



Standards Council of Canada  
Conseil canadien des normes

# CLEARVISION

ANNUAL REPORT 2011–2012

Regulatory cooperation  
**Creating confidence**  
National collaboration  
Global partnerships  
Accreditation  
**Standards leadership**  
Facilitating trade  
**Health and safety**  
Economic growth

## 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 Canada's standardization network.

Regulatory cooperation  
**Creating confidence**  
National collaboration  
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Economic growth

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Welcome to the world of standardization...  
...and to the Standards Council of  
Canada's (SCC's)

# Clear Vision

for success for action  
for the future

Welcome to SCC's Clear Vision for improving Canadians' quality of life through leadership of Canada's standardization network.

**Clear Vision is the theme of SCC's 2011-2012 annual report. This theme demonstrates SCC's performance against its five strategic priorities for fiscal year 2011-2012:** demonstrate the value of standardization; deliver value-added standardization solutions; participate strategically in standards and conformity assessment bodies nationally, regionally and internationally; grow accreditation services; and foster organizational excellence.

**Clear Vision crystallizes SCC's work on two major fronts.** First, SCC shifted gears to focus squarely on the key economic sectors of priority for the Government of Canada. In the areas of energy and the environment, health and life sciences, infrastructure, and innovation, SCC assessed gaps and opportunities in standardization where Canada could strengthen its leadership position internationally. And second, SCC began to plan for the announced \$2.1 million-per-year federal investment, starting in 2012-2013, to update key standards in Canadian federal regulations and help government departments use standardization solutions to better deliver on their priorities.

## MILESTONES

**Reflecting on the Standards Council of Canada's (SCC's) history, the origin of this year's annual report theme, Clear Vision, may easily date back to the organization's inception in 1970.**

At that time, discussions centred on the creation of an organization that would represent all groups having a major interest in standardization, and that would be able to gain and retain the confidence of industry and the general public. The organization would also need to maintain impartiality in fulfilling its mandate, and show an interest in all economic sectors across Canada and in international standardization development. Finally, the organization would have the capacity to quickly respond to stakeholders' changing needs and concerns—being aware of relevant government policy, and maintaining an information database on Canadian and international standardization.

**SCC's history includes several defining moments:**

- 1964** The federal government conducts a comprehensive review of standards activity in Canada. The study identifies a number of areas for improvement, including:
- coordination and long-term planning;
  - support from industry and government; and
  - Canadian involvement in international standardization.



- 1970** The *Standards Council of Canada Act* receives Royal Assent, and the federal government establishes the Standards Council of Canada.
- 1972** Canada first holds a seat on the International Organization for Standardization's (ISO's) governing Council.
- 1973**–**1974** SCC's governing Council approves the accreditation of five standards development organizations (SDOs), four of which continue to be accredited today by SCC: Bureau de normalisation du Québec (BNQ), Canadian General Standards Board (CGSB), Canadian Standards Association (CSA) and Underwriters Laboratories of Canada (ULC).
- 1976** SCC begins to sell ISO and International Electrotechnical Commission standards in Canada.
- 1980** Canada's first certification organization is accredited by SCC. SCC enters into agreement with the Department of Foreign Affairs and International Trade, to operate the World Trade Organization (WTO) Technical Barriers to Trade Enquiry Point.
- 1981** Canada's first two testing laboratories are accredited by SCC.
- 1988** Roy A. Phillips is elected the first Canadian president of ISO.
- 1993** The first three quality management systems registration bodies earn their accreditations, followed in later years by environmental management systems registration bodies.
- 1996** An extensive public consultation leads to a major revision of the *Standards Council of Canada Act*. Changes include expanding the scope of SCC activities to address the environment, information technology, natural resources and services sectors.
- 2002** An Order to expand the list of countries in which SCC can accredit conformity assessment organizations is published in the *Canada Gazette*. The list now includes countries that are members of WTO.
- 2010** Minister of Industry, Tony Clement, endorses the *SCC 2010 Action Plan on Standardization Activities in Support of Government of Canada Priorities*.
- 2011** Federal government announces an additional investment in SCC of \$2.1 million per year, starting in 2012–2013—a clear signal of the importance and value of standardization to Canadian society.

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# 2011–2012 year at a glance

Throughout the 2011–2012 fiscal year, the Standards Council of Canada (SCC) delivered on its vision with clarity and focus. The following provides an overview of the wide range of initiatives SCC executed.

## AT THE NATIONAL LEVEL

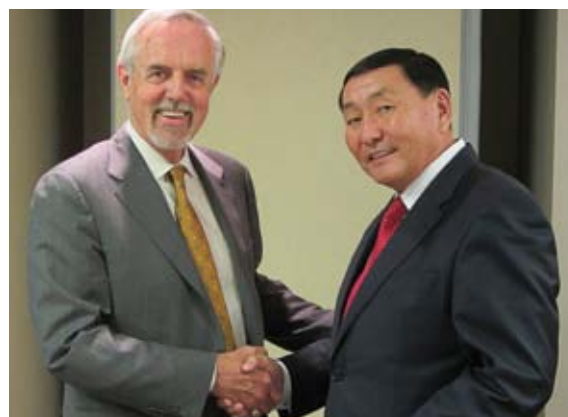
- Provided advice to the Regulatory Cooperation Council, exploring how Canada-United States harmonized standards and certification requirements can generate regulatory cooperation, thereby reducing trade barriers.
- Revised its funding assistance for its international standardization program, to provide a transparent and more effective process.
- Established a Northern Advisory Committee (NAC) for the Northern Infrastructure Standardization Initiative (NISI), to identify critical codes and standards that will address climate change impacts on infrastructure.
- Updated SCC's procedural requirements for accrediting standards development organizations (SDOs).
- Made progress on standardization-related initiatives in several sectors: consumer product safety, healthy enterprises, CO<sub>2</sub> capture and storage, electric vehicles, and clean fuels infrastructure.
- Collaborated with affected stakeholders to develop numerous standardization roadmaps; mapped solutions (standardization gaps and opportunities); and scoped and analyzed key considerations, recommending possible actions and solutions.

- Produced *A guide to standards and conformity assessment solutions for manufacturers, importers and sellers*, to support consumer product safety in Canada.
- Developed standardization profiles for various federal government departments, to help advance their standardization goals and priorities.

## WITH CLIENTS

- Expanded its program for accreditation of greenhouse gas validators and verifiers—a key growth area for SCC's accreditation services.
- Signed a memorandum of understanding (MOU) with Accreditation Canada to increase collaboration in the health care sector.
- Identified standards and codes related to compressed natural gas refueling station pressure limitations, for Natural Resources Canada (NRCan), that will advance Canada's roadmap for use in transporting natural gas.
- Achieved an overall rating of 74 per cent satisfaction from clients of conformity assessment accreditation programs.

John Walter, Chief Executive Officer of SCC, and Enkhtaivan Gurjav, Chairman of the Mongolian Agency for Standardization and Metrology



SCC joined the international standardization community in September 2011, to congratulate Canada's École de technologie supérieure (ÉTS) on receiving the prestigious International Organization for Standardization (ISO) Award for Higher Education in Standardization. The Canadian delegation to the ISO General Assembly, from left: G. Rae Dulmage (Underwriters Laboratories of Canada), Norma McCormick (ISO Committee on Consumer Policy), François Coalier (ÉTS), Jeanne Bank (Canadian Standards Association), Lynne Gibbens (SCC) and John Walter (SCC)



### AT THE INTERNATIONAL LEVEL

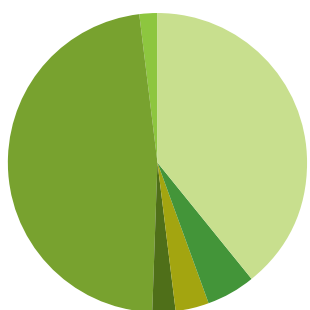
- Signed a cooperation agreement with the European Committee for Standardization (CEN) and the European Committee for Electrotechnical Standardization (CENELEC), to advance Canada-European Union trade objectives.
- Provided input for several Canadian ongoing free-trade agreement negotiations, including the *Canada-European Union Comprehensive and Economic Trade Agreement*, the *Canada-India Comprehensive Economic Partnership Agreement* and the *Canada-Caribbean Community Trade Agreement* negotiations.
- Working with the Mongolian Agency for Standardization and Metrology, established a three-year workplan that will further the trade interests of both Canada and Mongolia.

- Was reaffirmed, as a member in good standing, of both the International Accreditation Forum and the International Laboratory Accreditation Cooperation.

### WITHIN THE ORGANIZATION

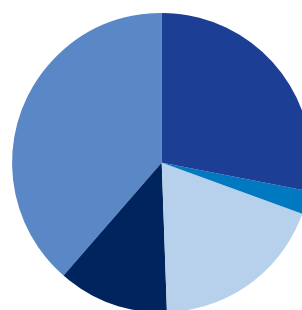
- Created a more efficient input consultation structure to modernize stakeholder input on priority areas of standardization for Canada.
- Developed and began implementation of SCC's three-year human resources plan that aligns with the organization's vision.
- Generated cost savings by deploying new technology, implementing fee-for-service initiatives, and re-prioritizing key corporate initiatives.

FIGURE 1: FINANCIAL HIGHLIGHTS



### REVENUES

Accreditation Services	\$ 6,455,019
Royalties from Standards Sales	\$ 870,068
Advisory Services	\$ 615,231
WTO/NAFTA Enquiry Point	\$ 385,710
Government Funding	\$ 7,807,394
Other Income	\$ 337,157
<b>TOTAL</b>	<b>\$ 16,470,579</b>



### EXPENSES

Accreditation Services	\$ 4,210,716
WTO/NAFTA Enquiry Point	\$ 385,710
Standards Development	\$ 2,778,777
Policy & Stakeholder Relations	\$ 1,785,243
Management	\$ 5,749,482
<b>TOTAL</b>	<b>\$ 14,909,928</b>

# clear vision for canada

The Standards Council of Canada's (SCC's) vision is clear. So too is our mandate: to carry out Canadian standardization activities efficiently and effectively.

Improving Canadians' quality of life is the vision that SCC has identified for action and success. Our vision was at the heart of the results-driven corporate plan we created at the outset of the fiscal year. Keeping in sight the health and safety of our nation's citizens, the requirements of Canadian businesses and the need to support our economy, over the past 12 months, SCC embarked on numerous strategic initiatives outlined in our corporate plan.

## INCREASED NATIONAL COLLABORATION

Collaboration—especially building relationships with industry and government—is essential to the work we do. To that end, we engaged in solidifying and building relationships with our federal partners and re-establishing our connections with industry groups in 2011–2012.

The Government of Canada's announcement that it would invest an additional \$2.1 million per year in SCC, starting in 2012–2013, clearly signaled strong federal support. SCC will dedicate these funds to update key standards in Canadian regulations and will give priority to this area of activity.

In partnership with Aboriginal Affairs and Northern Development Canada, SCC initiated a five-year program to develop standards and guides for northern infrastructure impacted by climate change. And, our ongoing work with Health Canada continues to support the implementation of Canada's consumer product safety legislation.

SCC-accredited standards development organizations (SDOs) remain central to the success of Canada's standardization network: SDOs select, confirm and develop standards that deliver on Canadian business and government priorities.

Our program for the accreditation of SDOs provides assurance that standards are developed by following rigorous criteria.

We also continue to serve as a link for organizations seeking qualified certification bodies that have followed SCC's thorough accreditation processes. During 2011–2012, we grew our accreditation services through a partnership with Accreditation Canada, to enhance medical laboratory accreditation services in Canada. We also increased our good laboratory practice recognition services by five percent over the previous fiscal year.

To more easily connect, consult and share knowledge with, as well as renew, a competent pool of stakeholders within priority areas, we piloted three online collaboration tools in 2011–2012, as part of our development of a virtual community of standardization experts. SCC anticipates that this modernized approach to stakeholder participation will result in increased value for Canadians.

## TARGETING KEY SECTORS

These past 12 months were especially momentous for SCC as we crystallized and began to deliver on our vision of supporting vital economic sectors of strategic importance to Canada.

Both nationally and internationally, Canadian standards experts supported four broad areas of the economy: energy and the environment, infrastructure, health and life sciences, and innovative industries—all of which advanced standardization for the benefit of Canada. SCC monitored its progress, as well as that of key stakeholders, in 11 priority areas.





From left: SCC Chief Executive Officer John Walter  
and SCC Interim Chairman Dr. W.A. Sam Shaw

### ENHANCING TRADE AND COMPETITIVENESS

To facilitate Canada-European Union trade, we entered into a milestone cooperation agreement with two European standards organizations: the European Committee for Standardization (CEN) and the European Committee for Electrotechnical Standardization (CENELEC). To strengthen Canada's trade and investment interests, SCC put into force recently signed memoranda of agreement with counterparts from several emerging economies, including Mongolia and South Korea. Also aimed at increasing trade, we provided technical assistance to the Caribbean Community region and to Colombia, Peru and Honduras under the Canada-Americas Trade-Related Technical Assistance (CATRTA) project.

Our relationship with the Mongolian Agency for Standardization and Metrology began to take shape over the past year. With Mongolian exports to Canada totaling more than \$241 million in 2011, this relationship is expected to increase bilateral trade and global market access for both countries.

### DELIVERING SOLUTIONS

Over the past year, delivering specialized standardization solutions to stakeholders was also central to our endeavours. Solutions took a variety of forms, such as standardization roadmaps for priority areas, specialized training, policy advice on trade agreements, and capacity-building projects for developing countries and emerging markets.

A handwritten signature in black ink, appearing to read 'John Walter'.

John Walter  
Chief Executive Officer

We also generated new internal solutions, to foster organizational excellence. SCC developed a three-year human resources strategic plan to help us attract, recruit and retain high-impact people. During the year, SCC hired a number of key resources in critical areas to help the organization move forward. We also laid the foundation for several information management and information technology projects that support internal modernization initiatives.

### GOVERNANCE

Governing Council members continued their role as active stewards of the organization, ensuring that SCC employs current best practices in governance. At the outset of the fiscal year, at their annual strategic planning session, Council members deliberated to establish and to articulate a clear vision for the organization. Council members also steered SCC toward adopting a formal risk policy and refining current risk practices.

### FUTURE VISION

This has been a pivotal year for SCC and for Canada's standardization network. Looking forward, our nation must strengthen this network to compete on the world stage, grow our economy and protect our citizens. We are confident that, together with our partners and other stakeholders, SCC will continue to deliver on our clear vision—and help Canada thrive and prosper as we create trade opportunities for business and industry, and maintain the health and safety of Canadians.

A handwritten signature in black ink, appearing to read 'W.A. Sam Shaw'.

Dr. W.A. Sam Shaw  
Interim Chairman

# corporate profile

## OUR MANDATE

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

SCC's mandate is: *to promote efficient and effective voluntary standardization in Canada, where standardization is not expressly provided for by law.*

More specifically, 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 Canada'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.

## OUR STRUCTURE

### Governing Council

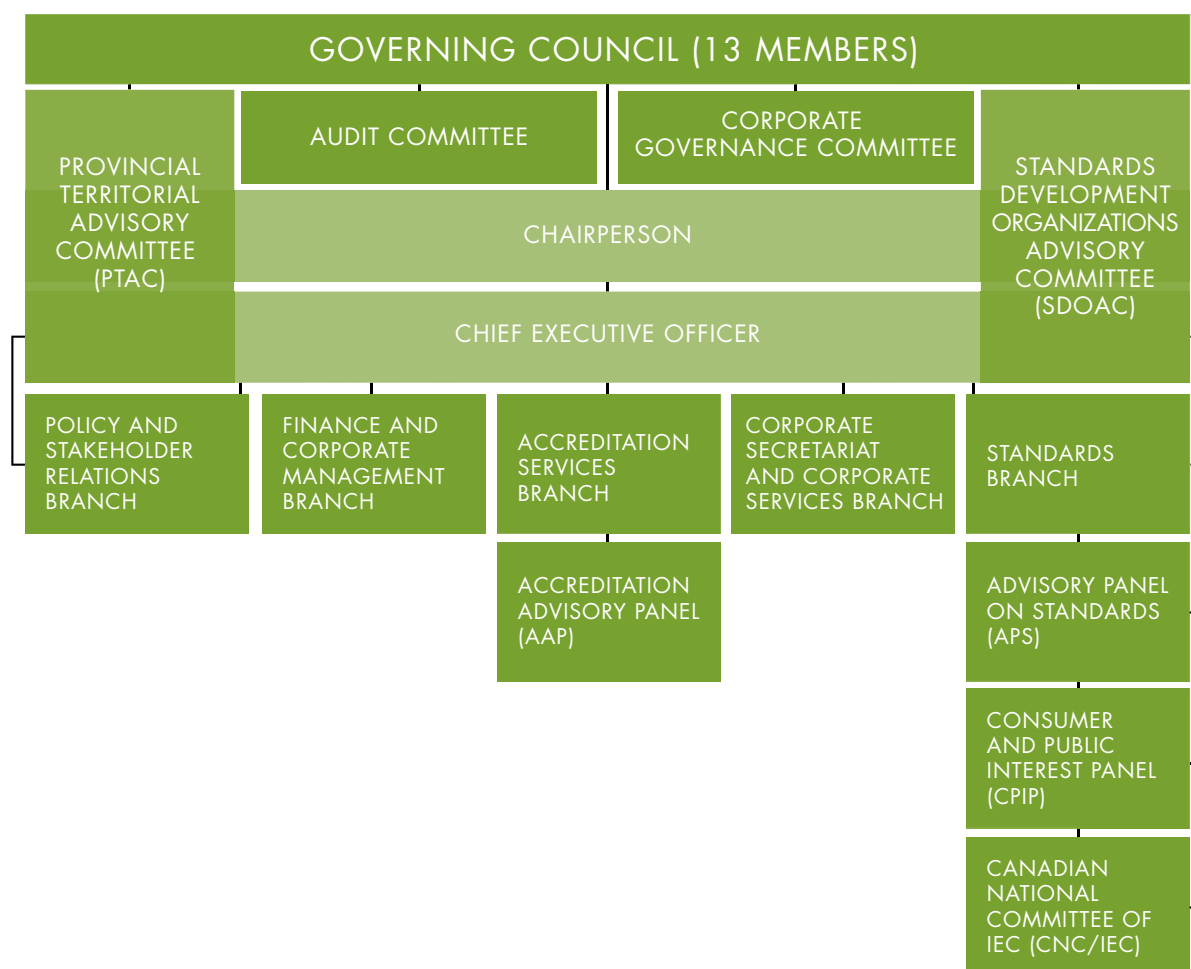
SCC's governing Council is appointed by the federal government and reports to Parliament through the Minister of Industry. The Council is comprised of 13 members who are responsible for overseeing the strategic direction of the organization, as well as the Provincial Territorial Advisory Committee (PTAC) and the Standards Development Advisory Committee (SDOAC). The Council also ensures the fulfillment of SCC's mandate, and provides guidance on governance matters.

In addition, the Council works closely with SCC's management in the development of policy items and provides advice on the organization's strategic direction.

Members of SCC's Executive Team, from left: Vice-President, Finance and Corporate Management, Ernie Briard; Corporate Secretary and Vice-President, Corporate Services, Sandra Watson; Chief Executive Officer John Walter; Vice-President, Accreditation Services, Stephen Cross; Vice-President, Standards and Chief Financial Officer, Sylvie C. Lafontaine, CA; and Vice-President, Policy and Stakeholder Relations, Michel Girard



FIGURE 2: REVISED CORPORATE AND COUNCIL STRUCTURE



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

### Committees of governing Council

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

### Stakeholder consultation

SCC underwent an advisory committee restructuring this past year, to ensure it continues to leverage effective stakeholder input into Canadian standardization activities—while retaining an essential means of consultation in the key areas of standards and accreditation.

The resulting structure reflects a more modern approach to formal stakeholder consultation that maximizes the input of Canadian experts and SCC staff. The impact of this change translated into cost savings for the organization.

PTAC and SDOAC remain unaffected by committee restructuring, as these committees were established in the *Standards Council of Canada Act*. PTAC promotes cooperation and communication between the provinces, the territories and SCC, and provincial and territorial participation in Canadian standardization activities. SDOAC promotes cooperation and communication between SCC and standards development organizations.

### STAFF AND ACTIVITIES

The strategies and policies established by SCC's governing Council are implemented by a staff of 87. SCC's work is organized into five branches:

- Accreditation Services—Vice-President, Stephen Cross
- Corporate Services—Corporate Secretary and Vice-President, Sandra Watson
- Finance and Corporate Management—Vice-President, Ernie Briard
- Policy and Stakeholder Relations—Vice-President, Michel Girard
- Standards—Vice-President and Chief Financial Officer, Sylvie C. Lafontaine, CA

### Accreditation Services

The Accreditation Services branch accredits conformity assessment bodies, such as testing laboratories and product certification bodies, to internationally recognized standards. SCC operates accreditation and recognition programs for the following:

- calibration and testing laboratories
- good laboratory practice
- greenhouse gas validators and verifiers
- inspection bodies
- management systems certification bodies
- medical laboratories
- personnel certification bodies
- product and service certification bodies
- proficiency testing providers

SCC is also a member of several organizations that have mutual recognition agreements in place to assist with international acceptance of conformity assessment results. These agreements are part of

greater efforts to form a global accreditation system, consistent with the goal of "one standard, one test—accepted everywhere."

These organizations include the International Accreditation Forum (IAF), the International Laboratory Accreditation Cooperation (ILAC), the Asia Pacific Laboratory Accreditation Cooperation (APLAC), the InterAmerican Accreditation Cooperation (IAAC), and the Pacific Accreditation Cooperation (PAC).

The Accreditation Advisory Panel provides policy advice and oversight with a view to ensuring fairness and impartiality in relevant SCC policies and programming. The Accreditation panel comprises regulatory, industry and consumer stakeholders, as well as other Canadian subject-matter experts. The panel reports directly to the Accreditation Services branch.

### Corporate Secretariat and Corporate Services

The Corporate Secretariat and Corporate Services branch provides secretariat and governance policy support to SCC's governing Council and to its standing committees. Its mandate includes the following support areas:

- Secretariat and Governance Policy
- Corporate Communications
- Corporate Planning
- Information and Research Services
- Risk Management
- WTO/NAFTA Enquiry Point

(Canada's food system) should give Canadians a sense of confidence in the products that are coming out. Labs can use accreditation to market their services and defend themselves if they are challenged. ISO/IEC 17025 gives you all the guidance you need, because if you're a new lab coming in and you don't really know what's expected, it (ISO/IEC 17025) covers everything.

—Shelagh McDonagh NATIONAL MANAGER FOR LAB QUALITY ASSURANCE AND ACCREDITATION OF THE SCIENCES BRANCH AT THE CANADIAN FOOD INSPECTION AGENCY IN OTTAWA (SCC ARTICLE APPEARING IN *LAB PRODUCT NEWS*, DECEMBER, 2011)

Everything we produce in standards and conformity assessment brings positive results to our society. I believe we have arrived at an exciting juncture in the global world of standardization, where old parameters are being knocked down, and new applications of standards and conformity assessment are being developed and applied at a very fast pace.

— John Walter CHIEF EXECUTIVE OFFICER, STANDARDS COUNCIL OF CANADA  
(INTERAMERICAN ACCREDITATION COOPERATION NEWSLETTER, OCTOBER 2011)

### **Finance and Corporate Management**

The Finance and Corporate Management branch provides overall shared service support to SCC and each of its branches. The mandate of this branch includes the following support areas:

- Business Analytics
- Contracting and Procurement (including travel)
- Facilities Management
- Financial Management
- Human Resources
- Information Management and Information Technology
- Investment Planning
- Translation Services

### **Policy and Stakeholder Relations**

The Policy and Stakeholder Relations (PSR) branch conducts strategic outreach to, and engagement of, those stakeholders with the greatest potential influence and impact on standardization in Canada.

The branch provides orientation and support to Canadian standardization experts through its PTAC liaison. PSR also coordinates business development activities, training and capacity-building initiatives, and manages the sale of standards, collections and related information/education products.

Through its analysis of trends and conditions of significance to standardization-related work, PSR branch is able to identify and define the necessary conditions for Canada to optimize its use of standardization; facilitate the development of roadmaps in support of targeted economic areas; and make recommendations that influence standards-related and conformity assessment-related aspects of trade and regulatory policy.

### **Standards**

The Standards branch is organized into three sections: Canadian Standards Development, International Standards Development and Global Standards Governance.

The Canadian Standards Development Program includes management responsibilities for accrediting organizations in Canada to develop consensus-based standards and approval of National Standards of Canada (NSCs).

The International Standards Development Program facilitates and manages Canada's participation in the international standards development activities of the technical committees and sub-committees of the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC).

Through SDOAC, the Global Standards Governance Program facilitates and manages Canadian participation in international policy committees within ISO and IEC, and in regional organizations, including the Pacific Area Standards Congress and the Pan American Standards Commission. This includes oversight of the Consumer and Public Interest Panel and the Canadian National Committee of the IEC.

The Advisory Panel on Standards provides strategic and policy advice on standards-related matters and reports directly to SCC's Standards branch.

# corporate governance

The governing Council of the Standards Council of Canada (SCC) oversees the organization's strategic direction. Fiscal year 2011–2012 was important for the Council and its two standing committees—Corporate Governance and Audit—as they approved several new initiatives for SCC.

Working closely with SCC's Chief Executive Officer, the governing Council oversees the development and implementation of SCC's corporate plan. Council's objective is to ensure the organization meets its mandated objectives. At SCC, Council provides governance direction in tandem with the advice its standing committees offer. At the outset of 2011–2012, during its annual strategic planning session, the Chief Executive Officer presented a refreshed organizational vision to governing Council. Endorsed by Council, this vision set the course for a number of initiatives undertaken this past year.

With a clear commitment to strengthen Canada's standardization network, Council supported the organization's decision to invest the additional \$2.1 million per year, starting in April 2012, to update certain standards referenced in Canadian federal regulations. As a result of this decision, mechanisms were set up this past fiscal year to assist federal partners in identifying which national standards were considered to be of greatest relevance to Canada, as well as to support strengthening Canada's voice in the development of specific international standards.

Council endorsed taking a strategic approach to standardization by identifying and targeting key sectors of Canada's economy that require support. Council simultaneously endorsed optimization of procedures relating to the funding of Canadian participation in international standards development.

Based on criteria tied directly to Government of Canada priorities, SCC strengthened its programming in this area.

At Council's request, SCC's Advisory Committee structure was reviewed. What began solely as a review of the structure became a need to consider, more broadly, the methods used to secure Canadian stakeholder input. In June of 2011, Council approved the advisory committee restructuring, and the proposal to broaden stakeholder engagement via a virtual platform.

During the past fiscal year, Council approved SCC's enterprise risk management policy. The policy establishes an enterprise-wide approach to risk management and commits SCC to identifying, assessing, treating and reporting on risks that affect the organization. Typical risks include those that are strategic, operational, legal and financial. This was the final element SCC required to ensure full application of ISO 31000, the international standard on risk management.

In November 2011, Council extended best wishes to its departing, long-serving chairman, Hugh Krentz. At the same time, Council welcomed the appointment of Dr. W.A. Sam Shaw as interim chairman. Dr. Shaw brings with him international standards technical committee experience, and practical experience in standards, which he obtained while working in the business, policy and regulatory fields.

Advisory committee restructuring  
Updating critical standards  
New initiatives



## MEMBERS OF SCC'S GOVERNING COUNCIL



**DR. W.A. SAM SHAW**  
*Interim Chairman*  
 Vice-President of Natural Gas  
 Policy Development at Encana  
 Natural Gas



**DAN BOYD**  
*Vice-Chair, Provincial Territorial  
 Advisory Committee, Yukon*  
 Assistant Deputy Minister  
 of Consumer Services and  
 Infrastructure Development  
 Division with the Department  
 of Community Services



**G. RAE DULMAGE**  
*Representative, Standards  
 Development Organizations  
 Advisory Committee*  
 Director, Standards Department,  
 Government Relations Office  
 and Regulatory, Underwriters  
 Laboratories of Canada



**DAVID FARDY**  
*Private-Sector Representative*  
 General Manager, Protrans  
 Personnel Services Inc.



**GARY GEHRING**  
*Chair, Provincial Territorial  
 Advisory Committee*  
 Manager Program Evaluation  
 with Saskatchewan Workers'  
 Compensation Board



**STEPHEN J. MALLORY**  
*Private-Sector Representative*  
 President and CEO of Directors  
 Global Insurance Brokers Ltd.



**RICHARD RAYMOND**  
*Private-Sector Representative*  
 Steel fabrication and  
 product distribution



**STEVEN REYNOLDS**  
*Private-Sector Representative*  
 Research and Development  
 Manager, The Peelle  
 Company Ltd.

# operating environment and context

In leading Canada's standardization network, the Standards Council of Canada (SCC) is influenced and impacted by a diverse range of social, economic and political factors—both at the domestic and international levels. To provide its clients and other stakeholders with timely and relevant services, programs and information, SCC continually monitors how these factors impact stakeholders.

In response to these factors, SCC has been focused on the following activities:

## **Strengthening Canada's standardization network**

Standardization activities depend on Canadian experts who volunteer their time and expertise to the standards development process at home and around the world. SCC has witnessed a significant decrease in the participation of Canadian volunteers over the last few years. At the same time, there has been a corresponding increase in funding requests to participate in international standardization committees. Given ongoing economic challenges, fewer government stakeholders, industry representatives and academics are able to attend face-to-face standardization meetings. Additionally, newer experts working in emerging technology sectors do not have resources to participate. As a result, Canada's volunteer base in standards development is decreasing as more senior experts retire and are not being replaced.

There is growing recognition of the benefits of standardization among Canadian decision-makers. Nevertheless, many of these key stakeholders remain unclear about how profoundly standards and accreditation impact our nation's economy and the health and safety of Canadians.

Over the past year, SCC generated greater awareness among, and influenced, government and industry decision-makers, to participate in Canada's standardization network. One of SCC's goals has been to ensure the long-term sustainability of Canada's standardization network and to address key sectors of the economy that require standardization support.

## **Targeting economic sectors and updating standards**

SCC recognizes it must target its activities at key economic sectors and priority government areas that require standardization support. In monitoring and researching potential sectors, the organization has determined that some—such as carbon capture and storage, and environmental technology verification—could, by impacting international standards development, have strong influence on Canadian industry and the economy.

As well, SCC will continue to collaborate with the Government of Canada to identify, monitor and update critical standards referenced in federal regulations that require review and updating. SCC began to develop standardization profiles for a number of government departments. These profiles will enable federal departments to assess and improve their involvement in standardization activities.



FIGURE 3: KEY FACTS, FIGURES AND TRENDS

	2010–2011	2011–2012
Total number of standards maintained by Canadian standards development organizations	3,482	3,014
Total number of standards maintained by international organizations	27,958	28,869
Total number of Canadian volunteers participating on international standards development committees	2,758	2,619
Total number of Canadian federal government employees involved (through SCC) in international standardization committees	401	371
Total number of National Standards of Canada approved by SCC in year indicated	114	177

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

### Addressing global trends in standardization

SCC has been examining trends in stakeholder participation levels and activities relating to developing international standards, to identify and address gaps in standards development.

As noted in Figure 3, the number of Canadian standards is lower than it was last year. This trend coincides with an increase in the number of standards maintained by key international organizations. In the global marketplace, the need for uniquely Canadian standards is decreasing, as Canada and the rest of the world move toward international harmonization of standards.

National Standards of Canada (NSCs) approved by SCC increased in 2011–2012. Despite this increase, the majority of new NSCs are straight adoptions of international standards—also pointing to a decreasing requirement for uniquely Canadian standards. A number of factors, including market globalization and interoperability of supply chains, are contributing to this trend.

Reliance by federal and provincial regulators on international standards has steadily increased, because international standards and conformity assessment procedures follow best practices in product design, manufacturing, certification and testing on a global scale. However, awareness by regulators of the benefits of standards as a complement to regulations remains inconsistent from one economic sector to another. This reality has prompted the need to promote the benefits

of standardization and ensure that Canada is represented internationally on the right committees by the right subject matter experts.

Globalization, outsourcing, mergers and acquisitions, and the creation of complex supply chains, have all contributed to an increased reliance on international standardization solutions from organizations such as ISO, IEC and the International Telecommunications Union (ITU). This, coupled with increased harmonization of regional and international standards, is prompting SCC to pursue a more strategic and coordinated approach to participating in standards development. The rapid pace of emerging technologies requires that careful consideration be given to where Canadian representation is needed most.

### Leveraging increased funding

Global economic uncertainty has caused Canadian participation in international standardization activities to recede, across all industry sectors. Standards development organizations are often confined to participation in mature sectors of the economy. Given a lack of adequate funding, the ability to participate in new sectors is often restricted. Canadian technologies and processes, consequently, are often excluded from new standards.

SCC continues to more aggressively reach out to key government and industry stakeholders, to leverage increased funding. SCC's demonstration of a clear return on investment to the Government of Canada over the last several years has led to an additional annual investment by the Government of Canada.

# performance against objectives

During fiscal year 2011–2012, the Standards Council of Canada (SCC) worked in support of its five strategic operational priorities. These priorities reinforced the organization's clear vision to improve Canadians' quality of life by leading Canada's standardization network.

## STRATEGIC PRIORITY 1

### **Demonstrate the value of standardization**

#### ***Make the case for the additional investment needed for Canadian standardization activities***

By continuing to raise awareness of the critical need to strengthen standardization in Canada, SCC secured an additional annual federal investment of \$2.1 million per year, starting in 2012–2013.

Working with those key federal departments that have a vested interest in standardization, SCC established solid cooperation channels and made

significant progress on many of the pressing issues facing Canada's standardization infrastructure. Priorities outlined in SCC's 2010 Action Plan were also discussed with departmental senior management officials through bilateral meetings. Mechanisms were established this past year, to devise a methodology for updating standards in Canadian regulations.

#### ***Evolve current model of SCC stakeholder engagement***

The model of stakeholder engagement adopted by SCC has evolved from one of broad consultation on varied topics, to a targeted approach. This approach reconciles input SCC receives from individual stakeholders, against precise

SCC is an essential part of the global community of standardization, and we are pleased to join efforts to make these standards easily accessible to Canadian manufacturers, engineers and other professionals. We will continue to work closely with SCC to develop solutions to help foster innovation for customers of both organizations, today and into the future.

—Todd Fegan VICE-PRESIDENT AND GENERAL MANAGER OF TECHSTREET—A THOMSON REUTERS BUSINESS, WHICH USES ADVANCED WEB TECHNOLOGIES TO SPEED DELIVERY OF INDUSTRY CODES AND STANDARDS TO ENGINEERS AND TECHNICAL PROFESSIONALS WORLDWIDE (SCC NEWS RELEASE, OCTOBER 2011)



SCC's World Standards Day 2011, held in Ottawa, included a panel discussion by standardization experts on improving consumer electrical product safety for the global marketplace

market trends and conditions directly impacting standardization. Through this application, SCC is able to more effectively connect with stakeholders on how specific standardization initiatives will increase Canada's competitiveness and safeguard Canadians' health and safety—ultimately, delivering value to Canadians.

SCC is modernizing and upgrading its member program to improve and expand its engagement of stakeholders in standardization activities.

The organization took steps to plan for a national forum on standardization, for senior industry leaders. Determining Canada's top standardization priorities—from national, regional and international perspectives, for both government and industry—are fundamental to effective outreach.

#### ***Implement SCC's outreach and communications strategy to expand SCC's stakeholder base***

SCC met bilaterally with government departments to discuss the alignment of their standardization activities with federal priorities. As part of its outreach strategy, SCC began to develop

departmental standardization profiles that summarize each department's:

- use of standards in their regulations;
- opportunities to implement standardization solutions in support of their federal plans and priorities; and
- existing participation in standardization by their employees.

As well, SCC consulted with specific industry associations on a number of topics, including structural changes to the SCC international technical committee program and related support for Canadians participating internationally, and standardization roadmap work to identify gaps and opportunities in Canada's standardization infrastructure. The organization will also maintain consultations with industry and consumer organizations.

The organization piloted three online collaboration tools with internal staff and a select group of external stakeholders as it sought to develop a virtual standardization network. To boost its ability to engage with stakeholders—the foundation of SCC's success—the organization anticipates that its virtual network will allow SCC, and members of Canada's

standardization network, to more easily connect, consult and share knowledge with, as well as renew, a competent pool of stakeholders within priority economic areas.

SCC's two major annual events provided further opportunities this past year for outreach and opportunities for stakeholder input:

- SCC's Annual Public Meeting, held June 8, 2011, provided stakeholders and members of the public with an opportunity to learn more about SCC, ask questions, make observations and interact with key members of SCC's senior management and governing Council.
- At World Standards Day 2011, held on October 14, 2011, SCC joined the international community in celebrating the 2011 theme: *International Standards—creating confidence globally*. The event included a panel discussion with representation from each area of Canada's standardization network, from the regulator to the consumer. The discussion focused on improving the safety of consumer electrical products for today's global marketplace.

Both events were webcast to ensure accessibility for all Canadians.

### ***Pursue standardization activities for select sectors of Canada's economy***

Although not generally visible to the average Canadian, standards and conformity assessment activities contribute to Canada's national economic growth. These activities help establish a level playing field for industry and build capacity in key economic sectors. As well, standardization activities are pivotal in protecting Canadians' health, safety and security, in areas such as consumer products, energy, the workplace, transport and the environment.

To maintain these areas of support, SCC has collaborated with stakeholders on developing numerous standardization roadmaps. This work involves mapping solutions against standardization gaps and opportunities, and scoping and analyzing key considerations, to determine solutions and actions.

SCC has made progress on standardization-related initiatives in several sectors: consumer product safety, healthy enterprises, CO<sub>2</sub> capture and storage, electric vehicles, and clean fuels infrastructure.

FIGURE 4: 2011–2012 PROGRESS

2011–2012 Progress in areas identified in the SCC 2010 Action Plan on Standardization Activities in Support of Government of Canada Priorities

Project	Stakeholders	Activity (by SCC and/or members of Canada's standardization network)
<b>ENERGY AND ENVIRONMENT</b>		
CO <sub>2</sub> capture and storage	<ul style="list-style-type: none"> <li>– Canadian Standards Association (CSA)</li> <li>– Provincial Regulators</li> <li>– SCC</li> </ul>	<ul style="list-style-type: none"> <li>– Secured approval for an international technical committee (TC 265) on Carbon Capture and Storage (CCS), for which Canada holds the secretariat. The international implementation of CCS protocols initiated in Canada will contribute to related industry sector growth in this country.</li> </ul>
Fuels infrastructure	<ul style="list-style-type: none"> <li>– Natural Resources Canada (NRCan)</li> <li>– SCC</li> </ul>	<ul style="list-style-type: none"> <li>– Contributed to a Fuels Infrastructure Technology Roadmap that NRCan is developing, including having conducted research on standardization aspects of existing codes, standards and regulations for use of compressed and liquid natural gas used in medium and heavy transportation vehicles.</li> </ul>

FIGURE 4: 2011–2012 PROGRESS (CONTINUED)

Project	Stakeholders	Activity (by SCC and/or members of Canada's standardization network)
<b>HEALTH AND LIFE SCIENCES</b>		
Consumer product safety	<ul style="list-style-type: none"> <li>– Health Canada</li> <li>– Industry Canada</li> <li>– SCC</li> </ul>	<ul style="list-style-type: none"> <li>– Delivered on two elements of a proposed Standards and Certification-based Strategy for promoting consumer product safety under the <i>Canada Consumer Product Safety Act</i>:</li> <li>– 1) a <i>State of standardization report—Gaps and opportunities matrix</i> (which lists more than 500 products that fall under the CCPSA); and</li> <li>– 2) <i>Consumer product safety in Canada: A guide to standards and conformity assessment solutions for manufacturers, importers and sellers</i>.</li> </ul>
Food safety	<ul style="list-style-type: none"> <li>– Canadian Food Inspection Agency</li> <li>– Agriculture and Agri-Food Canada</li> <li>– Health Canada</li> <li>– Canadian General Standards Board (CGSB)</li> <li>– SCC</li> </ul>	<ul style="list-style-type: none"> <li>– Produced a report on opportunities for the Canadian standards system in the agri-food sector.</li> <li>– Maintained discussions on a value proposition for proposed amendments to the <i>Food and Drugs Act</i>.</li> <li>– Supported the Regulatory Cooperation Council regarding harmonization of food safety standards and conformity assessment activities.</li> </ul>
Healthy enterprises	<ul style="list-style-type: none"> <li>– Bureau de normalisation du Québec (BNQ)</li> <li>– Group for the Promotion of Prevention Strategies</li> <li>– Excellence Canada</li> <li>– Human Resources and Skills Development Canada</li> <li>– CSA</li> <li>– SCC</li> </ul>	<ul style="list-style-type: none"> <li>– Supported BNQ (and its partners) in their proposed national expansion of the Healthy Enterprises program for employees' health and well-being.</li> <li>– Pursued jointly by BNQ and CSA, and with stakeholder funding, the development of a voluntary National Standard of Canada for Psychological Health and Safety in the Workplace.</li> </ul>
<b>INFRASTRUCTURE</b>		
Electric vehicles	<ul style="list-style-type: none"> <li>– Transport Canada</li> <li>– NRCan</li> <li>– Industry Canada</li> <li>– CSA</li> <li>– SCC</li> </ul>	<ul style="list-style-type: none"> <li>– Contributed to coordination by Transport Canada and NRCan of a national standardization strategy for electric vehicles (that takes into consideration provincial/territorial differences).</li> <li>– Scoped potential projects for standardization to advance technologies (such as electric vehicles) and enable Transport Canada to review and establish technology assessment priorities and recommend on their governance structure.</li> </ul>
Green Buildings Envelope	<ul style="list-style-type: none"> <li>– National Research Council (NRC)</li> <li>– Public Works and Government Services</li> <li>– NRCan</li> <li>– Underwriters Laboratories of Canada (ULC)</li> <li>– SCC</li> </ul>	<ul style="list-style-type: none"> <li>– Provided ongoing support to numerous key stakeholders who are advancing Canadian sustainability and energy efficiency in the built environment (i.e., green buildings envelope).</li> <li>– Initiated work on the objectives of the Northern Infrastructure Standardization Initiative, whose outputs will include the adaptation of critical codes, standards and related instruments to address climate change impacts on Canada's northern communities' infrastructure.</li> </ul>
North American Smart Grid	<ul style="list-style-type: none"> <li>– NRCan</li> <li>– ULC</li> <li>– CSA</li> <li>– Provincial regulators</li> <li>– SCC</li> </ul>	<ul style="list-style-type: none"> <li>– Coordinated the work of the Canadian task force that has engaged stakeholders in developing a Canadian roadmap to identify gaps and opportunities, with recommendations for North American harmonization of standards-related Smart Grid activities.</li> </ul>

FIGURE 4: 2011–2012 PROGRESS (CONTINUED)

Project	Stakeholders	Activity (by SCC and/or members of Canada's standardization network)
<b>INNOVATION</b>		
Cloud computing	<ul style="list-style-type: none"> <li>Information and Communications Technology Standards Advisory Council of Canada</li> <li>Industry Canada</li> <li>Canadian Advisory Committee (CAC) to the joint international technical standards development (ISO/IEC JTC 1) sub-committee on Distributed Application Platforms and Services (SC 38)</li> <li>SCC</li> </ul>	<ul style="list-style-type: none"> <li>Developed a Cloud Computing Roadmap that offers eight recommendations for Canadian involvement in this area.</li> <li>Ensured acceptance and implementation of the roadmap recommendations identified, which are with CAC, ISO/IEC JTC 1 SC 38.</li> </ul>
Medical devices	<ul style="list-style-type: none"> <li>Health Canada</li> <li>SCC</li> </ul>	<ul style="list-style-type: none"> <li>Worked with Health Canada and other federal agencies to the NRC, to monitor standards use in regulations and how Canada's standardization infrastructure can advance Canadian leadership in medical devices.</li> </ul>
Nano-technology	<ul style="list-style-type: none"> <li>Health Canada</li> <li>Industry Canada</li> <li>NRC</li> <li>CSA</li> <li>SCC</li> </ul>	<ul style="list-style-type: none"> <li>Explored resource considerations and options for prioritization of nanotechnology by key stakeholders.</li> </ul>

Source: SCC Policy and Stakeholder Relations Branch

### ***Develop federal departmental standardization profiles***

During the past 12 months, SCC began developing individual departmental standardization profiles. These profiles provide a benchmark and framework for departments to set standards-related priorities and goals. Each profile outlines that department's use of standards in regulations and its current participation in standards development committees. Based on departmental priorities, each profile also provides recommendations for future involvement and/or use of standardization to achieve their goals.

### **STRATEGIC PRIORITY 2**

### ***Deliver value-added standardization solutions***

### ***Develop training solutions that meet the priorities and needs of Canadian governments and industries***

In December 2011, SCC published a web-based orientation module to assist Canadian delegates in understanding their role and obligations as active participants in the international committees of ISO and IEC. This module is the first in a series of orientation and training resources that SCC has planned.

Other web modules under development that assist key stakeholders from within Canada's standardization network include ones on the following topics:

- the benefits of standards to industry; and
- procedural requirements for accreditation of standards development organizations that develop NSCs.

### ***Establish strategic partnerships to enhance SCC's programs and meet marketplace demands for specialized standardization solutions***

SCC hosted a delegation from the Mongolian Agency for Standardization and Metrology (MASM) in November 2011, to lay the foundation for cooperation and knowledge transfer with Mongolia. As a follow-up, SCC visited Mongolia in March 2012, to conduct a series of standardization workshops and to explore further standardization opportunities for strengthening market access for Canadian and Mongolian exporters. The 2011 meetings generated an ambitious work plan for 2012 and beyond, that will help Mongolia handle priority issues common to Canada, such as transportation and northern climate issues.





Members of SCC and the Mongolian Agency for Standardization and Metrology at a three-day information exchange seminar in Mongolia, held in March 2012 (Photo: Joe Tiernay)

As part of an MOU with Environment Canada, SCC helped the department and relevant stakeholders develop a Canadian proposal to ISO, for the development of two international standards pertaining to Environmental Technology Verification.

SCC also worked for Industry Canada, to produce a standardization matrix pertaining to five renewable energy generation technologies. As well, SCC performed contract research for Natural Resources Canada (NRCan), to determine regulatory requirements, standards and codes related to compressed natural gas refuelling station pressure limitations, and safety signage usage for natural gas vehicles.

***Support Canada's strategic approach to participation in standards development activities by developing standards roadmaps for select targeted areas and select clients***

Throughout 2011–2012, SCC worked on a number of notable initiatives related to roadmaps. For example, under a joint SCC-Industry Canada Memorandum of Agreement (MOA), SCC developed a report and action plan on renewable energy electricity generation technology (REGT) standardization. Other examples, outlined in Figure 4, relate to consumer product safety and cloud computing.

***As part of a five-year program, and in partnership with Aboriginal Affairs and Northern Development Canada (AANDC), SCC will work on adapting codes and standards to address the impacts of climate change on northern infrastructure***

The Northern Infrastructure Standardization Initiative (NISI) is a joint project being led by SCC with

AANDC support. Under this initiative, critical codes and standards will be identified to address the impacts of climate change on new infrastructure, as well as retrofits, maintenance and repairs to existing infrastructure. SCC has received \$2.5 million over five years to implement this program.

A Northern Advisory Committee (NAC) has been established to provide strategic advice, input and guidance to SCC's NISI. The committee will also ensure initiative outputs are relevant in a northern context and that they represent northerners' best interests. The NAC will be comprised of representatives from the Northwest Territories, Nunavut, Yukon and Nunavik. In consultation with northern practitioners and regulators, committee members will confirm the climatic impacts and infrastructure categories requiring immediate attention. The committee will also contribute to selecting technical experts who will develop and update northern standards and codes.

***Develop policy positions on standardization issues relevant to stakeholders' needs and priorities***

SCC continued to provide input on the standardization components of a number of Canada's ongoing free-trade agreement negotiations, including: the *Canada-European Union Comprehensive and Economic Trade Agreement*, the *Canada-India Comprehensive Economic Partnership Agreement* and the *Canada-Caribbean Community Trade Agreement* negotiations. SCC provided trade policy advice to the Department of Foreign Affairs and International Trade, in support of the World Trade Organization—Technical Barriers to Trade Committee and NAFTA work.

From left: John Walter, Chief Executive Officer of SCC; David Plunkett, Canadian Ambassador to the European Union; Elena Santiago Cid, Director General of the European Committee for Standardization (CEN) and the European Committee for Electrotechnical Standardization (CENELEC); and Daniel Bunch, Deputy Head of Standardization Unit, European Commission (DG Enterprise and Industry)—during a milestone cooperation signing agreement  
(Photo © CEN-CENELEC)



On February 17, 2012, SCC signed a cooperation agreement with two European Standards Organizations: the European Committee for Standardization (CEN) and the European Committee for Electrotechnical Standardization (CENELEC). The agreement is designed to promote the harmonization of standards at the international level, in the context of the ongoing negotiations toward a Canada European-Union: Comprehensive Economic and Trade Agreement.

During this past fiscal year, SCC updated its requirements document CAN-P-1. This document is fundamental to how SCC accredits standards development organizations (SDOs). The update consolidates several related documents into one, outlining the requirements SDOs must meet to maintain their accreditation status. SCC expects the updated document to clarify the requirements for SDOs to obtain and maintain accreditation, and to improve stakeholder communications.

SCC has been working with the Regulatory Cooperation Council (RCC) to explore ways in which the harmonization of standards and certification requirements between Canada and the United States can contribute to regulatory cooperation and thereby reduce trade barriers. The organization is working in conjunction with other stakeholders, including the Canadian Institute of Plumbing and Heating, and Electro-Federation Canada, to find ways to further institutionalize harmonization of standards and conformity assessment in identified sectors, into joint North American processes and procedures.

In January 2012, SCC participated in the RCC stakeholder engagement sessions held in Washington, D.C. During these meetings, members of SCC's senior management, led by the organization's Chief Executive Officer, took part in each working group session. The SCC delegation addressed a broad audience of Canadian and U.S. stakeholders on how the harmonization of standards and certification procedures can significantly contribute to advancing regulatory cooperation.

Clinical studies are required by drug regulatory agencies in every country around the world. These studies ensure that any medication taken by Canadians is safe and does its job properly. GLP (Good Laboratory Practice) recognition opens up doors for us to deal with clients at different stages of their drug development. This ultimately leads to increased opportunities for proposals and increased sales revenues.

—Fabio Garofolo VICE PRESIDENT OF BIOANALYTICAL SERVICES AT THE  
ALGORITHME PHARMA CLINICAL TRIAL LABORATORY (SCC WEB FEATURE ARTICLE,  
SEPTEMBER 2011)



### ***Pursue standards-related capacity-building projects for developing and emerging countries***

On behalf of the Conference Board of Canada, SCC served as the project manager for the technical barriers to trade component of the Canada-America's Trade-Related Technical Assistance Program (CATRTA). Funded by the Canadian International Development Agency (CIDA), this program aims to help current and potential trade partners in the Americas maximize opportunities and benefits of increased trade and investment. In this capacity, SCC held a workshop in Barbados in May 2011, entitled *Bridging the Standards Divide*. The workshop focused on identifying gaps and challenges in the areas of standards, accreditation and technical barriers to trade. Representatives attended from 14 of the 15 CARICOM countries, as well as from Colombia, Peru and Honduras.

Over the past fiscal year, SCC delivered training to staff of the Trinidad and Tobago Bureau of Standards in support of that country's implementation of World Trade Organization transparency obligations. SCC also hosted a delegation from the China Machinery Industry Foundation, in October 2011.

As part of its collaborative agreement with the Korean Agency for Technology and Standards (KATS), SCC participated in an exchange program with KATS. While KATS's understanding of Canadian standardization increased, SCC gained insight into the strategies and operations of KATS.

### **STRATEGIC PRIORITY 3**

### **Participate strategically in standards and conformity assessment bodies nationally, regionally and internationally**

#### ***Ongoing review of national, regional and international participation***

The organization has changed the way in which it supports Canadians who participate in standardization activities at ISO and IEC. Criteria for funding allocations are set out in an SCC procedural document that was published in February 2012. The organization will allocate resources to delegates based on criteria such as: use of the standard in legislation or by Canadian industry; advancement of the national economy and/or technology; support of social, economic or environmental objectives; benefits to the health and welfare of workers or the public; and facilitation of trade.

With input from a wide variety of stakeholders, SCC strengthened its model for prioritization of how and where Canada engages in the development of international standards.

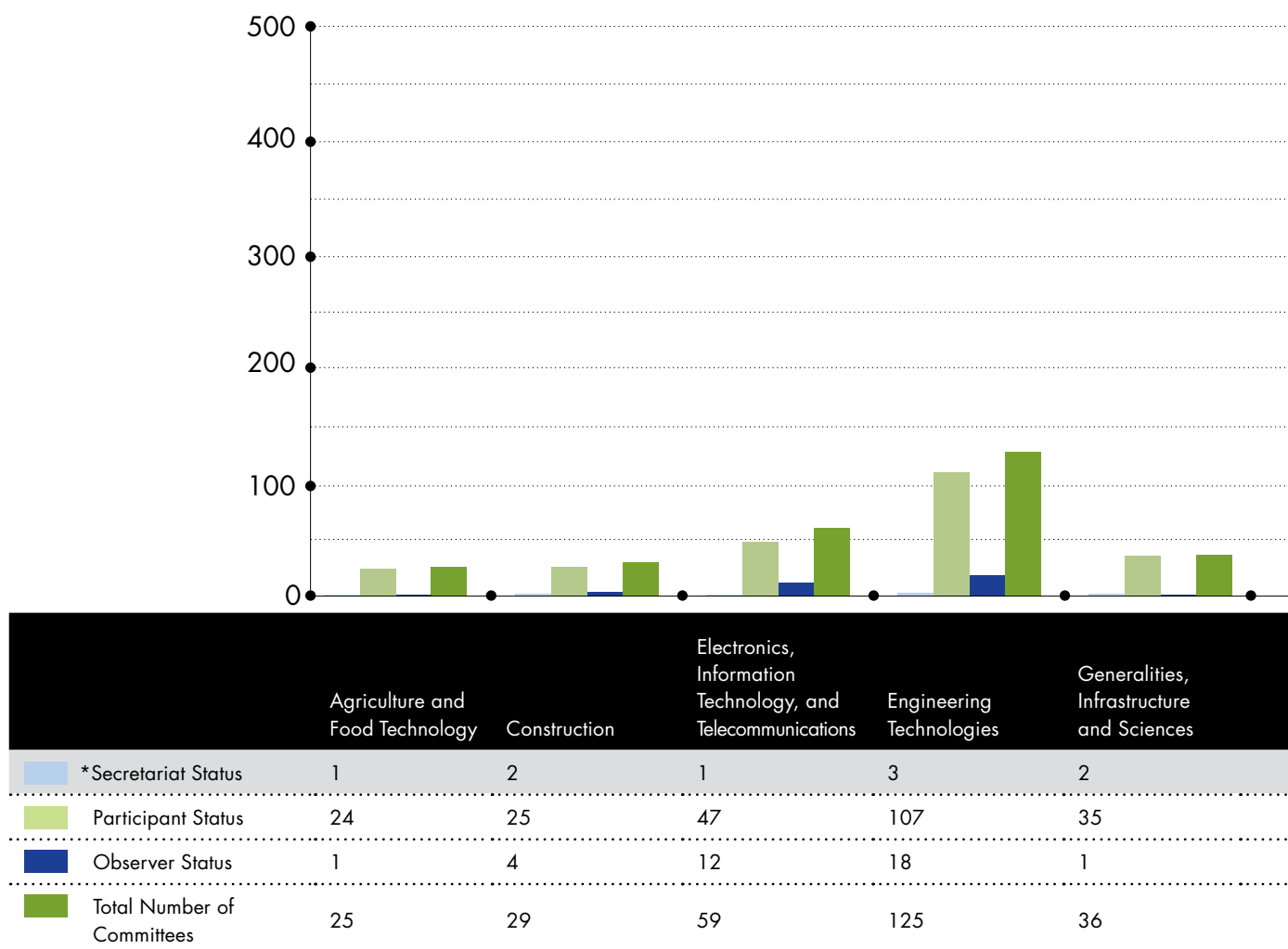
SCC staff and senior management, as well as other Canadian experts, represent Canada in standards forums, including: ISO, IEC, the Pan American Standards Commission, IEC National Committees of the Americas, and the Pacific Area Standards Congress. (See Figure 5.) The organization has been adjusting its participation in all standards

FIGURE 5: INTERNATIONAL AND REGIONAL NETWORKS

Participation	International	Regional
Standards development	<ul style="list-style-type: none"> <li>– Past President of International Electrotechnical Commission (IEC), Jacques Régis</li> <li>– Member on IEC Council Board, Dr. Greg Stone</li> <li>– Member on IEC Standardization Management Board, Keith Rodel</li> <li>– Member on ISO Technical Management Board, SCC Chief Executive Officer John Walter</li> <li>– Chair of ISO/COPOLCO, Norma McCormick</li> </ul>	<ul style="list-style-type: none"> <li>– Member of Pacific Area Standards Congress (PASC) Executive Committee, SCC Chief Executive Officer John Walter</li> <li>– Member of Réseau Normalisation et Francophonie (RNF), SCC Vice-President, Standards, and Chief Financial Officer Sylvie C. Lafontaine, CA</li> </ul>
Accreditation	<ul style="list-style-type: none"> <li>– Member of the International Accreditation Forum (IAF) and various working groups</li> <li>– Member of the International Laboratory Accreditation Cooperation (ILAC) and various working groups</li> </ul>	<ul style="list-style-type: none"> <li>– Member of the Asia Pacific Laboratory Accreditation Cooperation (APLAC)</li> <li>– Member of the InterAmerican Accreditation Cooperation (IAAC) and various working groups</li> </ul>

Multiple sources: SCC Standards Branch Tracking Reports

FIGURE 6: CANADIAN INVOLVEMENT IN INTERNATIONAL TECHNICAL WORK, BY SECTOR, ENDING MARCH 31, 2012



Source: SCC Standards Branch

\*Included in participant status.

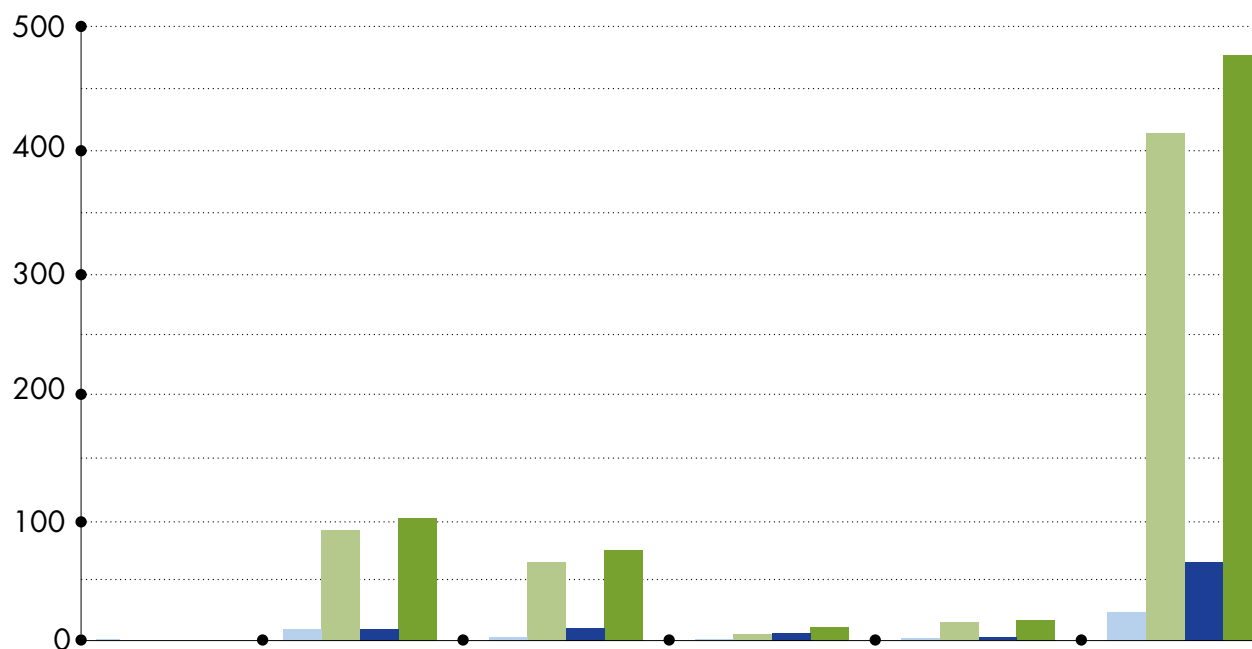
governance forums, so that Canadians are well-served by these organizations. SCC has strengthened its stakeholder engagement in support of these forums, to ensure decisions taken internationally match Canadian strategic priorities and objectives.

In terms of Accreditation Services, through the peer evaluation process carried out by the International Accreditation Forum and the International Laboratory Accreditation Cooperation, SCC has been reaffirmed as a member in good standing of both international bodies.

### ***Recruit, train and retain standardization experts in priority areas for Canada***

Standardization activities depend on those Canadian experts who volunteer their expertise to the standards development process at home and around the world. Over the last decade, SCC has witnessed a significant decrease in the number of volunteers who are able to participate. Given these shrinking resources, SCC began to pursue a more targeted approach this past year, to ensure participation on standards committees by the right Canadian experts.

FIGURE 6 (CONTINUED): CANADIAN INVOLVEMENT IN INTERNATIONAL TECHNICAL WORK, BY SECTOR, ENDING MARCH 31, 2012



By being accredited, we get regular assessments, so we can have someone that can come in and evaluate what we're doing and highlight any areas for improvement. I think that's important, because you don't really get a lot of interaction with other places—so it's very important to have independent assessors to come and have a look at what you're doing. You have the confidence in the results generated by ISO 17025.

—Dianne Culley QUALITY ASSURANCE SPECIALIST OF ACCREDITATION, COURTLAND MICROBIOLOGY LABORATORY AT MAPLE LEAF FOODS INC. IN KITCHENER, ONTARIO

FIGURE 7: MEASURING INFLUENCE AND EFFECTIVENESS OF CANADIAN PARTICIPATION

Performance Indicators of Canada's Influence Internationally	January 1, 2011	January 1, 2012
Total New Work Item Proposals submitted by Canada that are accepted at ISO—(success rate)	21 (91.3%)	29 (96.7%)
Total New Work Item Proposals submitted by Canada that are accepted at IEC—(success rate)	1 (100%)	4 (100%)
Total New Work Item Proposals accepted by Canada that continue to be active at ISO—(success rate)	20 (87%)	27 (90%)
Total members in leadership roles participating with ISO and IEC	288	105 (governance members) 173 (international chair, secretary and convenor)
Total submission rate: [Reflects how many Draft International Standards (DIS) and Final Draft International Standards (FDIS) ballots SCC has submitted to ISO and IEC—(success rate)]	947 (99.5%)	1,069 (97.1%)
Total voting engagement: Votes that contain Canadian positions and exclude abstentions [Reflects how many ISO DIS and FDIS ballots SCC voted either approving or disapproving the standard]	712 (75.2%)	860 (80.4%)

Source: SCC Standards Branch

Canada's Energy Efficiency Regulations require that all prescribed energy-using products bear an energy efficiency verification mark authorized by a certification body accredited by the Standards Council of Canada for energy efficiency verification. This requirement is in place to ensure a certain level of confidence that accreditation programs bring to their clients. Accreditation lends a sense of credibility to the energy efficiency program, and demonstrates that the prescribed energy-using products meet the minimum energy performance standards set out in the Regulations.

—Kelly-Ann Chisholm CHIEF, COMPLIANCE OPERATIONS FOR NATURAL RESOURCES  
CANADA'S (NRCAN'S) OFFICE OF ENERGY EFFICIENCY

### **Analyze and take action based on annual report submissions from technical committees**

The newly revised Canadian procedural document CAN-P-7 outlines specific requirements for participation in international standards development activities. The document is intended to help technical experts become valuable contributors to Canada's standardization network through their international-level work. New criteria requires that head of delegation reports be submitted. The delegation reports will provide insight into how effective and influential Canada has been on international standards committees. The type of responses received is helping SCC to analyze, for example, how successful Canada has been at achieving its objective on policy or technical matters.

### **Review responsiveness of Canada's standardization network**

SCC finalized a number of reports that examined strategies for strengthening Canada's standardization network, to address the following issues:

- Canada's ever-changing standardization requirements and landscape;
- the need to strengthen international governance reach and presence; and
- prioritizing developing and supporting international standards.

As a result, SCC has been working steadily to advance Canada's standardization network through a number of initiatives:

- strengthened its support for Canadians and Canadian enterprises volunteering in international standards development at ISO and IEC;
- restructured advisory panels and committees, to ensure the organization obtains strategic advice from a broader spectrum of stakeholder representatives; and
- revisited its presence internationally in governance forums, to make Canada's engagement as strong as possible.

FIGURE 8: CLIENTS OF ACCREDITATION SERVICES BRANCH

SCC Accreditation Services and Recognition Program	2010–2011	2011–2012
Laboratory :	303	324
– Laboratory (ISO/IEC 17025)	280	293
– Medical laboratory (ISO 15189)	19	27
– Proficiency testing providers (ISO/IEC 17043)	4	4
Good Laboratory Practice (GLP) Recognition	22	27
Product certification bodies (ISO/IEC Guide 65)	31	33
Management systems certification bodies (ISO/IEC 17021)	19	20
Personnel certification bodies (ISO/IEC 17024)	5	5
Inspection bodies (ISO/IEC 17020)	14	15
GHG verification bodies (ISO 14065)	1	2
<b>Total</b>	<b>395</b>	<b>426</b>

The number of clients increased in 2011–2012 to 426 from 395. This represents an additional 31 clients or a 7.8 per cent increase, exceeding Accreditation Services' target of a five per cent increase.

Source: SCC Accreditation Services Tracking Records

**STRATEGIC PRIORITY 4****Grow Accreditation Services*****Develop unique business plan for each SCC accreditation program***

The development of a unique business plan for each SCC accreditation program proved to be an effective strategy. The laboratory and certification body divisions of the Accreditation Services branch grew by 8.8 per cent and 5.3 per cent respectively. SCC collaborated with stakeholders to improve delivery of its medical laboratories accreditation program and expanded its accreditation program for greenhouse gas (GHG) validators and verifiers. Growth in these areas directly corresponds to marketplace demand.

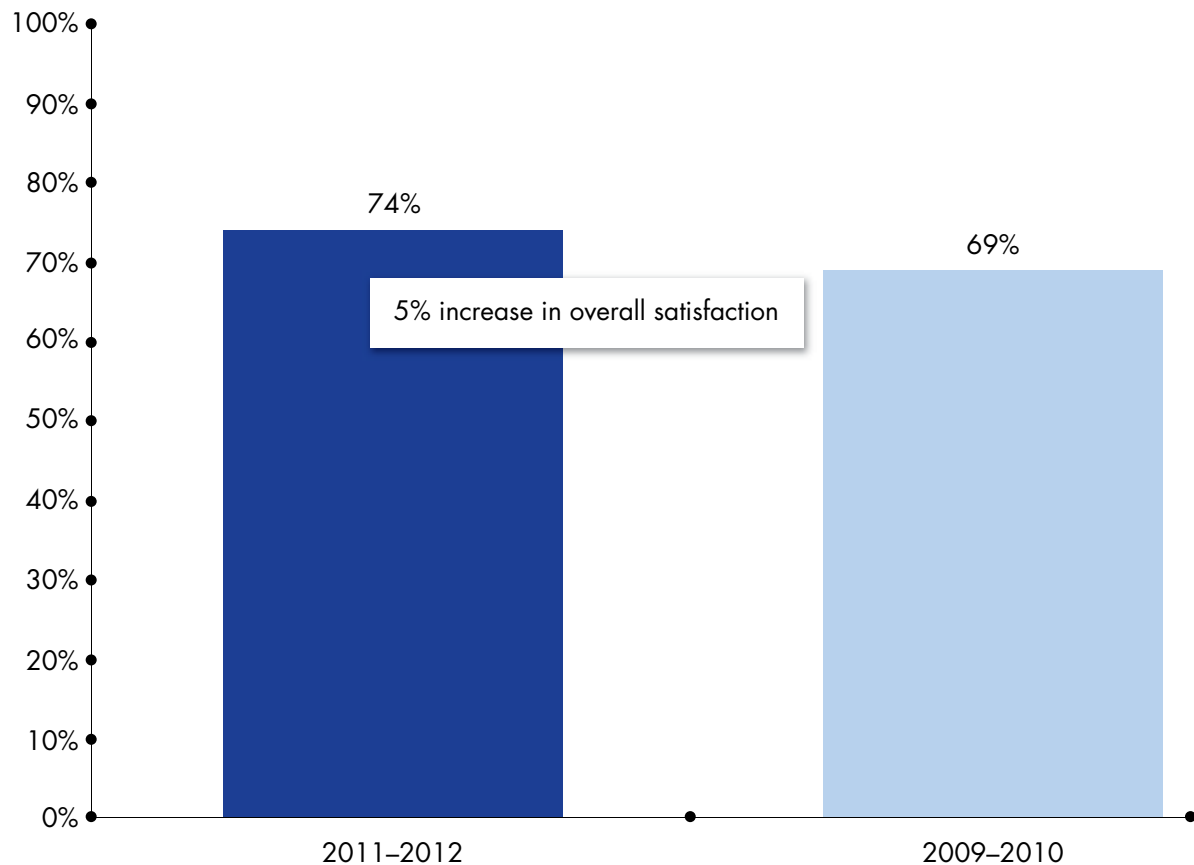
The GHG validators and verifiers program represents a key growth area for SCC, as well as for energy efficiency. The accreditation by SCC of organizations that verify GHG emissions supports the Government of Canada's sustainability agenda. Key provincial partners are British Columbia, Ontario and Quebec. As well, SCC is formally recognized by the United States Environmental Protection Agency as an accreditation body for laboratories and certification bodies, in support of NRCan's Office of Energy Efficiency ENERGY STAR® program.

***Review costs and fees***

To be more competitive, during the past fiscal year, SCC developed a new budgeting and forecasting model for its clients from Accreditation Services. Pricing and fee structures are also under review.

**FIGURE 9: ACCREDITATION SERVICES CLIENT SATISFACTION**

In FY 2011–12, SCC's Accreditation Services branch achieved an overall client satisfaction score of 74 per cent. While SCC fell short of its stated goal of 80 per cent, the results show a marked improvement of five per cent over 2009–2010 results.





SCC Chief Executive Officer John Walter (far left, back row) poses with employees who received their certificates for length of service on January 18, 2012, during SCC's 2011 Employee Appreciation and Service Recognition Awards Ceremony.

### ***Implement a conformity assessment management system***

Extensive effort has been expended to modernize SCC's Accreditation Services programs. Efforts are ongoing to establish a business solution for increased agility in addressing business and clients' needs, and that will deliver greater interoperability and integration with other SCC systems.

### ***Design a customer satisfaction strategy***

In a survey of SCC's Accreditation Services clients, the organization received an overall client satisfaction score of 74 per cent. (See Figure 9.)

### **STRATEGIC PRIORITY 5**

#### **Foster organizational excellence**

In 2011-2012, SCC focused on fostering organizational excellence at every level of the organization. SCC's goal was to achieve a model for excellence that will help the organization achieve long-term success. Ongoing review of organizational priorities and application of cost-containment measures has helped SCC achieve greater efficiencies. With a reduction in its operating costs, the organization was able to redirect savings toward higher-priority items, such as strengthening Canada's voice on international technical committees and modernizing its information technology infrastructure.

To improve its financial position, SCC continues to develop complementary services, such as training programs, roadmaps and capacity-building projects that generate fee-for-service revenue.

Increased product quality, combined with a decrease in waste levels, correlated directly with standardization—which helped improve 3M’s processes and overall quality. Standardization resulted in improved production costs and overall measurement, while management also improved.

—Jim Brock SUPPLY CHAIN OPERATIONS AT 3M CANADA

FIGURE 10: STAFF TRAINING

	Amount \$	% of Salary Budget
Total training budget	\$ 100,000	1.5%
Total training expenses	\$ 57,332	0.9%
.....		
% of training budget used		57%
.....		
Average spending per employee		\$726

Source: SCC Finance and Corporate Management

### ***Implement human resources strategic plan***

To cultivate organizational excellence, SCC began implementation of a three-year human resources strategic plan to help it attract, recruit and retain high-impact people. The plan includes strategies that foster employee satisfaction and engagement, and it conveys SCC’s human resources vision. The plan promotes a productive and progressive organization by presenting the values, beliefs and characteristics to which SCC aspires, and prescribes those that are best-suited for the renewal of SCC’s culture and work environment. Use of this plan will allow SCC to manage employee talent and help employees achieve their full potential.

Professional development can heighten an employee’s sense of contribution and value to an organization. It can also help an organization to more easily achieve its strategic priorities. During fiscal year 2011–2012, SCC offered its employees

various opportunities for professional development and career planning. As part of on-the-job learning, SCC also identified key personnel that could take on roles with increasing responsibility. The organization remains committed to helping employees attain the competencies they need to succeed in their assignments, and to attracting and retaining the best personnel.

### ***Update quality management system processes***

Over the past 12 months, SCC updated its quality management system (QMS). Additional resources are being devoted for the review of work processes, to attain operating efficiencies using QMS. Ensuring quality in the delivery of its services is of particular importance to SCC, as Canada’s national accreditation body. This importance is heightened by the scrutiny SCC undergoes when evaluated by its international accreditation peers.



# management discussion and analysis

SCC is committed to providing standards leadership to stakeholders. Over the past 12 months, the organization continued to demonstrate the value of standardization to federal and industrial stakeholders.

During the 2011–2012 fiscal year, the Government of Canada clearly signaled the importance of monitoring standards referenced in federal regulations. SCC responded by helping federal departments prioritize the review of critical standards. Across many federal departments, there is also growing recognition that standardization can mitigate risk and advance their specific priorities. As a consequence, SCC has witnessed increased demand for its expertise, across government. Helping departments incorporate standardization solutions activities into departmental plans will be a priority for the organization over the next fiscal year.

As the organization expands its programs and services and modernizes its operations, information management and analytical tools are essential to its success. Developing tools that automate and improve SCC's ability to monitor standards in regulations are already under way. Likewise, work being conducted on a centralized repository of standards-related information will continue into the next fiscal year. These tools will enable SCC to better manage the data it needs to deliver customized roadmaps and relevant solutions for stakeholders.

SCC has also been actively engaging industry over the last year. Industry participation on regional and international standards committees is critical to Canada's economic growth and competitiveness. By consulting on a sector-by-sector basis, SCC anticipates that Canada's influence in standards development, regionally and internationally, will be optimized. The organization continues to explore more-efficient ways of securing stakeholder engagement. One method is using a virtual platform that connects standardization experts to SCC, and to each other.

Additionally, specific criteria were developed this year to ensure more strategic participation by Canadians and better alignment to Canadian priorities. These criteria are: the use of standards in legislation or by Canadian industry; advancement of the national economy and/or technology; support of social, economic and/or environmental objectives; benefits to the health and welfare of the Canadian workforce and the general public; and the facilitation of trade. Measuring Canadian effectiveness and influence on standardization committees will better position SCC to determine optimal participation for sectors that are of strategic importance to Canada's economic and social well-being.

The organization's financial position improved during 2011–2012. Key operational areas of control for SCC include: applying strict cost containment measures; enhancing efficiencies; improving the financial model for its accreditation services; and monitoring the impact of risk on the organization's activities. SCC will leverage and update its quality management system, to identify the critical points that directly affect the success of its operations.

To help manage its risk level over the past year, SCC more extensively incorporated into its management practices the international standard ISO 31000, *Risk Management—Principles and guidelines*. With Council approval of SCC's risk management policy obtained in March 2012, the organization met the last requirement for full compliance with ISO 31000. SCC updated its risk profile in 2011–12, as denoted in Figure 11.

FIGURE 11: SCC RISK PROFILE 2011–2012

Risk	Rating 2010	Rating 2011
<b>STRATEGIC RISKS: RISKS THAT MAY AFFECT THE FUTURE STRATEGIC DIRECTION AND SUCCESS OF THE ORGANIZATION</b>		
Standards: Work with government stakeholders to ensure regular monitoring of standards referenced in federal regulation.	—	●
Stakeholder engagement: Broaden the standardization network to a wider scope of affected stakeholders in areas of strategic importance to Canada.	—	▲
Strategic participation in standards and conformity assessment bodies: Influence the outcome of standards in areas of strategic importance to Canada's economy.	●	■
Corporate reputation: Demonstrate leadership of Canada's standardization network and deliver on SCC's new strategic direction.	—	●
<b>BUSINESS RISKS: RISKS CONSIDERED SPECIFIC TO SCC'S BUSINESS</b>		
Financial: Gain wider industry and government support to fund Canadian standardization activities.	●	▲
Legal: Meet requirements for SCC programs and services.	■	■
Analytics: Analytical tools and competitive intelligence are required to make informed strategic decisions.	■	■
<b>OPERATIONAL RISKS: RISKS ARISING FROM THE EXECUTION OF SCC BUSINESS FUNCTIONS (E.G., PEOPLE, SYSTEMS AND PROCESSES).</b>		
People: Strategically plan human resources requirements and ensure alignment to SCC's strategic direction.	■	■
Technology and information management: Modernize IM/IT platforms to support new strategic direction.	■	●
Quality management system: Update quality management procedures to reflect shifting strategic direction.	■	■

LEGEND: Risk rating = Probability × Impact

● High ■ Medium ▲ Low — Not included in 2010 risk profile

\**Demonstrating value*, stated as a risk in SCC's 2010–11 Annual Report, is built into both *stakeholder engagement* and *corporate reputation* risks, as noted in this revised profile. *Creating new business*, also noted as a risk in SCC's 2010–11 Annual Report, has been removed, as senior management no longer perceives this as being a risk.

# financial performance

In 2011–2012, the Standards Council of Canada's (SCC's) total revenue (excluding government funding) was \$8.7 million, which is 6.1 per cent higher than the \$8.2 million recorded during 2010–2011. The increase over last year's performance was due primarily to an increase in Advisory Services (\$295 thousand), as well as increases in Accreditation Services fees (\$117 thousand) and World Trade Organization (WTO)/NAFTA Enquiry Point (\$32 thousand). These increases were partially offset by declines in royalties from sales of standards (\$28 thousand).

Revenue from Accreditation Services fees of \$6.5 million increased by 3.2 per cent from the \$6.3 million recorded during 2010–2011. The increase is from continued program expansion within the Laboratories division (year-over-year increase of \$178 thousand), which was partially offset by a decrease due to the timing of reviews within certification (year-over-year decrease of \$72 thousand).

Royalties from the sales of standards totalled \$870 thousand; slightly lower (\$28 thousand or 3.2 per cent) than the previous year's level of \$899 thousand. This decline is attributable to volume declines and an unfavourable sales mix; SCC has engaged two additional sales channel providers to help counteract this trend.

Revenue from Advisory Services agreements totalled \$615 thousand, significantly ahead (\$295 thousand or 92 per cent) of last year's revenue of \$320 thousand. This change is primarily due to the addition of the new Canada-Americas Trade-Related Technical Assistance initiative (\$254 thousand). Under this initiative, SCC participates in the development of projects for the removal of technical barriers to trade for Caribbean countries, Colombia, Peru and Honduras.

Revenue from other income sources amounted to \$337 thousand, which is comparable to \$337 thousand in 2010–2011. This revenue includes funds collected from the hosting of web document management (SiteScape), training, interest income and other rebate-related revenues.

Net government funding of \$7.8 million was higher this fiscal year as compared to the previous year's \$7.7 million. The increase is from an additional \$500 thousand of funding received from the Government of Canada to support SCC's role in the Adaptation of the North – Integrating Adaptation into Codes and Standards for the Northern Infrastructure Standardization Initiative (NISI). The increase is partially offset by a change in government funding for reimbursement of selected non-recurring expenditures, as well as a change in amortization of deferred government funding used for the acquisition of tangible capital assets.

Expenses for 2011–2012 were \$14.9 million, which is slightly lower than last year. This result was achieved by adhering to strict cost containment measures and a clear focus on delivering against strategic priorities. Cost reductions were achieved in areas of staffing, meeting expenses, advertising and administrative expenses, such as publications, printing, telecommunications and postage. A year-over-year increase in professional fees relates to spending on key strategic initiatives, while an increase in office accommodations is due to rental operating cost increases and the timing of recognition for property tax rebates.

In 2011–2012, SCC generated a net annual surplus of \$1.6 million, which is a significant improvement in financial performance over last year's surplus of \$974 thousand. Through its clear vision, SCC has continued to realign its resources to key strategic

initiatives that support Government of Canada priorities. This focus on the clarification of key strategic areas has guided the organization's management team in reviewing and questioning all activities and expenses. As a result, SCC has been able to grow its annual and accumulated surplus in 2011–2012.

The net annual surplus of \$1.6 million during 2011–2012 is an improvement of \$2.0 million, versus a budgeted deficit of \$420 thousand for the same time period. Of this change, \$900 thousand is due to

additional funding received from the Government of Canada: \$500 thousand to support SCC's role in the NISI initiative and \$400 thousand for reimbursement of selected other non-recurring expenditures. The remaining favourable surplus of \$1.1 million can be attributed to strategic cost-reduction measures SCC implemented in the early part of this fiscal year (including savings of \$820 thousand in salaries and benefits costs on a number of vacant positions).

### FINANCIAL OVERVIEW 2008–2012

Financial Overview	2007–2008	2008–2009	2009–2010	2010–2011	Budget 2011–2012	Actual 2011–2012
<b>REVENUE</b>						
Accreditation Services	5,763,908	5,893,041	5,962,067	6,338,030	7,417,000	6,455,019
Royalties from standards sales	718,315	677,519	825,227	898,557	1,000,000	870,068
Advisory Services	678,799	344,569	418,118	320,486	644,000	615,231
WTO/NAFTA Enquiry Point	339,827	360,559	360,620	354,135	395,000	385,710
Other income	406,585	463,474	449,705	336,672	429,000	337,157
	7,907,434	7,739,162	8,015,737	8,247,880	9,885,000	8,663,185
<b>EXPENSES</b>						
Accreditation Services	4,189,556	4,696,077	4,497,206	4,261,688	5,142,000	4,210,716
WTO/NAFTA Enquiry Point	339,824	360,559	360,620	354,203	395,000	385,710
Standards development	3,533,827	3,574,033	3,865,825	2,730,548	2,929,000	2,778,777
Policy and Stakeholder Relations	1,554,262	1,784,067	1,858,734	1,646,649	2,281,000	1,785,243
Management and Administrative Services	4,936,195	4,840,667	5,263,716	5,981,336	6,482,000	5,749,482
	14,553,667	15,255,403	15,846,101	14,974,424	17,229,000	14,909,928
<b>Deficit from Operations</b>	<b>(6,646,233)</b>	<b>(7,516,241)</b>	<b>(7,830,364)</b>	<b>(6,726,544)</b>	<b>(7,344,000)</b>	<b>(6,246,743)</b>
<b>GOVERNMENT FUNDING</b>						
Parliamentary appropriations	6,924,598	7,027,123	7,015,259	7,557,506	6,729,000	7,635,782
Amortization of deferred government funding	185,510	168,932	167,705	143,416	195,000	171,612
	7,110,108	7,196,055	7,182,964	7,700,922	6,924,000	7,807,394
<b>Annual Surplus/(Deficit)</b>	<b>463,875</b>	<b>(320,186)</b>	<b>(647,400)</b>	<b>974,378</b>	<b>(420,000)</b>	<b>1,560,651</b>

### 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 (SCC). The financial statements were prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

SCC management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. These controls and procedures are also designed to provide reasonable assurance that transactions are in accordance with the objectives of SCC's governing Council, and are within the Council's mandate, as stated in the *Standards Council of Canada Act*.

SCC's governing Council, through its Audit Committee, is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. Comprised solely of Council members, the Audit Committee meets with management to review the financial statements on a quarterly basis and audited financial statements annually, and reports on them to the governing Council.

The Office of the Auditor General of Canada conducts an independent examination, in accordance with Canadian auditing standards, and expresses its opinion on the financial statements. The Office of the Auditor General of Canada has full and free access to financial management of SCC and meets with SCC when required.



John Walter  
Chief Executive Officer



Sylvie C. Lafontaine, CA  
Chief Financial Officer

Ottawa, Canada  
June 21, 2012



Auditor General of Canada  
Vérificateur 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 statements of financial position as at 31 March 2012, 31 March 2011 and 1 April 2010, and the statements of operations, statements of changes in net financial assets, and statements of cash flow for the years ended 31 March 2012 and 31 March 2011, 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 public sector accounting standards, 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 audits. I conducted my audits 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 in my audits 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 2012, 31 March 2011 and 1 April 2010, and the results of its operations, changes in its net financial assets, and its cash flows for the years ended 31 March 2012 and 31 March 2011 in accordance with Canadian public sector accounting standards.

#### *Report on Other Legal and Regulatory Requirements*

As required by the *Financial Administration Act*, I report that, in my opinion, the accounting principles in Canadian public sector accounting standards have been applied, after giving retroactive effect to the adoption of the new standards as explained in Note 3 to the financial statements, 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 audits 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 regulations and the by-laws of the Standards Council of Canada.

Clyde M. MacLellan, CA  
Assistant Auditor General  
for the Auditor General of Canada

21 June 2012  
Ottawa, Canada

## STATEMENT OF FINANCIAL POSITION

As at	March 31, 2012	March 31, 2011	April 1, 2010 (Note 3)
<b>FINANCIAL ASSETS</b>			
Cash	\$ 5,440,235	\$ 3,626,912	\$ 1,372,794
Accounts receivable (Note 5)	2,087,591	1,775,087	1,579,941
Federal government departments and agencies (Note 14)	343,221	318,484	259,458
Parliamentary appropriations receivable	—	659,900	2,021,000
	7,871,047	6,380,383	5,233,193
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities (Note 7)	1,596,575	1,795,387	1,487,956
Contributions received (Note 8)	22,498	70,855	57,280
Deferred revenue	1,950,282	1,849,519	1,952,424
Deferred government funding (Note 9)	755,460	503,794	412,486
	4,324,815	4,219,555	3,910,146
NET FINANCIAL ASSETS	3,546,232	2,160,828	1,323,047
<b>NON-FINANCIAL ASSETS</b>			
Tangible capital assets (net) (Note 6)	930,065	732,123	559,490
Prepaid expenses	752,194	774,889	810,925
	1,682,259	1,507,012	1,370,415
<b>ACCUMULATED SURPLUS</b>	<b>\$ 5,228,491</b>	<b>\$ 3,667,840</b>	<b>\$ 2,693,462</b>


Measurement Uncertainty (Note 2j)

Commitments (Note 13)


Contingent Liabilities (Note 15)

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

**Approved by the Governing Council:**



Interim Chairman



Chief Executive Officer

## STATEMENT OF OPERATIONS

For the Year Ended March 31	2012 Budget (Note 17)	2012	2011
<b>REVENUES FROM OPERATIONS</b>			
Accreditation Services fees	\$ 7,417,000	\$ 6,455,019	\$ 6,338,030
Royalties from sales of standards (Note 10)	1,000,000	870,068	898,557
Advisory Services	644,000	615,231	320,486
WTO/NAFTA Enquiry Point	395,000	385,710	354,135
Other income	429,000	337,157	336,672
	9,885,000	8,663,185	8,247,880
<b>EXPENSES (NOTE 12)</b>			
Accreditation Services	5,142,000	4,210,716	4,261,688
WTO/NAFTA Enquiry Point	395,000	385,710	354,203
Standards development	2,929,000	2,778,777	2,730,548
Policy & Stakeholder Relations	2,281,000	1,785,243	1,646,649
Management & Administrative Services	6,482,000	5,749,482	5,981,336
	17,229,000	14,909,928	14,974,424
Deficit from Operations	(7,344,000)	(6,246,743)	(6,726,544)
Parliamentary appropriations	6,729,000	7,635,782	7,557,506
Amortization of deferred government funding (Note 9)	195,000	171,612	143,416
(Deficit)/Surplus	(420,000)	1,560,651	974,378
Accumulated Surplus, Beginning of Year	2,305,000	3,667,840	2,693,462
ACCUMULATED SURPLUS, END OF YEAR	\$ 1,885,000	\$ 5,228,491	\$ 3,667,840

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



## STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the Year Ended March 31	2012 Budget (Note 17)	2012	2011
Total (deficit)/surplus	\$ (420,000)	\$ 1,560,651	\$ 974,378
Acquisition of tangible capital assets	(400,000)	(423,278)	(342,334)
Disposition of tangible capital assets	—	107,303	127,930
Amortization of tangible capital assets	251,000	118,033	41,771
(Increase)/decrease in prepaid expense	—	22,695	36,036
(Decrease)/Increase in Net Financial Assets	(569,000)	1,385,404	837,781
Net Financial Assets at Beginning of Year	1,255,000	2,160,828	1,323,047
Net Financial Assets at End of Year	\$ 686,000	\$ 3,546,232	\$ 2,160,828

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

## STATEMENT OF CASH FLOW

For the Year Ended March 31	2012	2011
<b>NET CASH FROM OPERATIONS:</b>		
Surplus	\$ 1,560,651	\$ 974,378
Adjustments for non-cash items:		
Amortization of tangible capital assets	225,336	169,699
Amortization of deferred government funding	(171,612)	(143,416)
Changes in current liabilities and current assets other than cash	198,948	1,253,457
Net Change in Cash from Operations	1,813,323	2,254,118
<b>CASH APPLIED TO CAPITAL TRANSACTIONS</b>		
Additions and disposal of tangible capital assets	(423,278)	(342,334)
<b>CASH APPLIED TO FINANCING ACTIVITIES</b>		
Parliamentary appropriations used for acquisition of tangible capital assets	423,278	234,724
Tenant Improvement Allowance used for acquisition of tangible capital assets	—	107,610
Net increase in cash	1,813,323	2,254,118
Cash, beginning of the year	3,626,912	1,372,794
Cash, End of the Year	\$ 5,440,235	\$ 3,626,912

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

## NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2012

### 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 activities 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; and assist and protect consumers.
- Accredite 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 standardization 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.
- Operate Canada's North American Free Trade Agreement and World Trade Organization enquiry points on behalf of the federal government.

### 2. Significant Accounting Policies

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

#### a) Basis of Accounting

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS) established by the Canadian Public Sector Accounting Board.

#### b) Tangible Capital Assets

Tangible Capital Assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Amortization is recorded 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

#### c) Prepaid Expenses

Prepaid expenses include membership dues and are charged to expense over the periods expected to benefit from it.

#### d) Revenue Recognition—Deferred Revenue

Accreditation Services revenues are derived from application fees, annual accreditation fees and audit and assessment fees. Application fees are recognized as revenue when received. Funds received or receivable in respect of the annual portion of accreditation fees are recorded as deferred accreditation fees and are amortized to revenue on a straight line basis over the period to which the fee applies. Funds received or receivable in respect of conformity assessment audit and assessment fees are recognized as revenue at the time the related services are provided.

Royalties from sales of standards are recognized as revenue in the period during which the related sales have 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 a liability called "Contributions Received." These contributions are not recognized as revenue until their related expenditures are incurred.

*e) Expenses*

Expenses are reported on an accrual basis to ensure that the cost of all goods and services consumed in the year is expensed.

*f) Parliamentary Appropriation*

The Government of Canada provides funding to the Council. The portion of the parliamentary appropriation used to purchase tangible capital assets is recorded as deferred government funding and is amortized over the same period as the related asset. The portion of appropriation related to operations is recorded in the Statement of Operations in the year for which it is approved; any eligibility criteria are met; and a reasonable estimate can be made.

*g) Pension benefits*

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. (See also Note 11—Pension Benefits.)

*h) 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 contributions represent the Council's total obligation to the employee benefit plan. This Plan does not require the Council to make further

contributions to any future unfunded liabilities of the employee benefit plan.

*i) 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.

*j) Measurement Uncertainty*

The preparation of financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the useful life expectancy predictions for tangible capital assets, certain employee-related liabilities, as well as contingent liabilities.

Estimates are based on the best information available at the time of financial statement preparation and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

*k) Future Accounting Changes*

In March 2011, the Canadian Public Sector Accounting Board updated Section PS 3410 for Government Transfers, which is to be applied to fiscal periods beginning on or after April 1, 2012. The Council will retrospectively adopt these standards beginning April 1, 2012. In addition, the Council will adopt, where applicable to new standards for Financial Statement presentation (PS 1201), Foreign Currency Translation (PS 2601) and Financial Instruments (PS 3450).

### **3. Transition to Public Sector Accounting Standards**

Commencing with the 2011–2012 fiscal year, the Council has adopted PSAS.

a) The impact of the transition to PSAS on the accumulated surplus, at the date of transition, and the comparative annual surplus, are presented on page 40. These accounting changes have been applied retroactively with restatement of prior periods. The following changes have been implemented to comply with PSAS:

	PREVIOUSLY STATED MARCH 31, 2010	ADJUSTMENT APRIL 1, 2010	RESTATED APRIL 1, 2010
Contributions received	0	57,280	57,280
Deferred revenue—accreditation fees	2,015,223	(62,799)	1,952,424
Deferred revenue—tenant allowance	147,004	(147,004)	0
Total liabilities	4,062,669	(152,523)	3,910,146
Net financial assets	1,170,524	152,523	1,323,047
Accumulated surplus	2,540,939	152,523	2,693,462

	PREVIOUSLY STATED MARCH 31, 2011	ADJUSTMENT MARCH 31, 2011	RESTATED MARCH 31, 2011
Contributions received	0	70,855	70,855
Deferred revenue—accreditation fees	2,000,844	(151,325)	1,849,519
Deferred revenue—tenant allowance	228,329	(228,329)	0
Total liabilities	4,528,354	(308,799)	4,219,555
Net financial assets	1,852,029	308,799	2,160,828
Accumulated surplus	3,359,041	308,799	3,667,840

In accordance with Section PS1200, *Financial Statement Presentation*, the Statement of Operations excludes other comprehensive income. Other comprehensive income is to be reported only when a government includes the results of government business enterprises and government business partnerships in the government's summary financial statements.

At April 1, 2011, Other Comprehensive Income of \$70,855 (\$57,280 as of April 1, 2010) has been reclassified as "Contributions Received," and appears in the liabilities section of the Council's Statement of Financial Position. Revenue recognition of these contributions has not changed as a result of the adoption of the new standard. Contributions received continue to be recognized as revenue at the time the related expenses are incurred.

The Council modified its revenue recognition policy for Accreditation Services revenues, specifically the immediate recognition of application fees received for Conformity Assessment programs. The cumulative impact on fiscal years before 2011–2012 has been reflected in an adjustment of \$151,325 (\$62,800 as of April 1, 2010) to Accumulated Surplus and resulted in an adjustment of \$88,525 to the surplus for the year ended March 31, 2011.

The Council's lease agreement provides for funds to be received from the landlord to reimburse the cost of tenant improvements made to the leased office space. As at March 31, 2011, these funds were recorded as deferred revenue and were being amortized to income over the duration of the lease. However, it has been determined that these funds no longer meet the definition of a liability in accordance with Section PS 1000.44-.45 *Financial Statement Concepts—Liabilities*. As a result, Deferred Revenue—Tenant Allowance, as at March 31, 2011, in the amount of \$228,329 (\$147,004 as of April 1, 2010), has been removed from the Council's Statement of Financial Position and resulted in an adjustment of \$81,325 to the surplus for the year ended March 31, 2011.

b) Reconciliation of the net income reported in SCC's previous accounting framework to its annual surplus under PSAS for the year ended March 31, 2011:

Net income per previous accounting framework	\$804,528
Accreditation fees	88,525
Management and administrative services	81,325
<b>Net surplus after the adoption of PSAS</b>	<b>\$974,378</b>

## c) Changes to the Statement of Cash Flows reported for the year ended March 31, 2011:

	PREVIOUSLY STATED FOR THE YEAR ENDED MARCH 31, 2011	ADJUSTMENT	RESTATEd FOR THE YEAR ENDED MARCH 31, 2011
Surplus	804,528	169,850	974,378
Amortization of tenant improvement allowance	(26,283)	26,283	—
Changes in current liabilities and current assets other than cash	1,436,015	(196,133)	1,239,882
Net change in cash from operations	2,254,118	—	2,254,118
Net increase in cash	2,254,118	—	2,254,118

**4. 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 the Council's 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 an ongoing concern.

Starting in fiscal year 2011–2012, the Council maintains a minimum accumulated surplus required for its operations based on a per cent of its current liabilities. As at March 31, 2012, \$1.5 million has been put aside for operations. SCC determined that this minimum level of accumulated surplus ensures that it remains financially sustainable and also that it follows prudent business practices and guidelines existing in other similar organizations. The remaining accumulated surplus is set aside and restricted to fund designated spending.

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 and Capital Budget.

**5. Financial Instruments**

The Council's financial instruments consist of cash, accounts receivable and accounts payable and

accrued liabilities. Accounts receivable and accounts payable are incurred in the normal course of business. All are due on demand and are 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 in relation to its accounts receivable.

In all cases, prudence is observed at the time of the transaction. Credit is granted to customers in accordance with existing accreditation program policies and 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: (*For terms and conditions with regards to related party receivables, refer to Note 14.*)

	TOTAL	CURRENT	30–60 DAYS	60–90 DAYS	90–120 DAYS	>120 DAYS
2012	\$ 2,087,591	\$ 1,617,675	\$ 144,203	\$ 63,015	\$ 42,927	\$ 219,771
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 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, 2012, the allowance for bad debts is estimated at \$37,352 (March 31, 2011 was \$33,000 and April 1, 2010 was \$50,000). The following table provides a reconciliation of the allowance during the year.

	March 31, 2012	March 31, 2011
Balance, beginning of year	\$33,000	\$50,000
Charges for the year/(reversal of charges)	13,311	(25,411)
Bad debt (write-offs)/reversal of write-offs	(8,959)	8,411
<b>Balance, End of Year</b>	<b>\$37,352</b>	<b>\$33,000</b>

#### *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 months' cash requirements.

#### *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 risk, currency risk and other price risks such as equity risk. The Council's financial instruments are not significantly exposed to market risk.

## 6. Tangible Capital Assets

March 31, 2012	Furniture	Equipment	Leasehold Improvements	2012 Total
<b>COST</b>				
Opening Balance	\$ 302,785	\$1,656,200	\$885,307	\$2,844,292
Additions	85,710	255,134	82,434	423,278
Disposals	—	(107,303)	—	(107,303)
<b>Closing Balance</b>	<b>388,495</b>	<b>1,804,031</b>	<b>967,741</b>	<b>3,160,267</b>
<b>ACCUMULATED AMORTIZATION</b>				
Opening Balance	(277,946)	(1,334,254)	(499,969)	(2,112,169)
Amortization	(6,981)	(127,688)	(90,667)	(225,336)
Disposals	—	107,303	—	107,303
<b>Closing Balance</b>	<b>(284,927)</b>	<b>(1,354,639)</b>	<b>(590,636)</b>	<b>(2,230,202)</b>
<b>Net Book Value</b>	<b>103,568</b>	<b>449,392</b>	<b>377,105</b>	<b>930,065</b>

Cost at March 31, 2012 includes Tangible Capital Assets under construction, as follows:

- Furniture: \$53,127
- Equipment: \$191,882
- Leasehold Improvements: \$82,434

March 31, 2011	Furniture	Equipment	Leasehold Improvements	2011 Total
<b>COST</b>				
Opening Balance	\$ 284,226	\$ 1,567,965	\$ 777,697	\$ 2,629,888
Additions	18,559	216,165	107,610	342,334
Disposals	—	(127,930)	—	(127,930)
Closing Balance	302,785	1,656,200	885,307	2,844,292
<b>ACCUMULATED AMORTIZATION</b>				
Opening Balance	(274,677)	(1,357,026)	(438,697)	(2,070,400)
Amortization	(3,269)	(105,158)	(61,272)	(169,699)
Disposals	—	127,930	—	127,930
Closing Balance	(277,946)	(1,334,254)	(499,969)	(2,112,169)
Net Book Value	24,839	321,946	385,338	732,123

There were no Tangible Capital Assets under construction at March 31, 2011.

## 7. Accounts Payable and Accrued Liabilities

	March 31, 2012	March 31, 2011	April 1, 2010
Accounts payable & accrued liabilities	\$ 668,118	\$ 693,663	\$ 543,712
Salaries & benefits payable	817,760	960,169	812,161
Accrued vacation pay	91,272	96,503	118,100
Other	19,425	45,052	13,983
	<b>\$ 1,596,575</b>	<b>\$ 1,795,387</b>	<b>\$ 1,487,956</b>

## 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 as a liability called "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:

	March 31, 2012	March 31, 2011
Balance, beginning of year	\$ 70,855	\$ 57,280
Add: Contributions received	241,922	20,900
Less: Contributions expended	(290,279)	(7,325)
	<b>(48,357)</b>	<b>13,575</b>
Balance, End of Year	<b>\$ 22,498</b>	<b>\$ 70,855</b>



### 9. Deferred Government Funding

Deferred funding represents the unamortized portion of funding, including parliamentary appropriation

used to purchase tangible capital assets. Changes in the deferred funding balance are as follows:

	March 31, 2012	March 31, 2011
Balance, beginning of year	\$503,794	\$412,486
Add: Current year Appropriation used to acquire tangible capital assets	423,278	234,724
Less: Amortization	(171,612)	(143,416)
	251,666	91,308
<b>Balance, End of Year</b>	<b>\$755,460</b>	<b>\$503,794</b>

### 10. 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.

### 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 per cent 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 responsibility with regards to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada. The Council's and employees' contributions to the Plan for the year were as follows:

	MARCH 31, 2012	MARCH 31, 2011
Council's Contribution	\$946,965	\$973,865
Employees' Contributions	\$463,985	\$458,388

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

	2012*	2011*
<b>EMPLOYEES—CURRENT SERVICE:</b>		
On earnings up to yearly maximum pensionable earnings (YMPE)	6.2%	5.8%
On earnings exceeding YMPE: 2012—\$50,100 2011—\$48,300	8.6%	8.4%
<b>EMPLOYER—EXPRESSED AS A MULTIPLE OF EMPLOYEE CONTRIBUTIONS:</b>		
For contributions on current and elective service on single-rate employee contributions	1.74	1.86
For Retirement Compensation Arrangement (RCA) on earnings that exceed: 2012— \$148,000 2011—\$142,800	8.95	9.50

\*Calendar Year

## 12. Expenses

	March 31, 2012	March 31, 2011
Salaries and employee benefits	\$ 8,534,974	\$ 9,402,307
Professional and special services	1,832,500	1,526,603
Travel	1,749,701	1,700,081
Memberships in international organizations	961,884	924,293
Office accommodation	736,184	622,215
Meeting expenses	318,408	133,510
Amortization of tangible capital assets	225,336	169,699
Publications and printing	118,726	132,997
Telecommunications and postage	85,141	91,210
Other expenses	81,708	60,325
Insurance	74,491	75,414
Office supplies	71,345	51,508
Repair & upkeep	37,339	38,476
Rental of office equipment	35,469	40,053
Public relations	33,411	31,144
Bad debts expense	13,311	(25,411)
	<u>\$ 14,909,928</u>	<u>\$ 14,974,424</u>

## 13. Contractual Commitments

Starting in July 2000, the Council entered into an agreement to lease office space for a 15-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:

	March 31, 2012	March 31, 2011	April 1, 2010
2010-2011	—	—	\$345,290
2011-2012	—	\$366,526	\$350,845
2012-2013	\$369,494	\$365,583	\$350,845
2013-2014	\$365,700	\$361,789	\$350,845
2014-2015	\$363,115	\$361,789	\$350,845
2015-2016	\$105,066	\$102,330	\$102,330
>2016	—	—	—

**14. 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. As at March 31, 2012, the Council has incurred expenses totaling \$57,192 (March 31, 2011 was \$32,028) and has recorded revenues of \$1,216,190 (March 31, 2011 was \$1,209,456) with related parties. As at March 31, 2012, the Council recorded accounts receivable with related parties of \$343,221 (March 31, 2011 was \$318,484. April 1, 2010 was \$259,458) and accounts payable of \$791 (March 31, 2011 was \$1,031. April 1, 2010 was \$0).

**15. Contingent Liabilities**

SCC has been named as a defendant in an Alberta action, with the claimant seeking to have the action certified as a class action. A similar action has commenced in Saskatchewan. While an amended statement of claim has been filed, no statement of defence has yet been filed, and this matter is in early stages. Accordingly, no provision has been made in these financial statements for any liability that may result. Any losses arising from these actions will be recorded in the year in which they become likely and can be reasonably estimated.

**16. Comparative Balances**

Certain comparative figures have been reclassified in order to conform to the presentation adopted in 2011–2012.

**17. Budget Figures**

Budget figures have been provided for comparison purposes and have been derived from:

- the 2011–2012 internal management budgets approved by governing Council for revenue, expense and capital items
- the 2011–2012 to 2015–2016 Corporate Plan approved by governing Council for balance sheet figures