



Standards Council of Canada
Conseil canadien des normes

Teaming Up, Delivering Solutions

Annual Report 2013-2014

Teaming up, delivering solutions

The 2013-2014 fiscal year was pivotal for SCC as we continued to collaborate with an increasing number of key stakeholders and standardization organizations, both nationally and internationally, to deliver new and innovative solutions for government, industry and consumers.

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 Values

- Respect
- Integrity
- Professionalism

Our Vision

To improve Canadians' quality of life through leadership of Canada's standardization network.

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Glossary of Acronyms

AAP	(SCC) Accreditation Advisory Panel	IECE	Instituto Ecuatoriano de Crédito Educativo y Becas
AHRI	Air-Conditioning, Heating, and Refrigeration Institute	IECEE	IEC System of Conformity Assessment Schemes for Electrotechnical Equipment and Components
APLAC	Asia Pacific Laboratory Accreditation Cooperation	IECRE	IEC Renewable Energy System
APM	Annual Public Meeting	ILAC	International Laboratory Accreditation Cooperation
APS	(SCC) Advisory Panel on Standards	IM/IT	Information Management/Information Technology
CAC	Canadian Advisory Committee	ISACC	ICT Standards Advisory Council of Canada
CASCO CPC	ISO Committee on Conformity Assessment Chairman's Policy and Coordination Group	ISD	International Standards Development
CATRTA	Canada-Americas Trade-Related Technical Assistance	ISO	International Organization for Standardization
CCPSA	Canada Consumer product Safety Act	ISO/IEC	International Organization for Standardization/International Electrotechnical Commission
CEO	Chief Executive Officer	ITU	International Telecommunications Union
CEN	European Committee for Standardization	MASM	Mongolian Agency for Standardization and Metrology
CENELEC	European Committee for Electrotechnical Standardization	MOA	Memorandum of Agreement
CEPA	Canada and India Comprehensive Economic Partnership Agreement	MOU	Memorandum of Understanding
CETA	Canada-European-Union: Comprehensive Economic and Trade Agreement	NFPA	National Fire Protection Association
CIPH	Canadian Institute of Plumbing & Heating	NISI	Northern Infrastructure Standardization Initiative
CANC/IEC	(SCC) Canadian National Committee of the International Electrotechnical Commission	NRCan	Natural Resources Canada
COPANT	The Pan American Standards Commission	NSC	National Standards of Canada
COPOLCO	Consumer Policy Committee of ISO	PASC	Pacific Area Standards Congress
CPIP	(SCC) Consumer and Public Interest Panel	PSR	(SCC's) Policy and Stakeholder Relations (branch)
CWWA	Canadian Water and Wastewater Association	P/T	Provincial/Territorial
DFATD	Department of Foreign Affairs, Trade and Development	PTAC	(SCC) Provincial-Territorial Advisory Committee
EFC	Electro-Federation Canada	QMS	quality management system
ETV	Environmental Technology Verification	RCC	Regulatory Cooperation Council
FINCA	Forum of the IEC National Committees of the Americas	SCC	Standards Council of Canada
FTAs	free trade agreements	SDOAC	(SCC) Standards Development Organizations Advisory Committee
GHG	Greenhouse gas	SDOs	standards development organizations
IAAC	InterAmerican Accreditation Cooperation	TBT	Technical Barriers to Trade
IAF	International Accreditation Forum	TPP	Trans-Pacific Partnership
IEC	International Electrotechnical Commission	WSD	World Standards Day
		WTO	World Trade Organization



Message from the Chair

Significance of standardization to Canada

Due to the inseparable link between standardization and trade, Canada's standardization network is essential to our economy and society. Labour productivity and GDP growth have widely been reported by nations around the world, as major benefits of standardization.

As the leader of Canada's standardization network, SCC is working hard to build capacity in key industry sectors of the economy. Sectors such as oil and gas, information technology, and energy, are vital areas for Canadian products and services to gain global market access, and to safeguard our citizens' health and safety.



Supporting Canada's federal action plans

SCC is proud to be supporting *Canada's Economic Action Plan*. Since Budget 2012, SCC has been carrying out a number of initiatives to strengthen Canada's standardization network and to ensure a solid return on investment in standardization for Canada. To do so, we have updated standards in federal regulations and have driven operational efficiencies within the organization. This past year, we received a Statement of Priorities Letter from the Minister of Industry, and we were pleased to confirm that SCC's strategic direction is consistent with the recommendations outlined in his letter. We have also been supporting the Government of Canada's *Global Markets Action Plan* through our international standardization activities, which help to break down technical barriers to trade and provide greater market access.

Collaborating with our valued stakeholders

SCC is committed to working with a wide range of stakeholders, so that this nation's standardization network continues to be robust and relevant. Our measure of success lies in how well we meet the needs of our stakeholders: government, industry, consumers and all Canadians. This year, we held a strategic session with leaders from SCC-accredited standards development organizations (SDOs). During this session, these leaders discussed opportunities to reduce duplication of effort, support government priorities and conceptualize a national standardization strategy. By sparking this strategic dialogue, SCC will continue to drive value for our shareholder, the Government of Canada — and, by extension, for all Canadians.

“I would like to congratulate the Standards Council of Canada for their work this past year to protect Canadians' health and safety, drive innovation, enhance our global competitiveness, and for their contribution to Canada's economic growth. The council has had a successful year and I am pleased to see the results of their work to strengthen the standardization network to respond to market needs, as well as deliver standardization solutions and maximize standards and accreditation to the benefit of Canadian businesses and consumers.”

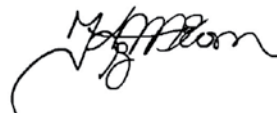
Industry Minister James Moore

Corporate governance

Our governing Council brings a wealth of expertise to SCC from various public and private sectors. Members of Council are focused in driving a long-term vision for the organization. During 2013-2014, Council set SCC's strategic direction and closely reviewed its public policy objectives. Council also participated this past year in a number of SCC events, meetings and initiatives, including World Standards Day, the Annual Public Meeting and World Accreditation Day. During these events, we had the pleasure of meeting so many of you who participate in Canada's interest on both national and international standardization committees. We thank you for your commitment to your field and to your country.

Toward the future

With an eye on the 2014-2015 fiscal year, SCC will remain focused on driving Canadian innovation and productivity; and seeking opportunities to facilitate trade. Most importantly, we will continue to make life better and safer for Canadians and citizens around the world.



Kathy Milsom
Chair



Message from the CEO

Building the momentum

This is a pivotal time for SCC, with an enhanced level of interest and support from government and industry leaders, who seek SCC's input for their development of policies and strategic approaches.

By chairing the Assistant Deputy Minister (ADM) Committee on Standardization, SCC will continue to work with federal departments to identify and validate federal government strategic standardization priorities. As well, we will continue to assess where standards and accreditation can play a greater role in helping to protect and improve the social and economic well-being, as well as the health and safety, of all Canadians. Here at SCC, we continue to be inspired by the many great opportunities that lie ahead, and we look forward to building momentum with industry stakeholders, following the success achieved with our government stakeholders.



The strength of the network

During 2013-2014, teaming up with other organizations enabled SCC to strengthen the quality of its standardization solutions. As leader of Canada's standardization network, SCC's role is to enhance Canadians' quality of life, and the organization does so in several ways. We ensure that the right standards — documents that provide rules, guidelines or characteristics for activities or their results — exist, to support our health, safety and security. We also make certain that the right conformity assessment programs for these standards are in place. In doing so, we promote the value of standardization — the development and application of standards, including the assessment of conformity to these standards.

Across this nation, thousands of people and organizations contribute to the work that SCC does. The role that Canada's standardization network plays in our daily lives grows more important as our lives become more challenging. Whether you are an organization, an employee or a consumer of goods and services, there are hurdles to overcome, complex decisions to make and a good deal of information to absorb each day. One thing for certain is that the world of standardization will continue to evolve each day, and SCC's plan is to continue to evolve alongside.

Collaboration in action

As you read through the pages of this report, you will discover how SCC's work, carried out in tandem with other organizations, benefited Canadians during 2013-2014. One example is the SCC-American National Standards Institute (ANSI) pilot projects for the development of joint Canada-U.S. product standards in the plumbing/heating and electro-technical sectors, where no standards or certification requirements currently exist. Canadian and U.S. industry in the plumbing/heating sector have chosen the balloon-type ball backwater valve as the product topic for joint standards development.

This product prevents costly flood damage for homeowners, and having available a joint Canada-U.S. standard should reduce the product's price and increase its accessibility to consumers in both countries. SCC is collaborating on these pilot projects with ANSI and the Canadian Institute of Plumbing and Heating (CIPH).

SCC is also a key advisor to the Department of Foreign Affairs, Trade and Development (DFATD) on the standardization-related aspects of the negotiations for Canada's free trade agreements (FTAs) such as: *Canada-European Union Comprehensive Economic and Trade Agreement* (CETA) and the *Trans-Pacific Partnership* (TPP). These agreements enable trade between Canada and other key countries, facilitate market access for Canadian companies and allow for less-expensive goods for Canadian consumers.

Taking a leadership role, internationally and regionally, SCC is helping to develop standardization plans and priorities for the Pan American Standards Commission (COPANT), the Pacific Area Standards Congress (PASC), and the Réseau Normalisation et Francophonie (RNF) Association. Through this work, SCC can help to identify regional priorities and improve regional cooperation and collaboration where there is a mutual trade interest.

From coast to coast

During these past 12 months, SCC promoted voluntary standardization from coast to coast. On Canada's East Coast, with a view of contributing to inter-provincial trade goals, SCC secured a Memorandum of Understanding (MOU) with the Province of Nova Scotia. Through the MOU, SCC and Nova Scotia are implementing a pilot project to establish an inventory of standards that have been incorporated by reference in the province's regulations. This project has generated interest within provinces and territories across the country, in terms of examining and comparing standards used as a complement to regulations across jurisdictions.

On Canada's West Coast, SCC held its 2013 World Standards Day event for stakeholders in October, in collaboration with the University of British Columbia's Quality Management Conference for Medical Laboratories. Under the international theme, *Standards ensure positive change*, SCC's event focused on the success of the International Organization for Standardization (ISO) standard ISO 15189 for medical laboratories, in helping to ensure quality laboratory results.

Global connections

Global connections made during 2013-2014 benefited people in many countries around the world. In Latin America and the Caribbean, SCC continued to work with representatives from Colombia, Honduras, Peru and the Caribbean community (CARICOM) on capacity-building projects under the *Canada-Americas Trade Related Technical Assistance* (CATRTA) Program. The organization continues to help these countries share their practices and strengthen their standardization infrastructure to further economic growth.

Moving Far North, SCC maintained its collaboration with the Mongolian Agency for Standardization and Metrology (MASM), helping that country advance its standardization infrastructure. Wherever our global connections took us, SCC built on its vision to advance standards and accreditation in support of citizens' well-being.

New role at ISO

On the international front, I was elected Vice-President (Policy) for the 2014-2015 term. The appointment was announced September 19 at the 2013 ISO General Assembly in St. Petersburg, Russia. This new role offers Canada a first-ever opportunity to play a key part in overseeing ISO governance, policy and strategic direction. As we continue to move toward harmonization of standards among countries, it will become increasingly important for Canada to have a stronger voice at ISO meetings.

Looking ahead

Looking ahead, SCC will continue to engage with its key Canadian stakeholder groups, maintain its work on updating Canadian standards referenced in regulations, and carry out its ongoing work on international standardization committees, so that Canada has a strong voice for standards development in those areas that are critically important to Canada's global competitiveness. By teaming up with key national organizations and other organizations around the world, SCC will continue to make a difference for Canadians — one standard, one solution, one stakeholder at a time.



John Walter
Chief Executive Officer

SCC's CEO, John Walter, and SCC's Chair, Kathy Milsom, welcomed attendees to the organization's annual World Standards Day event in mid-October.





Corporate Profile

In 1964, the Government of Canada conducted a comprehensive review of standards activity in Canada. The study identified a number of areas for improvement, including: coordination and long-term planning; support from industry and government; and Canadian involvement in international standardization. In response to this, SCC was established in 1970 as a federal Crown corporation. Its mandate is set out in its governing legislation, the *Standards Council of Canada Act*.

Mandate

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

- promote the participation of Canadians in voluntary standards activities;
- promote public- and private-sector cooperation in voluntary standardization in Canada;
- coordinate and oversee the efforts of people and organizations involved in 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.

SCC's governing Council and Executive Team are supported by standing and advisory committees and panels.

FIGURE 2: SCC COUNCIL STRUCTURE



Governing Council

On behalf of governing Council, the Chair reports to Parliament through the Minister of Industry. The organization's CEO is appointed by the Minister of Industry and reports directly to SCC's governing Council.

Governing Council Members

The Council is responsible for overseeing the strategic direction of the organization, ensuring fulfilment of the mandate and providing guidance on governance matters.

The governing Council has two standing committees: the Audit Committee and the Corporate Governance Committee. Both committees play an important role in strategically supporting governance approaches for SCC's initiatives.

Governing Council is also supported by two advisory committees as established in the SCC Act: the Provincial-Territorial Advisory Committee (PTAC) and the Standards Development Organizations Advisory Committee (SDOAC).

SCC's governing Council is comprised of 13 members. Ten members are appointed by the Governor in Council through an Order in Council. The three other members sit on governing Council by virtue of the Chair/Vice-Chair positions they hold.

Provincial-Territorial Advisory Committee

PTAC is established in the SCC Act. PTAC promotes cooperation and communication between the provinces, territories and SCC, and provincial and territorial participation in Canadian standardization activities.

SCC's Executive Team establishes SCC's strategic priorities and carries out the organization's daily operations. From left: Vice-President, Shared Services and Chief Financial Officer, Ernie Briard; Vice-President, Accreditation Services, Chantal Guay; Chief Executive Officer, John Walter; Vice-President, Standards and International Relations, Sylvie C. Lafontaine; Vice-President, Strategy, Corporate Communications and Corporate Secretary, Sandra Watson; and Vice-President, Policy and Stakeholder Relations, Michel Girard



Standards Development Organizations Advisory Committee

SDOAC is also established in the SCC Act. SDOAC makes recommendations to Council on matters related to voluntary standards development and promotes cooperation and communication between SCC and SCC-accredited SDOs. There are currently seven SCC-accredited SDOs: Bureau de normalisation du Québec (BNQ); Canadian General Standards Board (CGSB); CSA Group; ULC Standards; ASTM International; Underwriters Laboratories (UL); and AHRI.

SCC management is supported by the following advisory panels and committee:

Advisory Panel on Standards

SCC's Standards and International Relations branch receives strategic and policy advice from the organization's Advisory Panel on Standards regarding standards-related matters impacting economic prosperity and trade. The panel falls under the purview of SCC's Standards and International Relations branch.

Accreditation Advisory Panel

The Accreditation Advisory Panel falls under the purview of SCC's Accreditation Services branch. The panel provides policy advice, with a view to ensuring fairness and impartiality in relevant SCC policies and programming.

The CANC/IEC

The CANC/IEC provides strategic and policy advice to SCC on IEC-related matters. The committee falls under the purview of SCC's Standards and International Relations branch.

Consumer and Public Interest Panel

The Consumer and Public Interest Panel provides strategic and policy advice on standardization matters that impact consumers and the public interest. The panel falls under the purview of SCC's Standards and International Relations branch.

Staff and Activities

The strategies and policies established by SCC's governing Council are implemented by SCC's staff of 95. The organization's work is led by its CEO, John Walter. The CEO is supported by SCC's Executive Team.

*“As part of **Canada's Economic Action Plan**, SCC is ensuring a stronger Canadian voice on international standardization committees. To be a standards setter in the global arena has never been so important — contributing significantly to a nation's economy and competitive advantage.”*

John Walter, SCC's CEO

FIGURE 3: EXECUTIVE TEAM



Core Activities

Accreditation Services

SCC's 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:

- 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
- SDOs

SCC is also a signatory to several Mutual Recognition Agreements and Multilateral Agreements with organizations 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, one certification recognized and accepted globally*.

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

Policy and Stakeholder Relations

SCC's Policy and Stakeholder Relations branch conducts strategic outreach and engagement with those stakeholders having the greatest potential influence and impact on standardization in Canada. Outreach activities also target stakeholders that hold a vested interest in, or that use, standardization.

Primary initiatives include:

- provide information to key Canadian government departments and agencies, to help them establish standardization priorities and goals;
- make recommendations that influence standards and conformity assessment-related aspects of trade and regulatory policy;
- facilitate the development of roadmaps in support of targeted areas of the economy that require standardization support; and
- identify and define the necessary conditions for Canada to optimize its use of standardization.

Shared Services

SCC's Shared Services branch provides overall shared service support to the organization and provides subject-area support to SCC's other branches. By nature, the branch has a broad mandate, encompassing both employees and external stakeholders. Shared Services provides functional support through:

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

Standards and International Relations

SCC's Standards and International Relations branch (SIRB) is primarily responsible for the following four areas of the organization: Canadian standards development; Canada's participation in international standards development; international and regional governance relations; and engagement with Canada's industry sectors and consumer public interest groups.

Key SIRB initiatives include:

- setting the requirements for accrediting organizations that develop consensus-based standards;
- approving National Standards of Canada (NSCs);
- ensuring that Canada's voice is heard in international standards development by facilitating and managing Canada's participation in the activities of ISO and IEC;
- guiding Canadian participation in international policy committees within ISO and IEC, as well as in regional organizations, such as at PASC and COPANT;
- facilitating capacity-building initiatives;
- contributing to industry outreach in key economic sectors, to determine standardization needs and help resolve standards-related issues; and
- working to ensure that the voices of consumer and public interest groups are heard in the development of standardization solutions.

"Working with SCC gives our industry a voice at the table, when national and international standards are being developed. This is really important, because we have to use these standards in real-world applications."

John Salmon,
Standards Chair, Canadian Electrical Contractors Association, Electrical Contractors of Ontario

Strategy and Corporate Communications

SCC's Strategy and Corporate Communications branch provides secretariat and governance policy support to SCC's governing Council and to its standing committees. The mandate of this branch includes:

- Secretariat and Governance Policy
- Corporate Communications
- Corporate Planning and Risk Management
- Government Reporting and Access to Information and Privacy (ATIP)
- Website Management, Social Media and Digital Communications
- Information and Research Services

Management Discussion and Analysis



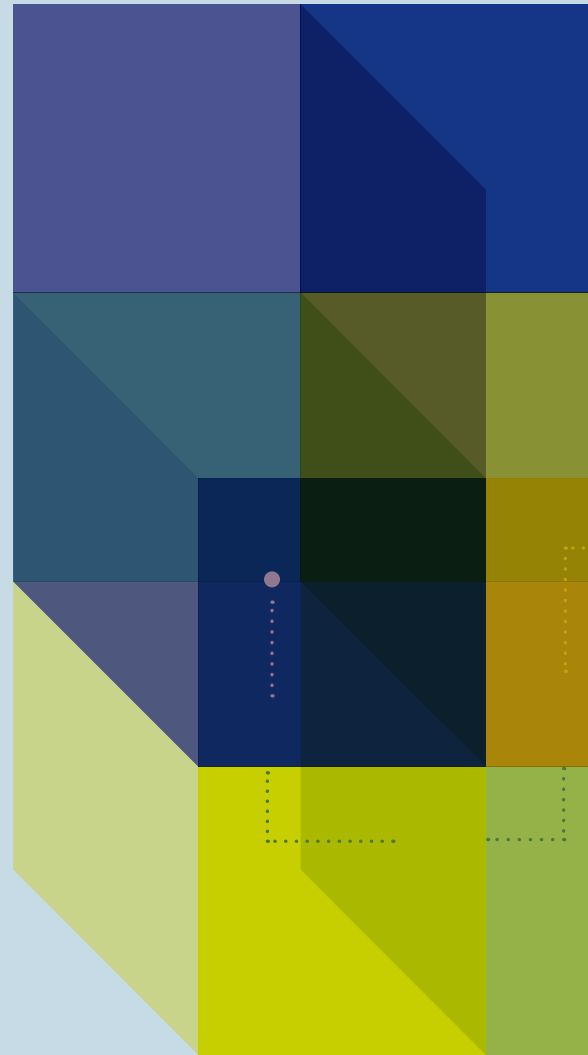
2013-2014 Year in Review

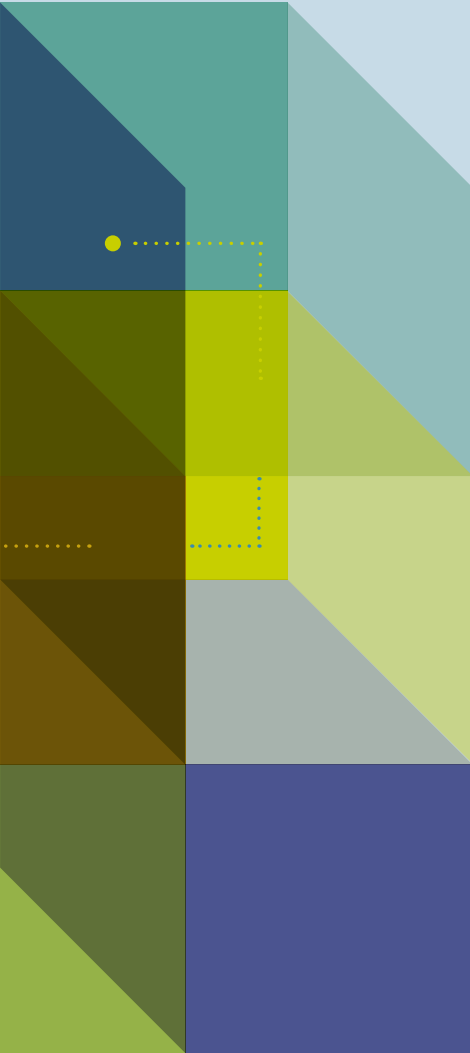
Each year, SCC's Executive Team establishes the organization's strategic priorities. Over the past fiscal year, the cornerstone of SCC's strategic direction was as follows:

1. Strengthening Canada's standardization network;
2. Delivering standardization solutions;
3. Maximizing the benefits of standards and accreditation; and
4. Driving operational efficiency and productivity.

During 2013-2014, SCC met the objectives set out in its corporate plan, to offer Canadians a stronger and more flexible standardization system that provides increased opportunities to solve regulatory issues, harmonize standards, facilitate trade, enable global innovation, and protect the health and safety of its citizens.

Whether supporting the Government of Canada priorities or helping industry address challenges through standardization, SCC collaborated with many to strengthen Canada's standardization network. The following pages showcase the diverse range of strategic investments, activities and innovations led by SCC in 2013-2014.





STRATEGIC PRIORITY 1:

Strengthening Canada's Standardization Network

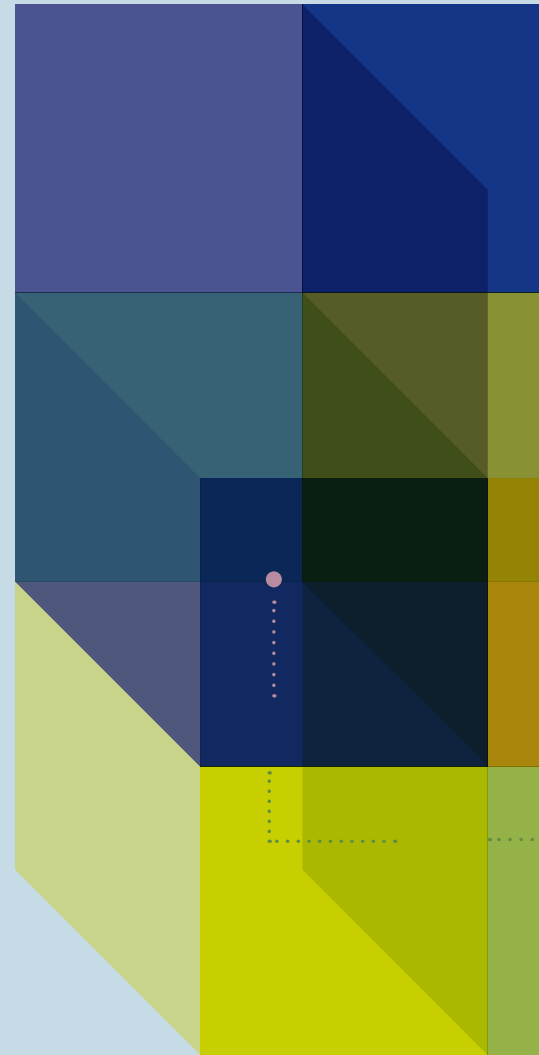
- Accredited the Air-Conditioning, Heating, and Refrigeration Institute (AHRI) to develop standards for the Canadian marketplace and to provide more options for government and industry use — increasing the complement of SCC-accredited SDOs to seven.
- Launched the industry engagement strategy with stakeholders from the oil and gas, energy, and information technology sectors.
- Hosted a series of forums for senior leaders from Canada's energy and electrical engineering sector, on how standardization can help them overcome key challenges, meet priorities and provide access to new market opportunities.
- Confirmed the standardization priorities of the electrical utility, electrical and electronic manufacturing sectors, following a forum held for industry association leaders representing companies in that sector.
- Led the development of the Information and Communication Technology (ICT) Standards Advisory Council of Canada (ISACC) report on cyber security, *Canada's National ICT Standardization Priorities: Collaboration, Coordination and Participation*.
- Continued to co-chair the Smart Grid Standards Advisory Committee with the Canadian Electrical Association, to pursue smart grid technologies that will enhance the reliability, resiliency and efficiency of the North American electrical network.
- Finalized a new Consumer Engagement Strategy Framework that will serve SCC in identifying where Canadian consumers' input in standards development is valued and needed.

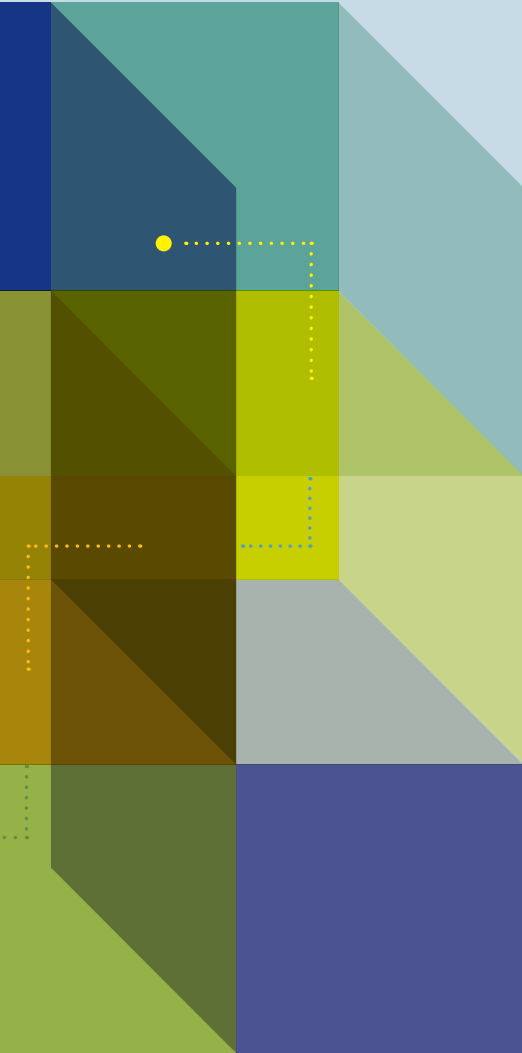
STRATEGIC PRIORITY 2:**Delivering Standardization Solutions**

- Signed three-year MOU with the Government of Nova Scotia, to establish standardization goals and priorities for the province that contribute to the implementation of a strategic and coordinated approach to standardization activities among Canadian provinces and territories.
- *Moderating the Effects of Permafrost Degradation on Existing Structures and Buildings in Permafrost Supported on Thermosyphon Foundations*, two of the standards being developed under SCC's Northern Infrastructure Standardization Initiative (NISI), were made available for public review.
- Teamed up with the National Fire Protection Association (NFPA) to adapt electric vehicle safety training modules, used by U.S. first responders, for Canadian deployment — helping police, fire and emergency personnel save lives.
- Produced an online solutions prototype that demonstrates the viability of developing a Consumer Product Safety Standardization Mapping tool that enables users to visualize the relationships between the standardization requirements of various trade partners, for those consumer products under the regulatory purview of the Consumer Product Safety Directorate of Health Canada.

STRATEGIC PRIORITY 3:**Maximizing the Benefits of Standards and Accreditation**

- Developed a scorecard measuring Canada's influence and level of participation in governance and technical positions held on ISO and IEC committees.
- Provided strategic leadership to COPANT and PASC for the development of their respective plans and priorities.





- Assisted Environment Canada in the development of a draft ISO standard for Environmental Technology Verification (ETV). The draft standard continues to be shepherded through the ISO development process by Canada and is expected to soon be released for public consultation.
- Reorganized Accreditation Services branch to improve service delivery for customers — including a customer services group as a single contact point for accreditation services, and a technical services group to oversee assessment work.

STRATEGIC PRIORITY 4:

Driving Operational Efficiency and Productivity

- Developed and implemented an online collaboration platform, *SCC Connect*, starting with a focus on internal communications. Also, piloted *SCC Connect* with consumer stakeholders, for future stakeholder use.
- Launched SCC's social media platform on *LinkedIn*, *Facebook* and *Twitter*, providing more engagement opportunities with Canadian and international stakeholders.
- Made significant progress in updating SCC's information management/information technology (IM/IT) infrastructure and quality management system (QMS).
- Developed a leadership program and a succession plan approach for key positions within the organization.
- Implemented various initiatives during the fiscal year that are expected to deliver \$400,000 in sustainable cost efficiencies in 2014-2015.



Operating Environment and Context

SCC analyzes key trends in its operating environment nationally, regionally and internationally, and as part of its planning process. As the need deepens for governments and industries to be more efficient, safety conscious and cost-effective, so too do the relevance and need increase for standardization solutions. Given the rapidly shifting global trade environment, exporters seeking access to global markets must adhere to increased legal, technical and regulatory requirements.

Standardization's major role

The reality of operating in today's global marketplace is that a Canadian product may contain components produced in several countries. As a result, and particularly for small- and medium-sized enterprises, the global supply chain can be very complex. Also, an exporter's products may be sold in multiple markets. These products will therefore have to meet technical standards — perhaps harmonized standards — across multiple markets.

Standardization plays a major role in supporting international trade, bringing quality and value to Canadian exporters, to Canadians in general, and to the

world. Having standards and accreditation services in place ensures products meet regulatory requirements and reduces trade barriers — which, in turn, serves to limit risk and enhance marketability for Canadian products and services.

Reducing duplication of standards

With the range of standardization options more readily available, the need to avoid potential duplication of standards becomes more pronounced. Any difference in the standards referenced in national regulations, for example — although put in place to help and not impede the use of products or services — may ultimately become an obstacle to market entry.

The need to move, increasingly, toward harmonizing standards is critical, as governments around the world are looking to standards and accreditation as a way to increase their competitive edge.

Duplicative regulatory requirements impede cross-border trade — both within Canada, and between Canada and other countries, such as the United States. This costs Canadian consumers millions of dollars annually. Any differences in the standards referenced in regulations may, in fact, create marketplace obstacles. To reduce these obstacles, industry sectors such as electrical, and plumbing and heating, are striving to align voluntary standards and minimize duplication of standards and effort, both nationally and internationally. This, in turn, allows standardization organizations to reduce government red tape, facilitate economic growth and uphold public safety objectives.

Contributing to Canada’s regulatory regime

Federal and provincial/territorial regulators rely on Canadian, regional and international standards as instruments of choice to support public policy and regulatory objectives. A high proportion of outdated references to standards continues to be present in Canadian regulations. To further assist regulators in their use of appropriate standards, SCC tracks and advises on issues pertaining to methods of incorporation by reference, as well as identifies potential alternative standardization solutions.

Adhering to international standards

International organizations estimate that 80 per cent of world trade is impacted by standardization. To gain access to U.S. and overseas markets, Canada must therefore adhere to an expanding and evolving array of standards and conformity assessment requirements. A more responsive and effective standardization system is required to ensure Canada’s standardization network has the flexibility to adjust to a changing marketplace.

Standardization practices must be optimized, to increase a nation’s economic opportunities. Adopting international standards and other global deliverables enables organizations’ products and services to enter both foreign and domestic markets and to gain a competitive advantage.

Amplifying Canada’s global voice

Over the years, the base of Canadian standards has grown smaller, and the number of unique Canadian national standards has consistently decreased. This is a positive reality, demonstrating that Canada is increasingly competing in open, global markets.

Conversely, the catalogue of international standards continues to grow larger from one year to the next.

As we increasingly move toward international harmonization of standards, the need for standards to be unique to a given country has lessened. Today, standards that are common to several or all countries is becoming more and more the norm, making trade among these nations possible in a range of sectors. As a result, Canada must follow a new standardization model. This model avoids spreading subject-matter expertise across hundreds of technical committees. Instead, the new model centres on fewer committees, serving as forums for standards organizations globally.

Maintaining volunteer Canadian experts

At present, about 2,849 Canadian experts participate on international standardization committees. This is an increase over the numbers recorded for the past decade or so. During the past 10 years, SCC had witnessed a downward trend, due to senior experts retiring and not being replaced. As well, anecdotal evidence has suggested that emerging technology sectors may be reluctant to participate due to the demands on resources to participate on these committees.

FIGURE 4: KEY FACTS, FIGURES AND TRENDS

	2012-2013	2013-2014
Number of Canadian standards	2,940	2,901
Number of standards maintained by key international standardization organizations (ISO, IEC, ITU)	30,358	30,334
Number of active ISO, IEC, ITU technical committees	989	1,019
Number of Canadian volunteer members participating in international standards development committees	2,628	2,849
Number of standards incorporated by reference in federal regulations	1,066	1,118

The result has been, until this fiscal year, fewer regulators, industry representatives and academics representing Canada's interests at international standardization meetings. There is a critical need to ensure that the current number of participants developing both national and international standards, from key industry sectors, remains stable and grows in those areas of greatest opportunity for Canada. This becomes ever more important as the use of standards increasingly emerges as a prerequisite to conducting global trade. Succession planning for technical expert participation is vitally needed.

Nations worldwide continue to strategically position themselves at the international level, to reap economic benefits. Many nations that adopt international standards strive to secure solid positions on committees. Their objective is to promote their own technologies and impact the marketplace rules of engagement. As the global economy continues to assimilate, Canada must secure representation on international committees. This representation influences international standards to benefit Canadians and sharpen this country's competitive edge.

Generating innovative solutions

Standardization organizations must clearly determine their top strategic priorities for the next several years. They need to ensure that their agendas remain properly aligned with social, environmental, technological, economic and political policy issues. As well, these organizations must target the correct industry sectors that require standardization solutions.

At the same time, standardization organizations must better respond to global market needs. They must also assist emerging and developing countries in strengthening their economies through more effective use of international standards. Developing strategies to attract and retain the best possible volunteer technical experts, to contribute to a strong standardization system, is also essential.

Generating innovative solutions for stakeholders is one way standardization organizations can ensure their country's competitive advantage. These solutions must meet sector priorities and promote national economic and social well-being.

Over the past couple of years, with additional SCC-accredited SDOs, there are now increased options for government, industry and consumer use — creating more-responsive, flexible and harmonized standardization and accreditation regimes that protect citizens' health and safety.

Accreditation Services

Standardization organizations that offer accreditation services often rely on assessors to carry out work within the conformity assessment system. These assessors help organizations maintain and achieve accredited status by conducting assessments in a particular field. The reality is, however, that succession planning for assessors is needed, just as it is required for technical experts at international standardization meetings.

The global move toward standards alignment is also creating a shifting external environment. As a result, both regulatory and non-regulatory markets are being opened up to a greater number of accreditation services providers. Organizations such as SCC must therefore compete and distinguish themselves from other organizations that provide accreditation services.

Future take

Looking ahead, transacting business in the global marketplace will continue to grow ever-more challenging. Nations' increasing expertise in aligning standards and standardization practices will carry over, more and more, to the international standardization stage, given the urgent need to harmonize standards among key trading economies. Countries must promote the critical need for technical experts to participate in international standardization committees.

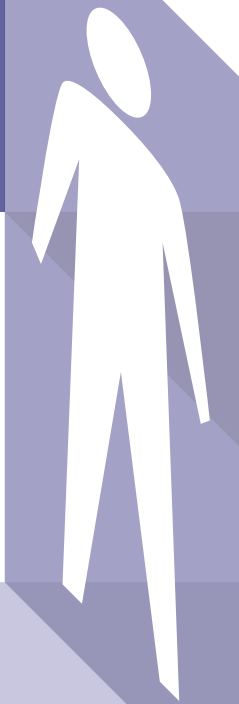
On the national front, SCC will continue to promote standardization as a tool for government and industry: supporting their risk management strategies, breaking down internal trade barriers and, ultimately, strengthening Canada's regulatory regime. Also, with increased awareness and support from government, as well as industry involvement, SCC will continue to advance the development of a national standardization strategy. As both the national and global marketplaces become increasingly complex, Canadian organizations need to embrace standards to ensure they succeed.

Year in Numbers



2,849

volunteer Canadian experts participating on 532 international standardization committees



532

international committees at ISO and IEC on which Canada participates



146

Canadians in leadership roles at ISO and IEC





More than \$900,000 invested

TO SUPPORT A STRONGER CANADIAN VOICE AT ISO AND THE IEC, IN AREAS SUCH AS HEALTHCARE TECHNOLOGY, INFORMATION TECHNOLOGY, ENERGY, MINING, ENVIRONMENT, HEALTH PROTECTION AND SAFETY, AND PETROLEUM AND RELATED TECHNOLOGIES



29

standards being updated and funded for government and industry use in Canada



Maintained a

90%

Canadian voting submission rate in ISO and IEC technical standards development work



2,901

active Canadian standards



476

ACCREDITATION SERVICES CUSTOMERS IN AREAS SUCH AS HEALTHCARE, THE ENVIRONMENT AND FOOD SAFETY



\$4.8 million investment

PLANNED OVER FOUR YEARS FOR THE FUNDING OF 29 STANDARDS

7

SCC-ACCREDITED STANDARDS DEVELOPMENT ORGANIZATIONS TO DEVELOP NATIONAL STANDARDS OF CANADA, PROVIDING MORE OPTIONS FOR GOVERNMENT, INDUSTRY AND CONSUMERS

85%

of Accreditation Services customers are satisfied with the branch's service



2,182

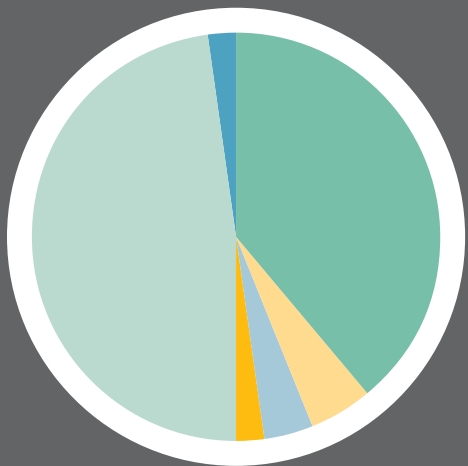
enquiries processed by SCC's Information and Research Services Team, on technical requirements, standards and conformity assessment procedures for various products and services

FIGURE 1: FINANCIAL HIGHLIGHTS



Expenses

Management and Administrative Services	\$ 7,155,648
Accreditation Services	\$ 5,016,755
Standards and International Relations	\$ 3,925,372
Policy and Stakeholder Relations	\$ 3,234,955
World Trade Organization / NAFTA Enquiry Point	\$ 390,171
Total	\$ 19,722,901

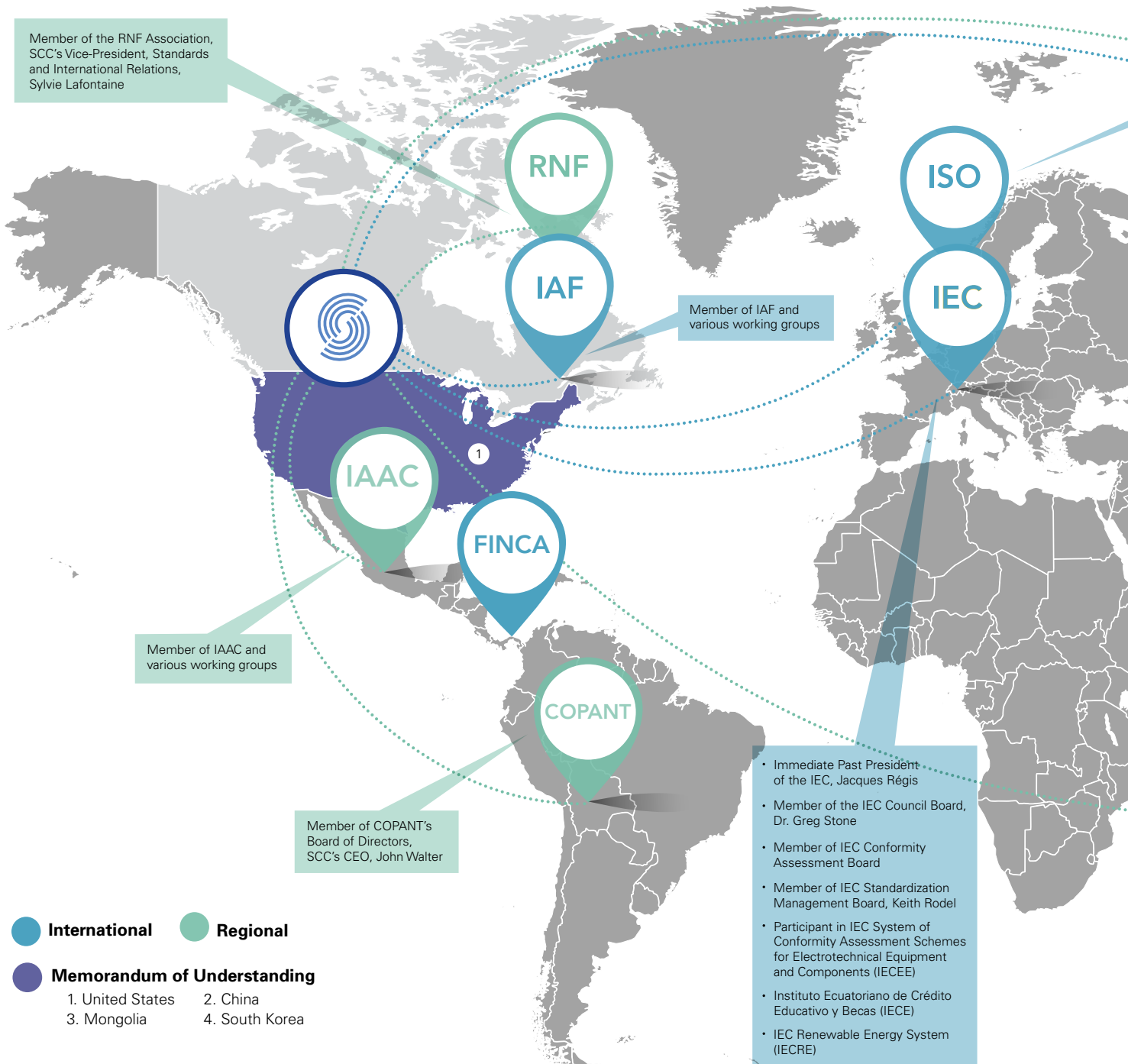


Revenue

Government Funding	\$ 8,081,241
Accreditation Services	\$ 6,627,001
Royalties from Standards Sales	\$ 866,856
Advisory Services	\$ 659,081
World Trade Organization / NAFTA Enquiry Point	\$ 390,171
Other Income	\$ 380,436
Total	\$ 17,004,786

Canada's International and Regional Networks

80% of world trade is based on standards.¹



Multiple sources: SCC Standards and International Relations branch Tracking Reports

¹ Source: Organization for Economic Co-operation and Development

Canada's trade with:

- ISO Vice-President (Policy), SCC's CEO, John Walter
- Member of ISO Technical Management Board, SCC's CEO, John Walter
- Member of the Chairman's Policy and Coordination Group (CASCO CPC) of the ISO/CASCO, SCC's Vice-President, Accreditation Services, Chantal Guay
- Chair of ISO/COPOLCO, Norma McCormick

United States:

Exports **\$ 338,639** in millions of dollars

Imports **\$ 233,902** in millions of dollars

European Union

Exports **\$ 38,670.3** in millions of dollars

Imports **\$ 50,564.5** in millions of dollars

China

Exports **\$ 19,365.8** in millions of dollars

Imports **\$ 50,716** in millions of dollars

Mongolia

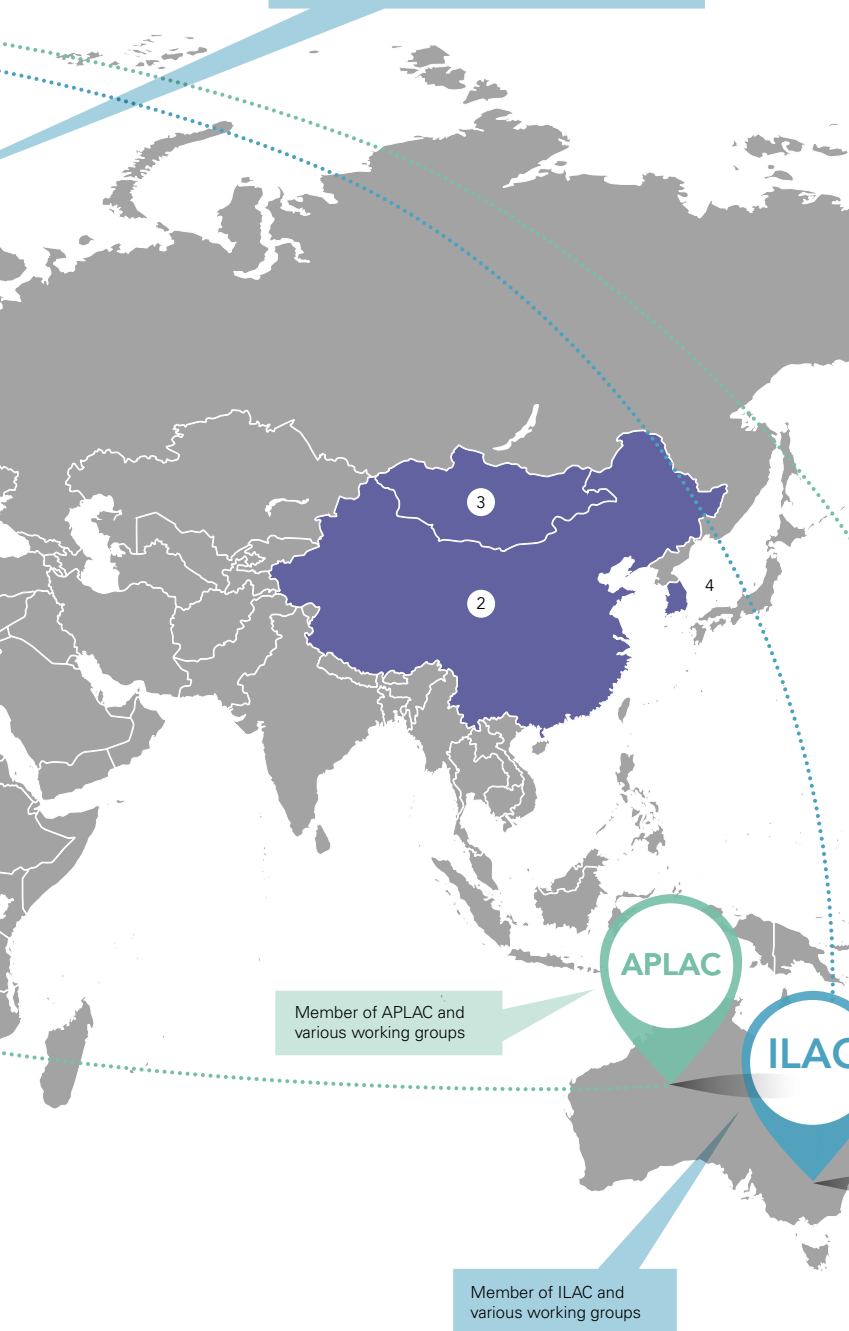
Exports **\$ 71.9** in millions of dollars

Imports **\$ 166.5** in millions of dollars

South Korea

Exports **\$ 3,713.3** in millions of dollars

Imports **\$ 6,372.4** in millions of dollars



Member of APLAC and various working groups

Member of ILAC and various working groups

Member of PASC and PASC's Executive Committee, SCC's CEO, John Walter

Source: Foreign Affairs, Trade and Development Canada. (2013). Global Markets Action Plan: The Blueprint for Creating Jobs and Opportunities for Canadians Through Trade. Ottawa



Corporate Governance



● SCC's governing Council is responsible for the organization's stewardship and for setting SCC's strategic direction, in support of SCC's mandate. In this role, Council oversees the development and implementation of the organization's corporate plan and relevant policy direction and periodically reviews SCC's legislated mandate, to ensure its continuing relevance. In line with this, Council and its two standing committees — Corporate Governance Committee and Audit Committee — continued to oversee SCC management on several of the organization's critical initiatives.

Proactive engagement

Over the past year and under the helm of incoming Chair, Kathy Milsom, SCC's governing Council maintained its strong leadership role and focused on providing advice and direction as outlined in the Minister of Industry's June 2013 Statement of Priorities Letter. To strengthen overall governance practices, toward the end of the fiscal year, SCC Council initiated a governance review process.

Through a Council-led strategic session with leaders of Canada's SCC-accredited SDOs, Council helped to establish a more transparent and collaborative relationship, discussing areas where SCC and SDOs could work together such as: identifying key sectors for harmonization with the United States, and the recruitment strategy and model for the next generation of Canadian technical committee members.

SDOAC and PTAC provided strategic advice toward the implementation of solutions to reduce duplication in federal, provincial and territorial regulations and standards.



Standing, from left: Rae Dulmage, Steven Reynolds, Gail Greenwood, Colin Clark, John Walter, Claude Bédard, Glenn Feltham, Suzanne Gignac and David Wigmore. Seated, from left: David Fardy, Kathy Milsom and W. A. Sam Shaw.

Implementing the vision through strong leadership

With John Walter re-appointed as SCC's CEO, for a second term, the momentum of SCC's leadership continued with a clear vision to deliver value for Canada's standardization network. Working closely with SCC's Executive Team, governance aspects of SCC programming areas were reviewed, such as: SCC's SDOs accreditation program, ensuring criteria reflects Canadian marketplace perspectives; a revised approach for adopting international standards; and oversight of the reorganization of SCC's Accreditation Services branch, to improve customer focus and communication with regulators and industry.

Council also supported SCC's lead role in the development of strategic plans for COPANT and PASC. Both regional standardization organizations are laying the groundwork for increased bilateral trade for Canada.

New council members

During this fiscal year, Council established the framework for setting SCC's public policy objectives. In May of 2013, Kathy Milsom was appointed as SCC's new Chair. W. A. Sam Shaw continued to demonstrate his dedication to the Council as Vice-Chair. SCC also welcomed three additional members to its governing Council in 2013- 2014: private-sector representatives Glenn Feltham and Colin Clark, and PTAC representative Gail Greenwood. In June, 2013, Council also extended best wishes to retiring PTAC Chair and Council member, Dan Boyd.

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

Members of SCC's governing Council

(as at March 31, 2014)

Claude Bédard

President, Euclid Admixture Canada Inc.

Vice-President of Key Accounts,
The Euclid Chemical Company of Cleveland, Ohio

Colin Clark

Chief Technical Officer of Brookfield Renewable
Energy Group

G. Rae Dulmage

SDOAC Representative

Director, Standards Department, Government
Relations Office and Regulatory, ULC Standards

David Fardy

General Manager, Protrans Personnel Services Inc.

Glenn Feltham

President and CEO of the Northern Alberta Institute
of Technology (NAIT)

Suzanne Gignac

National Assurance Partner Ernst & Young LLP

Gail Greenwood

Vice-Chair, Provincial Territorial Advisory Committee

Director, Trade Policy, Trade Initiatives Branch of the
Ministry of International Trade, British Columbia

Kathy Milsom

Chair

Corporate Director

Richard Raymond

Steel fabrication and product distribution

Steven Reynolds

Research and Development Manager,
The Peelle Company Ltd.

W.A. Sam Shaw

Vice-Chair

Vice-President, Training Manning School of
Practical Politics

David Wigmore

PTAC Chair

Director, Technical Safety Division, NS Labour and
Advanced Education, Government of Nova Scotia



Year in

Highli





ghts



Throughout this fiscal year, SCC was involved in a wide variety of strategic investments, developments and innovations in support of the competitiveness and well-being of Canadians.

Strengthening Canada's standardization network

Canada's standardization network includes individuals and organizations involved in the development, promotion and implementation of standards and related conformity assessment activities and services. SCC's number one job is to ensure the integrity of Canada's standardization network, and to ensure that the network is robust and effective at improving Canadians' quality of life.

During 2013-2014, the organization made significant progress with key federal departments and agencies by assisting them in developing a keener understanding of the value of standards and accreditation, and how standardization can support federal policy and regulatory objectives.

SCC also strengthened its engagement with Canada's priority industry sectors, such as oil and gas, energy, and plumbing and heating, to help identify standards and certification required for these sectors. As well, SCC focused on minimizing both duplication of standards, and the duplicative effort of those involved in standardization activities in Canada — to strengthen the network even more.

New organization accredited to deliver additional standardization solutions for Canadians

In December 2013, SCC accredited AHRI, of Arlington, Virginia, to develop NSCs. By accrediting AHRI, SCC ensures that more standardization solutions are available for use by Canadian government, industry, and Canadians. The accreditation of AHRI is another step toward harmonizing North American standards and certification requirements.

"The accreditation of AHRI as a Canadian standards development organization fulfils a long-sought goal of our organization and its 300+-member manufacturers, many of whom provide products and equipment to Canadian customers. It also helps fulfil our ultimate goal of complete standards and certification harmonization throughout North America."

AHRI President & CEO Stephen Yurek



Delivering standardization solutions

SCC provides a wide range of innovative standardization solutions to meet its stakeholders' needs and priorities. Solutions include trade policy advice and standards development and accreditation expertise, as well as knowledge and guidance for government, industry and consumer groups.

Throughout 2013-2014, the organization worked with federal departments and agencies to identify solutions for 46 standards referenced in regulations, identified as critical to achieving regulatory objectives. SCC has earmarked funding for 29 of these standards that require updating — and which will be made available to Canadian governments and industry.

Based on the model developed by SCC at the federal level, and the web-based tool that was custom designed for SCC to monitor standards in regulations, an initial inventory of standards for Nova Scotia has been compiled. This has led to interest by other Canadian provinces to undergo the same exercise.

Funding awarded for the updating of critical standards referenced in regulations



Petroleum storage tank standards are being updated as part of SCC's funding initiative.

To protect the health and safety of Canadians and support this nation's economy, standards must be reviewed and updated regularly. This is especially true when a standard is referenced in regulations.

In August 2013, SCC began funding the review and updating of those critical technical standards that have been confirmed by their respective government departments as being of the highest priority and greatest relevance to Canadians. The initiative supports *Canada's Economic Action Plan*, through which SCC obtained a federal investment to update the standards.

Two new standards for Canada's northern infrastructure



Animated illustration of standardization needs, from the Northern Infrastructure Standardization Initiative video.

Changing climate conditions in Canada's North are predicted to intensify in the future, leaving infrastructure vulnerable and at-risk. Standards can help to mitigate the effects of these changes by integrating climate-based measures into the design, building and maintenance of infrastructure.

This past year, two such standards were made available online for public review. The standards help to preserve the structural integrity of the ground on which some northern buildings are constructed, and to minimize the effects of permafrost degradation on existing buildings.

The standards are being developed under SCC's Northern Infrastructure Standardization Initiative, with support from Aboriginal Affairs and Northern Development Canada, with funding from the Government of Canada's *Clean Air Agenda*.

Ziad Saad

*Vice President, Safety & Sustainability,
Canadian Energy Pipeline Association
(CEPA)*

Contributions to standardization:

CEPA represents Canadian operators who oversee approximately 115,000 kilometres of pipelines. These operators work with 11 key standards published by CSA Group.



“CEPA is a big fan of standards, which protect our communities by making sure everyone is working with the same set of best practices.

Consistency, for example, is a major challenge for pipelines that span provincial boundaries. Without having standards in place, we would have a big issue, and a constant challenge, because requirements would vary between jurisdictions.

CEPA has actively worked to assist in the development of standards for Canada’s oil and gas industry sector. When there is a consistent approach to standards development, it focuses the best minds in the country on ensuring that you generate good solutions.

Standards facilitate trade and business; if an organization knows the ground rules for quality management, it understands how to operate and limit the risk of increased costs or waste. Also, adhering to standards is an effective way to demonstrate due diligence and show that you care about the work you do.

We value the work of the Standards Council of Canada, which brings together different voices and helps ensure that the best solutions are made available for government and industry use.”

Solutions proposed to oil and gas sector on labour mobility, health and safety, and technology issues



Oil and natural gas are two of Canada’s main energy sources and are key drivers of Canada’s economy. In December 2013, SCC presented its report, *Proposed Standardization Solutions Supporting Oil and Gas Sector Priorities*, at the 12th Annual Oil Sands Symposium in Calgary, Alberta.

The report identifies standardization-specific solutions to meet the challenges and priorities of Canada’s oil and gas sector, such as labour mobility barriers, disparities among national occupational health and safety standards, and ensuring the continued supply and safety of pipeline components.



SCC, Canadian Hoisting and Rigging Safety Council delivering standardization solutions for industry challenges



Canadian crane and rig operators are facing a major challenge: differing equipment standards. In February 2014, SCC announced it will lead a new project that will assess this challenge. The organization is working closely with the Canadian Hoisting and Rigging Safety Council to align standards across Canada to improve safety, reduce compliance costs and boost mobility for Canadian workers and employers.

This project is a stepping stone to providing a unique opportunity for Canada’s standardization network, to accelerate further coherence and alignment efforts in Canada, and between Canada and the United States.

Maximizing the benefits of standards and accreditation

Standards and harmonized conformity assessment practices make it possible to maximize the benefits of standards and accreditation, through compatibility of products and services. SCC plays a strategic role in supporting this nation’s competitiveness, by ensuring Canadian leadership on standards and conformity assessment committees of ISO and the IEC. This past year, SCC leveraged changes made to the policy to encourage stronger Canadian influence and more strategic participation on international committees.

Canada’s governance-level positions provide an opportunity for Canada to contribute to the highest level of ISO decision-making and help shape policy decisions of greatest relevance to Canadians.

In direct support of Government of Canada trade priorities, SCC continues to work with standards bodies from countries where Canada has a trade interest. Through MOUs with other standards bodies, such as those based in Mongolia, China and South Korea, SCC is leveraging these relationships in support of trade opportunities. In doing so, SCC is creating greater market access for Canadian companies.

MOU renewed with Mongolia to increase market access and bilateral trade



In September 2013, SCC renewed its MOU with the Mongolian Agency for Standardization and Metrology (MASM), the national body responsible for standardization in Mongolia. Under the cooperation agreement, Canada will continue to help that country advance its standardization infrastructure. SCC and MASM will continue to identify standardization sectors of mutual interest to support bilateral trade and enhanced market access for Canadian industry and between both countries.

The MOU with Mongolia is particularly important as Canada is the second-largest investor in Mongolia, after China.

SCC appoints new president of the CANC/IEC



SCC’s CEO, John Walter (far left) appointed Jacques Régis (far right) as President of the CANC/IEC for a two-year term of office, starting March 14, 2014. Mr. Régis will play a key role in overseeing the overall governance and guidance of the CANC/IEC. As well, it is expected that Mr. Régis’s appointment will continue to advance Canada’s global leadership role in standardization. Mr. Régis will work closely with Sylvie Lafontaine, Vice-President of SCC’s Standards and International Relations Branch (shown, centre), who oversees Canada’s participation in the IEC’s standardization activities, including those of the CANC/IEC.

Andy Dabydeen

Former chair of the Canadian mirror committee for PC 243 and manager, Product Stewardship Strategy & Governance, Canadian Tire

Role in standardization:

Provided industry input for the development of ISO 10377 *Consumer Product Safety - Guidelines for suppliers*



“Every supplier that touches a product introduces to it a level of safety risk. When used, this standard will benefit industry by ensuring product safety concerns are addressed in the processes both up and down the supply chain.”



“In this global marketplace, there is an increasing need to mitigate product safety risks, and the best practices highlighted in ISO 10377 will help suppliers and retailers of all sizes — and small- and medium-sized enterprises (SMEs) in particular.”

ISO Secretary-General Rob Steele

“This new international standard [ISO 10377] should help SMEs understand what needs to be done to assess the risks identified with consumer products and how these risks can be eliminated.”

Dr. Elizabeth Nielsen, chair of PC 243

Canada played host to advance international standards development leadership training

SCC welcomed experts from across the world when it hosted ISO’s first-ever training session for international chairs and convenors. The session focused on improving the effectiveness of international standards development meetings. This event was an excellent opportunity for SCC to engage with global standardization committee experts and provide them with effective leadership training.

The session was attended by a number of Canada’s own standards leaders. Attendees gained valuable knowledge and insight to further develop and enhance their capacity and skills and to help them become future leaders at ISO and IEC international meetings. It’s critical to support technical experts with the skills and knowledge they need to excel nationally, regionally and internationally.

“Generating credible test results enables mining companies, including those that are customers of SCC-accredited laboratories, to better manage investor relations and to establish public confidence in their mining stocks. SCC-accredited laboratories, as well as their customers, gain a competitive edge by attesting conformance to nationally and internationally recognized standards and guides.”

SCC’s Vice-President, Accreditation Services,
Chantal Guay

SCC awards program revised to better recognize contributors to Canadian standardization



In 2013-2014, SCC introduced two new awards to better recognize contributors to Canadian standardization. The Hugh Krentz Award, named in honour of SCC Past Chairman, Hugh Krentz, recognizes the exemplary service of an individual to standardization. The SCC Young Leader Award recognizes an engaged and active participant of Canada’s standardization network who is under the age of 40. The 2014 SCC Awards will be presented at a special recognition ceremony held in conjunction with SCC’s World Standards Day event in mid-October 2014 in Ottawa, Ontario.

Health Canada accredited to internationally recognized laboratory standard

In May 2013, SCC accredited two Health Canada groups to ISO/IEC 17025 — *General requirements for the competence of testing and calibration laboratories*. The internationally recognized accreditation is an attestation of the groups' competence to perform specific, vital testing methods that bring great value to the health and safety of Canadians.

The two accredited Health Canada groups are the Biologics and Genetic Therapies Directorate, Health Products and Food Branch, and Health Canada's Food Research Division, Bureau of Chemical Safety.

Distribution agreement signed to make standards more readily available to Canadians

To broaden the availability of standards in Canada, SCC signed an agreement with CSA Group in November 2013, granting CSA non-exclusive rights to distribute ISO and IEC standards. This agreement enables CSA Group to offer Canadian manufacturers and technical, electrical and electronic engineers a convenient new channel to access critical standards information. ISO and IEC standards are integral to promoting the safe development and use of technologies critical to Canada's competitive edge and social well-being.

Jane Weitzel

Mineral analysis expert, full-time consultant and laboratory accreditation assessor

Role in standardization:

Expert in Lab Accreditation, ISO/IEC 17025, and Measurement Uncertainty



"One tangible benefit of becoming accredited is that the labs can accrue significant cost savings. I know one lab that saved hundreds of thousands of dollars when it used target measurement uncertainty to estimate the uncertainty of its lab results against assessing compliance to accreditation requirements. As a result, the lab found that it could reduce its testing activities.

The accreditation of laboratories to ISO/IEC 17025 and CAN-P-1579 ensures that analysts' estimated uncertainty is complete and meets the requirements of the international standard."



FIGURE 5: SCC’S ACCREDITATION SERVICES
Number of Accreditation Services customers, by program area

Program Area	2012-2013	2013-2014
Laboratories:		
- Medical	0	3
- General	229	232
- SCC partners	125	99
Good Laboratory Practice (GLP) Recognition (OECD)	41	42
Product certification bodies (<i>ISO/IEC Guide 65</i>)	37	39
Management systems certification bodies (<i>ISO/IEC 17021</i>)	23	23
Personnel certification bodies (<i>ISO/IEC 17024</i>)	6	6
Inspection bodies (<i>ISO/IEC 17020</i>)	17	19
GHG verification bodies (<i>ISO 14065</i>)	6	6
Standards development organizations (SDOs)	6	7
Total number of Accreditation Services customers	490	476

“By providing access to these important ISO and IEC documents on our website, we are demonstrating our ongoing commitment and support of international standards development activities. We believe Canadian engineers, manufacturers and other stakeholders will benefit greatly from additional access to these valuable publications.”

Bonnie Rose, President, Standards, CSA Group

Value of accreditation highlighted by business leaders at World Accreditation Day



SCC’s World Accreditation Day 2013 event featured keynote speaker Stuart Beck, director of certification for Nemko Canada Inc., who told the crowd, “We’re moving toward common standardization (globally), which makes it easier for manufacturers (to compete).”

World Accreditation Day 2013 featured presentations by business leaders, who underscored the value of accreditation and harmonization of standards. Through an engaging keynote presentation and a moderated discussion, attendees were reminded that standards help to create a more level playing field (ideal in heavily regulated markets) and assist in lowering consumer costs.

Doug Thorn

*Senior Marketing Support Specialist,
Honeywell*

Role in standardization:

As a multinational, multidivisional organization, Honeywell produces a wide range of products — including home thermostats, fans and security alarms, as well as airplane engines — and is therefore certified by many different certification bodies.

“Honeywell is constantly moving toward developing new technologies and trying to apply the new technologies to the various markets that they (these technologies) have.

If you don't know what the current standard (for a product) is, you can't design a product. Multiple lab accreditation is good for competition. Many of the certification bodies that certify Honeywell's products are accredited by SCC.”



Alden Rattew

*President and Chief Executive Officer,
Canica Design Inc.*

Role in standardization:

Through SCC-accredited certification, Canica has been able to go global with its innovative surgical products. Since its inception, the eight-person organization has been certified to ISO 9001:2008 *Quality management systems — Requirements* and ISO 13485:2003, *Medical Devices — Quality management systems — Requirements for regulatory purposes*, among other standards.

“Being certified really helps eliminate trade barriers and has certainly opened doors in most of the countries we've targeted. I believe that certifying to internationally recognized standards is important.

It's no longer just about consistency; it's about building continuous improvement into the company's processes and products.”



Alden Rattew with the innovative ABRA® Abdominal Wall Closure System.

Importance of standardization highlighted by medical experts at World Standards Day



Dr. Michael Noble, Chair of the UBC Program Office for Laboratory Quality Management (POLQM) and moderator of SCC's World Standards Day panel discussion, addressed close to 100 participants.

World Standards Day 2013 focused on the profound impact that international standards have on the health and safety of Canadians, ensuring quality laboratory results, and enabling international trade. The event featured presentations by medical experts and industry representatives from across Canada and was held in association with the University of British Columbia's Quality Management Conference for Laboratory Medicine on October 16, 2013.

Dr. Mike Moss

Provincial Medical Director, LifeLabs BC

Role in standardization:

Dr. Moss has had a long-standing interest in environmental toxicology and developed the human health criteria upon which several Canadian drinking water standards are based.

"Implementing ISO 15189 has caused us to carefully examine each of our laboratory processes individually, and this rigour has undoubtedly reduced variation, and improved the quality of our test results."



Rob Steele

ISO Secretary-General

Role in standardization:

Secretary-General of ISO, the world's largest developer of voluntary International Standards.

“Positive change is the focus for this year’s World Standards Day. We chose this theme as we wanted to highlight how International Standards can make a difference, can help us move forward and to change for the better. For example, by providing for best practices and avoiding reinventing the international wheel (if you like), we can help support economic growth in developing countries and in developed countries. We can help everybody move forward.

Standards also have a leading role to play in the economic recovery in many parts of the world, by helping economies to trade better and to restore economic competitiveness. But of course, this growth needs to be sustainable, and **standards provide a useful tool to reduce energy and environmental footprints, help understanding across the world, and to make sure that our actions today do not have a larger negative effect on tomorrow’s world.**”



Driving SCC’s operational efficiency and productivity

As a result of initiatives SCC implemented during this fiscal year, the organization expects to achieve \$400,000 in sustainable cost savings in 2014-2015.

During 2013-2014, SCC worked to strengthen its operational efficiency and productivity through progress on modernizing its IM/IT and strengthening its QMS. SCC’s IM/IT upgrade will serve to enable increased flexibility for business growth and expanded outreach with customers and other key stakeholders. With the update of its QMS, SCC focused on cost reduction, streamlined procurement processes, improved performance tracking and overall, maximized efficiencies, where possible.

Improving service delivery

To improve service delivery, SCC’s Accreditation Services branch underwent a reorganization this past fiscal year, creating a customer services group to provide customers with a single point of contact for all accreditation needs and a technical services group to oversee assessment work. These changes aim to provide customers with consistent delivery across all programs and services.

System launched to reduce duplication of standards and effort

After a series of stakeholder consultations, through which the potential duplication of standards and effort was identified as an increasingly important issue, SCC developed and launched a centralized, transparent reporting system of new standards development work, work already in progress, and the complete inventory of SCC-accredited consensus standards and NSC. The online reporting system, accessible via SCC’s website, also includes a structured dispute settlement mechanism that allows SCC to resolve conflicts when the development of a particular standard is identified as potentially creating a duplicate standard.

Leadership Excellence Program

SCC is a small, knowledge-based organization whose programs and services require a staff complement of technical and knowledge-based individuals. This fiscal year, SCC launched a Leadership Excellence Program, to improve SCC's corporate culture and support long-term sustainable change within the organization. The program aims to enhance the leadership skills among SCC management and staff.

Values and ethics

During 2013-2014, SCC developed and implemented its values, ethics and code of conduct program. The program recognizes the importance of accomplishing SCC's mission through core values that embody Respect, Integrity and Professionalism.

Length of service award



SCC's CEO, John Walter (right) presents SCC's Manager, International & Regional Relations, Darryl Kingston, with a certificate that recognizes his 15 years of service with SCC. Employee Services Awards were presented during SCC's March 5, 2014 all staff town hall meeting.

"SCC's core values were developed to promote positive behaviours in staff members' relations with each other, as well as with our collaborators, customers and stakeholders. We want to continuously improve upon and enhance our reputation for excellence and professionalism in our work and uphold our fundamental responsibilities and accountabilities as a Crown corporation."

Sandra Watson, Vice-President, Strategy,
Corporate Communications and
Corporate Secretary



Financial Performance

In 2013-2014, the Standards Council of Canada's (SCC's) total revenue (excluding government funding) was \$8.9 million, which is three per cent lower than the \$9.2 million recorded during 2012-2013. The decrease from last year's performance was due primarily to a decrease of \$178 thousand in Accreditation Services fees, as well as decreases in Advisory Services of \$102 thousand and less royalties from the sales of standards (\$22 thousand).

Revenue from Accreditation Services fees of \$6.6 million decreased by three per cent from the \$6.8 million recorded during 2012-2013. Originating from the Certification Body Accreditation division (year-over-year decrease of \$195 thousand), the change is due to non-completion of a number of scheduled assessments. This activity delay was due to both a limited internal technical resource base, as well as difficulty in contracting external experts, resulting in the assessments being rescheduled into the following quarter (1st quarter of 2014-15).

Revenue from Advisory Services agreements totalled \$659 thousand and is \$102 thousand, or 13 per cent, behind last year's revenue of \$761 thousand. A decrease in activity for the Canada-Americas Trade-Related Technical Assistance (CATRTA) Program explains

\$165 thousand of the year-over-year change. Partially offsetting this decrease was additional roadmap activity of \$44 thousand, primarily from a contract with Health Canada, accounting for the balance of change from last year.

Royalties from the sales of standards totalled \$867 thousand, which is a decrease of \$22 thousand or two per cent from last year's \$889 thousand. This decrease is mainly attributable to lower sales volume. To mitigate this situation, SCC continues to expand the number of non-exclusive vendors of ISO and IEC standards in Canada. SCC recently expanded its Standards in Education Program through an agreement with standards distributor IHS to meet new obligations under revised ISO rules regarding the distribution of standards in post-secondary institutions.

Revenue from other income sources amounted to \$380 thousand, and is comparable to the \$396 thousand recognized in 2012-2013. This revenue includes funds collected for delegate travel sponsorship, the hosting of a web document management system (SiteScape), interest income and other rebate-related revenues.

Expenses for 2013-2014 are \$19.7 million, which is \$2.1 million higher than last year's expenses of \$17.6 million. The year-over-year increase is due primarily to increased salaries and benefits (\$1.5 million), as well as to professional fees including delegate travel support (\$875 thousand).

- Salaries and benefits expenses are \$1.5 million higher than last year, having resulted from the filling of vacancies and additional staffing related to strategic initiatives (\$774 thousand for an average of six additional full-time equivalent positions), salary increases related to SCC's performance management policy (\$432 thousand), as well as increased benefits costs (\$186 thousand) related to annual pension rate increases and adjustments to SCC's experience rating for group benefits.
- Professional fees, including delegate travel, increased by \$875 thousand over last year due to spending on strategic initiatives such as the Northern Infrastructure Standardization Initiative (NISI), the initiative for updating standards, modernization of SCC's information technology infrastructure and the overhaul of SCC's quality management systems (QMS).
- All other remaining expenses are \$188 thousand lower than the prior year due primarily to reduced costs related to less year-over-year accreditation services assessments.

Net government funding of \$8.1 million is lower by \$2.2 million this fiscal year as compared to the previous year's \$10.3 million. This variance is due to SCC's approved request to re-profile appropriations into the next fiscal year. As a result of contract and resourcing delays regarding its initiative to update standards, SCC has shifted \$2 million of appropriations from 2013-2014 to 2014-2015, to properly match appropriations spending to the timing of when signed contractual

commitments will be paid. The appropriations re-profile appropriately cash manages contracts within the *Financial Administration Act* and Treasury Board requirements for the drawdown of appropriations. The amount of funding that has been re-profiled is fully committed via signed contracts and is expected to be spent by the end of fiscal year 2015.

The overall net annual deficit of \$2.7 million during 2013-2014 is \$590 thousand lower than the \$3.3 million deficit budgeted for the same time period, due primarily to the following:

- \$2.6 million of the favourable variance to budget is from temporary delays within professional fees and a shortfall in spending against the delegate travel program. The temporary delays in professional fees are related primarily to NISI and to SCC's initiative for updating standards. These initiatives have contractual commitments in place at year end, but spending will not occur until future years, when the contracted services will be performed.
- \$1.7 million of the variance is related to less appropriations due primarily to the re-profiling of \$2 million into next fiscal year.
- Accreditation Services' shortfall to budget of \$935 thousand is due primarily to an aggressive plan not achieved for annual fees (\$609 thousand shortfall). This is a result of instability in the operational execution processes, due to both a re-organization within the branch, combined with a concurrent accreditation process overhaul / re-engineering exercise.
- All other expenses are favourable to budget by \$587 thousand, driven primarily by meetings and events (\$157 thousand), non-recoverable travel constraints (\$142 thousand), amortization due to less acquisition of tangible capital assets than planned (\$121 thousand) and translation costs (\$100 thousand).

At March 31, 2014, accumulated surplus is \$5.2 million. Although significant for SCC, this surplus is required for contractual commitments related to standardization initiatives, as well as adherence to SCC's Capital Adequacy Policy.

Enterprise Risk Management Assessment

SCC's overall risks are annually determined as part of its corporate planning process. The organization uses the international standard ISO 31000, *Risk Management — Principles and guidelines* to guide its risk management process, ensuring SCC has the right risk mitigation strategies in place.

Corporate risks are linked directly to the organization's performance. These indicators are closely monitored and updated using SCC's corporate risk and performance reporting framework. This framework is updated for management monthly, and twice annually for the Audit Committee, which then reports to governing Council. As part of SCC's risk management plan, the organization also reviews salient quarterly financial impacts, with a view to assessing these impacts against ongoing corporate risk areas.

In fiscal year 2013-2014, SCC continued to assess risk in relation to its four strategic priorities, under the following key areas of focus:

- disciplined execution of its key strategic initiatives
- updating of standards referenced in regulations for government and industry use
- finalizing the restructuring of SCC's Accreditation Services
- implementation of a business solution
- implementation of an updated QMS

While significant progress was made, SCC experienced a delay in the implementation of its initiative to update standards. Contracts continue to be issued to SCC-accredited SDOs for the updating of identified standards, through a competitive bidding process. Because of some contract and resourcing delays, in relation to this matter, the organization requested and was approved to re-profile \$2 million of appropriations

into the next fiscal year. The re-profiling aims to match the use of government funding with actual spending against contractual commitments, for the updating of these standards. SCC is closely monitoring the milestones met, as outlined in signed contracts between SCC and SCC-accredited SDOs.

The organization's Accreditation Services branch successfully underwent a restructuring to improve its programs and provide a more customer-focused service. SCC continued to demonstrate its commitment to increase efficiencies, improve internal processes and provide better service to customers through the modernization of its QMS. Significant phases of updating SCC's QMS were implemented this past year, including the documentation of policy and process touch points that intersect with customer-facing programs within its Accreditation Services branch.

In completing year two of SCC's four-year plan for a total IM/IT infrastructure overhaul with the selection of a vendor, an integrated business management solution is being developed to deliver on key areas of SCC programming. This solution will help SCC to better meet customer and stakeholder needs. IM/IT tools, such as documents records management, customer relationship management, project portfolio/activity planning and tracking, and workflow and collaboration, will be included in SCC's new business solution.

FINANCIAL OVERVIEW 2009-2013

Financial Overview	2009-2010	2010-2011	2011-2012	2012-2013	Budget 2013-2014	Actual 2013-2014
Revenue						
Accreditation Services	\$ 5,962,067	\$ 6,338,030	\$ 6,455,019	\$ 6,804,962	\$ 7,463,800	\$ 6,627,001
Royalties from standards sales	825,227	898,557	870,068	888,558	910,800	866,856
Advisory Services	418,118	320,486	615,231	761,409	646,000	659,081
WTO/NAFTA Enquiry Point	360,620	354,135	385,710	390,293	396,000	390,171
Other income	449,705	336,672	337,157	395,858	282,800	380,436
	8,015,737	8,247,880	8,663,185	9,241,080	9,699,400	8,923,545
Expenses						
Accreditation Services	4,528,941	4,266,864	4,228,137	4,742,703	4,923,400	5,016,755
WTO/NAFTA Enquiry Point	360,620	354,203	385,710	390,293	396,000	390,171
Standards and International Relations	3,822,433	2,694,427	2,731,942	3,372,106	4,315,100	3,925,372
Policy and Stakeholder Relations	1,858,734	1,646,032	1,773,457	2,020,861	5,883,800	3,234,955
Management and Administrative Services	5,275,373	6,012,898	5,790,682	7,054,757	7,218,700	7,155,648
	15,846,101	14,974,424	14,909,928	17,580,720	22,737,000	19,722,901
Deficit from Operations	(7,830,364)	(6,726,544)	(6,246,743)	(8,339,640)	(13,037,600)	(10,799,356)
Government Funding						
Parliamentary appropriations	7,182,964	7,132,330	8,059,060	10,318,993	9,729,000	8,081,241
Annual Surplus / (Deficit)	\$ (647,400)	\$ 405,786	\$ 1,812,317	\$ 1,979,353	\$ (3,308,600)	\$ (2,718,115)



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



Ernie Briard, CPA, CA
Chief Financial Officer

Ottawa, Canada
June, 2014



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 statement of financial position as at 31 March 2014, and the statement of operations, statement of changes in net financial assets and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian 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 audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Standards Council of Canada as at 31 March 2014, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended 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 on a basis consistent with that of the preceding year.

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

Lissa Lamarche, CPA, CA
Principal
for the Auditor General of Canada

12 June 2014
Ottawa, Canada

STATEMENT OF FINANCIAL POSITION

As at March 31,	2014	2013
Financial Assets		
Cash and cash equivalents	\$ 4,413,073	\$ 6,838,507
Accounts receivable <i>(Note 4)</i>	2,936,358	2,683,965
Federal government departments and agencies receivable <i>(Note 12)</i>	457,177	415,163
Parliamentary appropriations receivable <i>(Note 12)</i>	270,309	57,746
	8,076,917	9,995,381
Liabilities		
Accounts payable and accrued liabilities <i>(Note 6)</i>	2,291,234	1,678,162
Contributions received <i>(Note 7)</i>	75,705	54,250
Deferred revenue	1,886,273	1,905,092
	4,253,212	3,637,504
Net Financial Assets	3,823,705	6,357,877
Non-financial Assets		
Tangible capital assets (net) <i>(Note 5)</i>	570,691	849,184
Prepaid expenses	850,793	756,243
	1,421,484	1,605,427
Accumulated Surplus	\$ 5,245,189	\$ 7,963,304

Measurement uncertainty *(Note 2j)*

Contractual commitments *(note 11)*

Contingent liabilities *(note 13)*

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

Approved by the governing Council:



Kathy Milsom
SCC Chair



John Walter
Chief Executive Officer

STATEMENT OF OPERATIONS

For the year ended March 31,	2014 Budget (Note 15)	2014	2013
Revenues from Operations			
Accreditation Services fees	\$ 7,463,800	\$ 6,627,001	\$ 6,804,962
Royalties from sales of standards (Note 8)	910,800	866,856	888,558
Advisory Services	646,000	659,081	761,409
WTO/NAFTA Enquiry Point	396,000	390,171	390,293
Other income	282,800	380,436	395,858
	9,699,400	8,923,545	9,241,080
Expenses (Note 10)			
Accreditation Services	4,923,400	5,016,755	4,742,703
WTO/NAFTA Enquiry Point	396,000	390,171	390,293
Standards and International Relations	4,315,100	3,925,372	3,372,106
Policy and Stakeholder Relations	5,883,800	3,234,955	2,020,861
Management and Administrative Services	7,218,700	7,155,648	7,054,757
	22,737,000	19,722,901	17,580,720
Deficit from operations	(13,037,600)	(10,799,356)	(8,339,640)
Parliamentary appropriations	9,729,000	8,081,241	10,318,993
Surplus / (deficit)	(3,308,600)	(2,718,115)	1,979,353
Accumulated surplus, beginning of year	7,247,000	7,963,304	5,983,951
Accumulated surplus, end of year	\$ 3,938,400	\$ 5,245,189	\$ 7,963,304

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

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the year ended March 31	2014 Budget (Note 15)	2014	2013
Total surplus / (deficit)	\$ (3,308,600)	\$ (2,718,115)	\$ 1,979,353
Acquisition of tangible capital assets	(1,169,000)	(63,508)	(242,513)
Amortization of tangible capital assets	475,000	342,001	323,394
Acquisition of prepaid expense	(1,321,000)	(1,678,592)	(1,344,690)
Use of prepaid expense	1,300,000	1,584,042	1,340,641
Increase / (Decrease) in Net Financial Assets	(4,023,600)	(2,534,172)	2,056,185
Net financial assets at beginning of year	5,597,000	6,357,877	4,301,692
Net Financial Assets at End of Year	\$ 1,573,400	\$ 3,823,705	\$ 6,357,877

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

STATEMENT OF CASH FLOW

For the year ended March 31,	2014	2013
Net Cash from Operations:		
Total surplus / (deficit)	\$ (2,718,115)	\$ 1,979,353
Adjustments for non-cash items:		
Amortization of tangible capital assets	342,001	323,394
Changes in prepaid expense	(94,550)	(4,049)
Changes in deferred revenue	(18,819)	(45,190)
Other changes	127,557	(612,723)
Net Change in Cash from Operations	(2,361,926)	1,640,785
Cash Applied to Capital Transactions		
Additions and disposal of tangible capital assets	(63,508)	(242,513)
Net increase / (decrease) in cash	(2,425,434)	1,398,272
Cash and cash equivalents, beginning of the year	6,838,507	5,440,235
Cash and Cash Equivalents, End of the Year	\$ 4,413,073	\$ 6,838,507

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

Notes to the Financial Statements March 31, 2014

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 in 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 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.

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 expenses 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 third parties 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 APPROPRIATIONS

The Government of Canada provides funding to SCC. In accordance with Section PS3410, government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability.

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.

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 for 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 reported 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.

3. Capital Management

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

The Council maintains a minimum accumulated surplus required for its operations based on a percent of its current liabilities. As at March 31, 2014, \$2.1 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.

4. Financial Instruments

The Council’s financial instruments consist of cash and cash equivalents, accounts receivable and accounts payable as well as accrued liabilities. For the year ended March 31, 2014, the Council’s cash and cash equivalents balance of \$4,413,073 consists of \$2,022,357 invested in term deposits that are due upon demand and \$2,390,716 cash (March 31, 2013 cash and cash equivalents balance of \$6,838,507 consisted of \$2,008,710 term deposits and \$4,829,797 of cash). Accounts receivable and accounts payable are incurred in the normal course of business. All are due on demand. The carrying value of each financial instrument approximates its fair value because of the short maturity of the instruments. All financial assets and financial liabilities are measured at cost or amortized cost.

In the normal course of business, the Council is primarily exposed to credit risk and liquidity risk. There has been no change to the level of risk compared to the prior year and no changes in the risk management practices used to manage risks. 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 (net of allowance) is as follows:

	Total	Current	30-60 Days	60-90 Days	90-120 Days	>120 Days
2014	\$ 2,936,358	\$ 2,437,086	\$ 51,186	\$ 104,970	\$ 25,807	\$ 317,309
2013	\$ 2,683,965	\$ 2,015,666	\$ 443,011	\$ 71,869	\$ 48,937	\$ 104,482

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, 2014, the allowance for bad debts is estimated at \$39,224 (March 31, 2013 was \$30,238). The following table provides a reconciliation of the allowance during the year.

	March 31, 2014	March 31, 2013
Balance, beginning of year	\$ 30,238	\$ 37,352
Charges for the year	39,651	14,816
Bad debt (write-offs)	(30,665)	(21,930)
Balance, end of year	\$ 39,224	\$ 30,238

LIQUIDITY RISK

Liquidity risk can occur should the Council have difficulty in meeting its obligations associated with financial liabilities. SCC's financial liabilities have contractual maturities of less than 365 days. The Council's objective is to maintain sufficient cash and cash equivalents 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. There has been no change to SCC's practices for the management of liquidity risk, nor has there been a change to SCC's level of liquidity risk compared to the prior year. The Council's financial liabilities are not significantly exposed to liquidity risk.

MARKET RISK

Market risk occurs when the fair value of 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.

5. Tangible Capital Assets

March 31, 2014

	Furniture	Equipment	Leasehold Improvements	2014 Total
Cost				
Opening Balance	\$ 408,619	\$ 1,838,561	\$ 1,023,907	\$ 3,271,087
Additions	13,934	49,574	-	63,508
Disposals	-	(66,830)	-	(66,830)
Closing Balance	422,553	1,821,305	1,023,907	3,267,765
Accumulated Amortization				
Opening Balance	(307,995)	(1,395,667)	(718,241)	(2,421,903)
Amortization	(28,091)	(178,058)	(135,852)	(342,001)
Disposals	-	66,830	-	66,830
Closing Balance	(336,086)	(1,506,895)	(854,093)	(2,697,074)
Net Book Value	86,467	314,410	169,814	570,691

There were no Tangible Capital Assets under construction at March 31, 2014.

March 31, 2013

	Furniture	Equipment	Leasehold Improvements	2013 Total
Cost				
Opening Balance	\$ 388,495	\$ 1,804,031	\$ 967,741	\$ 3,160,267
Additions	20,124	166,223	56,166	242,513
Disposals	-	(131,693)	-	(131,693)
Closing Balance	408,619	1,838,561	1,023,907	3,271,087
Accumulated Amortization				
Opening Balance	(284,927)	(1,354,639)	(590,636)	(2,230,202)
Amortization	(23,068)	(172,721)	(127,605)	(323,394)
Disposals	-	131,693	-	131,693
Closing Balance	(307,995)	(1,395,667)	(718,241)	(2,421,903)
Net Book Value	100,624	442,894	305,666	849,184

There were no Tangible Capital Assets under construction at March 31, 2013.

6. Accounts Payable and Accrued Liabilities

	March 31, 2014	March 31, 2013
Accounts payable and accrued liabilities	\$ 962,508	\$ 811,533
Salaries and benefits payable	1,213,490	737,107
Accrued vacation pay	111,296	106,407
Other	3,940	23,115
	\$ 2,291,234	\$ 1,678,162

7. Contributions Received

The Council receives funds from unrelated parties that are restricted to the hosting of international technical committee meetings and conferences. 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, 2014	March 31, 2013
Balance, beginning of year	\$ 54,250	\$ 22,498
Add: Contributions received	106,553	78,900
Less: Contributions expended	(85,098)	(47,148)
	21,455	31,752
Balance, End of Year	\$ 75,705	\$ 54,250

8. Royalties from Sale of Standards

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

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.

9. Pension and Employee 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

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

	March 31, 2014	March 31, 2013
Council's contribution	\$ 1,291,092	\$ 1,034,467
Employees' contributions	\$ 673,847	\$ 592,714

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

	Calendar Year	
	2014	2013
Existing Employees (Pre-2014) — Current Service:		
- On earnings up to yearly maximum pensionable earnings (YMPE)	7.50%	6.85%
- On earnings exceeding YMPE: 2014 - \$52,500 2013 - \$51,100	9.80%	9.20%
New Employees — Current Service:		
- On earnings up to yearly maximum pensionable earnings (YMPE)	6.62%	6.27%
- On earnings exceeding YMPE: 2014 - \$52,500 2013 - \$51,100	7.89%	7.63%
Employer - Expressed as a Multiple of Employee Contributions:		
- For existing employee contributions on current and elective service on single-rate employee contributions	1.45	1.64
- For existing employee elective service on double-rate employee contributions	0.23	0.32
- For new employee contributions on current and elective service on single-rate employee contributions	1.43	1.57
- For new employee elective service on double-rate employee contributions	0.21	0.32
- For existing Retirement Compensation Arrangement (RCA) on earnings that exceed: 2014 - \$155,000 2013 - \$150,900	7.59	8.00

The Council sponsors an employee benefit plan for health, dental, life and long-term disability insurance through a third-party provider. For the year ended

March 31, 2014, SCC paid \$601,479 for these employee benefits (March 31, 2013 was \$489,615).

10. Expenses

	March 31, 2014	March 31, 2013
Salaries and employee benefits	\$ 11,123,793	\$ 9,647,409
Professional and special services	3,277,893	2,686,811
Travel	2,506,770	2,354,316
Memberships in international organizations	906,231	928,068
Office accommodation	759,764	758,983
Amortization of tangible capital assets	342,001	323,394
Meeting expenses	247,415	250,742
Telecommunications and postage	110,168	101,347
Insurance	94,322	74,466
Other expenses	84,590	86,416
Office supplies	68,856	106,635
Repair and upkeep	53,800	38,974
Bad debts expense	39,651	14,816
Public relations	38,541	41,753
Rental of office equipment	37,765	38,559
Publications and printing	31,341	128,031
	\$ 19,722,901	\$ 17,580,720

11. Contractual Commitments

In July 2000, the Council entered into an agreement to lease office space for a 15-year term. For operations purposes, the Council entered into agreements to lease office equipment. The future minimum annual rental payments under these agreements, exclusive of operating expense and property tax, are included in the table below.

In addition, SCC has entered into contracts with several standards development organizations (SDOs) to assist with standardization initiatives. As of March 31, 2014, \$4.0 million of such future commitments were in place.

	March 31, 2014				March 31, 2013
	Office Space	Office Equipment	Standardization Initiatives	Total	Total
2013-2014	-	-	-	-	\$ 1,758,651
2014-2015	\$ 350,845	\$ 15,736	\$ 3,169,877	\$ 3,536,458	\$ 1,342,058
2015-2016	\$ 102,330	\$ 4,134	\$ 864,974	\$ 971,438	\$ 324,221
2016-2017	-	\$ 419	\$ 54,871	\$ 55,290	-
TOTAL	\$ 453,175	\$ 20,289	\$ 4,089,722	\$ 4,563,186	\$ 3,424,930

12. Related Party Transactions

The Council is related, in terms of common ownership, to all Government of Canada departments, agencies and Crown corporations. The Council enters into transactions with these entities, in the normal course of business, that are measured at the exchange amount.

For the year ended March 31, 2014, the Council has incurred expenses totaling \$342,082 (March 31, 2013 was \$53,508) and has recorded revenues of \$1,187,764 (March 31, 2013 was \$1,213,488) with related parties. As at March 31, 2014, the Council recorded accounts receivable with related parties of \$727,486 (March 31, 2013 was \$472,909) and accounts payable of \$14,350 (March 31, 2013 was \$15,804).

13. 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. While an amended statement of claim has been filed, no statement of defence has yet been filed, and this matter has not progressed at all during the year. There have been no new developments since SCC's last annual report was released, as nothing has been heard from Plaintiff's counsel. No steps have been taken by the Plaintiff in the action for 30 months. A similar action has commenced in Saskatchewan, but nothing further has progressed with this item since the release of last year's annual report.

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.

14. Comparative Balances

Certain comparative figures have been reclassified, in order to conform to the presentation changes adopted in fiscal year 2013-2014.

Effective April 1, 2013, SCC's accreditation-related revenues and expenses from SDOs have been reported within its Accreditation Services branch. Prior to April 1, this portion of SCC's business was reported within its Standards and International Relations branch.

15. Budget Figures

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

- the 2013-2014 internal management budgets approved by governing Council for revenue, expense and capital items; and
- the 2013-2014 to 2017-2018 Corporate Plan approved by governing Council for statement of changes in net financial assets figures.