



Standards Council of Canada
Conseil canadien des normes

CREATING OPPORTUNITIES FOR CANADA

SUMMARY OF CORPORATE PLAN
2012–2013 TO 2016–2017

SUMMARY OF OPERATING BUDGET
2012–2013

SUMMARY OF CAPITAL BUDGET
2012–2013



OUR MANDATE

TO PROMOTE EFFICIENT AND EFFECTIVE VOLUNTARY STANDARDIZATION IN CANADA, WHERE STANDARDIZATION IS NOT EXPRESSLY PROVIDED FOR BY LAW.

OUR MISSION

TO LEAD AND FACILITATE THE DEVELOPMENT AND USE OF NATIONAL AND INTERNATIONAL STANDARDS AND ACCREDITATION SERVICES IN ORDER TO ENHANCE CANADA'S COMPETITIVENESS AND WELL-BEING.

OUR VISION

IMPROVE CANADIANS' QUALITY OF LIFE THROUGH LEADERSHIP OF CANADA'S NATIONAL STANDARDIZATION NETWORK.

HOW TO REACH US

Standards Council of Canada
270 Albert Street, Suite 200
Ottawa, Ontario K1P 6N7
Telephone: +1 613 238 3222
Fax: +1 613 569 7808
www.scc-ccn.ca

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OPPORTUNITY FOR CANADA...

OPPORTUNITY EXISTS FOR CANADA'S STANDARDIZATION NETWORK TO BE KNOWN, RECOGNIZED AND FULLY LEVERAGED IN SUPPORT OF CANADA'S PRIORITIES.

With a relatively small investment, the Government of Canada has a tremendous opportunity to: provide an added measure of protection to the health and safety of its citizens, deliver value to key sectors of Canada's economy, and position Canada strategically with a competitive advantage.

The Standards Council of Canada uses its resources to strengthen Canada's standardization network to optimize Canada's potential for growth, competitiveness, trade potential for industry, future prosperity, and ultimately, the health and safety of its citizens.

SCC'S ACTIVITIES FOCUS SQUARELY ON THE SOCIAL AND ECONOMIC WELL-BEING OF ALL CANADIANS, INCLUDING:

- strengthening and protecting Canada's national standardization network through partnerships and oversight;
- delivering accreditation services and providing standardization information and resources to government, industry and the public; and
- participating in standards development and accreditation activities in targeted areas of Canada's economy, including representing Canada at two of the world's largest standards organizations: the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC), among others.

WHAT IS STANDARDS DEVELOPMENT?

Standards describe the important features of a product, service or system. There are thousands of standards in use around the world that cover everything from the size of the simplest screw thread to the most complex information technology network.

Standards provide technical information for business and serve to protect the health and safety of Canadians. Standards are developed through consensus by committees of affected stakeholders that may include representatives from industry, governments, academia and the public interest.

WHAT IS CONFORMITY ASSESSMENT?

Conformity assessment is a method to determine whether products, services, processes, systems or persons, meet specified requirements. Conformity assessment can involve certification, inspection and/or accreditation of the testing of a product or system. It ensures that products and services are meeting required quality, safety and environmental standards to safeguard the health and safety of Canadians.

WHAT IS STANDARDIZATION?

Standardization refers to both standards development and conformity assessment activities.

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1

EXECUTIVE SUMMARY

INTRODUCTION

- The Standards Council of Canada (SCC) has a clear vision to advance standardization for the social and economic well-being of Canadians.
- Critical to strengthening Canada's standardization network is the involvement of decision-makers from across government and industry. Engaging these key stakeholders will ensure Canada's standards goals and priorities are appropriately identified and addressed.
- Targeted areas of Canada's economy and key priority areas of the government that require standardization support will be the focus of SCC's activities across all program areas of the organization. SCC's resources will be dedicated to advancing these areas at both the national and international level.
- This year, the Government of Canada will invest an additional \$2.1 million in SCC. In turn, SCC will re-direct this investment to update standards referenced in Canadian federal regulations.
- Current trends suggest the development and use of international standards will continue to grow. SCC must positively influence public policy (and encourage participation by the right Canadians, in the right international committees, at the right time) to ensure Canada doesn't fall behind in areas of critical importance to national economic growth and competitiveness.
- SCC's goal for 2012–2013 is to ensure its operational infrastructure is fully aligned to its new strategic direction. Several modernization initiatives continue to be developed and implemented to support both this goal and a new business model. In keeping with the "spirit and intent" of the Government of Canada's deficit reduction action plan, SCC also continues to focus on streamlining efficiencies to best maximize the use of resources for Canada's social and economic agenda.

OPERATING ENVIRONMENT

- Although there is increasing awareness about the value of standardization, many key Canadian decision-makers remain unaware or misinformed about the intricate relationship between standards and accreditation and the health and safety, economic well-being and protection of Canadian interests. Generating greater awareness, and influencing government and industry decision-makers to be active participants in Canada's standardization network, are needed to ensure the network's long-term sustainability and to address key economic sectors that require standardization support.
- Standards must reflect current practices in technology and environmental conditions. SCC, in turn, must offer viable solutions to the Government of Canada to optimize the potential for standardization to contribute to regulatory goals and keep pace of changing requirements. In federal regulations, a significant number of standards referenced are outdated.

A STRATEGIC APPROACH

- SCC will continue to rigorously evaluate key sectors of Canada's economy where Canada has the potential to be a leader in standardization.
- By the end of fiscal year 2012–2013, SCC and leaders from within government and industry stakeholder groups will determine priority areas and identify the scope of standardization work required within each targeted sector.
- SCC and its partners from across government and industry will continually identify new priority areas where Canada should be involved nationally, regionally and internationally. SCC will then target standards work accordingly.
- SCC will continue to collaborate with Government of Canada stakeholders to identify, monitor and update critical standards that are referenced in regulation. First, standardization profiles will be created for a number of government departments to determine, through risk assessments, critically outdated standards and establish action plans to address them. Second, these profiles will focus on standardization priorities supporting specific

program activities. And thirdly, in coordination with the department, as well with the support of SCC-accredited standards development organizations (SDOs), SCC will work to establish and implement these standardization priorities.

STRATEGIC THRUSTS FOR 2012–2013

- Elevating SCC as an **effective leader of standardization experts and solutions** requires broadening its base of participants. Partnerships and strategic alliances with decision-makers across government and industry are critical for strengthening and modernizing Canada's standardization network and are a key component of SCC's **stakeholder engagement** strategy.
- As the body responsible for ensuring the development and maintenance of standards in Canada, SCC is conducting risk assessments with various government departments to identify and work with partners to **update standards** critical to Canada's regulatory regime. This area is a key strategic thrust of the organization; it will lessen the regulatory burden on business and government and contribute overall to Canada's red tape reduction initiative.
- Determining and addressing the **standardization priorities of the government** underpins the strategic goals of SCC.
- **Strategic alliances and partnerships** are being pursued by focusing on regional and international harmonization initiatives to ensure Canadian priorities, interests and objectives are met. To do this effectively, these initiatives are being conducted on a sector-by-sector basis.
- Strengthening Canada's voice in developing international standards is an important trade strategy to be pursued. SCC will use a targeted approach to dedicate increased resources to key regional and international standards development committees and secretariats. Ensuring Canadian experts have the ability to influence committee work internationally and regionally in areas critical to Canada's economy, is central to SCC's strategic direction.

Standardization plays a pivotal role in protecting the health and safety of Canadians in a wide number of sectors, including food and consumer products, emerging technologies, infrastructure and the workplace. Standards and conformity assessment are, in essence, the pillars on which society is based.

- SCC continues to undergo a transformative period to align its strategic direction with the operating environment. Several modernization initiatives continue to be pursued. Upgrades to SCC's quality management system, information management and information technology infrastructure and human resource management are ongoing.
- SCC's five-year rolling corporate plan is clearly results-driven and supports the following four key strategic priorities:
 - **Strengthen Canada's standardization network.**
 - **Deliver standardization solutions.**
 - **Maximize the benefits of standards and accreditation.**
 - **Drive operational efficiency and productivity.**

2

INTRODUCTION

2.1

CANADA'S NATIONAL STANDARDIZATION NETWORK

As the leader of Canada's standardization network, SCC guides the work of current and future participants in the full range of standardization processes, including development, monitoring and conformity assessment of standardization activities.

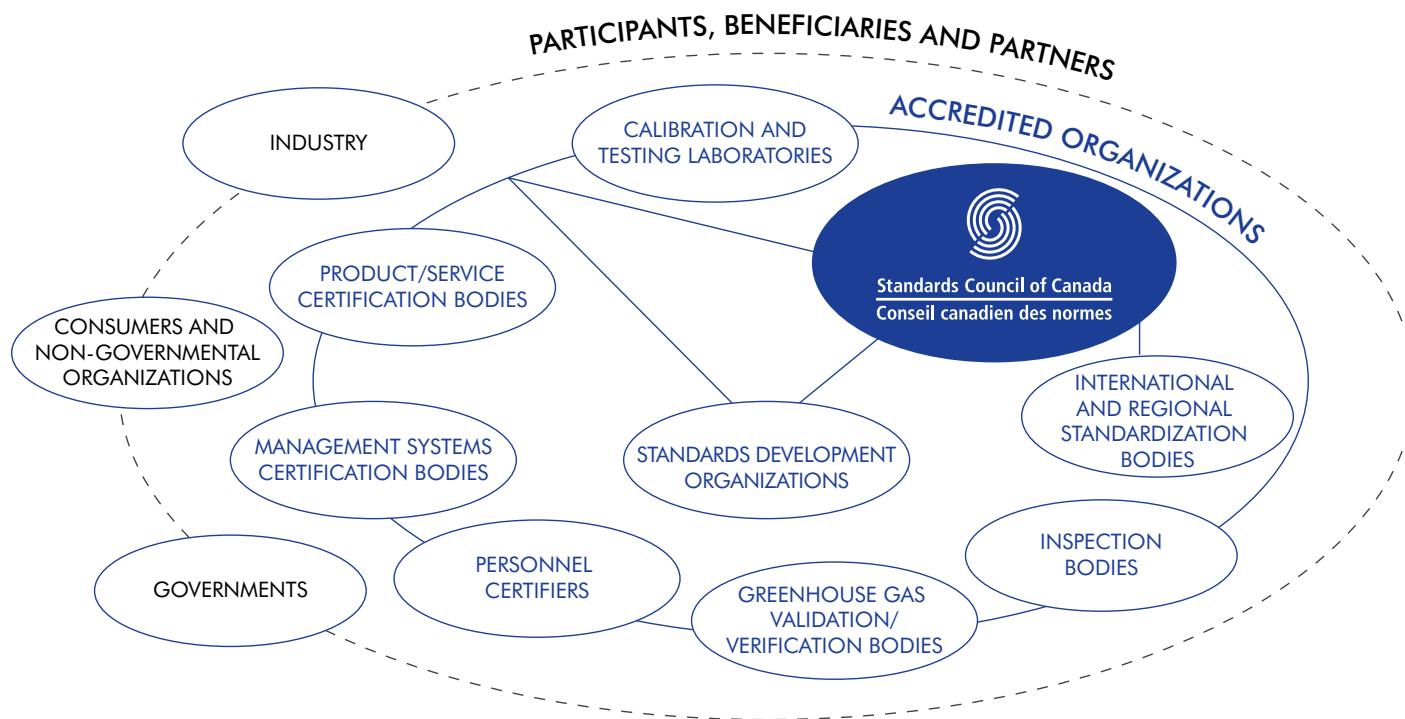
More than 12,500 Canadian volunteer members, representing industry, provincial and federal regulators, non-government organizations, and consumers, participate in national and international standardization committees. SCC coordinates the activities of individuals and organizations that participate in international and regional standards development committees.

More than 2,500 Canadian volunteers, on standards development and conformity assessment committees, help determine Canada's official position at various international bodies.

The organization facilitates the participation of approximately 2,500 of these members on technical committees. These members provide Canada's official position at various regional and international standardization bodies. As well, more than 400 organizations are accredited by SCC.

Figure 1 presents the organizations and beneficiaries of Canada's standardization network. As illustrated, SCC accredits, coordinates and facilitates network participants to contribute their Canadian expertise to influence the formation and evolution of global standards that matter most to Canada.

Figure 1: Canada's National Standardization Network



2.2

LINKING SCC ACTIVITIES TO GOVERNMENT PRIORITIES

Canada's standardization network offers solutions to government, industry and consumers. The work SCC undertakes is directly linked to the public policy objectives of the Government of Canada. Figure 2 highlights key activities and initiatives aligned with the government, as outlined in the June 2, 2011 Speech to the Throne.

2.2 LINKING SCC ACTIVITIES TO GOVERNMENT PRIORITIES

Figure 2: Linking SCC Activities and Initiatives with Federal Policy Priorities

Federal Government Policy Priorities ¹	Link to SCC Activities and Initiatives
Jobs and economic growth	• SCC provides standardization input into trade agreements to expand market access for Canadian business and industry, including the <i>Canada-European-Union: Comprehensive Economic and Trade Agreement</i> (CETA). • SCC pursues a Memorandum of Understanding (MOU) with European Committee for Standardization and European Committee for Electrotechnical Standardization (CEN/CENELEC) to enhance communications, adopt complementary approaches, encourage cooperation to avoid duplication of effort, and facilitate access to standards development processes facilitating trade between Canada and the European Union. • SCC pursues partnerships with other international standardization bodies to support Canada's free trade agreements (FTAs) (e.g. Bureau of Indian Standards). • SCC supports the Canada-United States Regulatory Cooperation Council (RCC) to simplify and align Canadian and American regulatory approaches, by developing a standards and conformity assessment harmonization agenda, which will aim to lower consumer costs, increase trade and create new jobs on both sides of the border. • SCC continues to support and advance memorandums of agreement (MOAs) with emerging economies, including China, South Korea and Mongolia, including collaboration in areas of mutual interest, in order to strengthen Canada's trade and investment interests. • SCC provides ongoing standardization policy and technical advice to government and industry in support of the World Trade Organization's Technical Barriers to Trade (WTO/TBT) committee participation. • SCC provides capacity-building to developing economies in order to enhance trade, including to the CARICOM region under the Canada-Americas Trade-Related Technical Assistance (CATRTA) Program. • SCC provides an Information and Research Service and WTO TBT Enquiry Point, as well as online information resources such as Export Alert!, to help Canadian business and industry successfully export their products.
Health and safety of Canadians—"Here for Hard-Working Families"	• SCC works closely with Health Canada and partners to support legislation on product safety, including the development of a standardization roadmap to support the <i>Consumer Product Safety Act</i> and related regulations. • In partnership with the Bureau de normalisation du Québec (BNQ) and the Ontario Medical Association (OMA), SCC continues to offer a national accreditation program for medical laboratories operating in Canada. Accreditation underscores that a laboratory meets and demonstrates a commitment to total reliability in producing dependable and impartial results. • Several of SCC's accreditation programs address Canadians' healthcare and safety needs, including medical laboratories, food safety, testing laboratories, and medical devices and occupational health and safety management systems.
Eliminate deficit—including reducing growth of government expenditures	• SCC continues to maintain a solid financial position through controlled expenditure management. • SCC will hold Accreditation Services branch to a steady-state profitable status. • Increased demand for various standardization solutions has led SCC to carry out a variety of other fee-for-service initiatives in several branches.
On guard for Canada—including leadership in the stewardship of northern lands and waters	• In partnership with Aboriginal Affairs and Northern Development Canada, SCC will support ongoing implementation of a five-year program to develop standards and guides for northern infrastructure impacted by the effects of climate change.
Support for major new clean energy projects	• SCC's accreditation program for assessing the competency of organizations verifying greenhouse gas (GHG) emissions supports the Government of Canada's sustainability agenda, which includes initiatives to reduce GHG emissions. • Under Natural Resources Canada's Clean Energy Fund, SCC, in partnership with Industry Canada, undertook a mapping exercise to identify standards applicable to five renewable energy generation technology (REGT) sectors, and conducted interviews to better understand how standards are used by REGT industry experts, and produce a gap analysis. Additional work, including a standardization roadmap effort, is being explored.
Integrity and accountability—government transparency and modernization	• SCC made a submission to the Red Tape Reduction Commission, entitled "Using Standardization to Reduce Regulatory Red Tape," which proposed possible approaches whereby standards and conformity assessment programs could be used as an alternative or complement to regulations. • SCC is modernizing its information technology infrastructure for stakeholder consultation, core programming and efficient operation, which includes the deployment of a virtual standardization network. • SCC Advisory Committees have been re-structured, establishing two new advisory panels: a Standards panel and an Accreditation panel, for expert advice into SCC's future strategic directions. • SCC is developing a matrix to measure influence of participation in international and regional standardization committees to ensure that participation continues to have value for Canada. • SCC embarked on a reconfigured finance accounting system, to support the report of cost recovery analysis, proactive budget and forecast indicators and risk-driven business analysis.

¹ Speech from the Throne, June 2, 2011. *Here for all Canadians. Stability. Prosperity. Security.*

3

CORPORATE PROFILE

3.1

MANDATE

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

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

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

STRUCTURE

GOVERNING COUNCIL

SCC's governing Council is appointed by the federal government and reports to Parliament through the Minister of Industry. The Council is comprised of 13 members who are responsible for overseeing the strategic direction of the organization. The Council is also responsible for ensuring the fulfillment of SCC's mandate, and providing guidance on governance matters.

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

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

COMMITTEES OF GOVERNING COUNCIL

The committees include the Audit Committee and the Corporate Governance Committee, which play an important role in supporting governance approaches.

CANADIAN STAKEHOLDER CONSULTATION

SCC underwent an advisory committee restructuring this past year to ensure it continues to leverage effective stakeholder input into Canadian standardization activities—while retaining an essential consultation mechanism in key areas of its operations.

The resulting structure reflects a more modern approach that better supports SCC's current requirements and one that better maximizes the use of Canadian experts and essential staff support.

As a result of this restructuring, a new model of Canadian stakeholder consultation emerged, as illustrated in Figure 3.

This structure will be supported by further Canadian stakeholder participation that will include an electronic "virtual network of experts."

ADVISORY PANEL ON STANDARDS

The Standards branch is supported by the Advisory Panel on Standards, which provides strategic and policy advice on standards-related matters. The panel reports directly to SCC's Standards branch.

ACCREDITATION ADVISORY PANEL

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

CANADIAN NATIONAL COMMITTEE OF THE INTERNATIONAL ELECTROTECHNICAL COMMISSION (CNC/IEC)

The Canadian National Committee of the IEC provides strategic and policy advice to SCC on IEC-related matters.

CONSUMER AND PUBLIC INTEREST PANEL (CPIP)

The Consumer and Public Interest Panel provides strategic and policy advice on standardization matters as they impact consumers and the public interest, especially in relation to Canadian priority sectors.

THE PROVINCIAL-TERRITORIAL ADVISORY COMMITTEE (PTAC) AND THE STANDARDS DEVELOPMENT ORGANIZATIONS ADVISORY COMMITTEE (SDOAC)

PTAC and SDOAC are established in the *Standards Council of Canada Act*. PTAC promotes cooperation and communications between the provinces, the territories and SCC, and provincial and territorial participation in Canadian standardization activities. SDOAC promotes cooperation and communications between SCC and the SDOs.

Figure 3: SCC Council Structure



STAFF AND ACTIVITIES

The strategies and policies established by SCC's governing Council are implemented by a staff of 87. SCC's work is led by its Chief Executive Officer (CEO), John Walter. The CEO is supported by SCC's senior executive team:

Figure 4: SCC Senior Executive Team



In 2011, SCC continued to reorganize its staff and activities to reflect the current strategic direction. SCC's core activities are described as follows:

STANDARDS

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

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

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

The Global Standards Governance Program facilitates and manages Canadian participation in international policy committees within ISO and IEC, and in regional organizations,

including the Pacific Area Standards Congress (PASC) and the Pan American Standards Commission (COPANT). This includes oversight of the Consumer and Public Interest Panel and the Canadian National Committee of the IEC.

ACCREDITATION SERVICES

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

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

SCC represents Canada at the world's principal standards organizations: ISO and, through the sponsorship of CNC/IEC, IEC. SCC also represents Canada at international accreditation forums such as ILAC and IAF.

SCC is also a member of several organizations that have mutual recognition agreements in place to assist with international acceptance of conformity assessment results. These agreements are part of greater efforts to form a global accreditation system, consistent with the goal of "one standard, one test—accepted everywhere."

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

POLICY AND STAKEHOLDER RELATIONS

The Policy and Stakeholder Relations (PSR) branch connects SCC with those stakeholders having the greatest influence and impact on standardization in Canada.

Through its policy leadership and direction, the PSR branch helps voluntary standardization contribute to the economic competitiveness and social well-being of Canadians.

PSR's core activities in support of this mandate are two-fold. First, the branch promotes and raises awareness of the value of standardization to key stakeholders, including Canada's network of standardization experts. And second, PSR works with relevant government, industry, and nongovernmental bodies to:

- identify the necessary conditions for Canada to optimize its use of standardization;
- facilitate the development of roadmaps in support of target areas of the economy;
- monitor market trends and conditions of significance to standardization-related work; and
- influence standards- and conformity assessment-related aspects of trade and regulatory policy.

PSR staff engages, consults, collaborates and partners with stakeholders from across Canada's standardization network, to advance standardization objectives. The branch provides

support to Canadian international committee participants through SCC's member program and relevant advisory committees. PSR also offers clients a single entry point for the purchase of standards, collections and related information products through StandardsStore.ca. As well, the branch coordinates training and business development activities.

FINANCE AND CORPORATE MANAGEMENT

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

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

CORPORATE SERVICES

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

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

3.4

STANDARDIZATION SOLUTIONS

SCC provides a wide range of innovative standardization solutions to meet its stakeholders' needs and priorities.

SCC offers standardization services, expertise, knowledge, advice and guidance for governments, industry and consumers. SCC's corporate website (www.scc.ca) is the organization's primary communications channel to deliver information about standardization, SCC program developments and related current news and events.

4

OPERATING ENVIRONMENT

4.1

TRENDS IN CANADA'S STANDARDIZATION LANDSCAPE

CURRENT STATE OF STANDARDIZATION

Although the trend is changing, awareness among key decision-makers eroded over the last decade regarding the role standardization plays in supporting economic growth and safeguarding the health and safety of Canadians. Raising awareness of the value and strategic importance of standardization, to support Canada's economic growth and productivity, is a strategy SCC continues to pursue.

To identify and address current gaps in the standards development landscape, SCC has been examining trends around participation levels and standards development activities. This has provided the organization with vital information for developing relevant and viable plans to

optimize Canadian standardization activities and ensure Canada's interests are best served in this area.

SCC reviewed a number of data sources in its compilation of facts and figures, including the standards catalogues of the four SCC-accredited SDOs¹ data published by ISO, IEC and International Telecommunications Union (ITU), and SCC's own database of international technical committee participants.

As noted in Figure 5, the decrease in the number of Canadian standards coincides with an increase in the number of standards maintained by key international organizations. In the global marketplace, the need for uniquely Canadian standards is decreasing, as Canada and the rest of the world move toward international harmonization. The declining number of

Figure 5: Key Canadian Standardization Facts and Figures

Facts and Figures	2009–2010	2010–2011	Trend
Number of Canadian standards	3,780	3,482	↓
Number of standards maintained by key international standardization organizations (ISO, IEC, ITU)	26,943	27,958	↑
Number of NSCs approved by SCC	178	113	↓
Number of Canadian volunteer members participating in international standardization committees	2,648	2,758	↑
Number of federal government representatives participating in ISO/IEC/ITU international standardization activities	378	401	↑

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

¹ The four SCC-accredited SDOs are: Bureau de Normalisation du Québec, The Canadian General Standards Board, the Canadian Standards Association, and the Underwriters Laboratories of Canada.

4.1 TRENDS IN CANADA'S STANDARDIZATION LANDSCAPE

NSCs is due to the fact that the majority of NSCs are straight adoptions of international standards—also pointing to a decreasing need for uniquely Canadian standards. A number of factors, including market globalization and interoperability of supply chains, are contributing to this trend.

Another shifting standardization trend concerns Canadian volunteer members. Standardization activities in this country depend on Canadian experts who volunteer their expertise to the standards development process at home and around the world. SCC has witnessed a significant decrease in Canadian participation and a corresponding increase in requests for funding over the last few years. Given ongoing economic challenges, there are fewer regulators, industry representatives and academics able to participate in face-to-face meetings. Newer experts in emerging technologies do not have resources to participate. As a result, Canada's volunteer base in standards development is decreasing as more senior experts retire and are not replaced.

Participation in international standards development activities provides Canadian industry with a competitive advantage by helping Canadians to successfully export their products worldwide.

The number of Canadian volunteer members participating in international standardization committees has ranged between 2,500 and 2,700 participants over the last couple of years. SCC's goal is not necessarily to grow this pool of experts, but rather to ensure it has the right pool of qualified experts participating on the right international standardization technical committees. As part of SCC's strategy to ensure the participation of the "right expert," SCC is also actively pursuing the participation of technical experts from across the federal government.

Additionally, increased awareness and support by the regulatory community continues to be an important objective for SCC. Federal and provincial regulators' reliance on international standards has steadily increased, because there is a growing recognition that to be effective, regulations must adapt to

international product design, manufacturing, supply chains, certification, testing and recalls. However, awareness of standards as a complement to regulations among regulators is inconsistent from one sector to another. Ensuring this community understands that standardization is a key instrument for regulatory reform is an important strategy being pursued by SCC. Advocating the value proposition and conducting risk assessments with various government departments to identify critically outdated standards has elevated the profile of standardization across the government.

Globalization, outsourcing, mergers and acquisitions, and the creation of complex supply chains have contributed to an increased reliance on international standardization solutions from organizations such as ISO, IEC and the ITU. The exponential growth in regional and international standardization activities makes it difficult for senior decision-makers in both industry and government to keep up with the pace of change and to coordinate Canada's position on important international rules.

At the same time, and as noted earlier, the number of uniquely Canadian standards continues to decline as the world moves toward greater harmonization of regional and international standards. To this end, Canada must influence targeted areas critical to the Canadian economy. Given these trends, SCC is pursuing a more strategic and coordinated approach to participation in standards development.

With ongoing economic uncertainty, a retrenchment has been observed in terms of Canadian participation in international standardization activities across all industry sectors in Canada. SDOs are confined to participating in only mature sectors of the economy. Given budgetary constraints for standards development organizations and industry, the ability to participate in new sectors is often restricted. Canadian technologies and processes, consequently, are often excluded from new standards. SCC continues to pursue an aggressive outreach strategy to key government and industry stakeholders, to leverage increased funding from industry.

The majority of international standards being developed are in non-traditional areas. New standards respond to the rapidly changing global marketplace, where just-in-time delivery and the introduction of new and innovative products and services need to happen fast in order to be competitive. New or different approaches to suit emerging standards areas are needed as the requirements are shifting and are becoming more complex. SCC has identified a number of these areas and is taking steps to ensure Canadian representation in fields such as nanotechnology and fuels infrastructure.

STRATEGIC ISSUES

Given the current standardization landscape, SCC faces a number of challenges and opportunities. The organization has made significant inroads over the last year to increase awareness and demonstrate value to its existing and new stakeholders.

SCC continues to focus on these strategic issues to maximize the value of Canada's national standardization network for Canadians. SCC's national focus is critical to Canada's success in the international arena. The organization needs to strengthen Canada's base of standardization experts, to successfully influence international standards important to key sectors of Canada's economy. As such, SCC's strategic priorities for 2012–2013 will focus on addressing the following strategic issues:

NATIONAL AWARENESS AND STAKEHOLDER ENGAGEMENT

Many key Canadian decision-makers remain largely unaware or misinformed about the intricate relationship between standards and accreditation, and the health and safety, economic well-being and protection of Canadian interests. Generating greater awareness and influencing government and industry decision-makers to actively participate in Canada's standardization network is needed to ensure its long-term sustainability. SCC continues to target specific federal government departments, provincial ministries and industry associations, to raise awareness of the value of standardization and the need for increased participation from targeted sectors of Canada's economy.

SCC recognizes the need to strengthen the national standardization network to focus on key priority areas supporting government and industry, and to offer new and improved services to clients. The organization also recognizes that important stakeholders may be unaware of the value and benefits of standardization solutions. By demonstrating value and offering standardization solutions to meet public policy issues, in the areas of health, trade and the economy, SCC will be able to engage greater stakeholder participation from within targeted sectors of Canada's economy.

USE OF STANDARDIZATION IN FEDERAL REGULATIONS

As the leader of Canada's standardization network, SCC is working to mobilize key stakeholders from across government, to address the issue of outdated standards referenced in federal regulations, and to offer government departments tailored standardization solutions.

There are more than 2,000 standards incorporated by reference in federal regulations, National Model Codes and the National Master Specification maintained by Public Works and Government Services Canada. Standards must reflect current practices in technology and environmental conditions. SCC, in turn, must offer viable solutions to the Government of Canada to optimize the potential for standardization to contribute to regulatory goals and keep apace of changing requirements.

Starting in 2012–2013, SCC will invest \$2.1 million to begin updating key standards. This will involve conducting risk assessments to identify the most critical standards that require updating first. Additionally, SCC will work with government departments to develop standardization profiles. These two initiatives, together, will assist in determining the standardization goals of federal departments.

Given that SCC will only begin to cover a small portion of the outdated standards originating with Canadian SDOs, additional resources will be needed to cover the regional and international outdated standards referenced in federal regulations, the National Model Codes and the National Master Specification. In the future, as part of its outreach strategy, SCC will also seek to generate matching funds from industry and SDOs, to cover the cost of either updating an existing standard or of developing a completely new standard required for regulations. This work will deliver significant value for government stakeholders.

GLOBALIZATION AND GROWTH OF INTERNATIONAL STANDARDIZATION

Current trends suggest the development and use of international standards will continue to grow. SCC must positively influence public policy (and encourage participation by the right Canadians, in the right international committees, at the right time) to ensure Canada doesn't fall behind in areas of critical importance to national economic growth and competitiveness. The significant number of standards committees makes it impossible to be involved in all national, regional and technical committees. Canada must more forcefully advance its interests in the context of countries aggressively shaping standards in their own interests.

Standards are a key component of Canadians' economic and social well-being—they provide business and industry with key building blocks to success and enable the flow of goods and services, both nationally and internationally.

Developing and emerging sectors such as nanotechnology are not yet organized around a coherent approach to standards development. Canada needs to take advantage of this opportunity to ensure Canadian expertise and technologies are embedded in new international standards. Proliferation and growing use of international standards make it imperative for Canada to lead international secretariats and influence technical marketplace rules in areas that matter most to Canada.

Increasingly, SCC is witnessing competition for standardization services resulting from a shrinking global market. Multilateral and mutual recognition agreements between international and regional member bodies, to accept each other's results, and

the pursuit of harmonization efforts, could negatively impact some Canadian businesses. Competition and globalization are also impacting potential revenue from the sale of standards. SCC must respond by developing a business model that optimizes the sale of standards, not only from SCC's Standards Store, but from other standards outlets that sell standards in Canada where SCC generates royalty revenue.

MODERNIZING OPERATIONS AND STREAMLINING EFFICIENCIES

SCC's goal for 2012–2013 is to ensure its operational infrastructure is fully aligned with its new strategic direction. Several modernization initiatives continue to be developed and implemented to support this goal and to support a new business model. New IM/IT tools and upgrades to existing ones are required to meet various organizational priorities. These include collaboration tools to strengthen Canada's standardization network. By establishing a virtual network, SCC will create greater accessibility to a competent pool of stakeholders.

SCC continues to streamline efficiencies to best maximize the use of resources for Canada's social and economic agenda. The organization continually reviews its operations and places increased emphasis on creating internal efficiencies to generate operating savings. Examples include an organizational and advisory committee restructuring and an internal structural reorganization. Furthermore, by optimizing revenue models for the StandardsStore.ca, its accreditation services and its other strategic fee-for-service initiatives—including capacity-building projects—SCC will be better-positioned financially for the future.

SCC continues to streamline efficiencies to best maximize the use of resources for Canada's social and economic agenda. New and future resources will reflect both SCC's strategic and operational requirements. Because the nature of SCC's business is largely technical, it requires employees with specialized skills sets. Attracting and retaining qualified employees is a challenging task for these types of knowledge-based positions. The recent launch of SCC's online talent management framework will help employees manage their own career development and will help management provide orientation and encourage training and retention of key staff members.

A STRATEGIC APPROACH TO STANDARDIZATION

SCC has converged many of its programs and services to ensure a more strategic approach to standardization activities in Canada and internationally.

In particular, SCC, in partnership with government and industry stakeholders, leads the identification of critical sectors of Canada's economy—sectors that require a coordinated national approach to advance standardization. SCC's responsibility is then to identify which regional and international standardization committees need Canadian representation.

As Canada's body to ISO and IEC, SCC monitors Canadian participation on technical committees. Canada currently participates in 380, or 52 per cent of, ISO committees, and 113, or 66 per cent of, IEC committees. While these participation rates seem to be quite significant, they are considerably lower than those of Canada's main trading partners.

Therefore, with a growing number of international standards development committees, and a reduction of resources, the issue of ensuring "the right people are on the right committees with the right support" has reached a critical stage. Consequently, SCC is proactively initiating a more strategic approach to Canadian participation.

SCC's approach to strengthening the network is through stakeholder engagement. The organization uses a systematic approach to consult, involve and empower government and industry stakeholders, as well as consumers, to be part of the network. Moreover, SCC is working in partnership with government and industry to ensure standardization dollars go to committees critical to Canada's social and economic well-being.

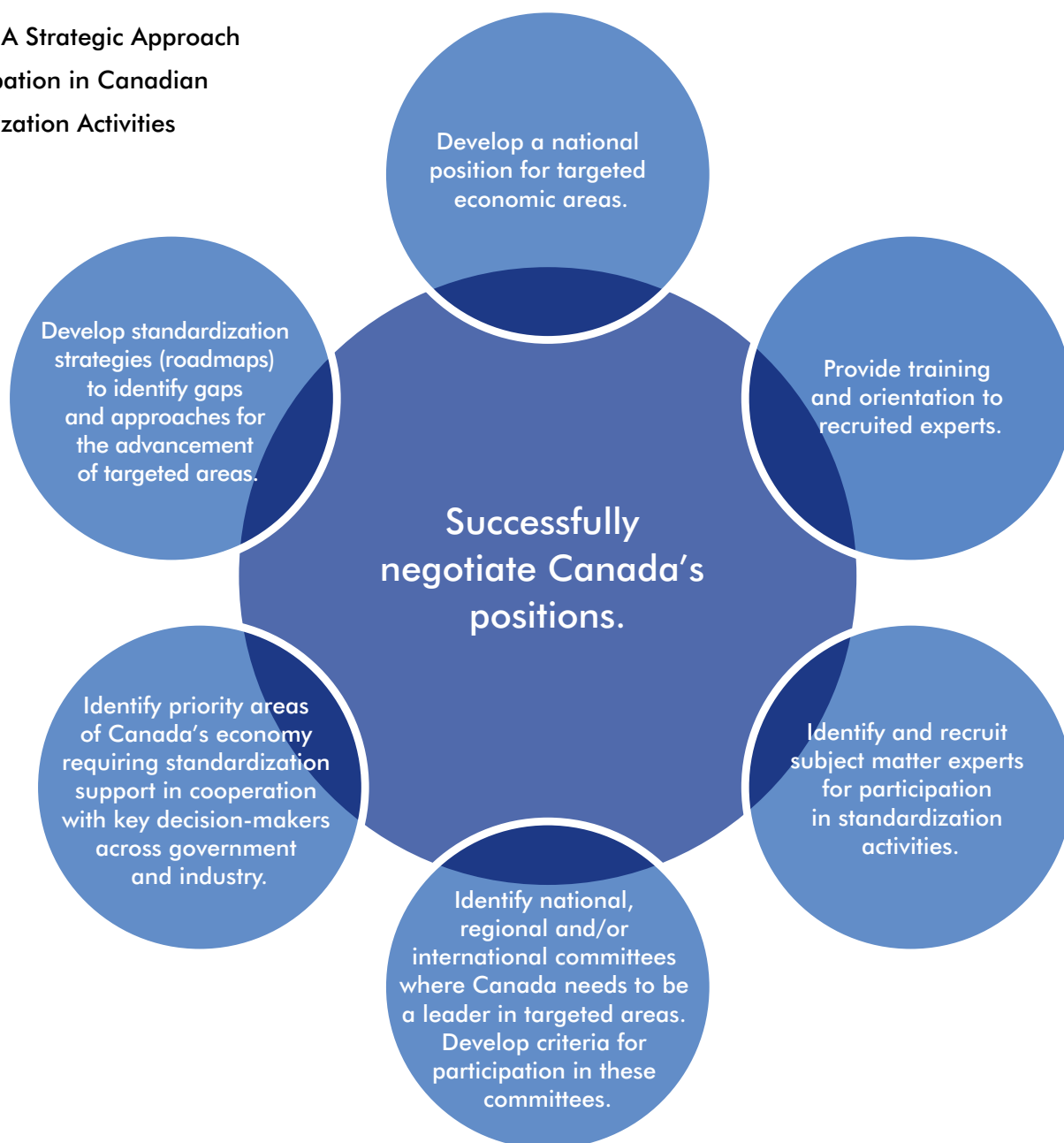
SCC will also dedicate resources this year to establish a modernized member program framework. The organization will design a program that includes orientation, training and support, as well as approaches for recruiting and recognizing participants.

A virtual standardization network (VSN) will provide a platform from which to expand the scope of standardization experts, improve efficiencies and costs, and facilitate increased collaboration among governments, industry experts, academics and consumers. Through a more flexible network, a more robust stakeholder base of Canadian experts may be retained. This will give SCC the opportunity to recruit the right Canadian experts who can negotiate the right position on Canada's behalf at national, regional and international standards committee meetings.

As SCC begins to identify the sectors in which Canada could be effective in influencing resulting international standards, SCC will ensure Canadian technical experts are properly resourced and trained to influence the evolution and formation of international standards. As Figure 6 shows, SCC's ultimate goal is to ensure national positions are successfully negotiated at regional and international standardization tables.

SCC will target committee work in areas contributing to Canada's economic growth and impacting critical sectors of the economy. Ensuring Canada is represented at the right level within ISO and IEC, and other standardization bodies, is a strategic goal for SCC. The eventual outcome will be that resulting standards suit Canadian conditions, and Canada's reputation as a global leader in standardization is elevated.

Figure 6: A Strategic Approach to Participation in Canadian Standardization Activities



5 STRATEGIC PRIORITIES FOR 2012–2013

STRATEGIC PRIORITY 1

STRENGTHEN CANADA'S STANDARDIZATION NETWORK

Strategic Outcome: SCC strengthens the national standardization network to deliver on priorities for government and other targeted stakeholders.

OVERVIEW OF STRATEGIC PRIORITY 1:

Standards and accreditation are often referred to as the invisible infrastructure that underpins society. Currently, across government, decision-makers are enquiring about the standardization implications for current and new government programs. SCC needs to strengthen the national standardization network to fill the gaps in standards and accreditation not currently being addressed.

Gaps have been identified in energy and environment, life sciences, infrastructure, and several innovative industries. More specifically, critical sectors of Canada's economy require standardization support, including: CO₂ capture and storage, electric vehicles, and nanotechnology. In these gaps lie opportunities for Canada to be a leader in standardization. Strengthening Canada's standardization network in priority areas will give Canada a competitive edge in the current global marketplace.

There are hundreds of people and organizations in Canada developing technical expertise in specialized areas of the economy. As leader of Canada's standardization network, SCC will focus squarely on targeting subject matter experts in these areas to ensure their contributions are recognized and that deployment of new Canadian technologies is accepted

Canada's standardization network holds tremendous potential to contribute toward a stronger and more stable, prosperous and secure Canada.

globally. To achieve this result, SCC will continue its outreach efforts to raise awareness with business and industry, so that they may become active participants in the network and in regional and international standards committees.

KEY INITIATIVES:

- Strengthen the work of the Interdepartmental Advisory Committee on Standardization, and through it, continually identify the government's priorities and goals that require standardization support—ensuring standardization issues are a full part of the public policy debate.
- Determine, on an ongoing basis, industry priorities and critical sectors of the economy.

5. STRATEGIC PRIORITIES FOR 2012–2013

- Strengthen existing partnerships with SDOs to deliver on government priorities.
- Explore and secure other partnerships regionally and internationally, to support the goals and priorities of the Government of Canada.
- Establish SCC's two main Advisory Panels—Standards and Accreditation—for expert input into SCC's future strategic direction, and maximize the contributions of the Consumer and Public Interest Panel, the Canadian National Committee of the IEC, as well as SDOAC and PTAC.
- Broaden stakeholder consultation by establishing a VSN to target experts in priority areas and to recruit new key technical experts.
- Target outreach initiatives with key stakeholders in government and industry.

STRATEGIC PRIORITY 2

DELIVER STANDARDIZATION SOLUTIONS

Strategic Outcome: SCC's targeted stakeholders recognize the value of SCC's standardization solutions and recognize SCC as an accreditor of choice.

OVERVIEW OF STRATEGIC PRIORITY 2:

SCC is becoming known and recognized as the leader of Canada's standardization network. Through its outreach and awareness-raising efforts, stakeholders are recognizing the need and importance of standardization solutions for their programs and services. SCC's Accreditation Services respond to the needs of the marketplace and support government regulations.

SCC is working closely with government departments and SCC-accredited SDOs to evaluate and prioritize which outdated standards incorporated by reference will be updated first. SCC will dedicate \$2.1 million to address this critical issue in Canadian standardization.

This initiative will be the first step in creating government profiles on standardization. These profiles will focus on standardization priorities supporting specific program activities, as articulated in each specified government department's Report on Plans and Priorities. In coordination with each department, as well as with the support of SCC-accredited SDOs, the organization will work to establish and implement these standardization priorities.

Many government clients are also recognizing the advantages standards roadmaps provide in advancing their programs. These roadmaps provide an analysis of the standards and accreditation solutions currently available, and identify gaps where standardization may play an increased role.

KEY INITIATIVES:

- Respond to marketplace demands for SCC accreditation services [e.g., explore the potential for a new business line under an energy efficiency management (ISO 50001) program]; and identify additional partners to expand accreditation services.
- Continue conducting risk assessments for all federal departments, to ensure critical Canadian standards referenced in regulation are updated through a regularly monitored cycle.

SCC will invest an additional \$2.1 million in 2012–2013, to update standards critical to Canada's economy.

- Develop standardization profiles for a number of government departments, to determine standardization priorities.
- Support Canada's strategic approach to participation in standards development activities by developing standards roadmaps for select targeted areas and clients.
- Issue an annual report on use of standards in federal regulations.
- In partnership with Aboriginal Affairs and Northern Development Canada, implement year two of a five-year program to develop standards and guides for northern infrastructure impacted by the effects of climate change.
- Work in partnership with DFAIT on the ongoing negotiation and conclusion of the Canada-European Comprehensive Trade Agreement and future trade agreements with countries such as India.
- Support the Canada-United States Regulatory Cooperation Council (RCC) to simplify and align Canadian and American regulatory approaches.
- Maximize the business potential of SCC's Standards Store and various partnerships that sell Canadian standards and international standards in Canada.
- Pursue capacity-building projects for developing and emerging economies.
- Evaluate and seek new partnerships to facilitate the delivery of standardization solutions for Canada's primary stakeholder—the Government of Canada.

STRATEGIC PRIORITY 3

MAXIMIZE THE BENEFITS OF STANDARDS AND ACCREDITATION

Strategic Outcome: A stronger Canadian voice is established regionally and internationally to maximize the benefit of standards and accreditation for Canada's economic and social well-being.

SCC must positively influence public policy—and encourage Canadian participation in the right international committees—to ensure Canada doesn't fall behind in areas of vital importance to national economic growth and competitiveness.

OVERVIEW OF STRATEGIC PRIORITY 3:

The growth and evolution of international standardization has major implications for Canada. Increasingly, standards approved by SCC are adoptions or adaptations of ISO and IEC standards. Though it bodes well for Canada, in terms of harmonization, the move from made-in-Canada standards to the adoption of international standards is not without its challenges.

This move implies a shift from a development process, in which all voices at the table are Canadian, to one in which Canada is only one voice among many. The need for effective Canadian representation at ISO and IEC has never been more critical. As the Canadian member of these organizations, SCC is committed to securing effective representation.

5. STRATEGIC PRIORITIES FOR 2012–2013

KEY INITIATIVES:

- Design a mechanism to determine the criteria for establishing Canadians' strategic participation on regional and international standardization committees.
- Develop and maintain a framework of objectives, strategies and national positions for effective Canadian participation in international and regional standardization bodies.
- Strategically coordinate, with SDOs, Canadian representation on ISO and IEC committees.
- Engage a comprehensive platform of stakeholders (government, industry, manufacturers and end users) to ensure necessary secretariats and committees are established.
- Through annual head of delegation reports, measure effectiveness of participation, and evaluate further levels of support required.
- Measure Canada's influence at standardization bodies nationally, regionally and internationally.
- Pursue agreements with international and regional standardization bodies to position Canada more strategically in countries where there are opportunities for increased trade and other mutual interests.

STRATEGIC PRIORITY 4

DRIVE OPERATIONAL EFFICIENCY AND PRODUCTIVITY

Strategic Outcome: SCC's supporting infrastructure is modernized.

OVERVIEW OF STRATEGIC PRIORITY 4:

Since 2010–2011, SCC has focused much of its efforts on modernizing its human resources management, information technology and quality management systems, as well as its advisory committee structure. The organization continues to lay the groundwork for modernizing its operations, to provide adequate infrastructure for its new strategic direction.

SCC's talent management framework is serving to ensure the organization has the right person in the right job. New positions have been created to reflect the requirements of the operating environment: investment planning and business analytics, client liaison and partnerships, and standards operations.

To support SCC's efforts in ensuring access to a broad range of stakeholders, the organization is building its capacity in IT to develop a VSN. This tool is needed to create an ongoing dialogue with new and existing stakeholders, to advance standardization activities at a pace that is expected by both government and industry. This migration to an expanded IT

platform will make use of modern methods of communications for social networking and engagement with stakeholders.

Finally, SCC continues to improve its financial position through strict cost containment measures and by enhancing the efficiencies and maximizing the profitability of its accreditation services. Through increased demand for standardization solutions, SCC continues to implement fee-for-service initiatives in several of its branches. As SCC undergoes these significant changes, its quality management system must provide the infrastructure to support this business transformation.

KEY INITIATIVES:

- Modernize SCC's information technology infrastructure for stakeholder consultation, core programing and efficient operations.

- Implement and effectively administer the VSN for optimal benefits across the organization.
- Implement innovative and transformative processes in SCC's business lines to maximize SCC's financial potential.
- Use and update SCC's talent management framework to focus on recruitment, orientation, training and retention.
- Finalize and implement SCC's human resources three-year strategic plan.
- Invest the necessary resources into updating SCC's quality management system to ISO 9001:2008.

To support Canada's social and economic agenda, SCC will align its operational infrastructure with its new strategic direction, through modernization initiatives and by streamlining efficiencies.

6 MEASURING PERFORMANCE

6.1

PERFORMANCE INDICATORS

Using an SCC-designed balanced scorecard approach to performance management, the organization will continue to refine its performance measures in support of its shifting strategic direction. The performance indicators selected are aligned to four perspectives of SCC's business: national, client and partnerships, regional and international, and organizational and financial perspectives.

Figure 7: SCC Performance Indicators

Perspective	Performance Measure	2010/2011	2011/2012 Target	2012/2013 Target
National	Strategic Priority 1: Strengthen Canada's standardization network.			
	Year-over-year growth of virtual standardization (Indicator will evolve as new virtual platform is developed.)	n/a	Baseline year	100%
	Total number of members on technical committees	2758	≥ 2500	≥ 2500
	Number of federal government employees involved in standards development	401	5%↑	5% ↑
	Number of standards referenced in federal legislation	809	811+	811+
	Stakeholder engagement survey	n/a	75%	80%

Perspective	Performance Measure	2010/2011	2011/2012 Target	2012/2013 Target
Client and Partner	Strategic Priority 2: Deliver standardization solutions.			
	Resources dedicated to outdated standards	n/a	n/a	\$2.1 m
	Risk assessments to determine critically outdated standards (Indicator will be revised once scope of work is determined.)	130	TBD	TBD
	Advisory Services revenue	\$320 k	\$544 k	\$837 k
	StandardsStore.ca revenue	\$899 k	\$901 k	\$1031 k
	Client satisfaction for Accreditation Services *Results for 2009–2010	69%*	78%	80%
	Accreditation Services revenue	\$6.3 m	\$6.4 m	\$7.0 m
	Percentage of clients that consider SCC accreditation or recognition to be > 50% critical to their organization	Baseline year	50%	75%
	Cost recovery of Accreditation Services	103%	102%	100%
	Number of accredited clients	395	5%	5%
	Number of enquiries for standardization information	2707	≥ 2500	≥ 2500
	Satisfaction with SCC Information and Research Service	Baseline year	TBD	TBD

Perspective	Performance Measure	2010/2011	2011/2012 Target	2012/2013 Target
International	Strategic Priority 3: Maximize the benefits of standards and accreditation.			
	Number of Canadian leadership positions at ISO and IEC (calendar year)	257	± 5%	± 5%
	New work item proposals submitted by Canada that are accepted at ISO	91.3%	≥ 95%	≥ 95%
	New work item proposals submitted by Canada that are accepted at IEC	100%	≥ 95%	≥ 95%
	New work item proposals accepted by Canada that continue to be active at ISO	87%	≥ 95%	≥ 95%
	ISO voting as a Canadian participating member of technical committee and subcommittee for draft international standards (DIS) and final draft international standards (FDIS):			
	Submission rate	95.5%	100%	100%
	Voting engagement: Votes that contain Canadian positions and exclude abstentions	75.2%	≥ 80%	≥ 80%

Perspective	Performance Measure	2010/2011	2011/2012 Target	2012/2013 Target
Financial and Organizational	Strategic Priority 4: Drive operational efficiency and productivity.			
	Percentage of salary budget spent on staff training	1.5%	1.5%	1.5%
	Update of SCC's quality management system to ISO 9001:2008	Baseline year	50% complete	100% complete

7 ENTERPRISE RISK MANAGEMENT ASSESSMENT

SCC follows the framework and process outlined in ISO 31000, using the principles and guidelines of risk management. Additionally, at various levels within the organization, risk is a key component of project managing SCC initiatives.

SCC senior management has undertaken a prioritization exercise to establish the key corporate priorities of the organization. Risk was one of the determining factors. SCC senior managers monitor risks associated with each of these key projects and initiatives through monthly management meetings. Together, they determine the appropriate action to mitigate any shifting risk levels.

Figure 8 summarizes the key risks SCC faces as it anticipates implementing this Corporate Plan. SCC has organized its risks into three higher-order categories: strategic, business and operational.

Figure 8: SCC Risk Profile

Risk	Rating
Strategic risks: Risks that may affect the future strategic direction and success of the organization.	
Standards: Work with government stakeholders to ensure regular monitoring of standards referenced in federal regulation.	■
Stakeholder engagement: Broaden the national standardization network to a wider scope of affected stakeholders in areas of strategic importance to Canada.	▲
Strategic participation in standards and conformity assessment bodies: Influence the outcome of standards in areas of strategic importance to Canada's economy.	◆
Corporate reputation: Demonstrate leadership of Canada's standardization network and deliver on SCC's new strategic direction.	■
Business risks: Risks considered specific to SCC's business.	
Financial: Gain wider stakeholder support to fund Canadian standardization activities.	▲
Legal: Meet requirements for SCC programs and services.	◆
Analytics: Analytical tools and competitive intelligence are required to make informed strategic decisions.	◆
Operational risks: Risks arising from the execution of SCC business functions (e.g., people, systems and processes).	
People: Strategically plan human resources requirements and ensure alignment with SCC's strategic direction.	◆
Technology and information management: Modernize IM/IT platforms to support new strategic direction.	■
Quality management system: Update quality management procedures to reflect shifting strategic direction.	◆

Legend: Risk rating = Probability x Impact
 High = ■ Medium = ◆ Low = ▲

8

OUR FINANCIAL PLAN

8.1

ORGANIZATIONAL FOCUS

In the 2009–2010 fiscal year, the transformation of SCC began, continuing into 2011–2012 and extending beyond.

The transformation can be framed within three distinct areas:

- restructuring of the organization;
- implementation of effective and efficient control processes; and
- alignment with federal government strategic initiatives.

By the end of the current forecast year, SCC will be well-positioned to deliver on its strategic priorities. Significant operating savings were achieved in the last fiscal year and are expected to continue. With all key positions filled, the focus has moved to stabilizing the new environment via a framework of best practices and controlled processes.

Savings achieved allow SCC to have a firm operating foundation for delivering its mandate and to further its objective to strengthen Canada's voice in the global standardization network. A portion of the savings will be re-invested in SCC's technology and infrastructure platforms, to ensure SCC will be able to deliver effectively on its strategic priorities. These priorities will focus on government-identified needs and/or gaps in Canadian standardization activities. The work will be managed on an initiative-by-initiative basis, ensuring goals are met.

2011–2012 OPERATING FORECAST VS. 2011–2012 BUDGET

For March 31, 2012, SCC forecasts a net deficit from operations of \$7.0 million (an improvement of \$86 thousand compared to the 2011–2012 operating budget). This net positive performance variance can be attributed primarily to the strategic cost reduction measures SCC implemented in the early part of this fiscal year (including savings of \$1.1 million in salaries and benefits costs on a number of vacant positions), which was then partially offset by reinvestment in strategic initiatives.

SCC also forecasts a net surplus for the year of \$436 thousand against a budgeted net deficit of \$128 thousand. This favourable position is primarily due to additional funding received from the Government of Canada to support SCC's leading role in the "Adaptation of the North—Integrating Adaptation into Codes and Standards for Northern Infrastructure" initiative, approved at the end of the second quarter. (This five-year initiative was not budgeted for in SCC's 2010–2011 Corporate Plan.)

Total revenue from operations is forecast at \$8.5 million (14 per cent below the budgeted amount of \$9.9 million). Of the total variance of \$1.4 million, 75 per cent results from a revenue shortfall against budget, of \$1.0 million in Accreditation Services (AS) revenue. Approximately \$700 thousand of this variance is due to a revision in assumptions for establishing expected or budgeted amounts for assessment fee revenue. The remaining shortfall of \$300 thousand in the AS branch is primarily due to a delay in the growth and maturation of the Greenhouse Gas Accreditation program. SCC's expansion into this new market segment is tied to the forward momentum of the provincial governments with respect to mandating accreditation. While new applications are being received, the timing for assessment visits and recognition of revenue has been extended to future periods. This shift in

timing has impacted the Certification Body Accreditation division, currently operating at 10 per cent below budget. The Laboratory Accreditation division is maintaining its performance close to budget, after normalizing its budgeting assumptions.

Total expenses are forecast at \$15.5 million, or \$1.4 million below the budget of \$16.9 million. The favourable \$1.4 million variance is due, firstly, to the revision in assumptions for establishing budgeted amounts for assessment fee revenue. This revision is noted above for Accreditation revenue, correlating directly to the budgeted amounts of recoverable assessment team travel. These budgeted travel amounts are now estimated to come in at \$700 thousand below budget. Secondly, there is a \$1.1 million favourable variance relating to salary and employee benefit costs, achieved through reorganization and head-count reduction. Lastly, there is an unfavourable variance of \$400 thousand across the balance of the cost categories.

Royalties from the sales of standards are projected at \$901 thousand—\$99 thousand below budget, but on par with the previous year. Based on actual royalties received to date, there appears to be a slowdown in the royalty streams from current sellers. Recently, SCC has engaged two additional sales channel providers to help counteract this trend.

2011–2012 FORECAST TO 2012–2013 OPERATING BUDGET

For fiscal year 2012–2013, SCC has budgeted for a deficit from operations of \$10.7 million—\$3.7 million more than was forecast for fiscal year 2011–2012.

After government funding of \$9.4 million, SCC has budgeted a net deficit of \$1.3 million for the year (for 2011–2012, SCC forecasts a net surplus of \$436 thousand). This \$1.7 million swing from net surplus to net deficit is due in part to expenses related to address strategic priority initiatives over and above SCC's standard operations and much-needed infrastructure investments. Although SCC begins to receive additional permanent funding of \$2.1 million per annum, as appropriated in the 2011 federal budget, this amount has been fully subscribed.

Overall, revenue from operations is budgeted to increase by \$1.0 million, an increase of 12 per cent over the 2011–2012 forecast. This change is comprised primarily of an expected increase of \$582 thousand (nine per cent) in accreditation revenues and an expected increase of \$293 thousand (54 per cent) in advisory services Canada Americas Trade Related Technical Assistance (CATRTA) program revenues. A \$130 thousand increase in SCC StandardsStore.ca royalty sales is accompanied by a slight \$12 thousand (four per cent increase) in other income.

Overall, expenses from operations have been budgeted at \$20.2 million, a \$4.7 million or 31 per cent increase over the 2011–2012 forecast of \$15.5 million. The detailed key strategic initiatives that follow will be allocated a budget amount of \$4.1 million (or \$3.6 million incrementally). The remaining \$1.1 million increase is the net of the following: operating costs with respect to implementation of strategic and other capital investments, planned at \$561 thousand higher;

an additional \$699 thousand will be incurred in salaries and benefits in 2012–2013, as SCC was well below its full-time complement at the beginning of the 2011–2012 fiscal year; and a net \$146 thousand decrease in the remaining expense categories.

As SCC aligns its capacity and workflows with its primary initiatives, five key priority areas—mentioned earlier on in this document—have been targeted for the 2012–2013 budget period:

- Northern Advisory Committee for the Northern Infrastructure Standardization Initiative (integrating adaptation into codes and standards for northern infrastructure)
- CATRTA
- Updating standards in regulation
- Developing Countries Assistance/Standardization Cooperation—Mongolian Agency for Standards and Metrology
- International Technical Committee delegate participation

These key priority areas are at various stages of development, as each requires fairly complex evaluation models to ensure that only the most critical and strategically important initiatives within each area receive support and financial funding.

8.3 2011–2012 FORECAST TO 2012–2013 OPERATING BUDGET

STATEMENT OF OPERATIONS

For the Year Ended March 31 (in thousands of dollars)	Actuals	Forecast	Five-Year Plan				
	2010–2011	2011–2012	2012–2013	2013–2014	2014–2015	2015–2016	2016–2017
REVENUE FROM OPERATIONS							
Accreditation revenue	6,342	6,400	6,982	7,339	7,715	8,110	8,526
SCC Standards Store	899	901	1,031	1,031	1,031	1,031	1,031
Advisory services	320	580	873	1,048	808	208	172
Enquiry Point & notification services	354	395	400	404	408	432	436
Other income	314	294	306	391	455	501	529
TOTAL REVENUE FROM OPERATIONS	8,229	8,570	9,592	10,213	10,417	10,282	10,694
TOTAL EXPENSES	14,974	15,500	20,241	19,977	20,493	20,280	20,154
SURPLUS /(DEFICIT) FROM OPERATIONS	(6,745)	(6,930)	(10,649)	(9,764)	(10,076)	(9,998)	(9,460)
Parliamentary appropriation	7,558	7,129	9,229	9,229	9,229	9,229	9,229
Supplementary funding: Adaptation of North	—	500	500	500	500	500	—
Amortization of government funding for capital assets, net	143	(263)	(371)	61	358	288	127
NET PARLIAMENTARY APPROPRIATION FUNDING	7,701	7,366	9,358	9,790	10,087	10,017	9,356
NET SURPLUS/(DEFICIT) FOR THE YEAR	956	436	(1,291)	26	11	19	(104)
ACCUMULATED SURPLUS/(DEFICIT), BEGINNING OF YEAR	2,712	3,668	4,104	2,813	2,839	2,850	2,869
ACCUMULATED SURPLUS/(DEFICIT), END OF YEAR	3,668	4,104	2,813	2,839	2,850	2,869	2,765

PRO FORMA STATEMENT OF FINANCIAL POSITION

As at the Year Ended March 31 (in thousands of dollars)	Actuals	Forecast	Five-Year Plan				
	2010–2011	2011–2012	2012–2013	2013–2014	2014–2015	2015–2016	2016–2017
ASSETS							
FINANCIAL ASSETS							
Cash	3,627	4,083	2,915	2,920	3,076	3,243	3,044
Accounts receivable:							
Federal departments and agencies	318	330	370	394	402	397	414
Other accounts receivable	1,775	1,841	2,062	2,196	2,240	2,211	2,308
Parliamentary appropriation receivable	660	669	852	852	852	852	809
TOTAL FINANCIAL ASSETS	6,380	6,923	6,199	6,362	6,570	6,703	6,575
LIABILITIES							
Accounts payable and accrued liabilities	1,795	1,858	2,426	2,394	2,456	2,422	2,272
Contributions received	71	73	95	94	96	95	94
Deferred revenue	1,850	1,867	2,037	2,141	2,251	2,366	2,487
Deferred government funding	503	818	1,241	1,231	924	658	531
TOTAL LIABILITIES	4,219	4,616	5,799	5,860	5,727	5,541	5,384
NET FINANCIAL ASSETS	2,161	2,307	400	502	843	1,162	1,191
NON-FINANCIAL ASSETS							
Prepaid expenses	775	802	1,047	1,033	1,060	1,049	1,043
Capital assets (net)	732	995	1,366	1,304	947	658	531
TOTAL NON-FINANCIAL ASSETS	1,507	1,797	2,413	2,337	2,007	1,707	1,574
ACCUMULATED SURPLUS/(DEFICIT)	3,668	4,104	2,813	2,839	2,850	2,869	2,765

PRO FORMA STATEMENT OF CHANGES IN NET ASSETS

For the Year Ended March 31 (in thousands of dollars)	Actuals	Forecast	Five-Year Plan				
	2010–2011	2011–2012	2012–2013	2013–2014	2014–2015	2015–2016	2016–2017
Net surplus/(deficit) for the year	956	436	(1,291)	26	11	19	(104)
Acquisition of capital assets	(343)	(513)	(775)	(474)	(250)	(250)	(250)
Amortization of capital assets	170	250	404	536	608	538	377
(Increase)/decrease in prepaid expenses	54	(27)	(245)	14	(28)	12	6
INCREASE/(DECREASE) IN NET ASSETS	837	146	(1,907)	102	341	319	29
NET ASSETS/(DEBT), BEGINNING OF YEAR	1,324	2,161	2,307	400	502	843	1,162
NET ASSETS/(DEBT), END OF YEAR	2,161	2,307	400	502	843	1,162	1,191

PRO FORMA STATEMENT OF CASH FLOWS

For the Year Ended March 31 (in thousands of dollars)	Actuals	Forecast	Five-Year Plan				
	2010–2011	2011–2012	2012–2013	2013–2014	2014–2015	2015–2016	2016–2017
NET CASH FROM OPERATIONS							
Annual surplus/(deficit)	956	436	(1,291)	26	11	19	(104)
Adjustments for non-cash items:							
Amortization of capital assets	170	250	404	536	608	538	377
Amortization of deferred government funding	(343)	(513)	(775)	(474)	(250)	(250)	(250)
Changes in current liabilities and current assets other than cash	1,579	283	494	(83)	(213)	(140)	(222)
NET CHANGE IN CASH FROM OPERATIONS	2,362	456	(1,168)	5	156	167	(199)
CASH APPLIED TO CAPITAL TRANSACTIONS:							
Additions to capital assets	(343)	(513)	(775)	(474)	(250)	(250)	(250)
CASH APPLIED TO FINANCING TRANSACTIONS:							
Parliamentary appropriation used for acquisition of capital assets	235	513	775	474	250	250	250
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,254	456	(1,168)	5	156	167	(199)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,373	3,627	4,083	2,915	2,920	3,076	3,243
CASH AND CASH EQUIVALENTS, END OF YEAR	3,627	4,083	2,915	2,920	3,076	3,243	3,044

CAPITAL INVESTMENT PLAN

For the Year Ended March 31	Actuals	2011–2012		Five-Year Plan				
	2010–2011	Forecast	Budget	2012–2013	2013–2014	2014–2015	2015–2016	2016–2017
IM/IT infrastructure equipment	216,166	12,948	4,000	69,000	24,000	24,000	24,000	24,000
Software & other	—	399,555	375,000	691,000	435,440	211,000	176,000	191,000
Furniture & small office equipment	18,559	50,000	21,000	15,000	15,000	15,000	50,000	15,000
Leasehold improvements	—	50,000	—	—	—	—	—	20,000
TOTAL CAPITAL INVESTMENT PLAN	234,725	512,503	400,000	775,000	474,440	250,000	250,000	250,000