadians that represent and put forward Canadian positions on international committees will be an ongoing exercise for SCC.

The peer evaluation by Pacific Accreditation Cooperation (PAC) and the Inter-American Accreditation Cooperation (IAAC) of SCC's accreditation programs for certification bodies that was completed during the week of November 15, 2010 was successful. These evaluations are necessary in order for SCC accreditation to continue to be recognized by other countries, potentially reducing the expense for clients of having to pursue multiple accreditations.

Address results of 2009-2010 satisfaction survey

SCC continues to address action items that correspond to the results of its 2009-2010 client survey. Initiatives are underway to address findings from the survey including:

- Implementation of an outreach strategy to industry that engages participation in, and demonstrates the value of, standardization activities;
- Increased training capacity to better serve stakeholders' needs;
- Working with members more closely to create realistic expectations about the time and effort required to participate;
- Improvements to internal processes in support of client needs;
- Efforts to improve our electronic forums.

A new electronic tracking system for the management of SCC conformity assessment management programs has been implemented. It is expected to enable the SCC to improve the efficiency and effectiveness of the internal processes used for delivery of its accreditation programs and services.

SCC's model of stakeholder consultation through advisory committees was established over twenty years ago. SCC needs to modernize its approach to consultation and to move away from an entrenched committee structure towards one that maximizes a wider range of Canadian expertise. Pending the allocation of required funding to make it available, an expanded information technology platform that would make use of modern methods of communication, social networking and engagement with stakeholders will be pursued.

Figure 10: Allocation of Staff Training

	Amount \$	% of Salary Budget
Total Training Budget	\$91,500	1.5%
Total Training Expenses	\$23,275	0.4%
% of Training Budget Used	25.4%	
Average Spending per Employee	\$277	

Source: SCC Finance branch



Source: SCC archives

November 30 2010

SCC employees at the 2010 Service Recognition event ceremony.

Manage human resources

Given the highly specialized nature of SCC resource requirements, it has typically allocated 1.5 per cent (or \$91,500) of its total salary budget to training. In 2010-2011, however only 25.4 per cent of the allocated amount was used, which represents 0.4 per cent of the annual salary amount. As SCC continues to implement organizational changes, training requirements will be further adjusted to align with new required competencies.

Maintain sound financial management

SCC's net income was within 1.5 per cent of the budget during FY 2010-2011. An unqualified audit opinion was once again achieved.

>>> MANAGEMENT DISCUSSION AND ANALYSIS

In order to validate the execution of its strategic direction, the Standards Council of Canada (SCC) continued to apply the international standard on risk management (ISO 31000) to its operations. The SCC's enterprise risk management assessment (ERMA) enables the organization to assess the degree of risk associated with a specific organizational priority and to allocate resources accordingly.

Over the past year, the SCC dedicated the required amount of resources to mitigate the risks associated with the highest ranked priorities as identified in the 2010-2011 Corporate Plan, which are financial resources, conformity assessment and international technical participation.

While the risk of not having access to sufficient financial resources is likely to remain among the highest rated for the SCC, significant progress was made in 2010 to address financial pressures. Internally, the SCC employs a strict program of cost containment and cost deferral to protect operating cash flows. Externally, the SCC has continued to seek industry support for standards programs, and to demonstrate the value of standards and conformity assessment to its primary stakeholder, the Government of Canada.

In the area of conformity assessment, SCC continued to face a shrinking global accreditation market, increased competition, and limited resources. In 2010, the organization mitigated the risks associated with these issues by focusing on the programs with the greatest potential for growth. It identified and implemented improvements to the quality of its service and streamlined processes for delivery. As a result, SCC management concluded that the risk rating associated with conformity assessment could be downgraded and as such it no longer appears in the 2010-2011 SCC Corporate Risk Profile (see Figure 11). SCC continues to closely manage this area of operations, given the importance of its financial contribution to the organization.

As with any system, continuous review and improvement of the infrastructure that supports standardization activities is vital. As part of its overall modernization initiatives SCC undertook a number of reviews and evaluations that impact the strategic areas of SCC's operations. Several corporate initiatives have included: a technical committee review; an advisory committee review; an evaluation of international and regional participation and an evaluation of SCC's member program. All of these initiatives aim to support a more optimum level of participation for Canada's social and economic well-being. These reviews and evaluations will be carried forward into the next fiscal year. SCC continues to address the larger area of risk that is Canada's ability to sustain and strengthen its network of standardization experts.

In 2010, SCC updated its ERMA following a survey and re-prioritization by management and based on changes in strategic direction. As SCC continues to build a stronger culture of risk management, risk mitigation strategies will continue to be incorporated into SCC processes and operations. The outcome is an updated risk profile (see Figure 11) which includes three higher order categories of risk: strategic, business and operational. It is important to note that these risks are all interrelated and as such could have a combined impact SCC's corporate reputation.

Figure 11: SCC Risk Profile 2010-2011

Risk	Risk Rating 2009	Risk Rating 2010	Change
Strategic Risks: are ones that may affect the future strategic direction and success of the organization.			
Demonstrating value: demonstrate the value of standardization to key government and industry stakeholders.	—	■	New risk
Creating new business: Business development for new and existing programs and services.	—	■	New risk
Strategic participation in standards and conformity assessment bodies: influence the outcome of standards in areas of strategic importance to Canada's economy.	●	●	—
Business Risks: are those considered specific to SCC's business.			
Financial: achieve the right balance of resources.	●	●	—
Legal: meet requirements for SCC programs and services.	■	■	—
Competitive Intelligence: use competitive intelligence to make informed strategic decisions.	—	■	New risk
Operational Risks: are risks arising from the execution of SCC business functions e.g. people, system and processes.			
People: plan strategically human resource requirements.	■	■	—
Technology and information management: stakeholder consultation is supported by the right technology infrastructure.	■	●	↑
Quality and Governance: good governance and quality practices bear influence on SCC's positive reputation, credibility and public trust.	■	■	—
Legend: Risk Rating = Probability x Impact	High ●	Medium ■	Low ▲
* Strategic Focus, conformity assessment and corporate reputation have been removed from the 2010 risk profile, however mitigation strategies for these risks have been built-in to the 2010 profile: as part of demonstrating the value of standardization, financial, and quality and governance respectively.			
Source: SCC Corporate Services			

>>> FINANCIAL PERFORMANCE

In 2010-2011, the Standards Council of Canada's total revenue (excluding government funding) was \$8.08 million—approximately 1.4 per cent higher than the budgeted amount of \$7.97 million, and about 0.78 per cent higher than the \$8.02 million recorded in FY 2009-2010. The increase over last year's performance was due primarily to higher accreditation services fees (by \$229 thousand) and royalties from the sale of standards (of \$73 thousand), which are offset by a decrease in Other income (of \$135 thousand).

Revenue from conformity assessment accreditation fees (\$6.19 million) increased by about 4 per cent from the \$5.96 million recorded in FY 2009-2010. The increase is primarily due to strong economic recovery and encouraging signs of program expansion in areas such as Good Laboratory Practice (GLP) and Greenhouse Gas certification.

In its conformity assessment programs, total revenue for Certification and Management Systems rose 3 per cent (at \$1.7 million) and 6 per cent (at \$1.8 million) respectively; while the revenue from Laboratories (PALCAN) remained flat, at \$2.8 million, short of its revenue target by \$79 thousand for the year.

The Conformity Assessment branch achieved a full recovery of its operating costs in FY 2010-2011 and generated a surplus of 3 per cent or \$182 thousand, which is approximately on par with FY 2009-2010 results. In previous years, all corporate and administrative costs were allocated across operating branches; the revised allocation of these corporate costs on a proportionate share basis enables the Standards Council of Canada (SCC) to present a transparent and fair representation of its operations and for the conformity assessment branch to target a cost recovery of 100 per cent or break-even, which has been achieved.

Royalties from the sale of standards totalled approximately \$900 thousand—significantly better than the budgeted \$750 thousand, and an increase of 9 per cent from the previous year's level of \$825 thousand. This increase reflects global growth for most sellers of standards.

Revenues from sponsorship, partnership and advisory service agreements totalled \$320 thousand, significantly ahead of budget (by \$73 thousand); these revenue sources are subject to having the resources available to dedicate to service fulfillment.

Revenue from other income sources amounted to \$314 thousand, compared to \$449 thousand in FY 2009-2010, falling short (by \$106 thousand) of the budgeted amount (of \$420 thousand). This revenue includes funds collected from the hosting of web document management (SiteScape) and ExportAlert! services; amortization of deferred revenue related to leasehold improvements and capital asset acquisitions; sponsorship of international technical committee meetings, and interest income.

Government funding of \$7.6 million was higher this fiscal year as compared to previous year's \$7.1 million, primarily due to the non-recurring reimbursement of selected expenditures. Annual parliamentary appropriation supported 47 per cent of the operating and capital expenditures of SCC, as compared to 45 per cent in FY 2009-2010.

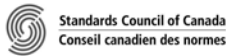
Expenses for FY 2010-2011 totalled \$15 million, as compared to the previous year's \$15.8 million and to the budgeted \$15.5 million. Year-over-year, operating costs significantly decreased, by over \$870 thousand, in FY 2010-2011. This result was achieved by adhering to strict cost containment measures and cost deferral so as to protect a certain level of operating cash flow. These measures are not viable in the long-term but help the SCC to maintain financial self-sustainability in the short-term. Cost reductions were achieved in areas of staff travel, meeting expenses, advertising and administrative expenses such as office supplies, as well as books and subscriptions.

In FY 2010-2011, the SCC generated a net surplus of \$804 thousand, a significant improvement in financial performance over past year and against the budgeted loss of (\$393 thousand). It was as a result of concerted efforts by the organization's management team in reviewing and questioning all activities and expenses that SCC was able to start the realignment of resources to the key strategic priorities.

Figure 12: Financial Overview 2006-2011

Financial Overview	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011 (Budget)	2010-2011 (Actual)
Revenue						
Accreditation fees	5,663,079	5,763,908	5,893,041	5,962,067	6,188,000	6,190,574
Royalties from standards sales	698,056	718,315	677,519	825,227	750,000	898,557
WTO/NAFTA Enquiry Point	260,945	339,827	360,559	360,620	361,000	354,135
Sponsorships, partnerships and Advisory Services	503,945	678,799	344,569	418,118	247,000	320,486
Other Income	362,141	406,585	463,474	449,705	420,000	314,278
	7,488,166	7,907,434	7,739,162	8,015,737	7,966,000	8,078,030
Expenses						
Conformity Assessment - Accreditation services	4,109,648	4,390,305	4,901,550	4,700,419	5,019,824	4,464,011
WTO/NAFTA Enquiry Point	260,947	339,827	360,559	360,620	361,000	354,203
Standards Development	4,093,269	3,718,083	3,730,870	4,026,134	3,209,500	2,842,969
Policy & Stakeholder Relations	1,053,130	1,712,936	1,957,158	2,000,558	2,406,672	1,796,598
Management and Administrative Services	5,045,721	4,392,516	4,305,266	4,758,370	4,494,004	5,516,643
	14,562,715	14,553,667	15,255,403	15,846,101	15,491,000	14,974,424
Net Loss before Government Funding	(7,074,549)	(6,646,233)	(7,516,241)	(7,830,364)	(7,525,000)	(6,896,394)
Government Funding						
Parliamentary Appropriations	7,386,827	6,924,598	7,027,123	7,015,259	6,987,000	7,557,506
Amortization of Deferred Government Funding	227,952	185,510	168,932	167,705	145,000	143,416
	7,614,779	7,110,108	7,196,055	7,182,964	7,132,000	7,700,922
Net Income (Loss)	540,230	463,875	(320,186)	(647,400)	(393,000)	804,528

MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS



Standards Council of Canada
Conseil canadien des normes

Management Responsibility for Financial Statements

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

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

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

The 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.

John Walter
Executive Director

Ottawa, Canada
June 8, 2011

Sylvie C. Lafontaine CA
Chief Financial Officer

AUDITOR'S REPORT



Auditor General of Canada
Verificateur général du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister of Industry

Report on the Financial Statements

I have audited the accompanying financial statements of the Standards Council of Canada, which comprise the statement of financial position as at 31 March 2011, and the statement of operations and comprehensive income, statement of changes in shareholder's equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management,

as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Standards Council of Canada as at 31 March 2011, and the results its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Report on Other Legal and Regulatory Requirements

As required by the *Financial Administration Act*, I report that, in my opinion, Canadian generally accepted accounting principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Standards Council of Canada 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 Standards Council of Canada.

Clyde M. MacLellan, CA
Assistant Auditor General
for the Interim Auditor General

8 June 2011
Ottawa, Canada

STATEMENT OF FINANCIAL POSITION

As at March 31	2011	2010
ASSETS		
Current Assets		
Cash	\$ 3,626,912	\$ 1,372,794
Accounts receivable, net:		
Federal government departments and agencies (note 13)	318,484	259,458
Other accounts receivable	1,775,087	1,579,941
Parliamentary appropriations receivable	659,900	2,021,000
Prepaid expenses	774,889	810,925
	<u>7,155,272</u>	<u>6,044,118</u>
Premises and Equipment, net (note 5)	<u>732,123</u>	<u>559,490</u>
	\$ 7,887,395	\$ 6,603,608
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 1,795,387	\$ 1,487,956
Deferred accreditation services fees	1,988,182	2,002,561
Other deferred revenue	12,662	12,662
	<u>3,796,231</u>	<u>3,503,179</u>
Long Term Liabilities		
Deferred government funding (note 6)	503,794	412,486
Deferred revenue - tenant improvement allowance (note 7)	228,329	147,004
	<u>732,123</u>	<u>559,490</u>
	<u>4,528,354</u>	<u>4,062,669</u>
SHAREHOLDER'S EQUITY		
Retained earnings	3,288,187	2,483,659
Accumulated other comprehensive income (note 8)	70,855	57,280
Equity	<u>3,359,042</u>	<u>2,540,939</u>
	\$ 7,887,395	\$ 6,603,608

Commitments (note 12)
The accompanying notes are an integral part of these financial statements.

Approved by the Council:


 Chair


 Executive Director

STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME

For the year ended March 31	2011	2010
Revenue		
Accreditation Services fees	\$ 6,190,574	\$ 5,962,067
Royalties from Sales of Standards (note 9)	898,557	825,227
WTO/NAFTA Enquiry Point	354,135	360,620
Sponsorships, Partnerships and Advisory Services	320,486	418,118
Other Income	314,278	449,705
	<u>8,078,030</u>	<u>8,015,737</u>
Expenses (note 10)		
Conformity Assessment - Accreditation Services	4,464,011	4,700,419
WTO/NAFTA Enquiry Point	354,203	360,620
Standards Development	2,842,969	4,026,134
Policy & Stakeholder Relations	1,796,598	2,000,558
Management and Administrative Services	5,516,643	4,758,370
	<u>14,974,424</u>	<u>15,846,101</u>
Net Loss before Government Funding	<u>(6,896,394)</u>	<u>(7,830,364)</u>
Government Funding		
Parliamentary Appropriations	7,557,506	7,015,259
Amortization of Deferred Government Funding (note 6)	143,416	167,705
	<u>7,700,922</u>	<u>7,182,964</u>
Net Income (Loss)	804,528	(647,400)
Other Comprehensive Income		
Contributions Received (Expended) (note 8)	<u>13,575</u>	<u>(95,651)</u>
Comprehensive Income (Loss)	\$ 818,103	\$ (743,051)

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

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

As at March 31	2011	2010
Retained Earnings		
Balance, beginning of the year	\$ 2,483,659	\$ 3,131,059
Net Income (Loss)	804,528	(647,400)
Balance, end of the year	3,288,187	2,483,659
Accumulated Other Comprehensive Income		
Balance, beginning of the year	57,280	152,931
Other comprehensive income (loss)	13,575	(95,651)
Balance, end of the year	70,855	57,280
Total Shareholder's Equity, end of the year	\$ 3,359,041	\$ 2,540,939

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

STATEMENT OF CASH FLOWS

For the year ended March 31	2011	2010
Operating Activities		
Net Income (Loss)	\$ 804,528	\$ (647,400)
Adjustments for non-cash items:		
Amortization of premises and equipment	169,699	193,988
Amortization of deferred government funding	(143,416)	(167,705)
Amortization of tenant improvement allowance	(26,283)	(26,283)
	<u>804,528</u>	<u>(647,400)</u>
Changes in restricted contributions from non-owners	13,575	(95,651)
Changes in current liabilities and current assets other than cash	<u>1,436,015</u>	<u>(1,529,372)</u>
Cash flows provided by operating activities	<u>2,254,118</u>	<u>(2,272,423)</u>
Investing Activities		
Additions of premises and equipment	<u>(342,334)</u>	<u>(113,740)</u>
Financing Activities		
Funding for acquisition of premises and equipment		
Parliamentary appropriations	234,724	113,740
Tenant improvement allowance	107,610	-
	<u>342,334</u>	<u>113,740</u>
Net increase (decrease) in cash	2,254,118	(2,272,423)
Cash, beginning of the year	<u>1,372,794</u>	<u>3,645,217</u>
Cash, end of the year	<u>\$ 3,626,912</u>	<u>\$ 1,372,794</u>

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

>>> NOTES TO THE FINANCIAL STATEMENTS

March 31, 2011

1. AUTHORITY, MANDATE AND ACTIVITIES

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

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

In carrying out its mandate, the Council is engaged in the following activities:

- foster quality, performance and technological innovation in Canadian goods and services through standards-related activities;
- develop prioritized standards-related strategies and long-term objectives to advance Canada's economy; support sustainable development; benefit the health, safety and welfare of citizens; assist and protect consumers;
- accredit organizations engaged in standards development and conformity assessment;
- represent Canada's interests internationally and regionally through membership in the International Organization for Standardization (ISO), the International Electrotechnical Commission (IEC), and in other regional standards organizations;
- approve the National Standards of Canada;
- provide advice and assistance to the Government of Canada in the negotiation of standardization-related aspects of international trade and mutual recognition agreements;
- work with international standards bodies to develop agreements that facilitate trade;
- foster and promote a better understanding of the benefits and usage of standards and accreditation services;
- act as the premiere source to collect and distribute information on standards activities; and
- operate Canada's North American Free Trade Agreement and World Trade Organization enquiry points on behalf of the federal government.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”).

A summary of the significant accounting policies used in these financial statements follows:

(a) Premises and equipment

Premises and equipment are recorded at cost and amortized on a straight line basis over the estimated useful life of the assets:

Furniture	5 years
Equipment	4 years
Leasehold improvements	lesser of term of the lease or expected useful life

(b) Revenue recognition

Conformity Assessment-Accreditation Services revenues are mostly derived from application fees, annual accreditation fees and conformity assessment audits. Revenues received as application fees and the related annual accreditation fees are deferred until the completion of the assessment process and the granting of accreditation. Annual fees for organizations that are renewing their accreditation are amortized to revenue on a straight line basis over the period to which the fee applies. Revenue for conformity assessment audit is recognized at the time the related services are provided.

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

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

Contributions received from non-owners that are restricted for the hosting of international meetings or conferences are included as part of Other Comprehensive Income. These contributions are recognized as revenue at the time the related expenses are incurred. The Council also administers a fund on behalf of an unrelated entity that is presented as a current liability. Contributions received for this fund and its related expenditures are recorded directly against this liability.

(c) Expenses

Expenses are recognized when goods and services are received.

(d) Parliamentary appropriations

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

(e) Pension benefits

Substantially all of the employees of the Council are covered by the public service pension plan (the “Plan”), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Council to cover current service cost. Pursuant to legislation currently in place, the Council has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an expense in the year when employees have rendered service and represent the total pension obligation of the Council.

(f) Employee benefit plan

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

(g) **Vacation pay**

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

(h) **Management estimates**

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

(i) **Financial instruments – measurement and recognition**

As required under Canadian GAAP- Section 3855, the Council has classified cash as a “financial asset held for trading” and is measured at fair value. Accounts receivable are classified as “loans and receivables”. Accounts payable and accrued liabilities are classified as “other financial liabilities”. Loans and receivables as well as financial liabilities are initially measured at fair value and subsequently measured at amortized cost.

(j) **Future accounting changes**

In December 2009, the Public Sector Accounting Board issued an amendment to the Introduction to Public Sector Accounting Standards of the PSA Handbook. Under these revised introductions, the Council is classified as an “Other Government Organization” (OGO). As such, the Council has determined that these standards issued by the Public Sector Accounting Board are the most appropriate basis of accounting to meet the needs of the users of its financial statements. The Council will adopt these standards beginning April 1, 2011, and does not expect that they will have a material impact on its financial statements.

3. CAPITAL MANAGEMENT

The Council is subject to the Standards Council of Canada Act and the Financial Administration Act (“the Acts”) and any directives issued pursuant to the Acts. These Acts affect how the Council manages its capital, among other things; one of its objectives is to effectively manage actual costs to budget on an annual basis and to ensure that it has adequate capital to deliver its mandate and to ensure that it continues as a going concern.

The Council is prohibited from issuing its own capital or its own debt to meet any capital requirements and is not subject to externally imposed minimum capital requirements.

Its capital management is granted annually through the approval of its Corporate Plan and Operating & Capital budget.

The Council has managed its actual costs to budget as approved in its 2010-11 Corporate Plan and Operating and Capital budget. No changes were made in the objectives during the years ended March 31, 2011 or March 31, 2010.

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

	<u>2011</u>	<u>2010</u>
Retained Earnings	\$ 3,288,187	\$ 2,483,659
Accumulated Other Comprehensive Income	70,855	57,280
Shareholder's Equity	<u>\$ 3,359,042</u>	<u>\$ 2,540,939</u>

4. FINANCIAL INSTRUMENTS

The Council's financial instruments consist of cash, accounts receivable and accounts payable & accrued liabilities. Accounts receivable and accounts payable are incurred in the normal course of business. All are due on demand and are currently non-interest bearing. The carrying value of each financial instrument approximates its fair value because of the short maturity of the instruments.

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

Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument, leading to a financial loss. The maximum exposure the Council has to credit risk is \$1,775,087 (2010 - \$1,579,941) which is in relation to its accounts receivable. Credit is granted, as required, to customers for additional assessment fees that may be applicable after the audit or accreditation is completed. Credit may also be granted to customers in accordance with existing policies pertaining to deferred payment of fees.

In all cases, prudence is observed at the time of the transaction. Credit is automatically granted to employees for travel and also to government departments, agencies, Crown corporations, and government business enterprises. There is minimal potential risk of loss related to these receivables. The Council does not hold any collateral as security. There is no concentration of credit risk with any one customer.

As at March 31, the aging of non-related party accounts receivable is as follows (terms and conditions relating to related party receivables, refer to note 13):

	Total	Current	30-60 Days	60-90 Days	90-120 Days	>120 Days
2011	\$ 1,775,087	\$1,153,887	\$ 226,600	\$ 125,943	\$ 93,154	\$ 175,503
2010	\$ 1,579,941	\$ 981,367	\$ 225,652	\$ 130,197	\$ 69,648	\$ 173,077

The Council records an allowance for bad debts when considering the age of the outstanding receivable and the likelihood of collection. Provisions are also made for clients where collection of the receivable is doubtful based on information gathered through collection efforts. An allowance is reversed once collection of the debt is successful.

An account receivable will be considered to be impaired or written-off when the Council has determined that collection can no longer be made and appropriate approvals have been obtained. During the year, no interest was earned on impaired assets and none of the past due amounts have been renegotiated. Those that are neither past due, nor provided for or impaired are considered to be of good quality.

At March 31, 2011, the allowance for bad debts is estimated at \$33,000 (2010 - \$50,000). The following table provides a reconciliation of the allowance during the year.

	<u>2011</u>	<u>2010</u>
Balance, beginning of year	\$ 50,000	\$ 24,400
Add: Charges for the year	(25,411)	74,490
Less: Bad debts write-off	8,411	<u>(48,890)</u>
Balance, end of year	<u>\$ 33,000</u>	<u>\$ 50,000</u>

Liquidity risk

Liquidity risk can occur should the Council have difficulty in meeting its obligations associated with financial liabilities. The Council's objective is to maintain sufficient cash through drawdown of its voted parliamentary appropriations, collection of accreditation fees and other services in order to meet its operating requirements. The Council manages liquidity risk through a detailed annual planning and monthly cash flow planning and billing process which is structured to allow for sufficient liquidity from one billing period to the next. In addition, the Council has set guidelines for working capital of two month's cash requirements, a current ratio of 2.5 to 1 and a quick ratio of 2 to 1.

All accounts payable and accrued liabilities are due within one year.

Market risk

Market risk occurs when the fair value or future cash flows of a financial instrument fluctuates due to changes in financial markets. Market risk is comprised of: interest rate risk, currency risk and other price risks such as equity risk. The Council's financial instruments are not significantly exposed to market risk.

5. PREMISES AND EQUIPMENT

	2011			2010
	Cost	Accumulated amortization	Net book value	Net book value
Furniture	\$ 302,785	\$ 277,946	\$ 24,839	\$ 9,548
Equipment	1,656,200	1,334,254	321,946	210,939
Leasehold improvements	885,307	499,969	385,338	339,003
	\$ 2,844,292	\$ 2,112,169	\$ 732,123	\$ 559,490

6. DEFERRED GOVERNMENT FUNDING

Deferred funding represents the unamortized portion of funding, including parliamentary appropriation used to purchase depreciable premises and equipment.

Changes in the deferred funding balance are as follows:

	2011	2010
Balance, beginning of year	\$ 412,486	\$ 466,451
Add: Current year Appropriation used to acquire depreciable premises and equipment	234,724	113,740
Less: Amortization	(143,416)	(167,705)
Balance, end of year	\$ 503,794	\$ 412,486

7. DEFERRED REVENUE – TENANT IMPROVEMENT ALLOWANCE

The Council's lease agreement provided for funds to be received from the landlord to reimburse the cost of tenant improvements made to the leased office space. These funds have been recorded as deferred revenue and are being amortized to income over the duration of the lease.

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

	2011	2010
Balance, beginning of year	\$ 147,004	\$ 173,287
Add: Amount received from landlord	107,610	-
Less: Amortization	(26,285)	(26,283)
Balance, end of year	\$ 228,329	\$ 147,004

8. CONTRIBUTIONS RECEIVED

The Council receives funds from unrelated parties that are restricted to the hosting of international technical committee meetings and conferences held in Canada. These funds have been recorded in "Other Comprehensive Income" as contributions received and are recognized as revenue at the time the related expenses are incurred.

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

	2011	2010
Balance, beginning of year	\$ 57,280	\$ 152,931
Add: Contributions received	20,900	188,352
Less: Contributions expended	(7,325)	(284,003)
	13,575	(95,651)
Balance, end of year	\$ 70,855	\$ 57,280

9. ROYALTIES FROM SALES OF STANDARDS

Since April 1, 1998, the Council has outsourced to an independent agent the fulfillment of sales made over its Standards Store.ca website. This agreement requires the payment of royalties to the Council based on a revenue sharing agreement of net sales.

10. EXPENSES

	<u>2011</u>	<u>2010</u>
Salaries and employee benefits	\$ 9,402,307	\$ 9,307,324
Travel	1,700,081	1,967,012
Professional and special services	1,526,603	1,538,869
Memberships in international organizations	924,293	1,033,065
Office accommodation	622,215	657,858
Amortization of premises and equipment	169,699	193,988
Meeting expenses	133,510	288,752
Publications and printing	132,997	203,413
Telecommunications and postage	91,210	99,814
Insurance	75,414	77,192
Other expenses	60,325	78,548
Office supplies	51,508	110,296
Rental of office equipment	40,053	39,528
Repair & Upkeep	38,476	117,930
Public relations	31,144	58,022
Bad debts expense	(25,411)	74,490
	<u>\$ 14,974,424</u>	<u>\$ 15,846,101</u>

11. PENSION BENEFITS

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

The Council's and employees' contributions to the Plan for the year were as follows:

	<u>2011</u>	<u>2010</u>
Council's contributions	\$ 973,865	\$ 852,545
Employees' contributions	\$ 458,388	\$ 427,217

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

The rates of contribution to the Plan are determined on a calendar year basis and were as follows:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Employees – current service:			
- On earnings up to yearly maximum pensionable earnings (YMPE)	5.8%	5.5%	5.2%
- On earnings exceeding YMPE: 2011 - \$48,300, 2010 - \$47,200, 2009 - 46,300	8.4%	8.4%	8.4%
Employer - expressed as a multiple of employee contributions:			
- For contributions on current and elective service on single rate employee contributions	1.86	1.94	1.91
- For elective service on double rate employee contributions	0.43	0.47	0.46
- For Retirement Compensation Arrangement (RCA) On earnings that exceed: 2011 - \$142,800, 2010- \$139,500, 2009 - \$136,700	9.5	8.9	7.5

12. COMMITMENTS

Starting in July 2000, the Council entered into an agreement to lease office space for a fifteen-year term. For operations purposes, the Council has also entered into agreements to lease office equipment. The future minimum annual rental payments under these agreements, exclusive of operating expense and property tax, are as follows:

2011-2012	\$ 366,526
2012-2013	\$ 365,583
2013-2014	\$ 361,789
2014-2015	\$ 361,789
2015-2016	\$ 102,330

13. RELATED PARTY TRANSACTIONS

The Council is related in terms of common ownership to all Government of Canada departments, agencies and Crown corporations. The Council enters into transactions with these entities in the normal course of business that are measured at the exchange amount. During the year, the Council incurred expenses totaling \$32,028 (2010 - \$17,677) and recorded revenues of \$1,209,456 (2010 - \$1,331,114) with related parties. As at March 31, 2011, the Council recorded accounts receivable with related parties of \$318,484 (2010 - \$259,458) and accounts payable of \$1,031 (2010 - \$0).

14. SUBSEQUENT EVENT

The Council received confirmation of the Treasury Board decision of May 9, 2011 to approve the reimbursement of significant non-recurring expenditures that have been accounted for in the fiscal year ending March 31, 2011.

15. COMPARATIVE BALANCES

Certain comparative figures have been reclassified in order to conform to the presentation adopted in 2011.

