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**EVIDENCE**

**Thursday, May 7, 2015**

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**Chair**

**Mr. Pat Martin**



## Standing Committee on Government Operations and Estimates

Thursday, May 7, 2015

• (1110)

[English]

**The Chair (Mr. Pat Martin (Winnipeg Centre, NDP)):** Good morning, ladies and gentlemen. We'll call the meeting to order. Welcome to the 48th meeting of the Standing Committee on Government Operations and Estimates, as we continue our investigation and study into the programs and the activities of the Canadian General Standards Board.

This will be the final meeting at which we're going to be hearing testimony from witnesses, and so it's fitting and timely, I think, that we've invited the Canadian General Standards Board representatives to join us today: Ms. Begonia Lojk, director of the acquisitions branch; and Mr. Desmond Gray, the director general of the acquisitions branch.

We'll invite you, as our witnesses, to make some opening remarks, and then we'll go directly into questioning.

Mr. Gray, you have the floor.

**Mr. Desmond Gray (Director General, Acquisitions Branch, PWGSC, Canadian General Standards Board):** Thank you very much, and bonjour.

Today I'm very pleased to once again appear before you to discuss the Canadian General Standards Board and how it engages Canadians in developing standards and providing conformity-assessment services to meet Canada's national interests.

[Translation]

With me is Begonia Lojk, Director of CGSB, an organization within the Acquisitions Branch of Public Works and Government Services Canada.

Given that there are a few new members since our last appearance before this committee in May 2014, I would like to highlight some of the key points made in our first appearance, and give you an update on CGSB activities.

[English]

CGSB has been developing standards in support of government purchasing since the 1930s and has been offering certification programs since the 1980s. It is the only federal organization with this mandate, one that supports Canada's federal procurement, health, safety, trade, socio-economic, regulatory, and environmental interests. These standards, which are established through a balanced stakeholder model, set quality, performance, and safety requirements.

Industry can benefit from economies of scale by offering products and services for broader markets that also comply with government requirements. For example, the government purchases \$593 million worth of fuel on average every year, based on CGSB standards. These are the same industry standards used for selling fuels to global markets.

In addition, CGSB leverages a network of more than 4,000 Canadian volunteers from across Canada, including tactical experts, consumers, industry representatives, academics, regulators, and others, who contribute their time and expertise to develop standards and participate in certification committees.

Regarding standards development, CGSB manages an open and transparent consensus process that helps ensure that there is a strong Canadian voice in standards development. It is always important to have balanced input from Canadian stakeholders when we harmonize with or adopt international standards.

The Canadian General Standards Board also offers certification services to meet the need for third-party, independent verification to evaluate whether products and services meet specific requirements. These services suppliers to demonstrate their compliance with the quality performance characteristics required by their markets.

[Translation]

Last June, this committee heard from officials in the Department of Fisheries and Oceans who use CGSB-certified companies to source fisheries observers to meet their program and regulatory needs for a stable and sustainable Canadian fishing industry.

CGSB verifies the processes that ensure DFO receives accurate and timely information on the harvesting activities at sea, in the scientific catch and sampling data. The fishing industry and DFO both depend on this information for fisheries management, monitoring and scientific research.

[English]

CGSB differs from other standards bodies in Canada in that its primary focus is government interest. This means that CGSB will develop standards and programs in areas in which there is a clear public need. In all cases, CGSB provides services in response to Canadian stakeholder needs.

[Translation]

At our last appearance, you asked specific questions about how standards impact competition, manufacturing costs, etc. In our replies, we explained that standards are inclusive and support innovation through requirements that are performance-based, rather than prescriptive. Standards level the playing field, support innovation and enhance trade.

• (1115)

[English]

The CGSB organic agriculture standard, for example, supports a \$2.8 billion industry in Canada that includes many small and medium-sized enterprises. These standards are used for certification, for provincial jurisdiction, and for harmonization and equivalence with major trading partners, including the European Union, the U.S. A., and Japan.

Over the past year, CGSB has continued to refocus its services in support of government needs.

Last June this committee heard comments from industry about the CGSB furniture qualification program and its need to be better integrated with procurement services. Discussions are now under way with our PWGSC colleagues in procurement to explore mechanisms to more effectively use the CGSB furniture qualification program to procure furniture for public servants.

This past year, CGSB also introduced GC Standards. GC Standards use a streamlined process that is faster, more flexible, and less costly than the process for traditional standards but are still based on a robust consensus process.

CGSB continues to work in areas that have traditionally supported procurement, such as petroleum, construction, protective clothing, and many others. In fact, many of the standards that CGSB is currently reviewing are referenced in the National Master Specification, which is also used for federal construction projects.

[Translation]

The Canadian General Standards Board is providing Canada's input on a new international standard on sustainable procurement. It also leads the international standards work on non-destructive testing used by industry and which supports the Natural Resources Canada certification program.

[English]

This concludes my opening remarks. I want to thank you for the opportunity to provide you with this update. We would be pleased to answer any questions you may have.

Merci.

**The Chair:** Thank you very much, Mr. Gray, for that overview of the important work that the General Standards Board does.

We'll begin with questions right away.

For the official opposition, we have Mr. Mathieu Ravnat.

**Mr. Mathieu Ravnat (Pontiac, NDP):** Thank you both for being here.

I'll start with a request for some information. Do you use external consultants presently, and if so, can you give us a sense of whether that use has increased or decreased in the last five or ten years? And can you tell me why you use the majority of your external consultants?

Thanks.

**Mr. Desmond Gray:** Sure. I will turn to Begonia in a second to assist me in this answer, but I'll give you the knowledge I have to start.

One area in which we have used consultants for some time is auditing. We employ auditors to help us deliver our ISO 9000 and ISO 14000 certification programs.

I was there about 15 or 20 years ago when we did an analysis when we began this program in CGSB. I'll be very frank with you: there has been continuous progress in CGSB to ensure that it is not working in a domain where the private sector should deliver services. So while we recognize the important role we play in the public sector, we also seek to ensure that, where we can, we utilize resources in the private sector, especially because they can be far more cost-effective.

For example, we carry out a series of audits for clients all across Canada, and we have them in the United States and even in other countries. It's far more cost-effective for us to contract with consultants who have the technical expertise, the skills, and the knowledge. We don't then have to employ them on a continual basis. It has been a more cost-effective model for us.

Begonia, would you like to add anything?

**Ms. Begonia Lojk (Director, Acquisitions Branch, PWGSC, Canadian General Standards Board):** Des is absolutely right. We do use external consultants, mostly for auditing services.

To answer your other questions, the number has increased over, I would say, the last four years, primarily because our staffing levels have been reduced. Around 2010, we had about 46 people on staff; we're now down to about 33. There are many reasons for that: retirement, attrition and so on; to some extent there were budget cuts as well. But we find that the use of external consultants works very well for us. It gives us flexibility and also reduces the costs for industry, because we will use consultants who are located in the jurisdiction in which the audit is taking place whenever we can.

I'm trying to think whether we use consultants in other areas. We use laboratories to do our testing. They are not consultants, but they are external services.

• (1120)

**Mr. Mathieu Ravnat:** So despite the fact that your budget has been cut—and you point out that this may be a factor in you having let some people go or having reduced your staff—you're having to pick up that labour by hiring external consultants. Is that what I understand?

**Ms. Begonia Lojk:** Well, to clarify—

**Mr. Desmond Gray:** I think that may be a slight part, but the majority of it was based on sound economics, to be honest with you.

When we did the ISO 9000 and 14000 standards, we evaluated the total cost of doing the work using public servants versus the cost, after we did the audit detail plan, of using privately located and privately contracted consultants. We looked at what the cost benefit to Canada would be. The cost was significantly reduced through the use of consultants.

**Mr. Mathieu Ravignat:** Okay.

I'd like to change subject. I'm concerned, I guess, about how senior managers and executives are assessed in the organization from a performance perspective.

**Mr. Desmond Gray:** As you know, there's an annual review process for all executives in the Government of Canada. It's an annual process and it's based on setting clear objectives at the beginning of the year with every executive. These performance appraisals, of course, have to link to the individual business plans of each organization, to the branch, often to the department, and to the government's broad objectives.

**Mr. Mathieu Ravignat:** So it has to do with the basically functioning of the rest of the public service.

**Mr. Desmond Gray:** It does, because, of course, it's part of the public service. But the plans are specific for each one. For example, in the case of CGSB, Begonia will have specific key objectives that are unique to her role in this function. These are determined in part through a discussion with me and in part through a discussion with my boss, and we make sure they also align with the broader perspectives of the acquisitions branch, PWGSC, and also with the government's priorities.

**Mr. Mathieu Ravignat:** Has the attrition, the reduction in personnel, been mainly from management?

**Ms. Begonia Lojk:** Reduction in personnel has been done completely through attrition. A number of people have retired over the years and we have not backfilled the positions.

On the standards side, we've also put in what I would call efficiencies, because we've improved our processes. We hope to continue to do that.

On the certification side, especially for environmental management systems, we have very few clients. We're basically down to only one or two clients, so we don't really see a future for that business line within government. There's very little interest, so we no longer have an internal person there. He left voluntarily and we simply didn't replace him.

On the quality management side, we use external auditors to supplement our own. We have two internal auditors who go out and do audits.

**The Chair:** That concludes your time, Mr. Ravignat.

Thank you, Ms. Lojk.

For the Conservatives, Mr. Chris Warkentin, go ahead for five minutes, please.

**Mr. Chris Warkentin (Peace River, CPC):** Thank you for coming this morning. I'm thankful that you have come because at the last meeting, I was left with more questions than answers.

We did have the Standards Council of Canada before us. Our discussion forced me to question what the board really does and why it is important in this day and age when we see so many other standards organizations really taking the role that the board once really occupied. The fact that many of the standards within the catalogue of the board are outdated or have become duplicative, I think is a concern to people in industry but also to consumers generally. The thing that was most concerning to me was really the impediment for those people starting out, the entrepreneurs who would require standard testing.

At our last meeting, we talked about glass shower doors and the necessity in Canada for dual stamping, whereas that wouldn't need to be done in the United States. You described the board as really being responsible for maintaining the standards for government. My understanding is that if somebody wants to sell in Canada, they still have to have the board's approval if, in fact, there is a standard that is unique to the board.

• (1125)

**Mr. Desmond Gray:** It's an excellent question.

I want to clarify. I read the comments that were made and I thought, what exactly is going on? We have no certification program for glass shower doors under CGSB. We do not certify them. It would be the tempered glass. So as far as I understand what's going on, at the very least a lot of manufacturers who want to demonstrate to consumers that they actually meet a CGSB standard choose to put their own sort of publicity piece on it and say, "This meets CGSB Standard XYZ".

**Mr. Chris Warkentin:** Is there any standard at the board that a private manufacturer with no interest in doing business with the federal government would need to meet to comply with the board that would have duplicative certification?

**Mr. Desmond Gray:** I'm going to answer that in a second. I'm sorry but I do want to clarify one thing, and I'm sure you've had this from a number of people who have appeared here. I do agree this is a very complex business. It has many different levels and it touches on many different areas. It's part of my job today to try to be transparent and clear to help answer these questions. As a standards organization—and as you know, there are now eight of them in Canada, and we're one of them—our task is to write standards that meet the needs of somebody. It could be business. It could be government in terms of necessary regulation, or it could be voluntary to fill a gap where there's a need.

We have no authority whatsoever in CGSB to compel anybody to use any of our standards. A lot of our standards, for example, are taken up by a businesses that wants to use those standards to leverage their business, to improve the quality of their process, and to increase their market access by demonstrating they meet a certain level of quality. There is a market component to this. I'll be very frank with you: it's been my experience that often it's small businesses that don't have time to go out and do the investment and the research and development who are the ones who benefit the most from these voluntary standards because they can simply pick them up and apply them to their business model, and suddenly they're getting the intelligence from the bigger organizations.

**Mr. Chris Warkentin:** My concern is, have we created duplication? There are now eight bodies and if the board goes out and seeks to develop the standard.... Really, the world has changed. I don't disagree that the board was necessary. I question now if it's necessary when you have so much of that space being taken up by other organizations that are international in scope.

**Mr. Desmond Gray:** I'm going to turn to Begonia, because I know she wants to comment. I'll just say one more thing. I don't want to hog it here. The CSA, the Canadian Standards Association, which is the largest standards organization in Canada, began in the early 1930s along with CGSB. We existed and we worked collaboratively in different areas and largely in the private sector and the public domain. I will tell you that was when CGSB first began and we were called the Canadian Government Specifications Board. Our task then was to write specifications for government procurement, because at that time there was no central procurement entity in the Government of Canada. Every department did its own procurement. We unified the demand and the definition through the documents of CGSB.

As you know, that changed with the establishment of the Department of Supply and Services in the 1960s. Then we became part of the Department of Public Works. The evolution in Canada is very interesting. Canada has evolved a system—and it is quite distinct in the world, in my opinion—whereby we established in 1970 the Standards Council of Canada as an overarching authority. I was just having a chat about this. I'm not that old, but I know people who were around at that time and who were involved in those conversations. One of the reasons the Standards Council was established was to ensure there was no overlap or duplication among the different standards-writing bodies in Canada. We used to have something called subject area recognition, managed by the Standards Council, that would say, "CGSB, you have expertise here. CSA, you have expertise in that area". All of that was very important to make sure there was no overlap, and I hear you.

Given the introduction of four more new standards bodies, if you're asking me if it is a more complex world, it is, absolutely. The challenge to maintain efficiency in the Canadian system is increased because we're also trying to harmonize Canadian standards with international standards. That's part of the challenge.

I do want to say that Canada has a rationalized system. In the United States they use a very different approach. It's more of an open market approach and you can have multiple standards for the same thing coming out of different organizations. Trying to meet four or five different standards is, in effect, a cost of business.

In 1970 Canada made a decision—again, it's my opinion—to have a rational model so that Canadian businesses and Canadian consumers all had a clear line in terms of that organization and its management. I'll turn it over to Begonia.

•(1130)

**The Chair:** We're so over time on this round that you'll have to wait.

**Mr. Chris Warkentin:** We'll get back to that.

**The Chair:** Perhaps in the context of other questions you can make the point you wanted to make, Ms. Lojk.

We'll go back to the NDP, to Tarik Brahmi.

You have five minutes, please, Tarik.

[*Translation*]

**Mr. Tarik Brahmi (Saint-Jean, NDP):** Thank you, Mr. Chair.

Mr. Gray, in your opening remarks, you mentioned the introduction of GCStandards, which "use a streamlined process which is faster, more flexible and costs less than traditional standards". Could you expand on that?

**Mr. Desmond Gray:** I will ask Ms. Lojk to answer your question.

**Ms. Begonia Lojk:** Thank you for the question.

GCStandards were introduced this year to meet the needs of our federal government clients. As you know, we are accredited by the Standards Council of Canada to develop standards in Canada.

There are several constraints when it comes to accreditation. One of them is the fact that we cannot have administrative clauses. For instance, we cannot introduce certification or specific clauses for a government program.

There also has to be a completely balanced committee, which is completely normal and very good.

**Mr. Tarik Brahmi:** Excuse me for interrupting, but what do you mean by "completely balanced"?

**Ms. Begonia Lojk:** In the accreditation system for any committee, we have to make sure that there is a balance between the producers, the users and what we call the general interest representatives. Normally, we have consumers, representatives from non-profit organizations, and so on. It depends on the subject of the standard.

**Mr. Tarik Brahmi:** Who represents the general interest?

**Ms. Begonia Lojk:** It might be consultants or academics. They are often people from the university community or from non-profit organizations. They can represent the interests of the environment, for example.

**Mr. Tarik Brahmi:** Who chooses these people who allegedly represent the general interest?

**Ms. Begonia Lojk:** Who selects the committee members?

On our team, we have standard-setters who have expertise in their respective area, which means that they will look for participants in the industry and in universities. If it's a new committee, they will consult the other committees to see if there are ties with the topic. They will also look for individuals who are interested in participating on the committee.

At the same time, they will ensure that these people represent a legitimate interest, meaning that it cannot be their personal interest. If a participant represents the consumer, we want to confirm that the individual truly represents a group or the general interest of consumers. Then, when we think we have found a balance, we create a committee that will choose a chair to run it. However, that balance always has to be demonstrated for our annual accreditation.

Does that answer your question?

**Mr. Tarik Brahmi:** Yes.

How is this process less costly?

**Ms. Begonia Lojk:** GCStandards is a product prepared outside the accreditation system, which means that it is a product that is specifically for the government when it does not need a standard from the accreditation system.

Let's take Fisheries and Oceans Canada, for example. Perhaps the department wants a document. We haven't yet started working with that department, but it is requesting a document for the "e-log" program.

That might be a GC standard because we do not really need Canadian consultation. It is intended to be used only in the department's program. It isn't a standard that will be used by the industry or purchased by the public. So it is a very specific service.

• (1135)

**Mr. Tarik Brahmi:** So you are saying that there is no legal obligation to use a standard. It's more like a guideline.

**Ms. Begonia Lojk:** Yes, it can be a guideline, but also a standard that gives public servants directives for their program. It may be a standard established for their program, for themselves.

**Mr. Tarik Brahmi:** I don't see how this process is less costly. Is it because it isn't mandatory?

**Ms. Begonia Lojk:** No, it is less costly because the standard development system requires the creation of a committee and also public consultations.

[English]

There are lots of rules of the game.

[Translation]

It usually takes a year and a half, if not two years to develop a standard. In fact, certain steps need to be followed for public consultation and so on. That means at least 60 days at the start, in the middle and at the end. You might say that a Government of Canada standard is more of a specification than a standard.

**Mr. Tarik Brahmi:** Okay.

[English]

**The Chair:** I'm afraid your time is concluded, Mr. Brahmi.

Ms. Wai Young.

**Ms. Wai Young (Vancouver South, CPC):** Thank you for being here today and for shedding light on what are certainly some of these very complicated changes in this area. Given that Canada has signed some 40 free trade agreements, obviously, keeping a set of Canadian standards is crucial. We're very proud of our Canadian standards, of course, both internally and internationally.

I am a newcomer to this committee, and I was surprised as I was reading about the complexities and the fact that there are now eight different bodies. What is this proliferation, and what does it mean in terms of efficiencies and effectiveness for the Canadian government and in terms of your role?

I have a couple of questions on some of the background documents.

In 2009, after an evaluation of CGSB, you abandoned 700 standards that had become obsolete. Then, in May 2015, as we heard earlier, a representative from SCC confirmed to the committee that more than half of the standards in the catalogue were out of date.

Of course, we want to maintain Canadian standards. There are eight different organizations now developing standards that people and businesses can go to in Canada. There are a lot of questions around harmonization, internal coordination, and simplification with regard to the provinces and internal trade, as well as around meeting international standards.

We can get into the weeds and talk about how standards are developed or not, but obviously there are eight different organizations doing that, and they're doing it very well.

What is the government's role in this? What is your department's role in this? What could it be or should it be, given the modern world, and how standards are changing very, very quickly? Are you in a situation where you feel that you can play a leadership role, a coordinating role, a referring role, or a monitoring role with regard to these other agencies?

Perhaps your role needs to change. Instead of helping to develop standards, which obviously these other agencies, which we heard from directly today, are doing more efficiently and more cost-effectively, perhaps Canada needs to reconsider its role in terms of what we do in this area.

**Mr. Desmond Gray:** Thank you very much. That's a very good question and it will probably tax me to give a very good answer.

I'll tell you what I think. You're absolutely right: the challenge, of course, is to have an efficient system that allows maximum interoperability in terms of market so that Canadian goods and services can be accepted abroad as quickly and as easily as possible. Of course, there's always a quid pro quo in international arrangements. So there's the international domain and there's also the Canadian dimension. I think you've heard from a number of witnesses in the past several weeks who have raised the issue of barriers to trade among provinces. So, again, all the standards-writing organizations in Canada write the standards, but we don't dictate to anybody how they're used.

The question is how we ensure more effective use of these standards. So every time somebody decides to create a regional variation on a standard, that adds complexity to the system. I'm not challenging them as to why they do it. They may have very good reasons for doing it. For example, we do talk in Canada, and Canada does try. I want to be very clear about this. The CGSB is like every other standards writing organization in Canada accredited by the Standards Council. Our process requires us, at the first instance of developing a standard, to see if there's an existing international ISO or IEC standard. In other words, does something already exist so that we don't have to develop something different? That's what promotes interoperability globally. Don't forget, these standards are written by Canadians who come into the room. It's not CGSB. These are not bureaucrats writing the standards. These are Canadians from industry, from business, from the private sector who are giving their opinion as to whether this standard is acceptable or not and how it should be changed. So when Canadians do this, they have to reflect. There's a bit of a challenge role to make sure that's done. We're actually audited on that. But I have to absolutely agree with you. The complexity of difference adds a cost.

One of the challenges, then, in terms of the regime is how we can do better. It's beyond me, obviously. We will ensure that we can provide a better solution, but even when that solution goes out, there are multiple variations once it goes forward. So there's another level of complexity that really needs to be addressed.

On the international level in terms of Canadian standards, Canada has been a very active participant in ISO for many years. In fact, I would say it's recognized as one of the stronger members of ISO and it has provided great value. But Canada is challenged, because if you look at ISO, I'm not sure what the number is, but there are at least 20,000 standards. There's something like a thousand every year coming forward. These are based on international committees. These are not cheap. So if you want to participate, you have to be at the table. But don't forget that people who represent Canada at those international committees are, again, the same people who are coming out of those standards committees at the national level, from CGSB, from ONGC, from BNQ in Quebec. These are the volunteers who, because of their expertise in that area, will then participate for Canada at the international level.

I guess one of the questions here is how we ensure that we leverage our national system in a strategic way to make sure that we don't miss opportunity, that we have an integrated approach, that we maximize the efficiency of this system, and that we deliver optimal value that benefits Canadians.

• (1140)

**The Chair:** Thank you, Mr. Gray.

Thank you, Ms. Young.

Next for the Liberal Party, we have Mr. Mauril Bélanger.

**The Honourable Mauril Bélanger (Ottawa—Vanier, Lib.):** Thank you, Mr. Chairman.

Can you answer the question about the outdated standards, quickly?

**Mr. Desmond Gray:** Yes I can. You're absolutely right. I apologize for that. CGSB at one point, in about 1990, had 1,300

standards in its collection. A lot of these standards were in fact created more because they were specifications for government products. We took them all off the books. Basically, we've taken off almost 1,000. Over 900 have been removed. I want to explain that we don't just cancel them.

**Hon. Mauril Bélanger:** Can you answer the question?

**Mr. Desmond Gray:** Okay, I'll go very quickly. You're absolutely right, we've reduced them. We now have a collection of about 350 standards. In 2008—

**Hon. Mauril Bélanger:** When do you expect those 300 to be dealt with?

**Mr. Desmond Gray:** We've dealt with, I think, over half of them.

**Ms. Begonia Lojk:** I think I can answer your question.

Back about four or five years ago we had 856 standards that were over five years old. As of April 15, we have 162, so that means we've addressed 81%—

**Hon. Mauril Bélanger:** What's your timeline to get them all done?

**Ms. Begonia Lojk:** The ones that are left will probably take between one and two years to be completed, but we are working on all of them.

**Hon. Mauril Bélanger:** You said you had 4,000 volunteers. Do you have an idea of the time they dedicate to this, not individually but in total?

**Ms. Begonia Lojk:** No. We've never done that analysis on a case-by-case basis. We recently did an analysis of the petroleum committee, because we were—

**Hon. Mauril Bélanger:** I would suggest that you might want to, because my next question would have been—and it's a question that you should be able to answer, and perhaps even promote—what is the value of the time that these 4,000 volunteers give?

• (1145)

**Mr. Desmond Gray:** Sorry. It's an excellent question. You're absolutely right, and we will take that on as a recommendation and do that work. But I have to tell you, you're absolutely right. There's no way any of these standards-writing bodies could do this work if they had to pay. These are all significant contributions by Canadians.

**Hon. Mauril Bélanger:** Also it's something we value in all fields of endeavour in Canada.

You said there were eight, and this is something that interests me. I think there are more than eight.

One I mentioned at the last meeting was Accreditation Canada/ Agrément Canada, which basically does a tremendous job both domestically and internationally in terms of hospitals and the processes and practices in hospitals.

So am I right to believe that there are more than eight?

**Mr. Desmond Gray:** Yes. Let me try to answer that. Again, it's complex.



There are only eight organizations accredited by the Standards Council of Canada as Canadian standards development organizations. That's the definition, but there are other institutions that also go out in an industry-specific area and set—

**Hon. Mauril Bélanger:** Do you have a sense of how many?

**Mr. Desmond Gray:** I'm sure there are hundreds.

**Hon. Mauril Bélanger:** Thank you.

Beyond the fact that 33 employees would lose their jobs and there would be an impact on their families, what would be the impact of cancelling CGSB?

**Mr. Desmond Gray:** I don't know if we have a list, but a significant number of our standards are in regulations, so we'd have to look at how that would impact the capacity of that regulation to be maintained in Canada. That would have direct impact there.

Obviously, in terms of those who would make use of these standards.... The Government of Canada, for example, references CGSB standards in its procurement. If those standards were not managed by us, then who would manage them? They'd have to find somebody else to do it.

**Hon. Mauril Bélanger:** Do you have any idea of the amount of taxpayers' money that is spent on procurement by the Government of Canada on an annual basis?

**Mr. Desmond Gray:** I do. Public Works spends between \$13 billion and \$16 billion on procurement on an annual basis.

**Hon. Mauril Bélanger:** Is the budget of CGSB \$1.5 million?

**Mr. Desmond Gray:** It's \$3 million but \$2.1 million is recuperated through fees.

**Hon. Mauril Bélanger:** So it's about \$1 million.

**Mr. Desmond Gray:** It's less than \$1 million; it's \$900,000.

**Hon. Mauril Bélanger:** So there's a cost of \$1 million to regulate and standardize \$16 billion of purchases?

**Mr. Desmond Gray:** Well, I'll be very frank you. Not everything the government buys needs a CGSB standard, but there are some things that do.

I know at one point in CGSB we tried to estimate the impact of CGSB standards on government procurement, and it was just over \$1 billion in about 1989. That's how old I am.

**Hon. Mauril Bélanger:** So the budget, if it were to be cancelled, would be less than a fraction of 1%.

**Mr. Desmond Gray:** Yes.

**Hon. Mauril Bélanger:** Thank you.

Thank you, Mr. Chairman.

**The Chair:** Thank you, Mr. Bélanger. Your time is up just perfectly.

Next, then, for the Conservatives we have Mr. Bev Shipley.

You have five minutes, sir.

**Mr. Bev Shipley (Lambton—Kent—Middlesex, CPC):** Thank you, Mr. Chair.

I'm visiting the committee, so some of my questions may be a bit redundant in terms of some of the history that has happened.

There are eight standards organizations. Obviously, often the more you have, the more the complexity grows. Where does someone go when there is duplication of a standard on a similar product? That has to happen a lot. If I'm the individual wanting to find the standard, maybe I want to sell internationally and I have duplication of different organizations, who filters that out for me?

**Mr. Desmond Gray:** I'm going to start with an answer, and then I'm going to ask Begonia, because she has more technical knowledge than I do, to be honest.

Let's say you're a Canadian company, and the first thing you want to do is sell in Canada. The first thing you'd want to know is whether there are any standards and any certification programs you need to meet to sell your goods. You can go to the Standards Council of Canada. They can explain the whole Canadian regime as to where the standards exist. That information is available online.

If you want to go outside of Canada, then you have to start thinking about the requirements in the other jurisdictions. This is where things get far more complex, because you have to understand what the actual requirements are. In many cases there are no requirements for a certification or a standard. I want to be very clear: for many, many things none of that is required.

For some things, there's a significant network that, in fact, is global. One of the challenges for some things, of course, is that I, as a manufacturer, would like to go out and have one test and one certification and have extensive market opportunity. There are regimes around, and there are certain areas that do allow for that.

I'm going to pass it over to Madam Lojk to give you a bit more detail on that.

● (1150)

**Ms. Begonia Lojk:** The national standards system that we are part of represents only a fraction of the standards systems in Canada, and it's like that in all countries. We represent what's called the voluntary standards system, which falls under the area of ISO and the IEC, the International Electrotechnical Commission. But there are thousands of industry standards out there.

It does get a little complex, because you have to make the distinction between what's in a regulation, what's in a certification program—it's also called a certification scheme—and what an industry standard is. It's a very difficult question to answer.

Within the national standards system, which is coordinated by the Standards Council of Canada, in theory there is no duplication, because up until now the four Canadian standards development organizations worked in their areas and avoided duplication. With the introduction of new standards bodies, there is still a requirement to not have duplication, so if UL from the United States wants to develop a national standard for Canada, it is obligated to see if one already exists.

We are seeing a little bit of friction beginning to happen, but in theory there should not be duplication within our system.

**Mr. Bev Shipley:** That leads me to one of the comments in your presentation that I would not have thought of, but it is of interest. You talked about organic agriculture standards and said you've been including small and medium-sized enterprises.

Standards are used for certification. Who determines what is organic?

**Mr. Desmond Gray:** The short answer in this case in terms of the standards is that the committee establishes the standard.

**Mr. Bev Shipley:** But it says here that actually they go to you for certification, for provincial jurisdiction, and for harmonization equivalency, whether it's domestic or for some of the foreign trade.

It's a valid question, I believe, because I'm not sure anybody can put their finger on what organic is, whether it's in Canada or from province to province, and more so in the countries that are listed—the EU, United States, and Japan—which actually then takes it further if you start to talk to some of the Asian countries.

There are different standards. Can someone tell me how you can have organic honey, for example? If I were to call up and want to know the standards for organic honey, where would you send me?

**Ms. Begonia Lojk:** Thank you. I'd like to try to answer your question.

We have two standards for organic food in Canada. We have the organic agriculture standard and the organic aquaculture standard. They are both national standards of Canada.

They were financially supported by Agriculture Canada. We call that the sponsor. I believe CFIA also contributed to them. They are in regulations. Part of the rationale for having standards is for transparency for consumers, so that when they're buying something they know what they're actually buying and there's consistency in quality.

The standards themselves don't go into the details of the actual product, whether it's honey or not. I can give you a sort of line to tell you what they actually do. They outline the principles of how to increase the quality and durability of the environment through specific management and production methods. They focus on many things, including the humane treatment of animals, but they do not make specific claims about the health, safety, or nutrition. So they outline principles for how you run an organic practice.

**Mr. Bev Shipley:** I think you've actually hit the nail on the head a little bit. It doesn't talk about standards; it talks more about principles.

• (1155)

**The Chair:** You are well over time, Mr. Shipley.

**Mr. Bev Shipley:** I'm sorry.

**The Chair:** I'm sorry. I gave you quite a bit of latitude, but you're a full two minutes over time. It was an interesting question and interesting answer. Thank you.

That concludes our first round of questioning actually. This is probably the last opportunity the committee will have, prior to starting to craft a report on our findings, so there are two items of clarification I would like to put to you from the chair.

First, in order to make it clear to the committee members, with regard to the total budget and the amount of cost recovery and the net cost to the taxpayer of operating the CGSB, did I understand that to be just short of \$1 million per year?

**Mr. Desmond Gray:** Yes. I believe last year, 2014-15, the total net cost was \$900,000.

**The Chair:** You have roughly 33 staff, and you lever the activity of 4,000 volunteers.

**Mr. Desmond Gray:** We did. We charge a fee for some of our programs, so that produced a revenue stream of \$2.1 million.

**The Chair:** That's viewed as cost recovery against your total budget.

A lot of the questioning seems to imply that the standards, the activities of the CGSB, constitute a barrier to trade or an onerous responsibility for small business or entrepreneurs. A point you made in your remarks was that you view it as a net benefit to the smaller businesses and entrepreneurs. Can you explain why you find that?

**Mr. Desmond Gray:** Small businesses can be part of the process, but as all these organizations go forward, because there is a balance of businesses and consumers, standards often produce a baseline for purchasing. So, for example, when a group such as Public Works references a CGSB standard, it does it for a specific reason: because it has an existing definition, which is neutral and performance-based, and it fits in with our procurement direction, so we can then reference that in a competitive process.

That's good for us, but it's also very beneficial for the market, because as a document in itself, it gives clear direction to everybody in the sense of what we're going to buy, and it's an open document.

**The Chair:** Why does that represent a savings to a small business person?

**Mr. Desmond Gray:** A small business may define specific technical components or give intelligence in terms of a best practice for the production of a product or a service that is very beneficial to a small business just starting out. It gives them content in terms of their business and an understanding of the expectation of performance and delivery in the marketplace.

So this can aid a small business. We talk about levelling the playing field. What we mean in part is that we're providing that information to all Canadians so that even small businesses can take a look at those standards. If they relate to their business, they can then take those and integrate them into their business model and then bring their quality up to the performance standard.

**The Chair:** Okay. That's helpful. Thank you.

We'll begin our second round. We're going to go until about 12:45, ladies and gentlemen. Then we have to conclude, thank our witnesses, and give some direction to the analysts to begin to craft a report based on what we heard.

We should have time for at least three more rounds of questioning.

Mr. Ravignat is next on the list.

**Mr. Mathieu Ravignat:** I think probably the main worry Canadians have has to do with the issue of conflict of interest when you're setting standards. I think that's fundamentally what we're talking about. You need a third party to do that, because you have to make sure that conflict of interest doesn't creep in.

Do you feel your role in ensuring there is that third party analysis is crucial?

**Mr. Desmond Gray:** I want to make sure I understand.

When you talk about third party, you're not talking about us as a standards development organization, are you?

**Mr. Mathieu Ravignat:** I'm talking about an independent voice, someone other than industry.

**Mr. Desmond Gray:** You're absolutely right. I think one of the virtues of the system is the requirement to have balance in the committees between users and manufacturers. All the major vested interests have to be in the room. There has to be a balance between the number of representatives so no one group can dominate that process.

**Mr. Mathieu Ravignat:** What if you weren't there?

**Mr. Desmond Gray:** If we weren't there, you would probably have a much more skewed process. If you didn't have these principles, I honestly doubt whether many people would participate in the process, because they wouldn't believe that they were effectively represented and were being listened to.

Part of the value of the process is its very integrity and the confidence it gives to people who participate in it that the outcome is just, fair, balanced, and reasonable.

• (1200)

**Mr. Mathieu Ravignat:** I would fundamentally agree with you on that.

You seem to be doing it as well in a very cost-effective fashion as well, something you should be congratulated on. I think if you were to talk to most taxpayers about what you cost vis-à-vis what you ensure in this country, I think most Canadians would probably feel that your existence, your role in all of this, was justified.

I want to move to maybe a broader subject, and that's ISO standards. From travelling and so forth, I get a lot of comments that ISO standards are not really useful anymore, that they're not being used as much as they should be. A lot of people are questioning whether or not it's still a good system. With regard to ISO and your role with ISO, do you have the capacity to feed into and to improve that system? If you do, how would that happen?

**Mr. Desmond Gray:** I'm going to give a very short answer, I promise. Then I'll turn it over—

**Mr. Mathieu Ravignat:** It's a big question, I know.

**Mr. Desmond Gray:** It's a great question.

CGSB has a very small participation. There are maybe 25 or 30 committees we actually participate in. We participate in Canada, and very rarely do we actually interface with ISO at the international level. But we feed into that, so that's a part of it.

I would say this. I can't tell you the Canadian perspective on the level of use and the value of ISO standards. That's an incredibly interesting question. I can tell you that the European Union adapts ISO standards for their community standards. That's one awfully big jurisdiction and marketplace. So if you're going to measure the standards in terms of the impact they have on communities and economic areas, I would think that impact would be very significant.

Having said all that, I want to go to the other part of the question. At one point, the Standards Council of Canada, which is really the strategic centre of Canada's international participation in ISO—it manages it and leverages the resources—used to have a committee called CNC/ISO. It was like a policy committee that brought together all the national standards organizations for strategic discussions about how we would participate, what we would work on, and how we would leverage our participation in ISO. Unfortunately that committee ceased to exist about six or seven years ago. One of the comments I would make is that ISO is not going to go away. International business is not going away. The need to have international standards and to leverage those standards is not going away. What is needed is perhaps a greater, more specific focus on improving our strategy to identify those areas where we can participate better in ISO and IEC.

**Mr. Mathieu Ravignat:** So one could say, in the context of increasing free trade with Europe in particular, because you did mention Europe, that in fact ISO standards become even more important in Canada than they were before.

**Mr. Desmond Gray:** I can't answer the question, but I did try to find out what the impact of CETA is going to be. Of course, as you start to open up your markets, clearly there's going to have to be some process for mutual recognition and reciprocity, or else you may establish a deal, but without mutual acceptability of product, it becomes a problem. You're absolutely right.

**Mr. Mathieu Ravignat:** Is it your opinion that logically this means going through the ISO system?

**Mr. Desmond Gray:** I guess what you're asking me is whether ISO will be the dominant standards in terms of that relationship. I honestly don't know, but I would suggest that the European Union uses them. It's almost automatic that when an ISO standard comes out...

I'll let Begonia answer it from the technical side.

**Ms. Begonia Lojk:** I'll just add a little something regarding ISO. From a sheer volume point of view, I don't know how many thousand documents a year ISO publishes, but they have published something like 25,000 standards and other documents. So in terms of sheer volume and in terms of participation, they have something like 166 member bodies. These are countries. So, yes, it's an important forum to participate in.

You're right. You hear in some sectors that ISO standards are not very well viewed. Particularly when you go into the more high-tech areas, people complain about the process being slow, whereas for the older technologies, ISO is the place to be. It just depends on the sector, and they work in many sectors.

The other important thing is that it's one member per vote. The European Union has over 30 member countries and over 30 votes, so they participate actively in ISO. They also participate in their own regional standards bodies, two of which are called CEN-CENELEC. They take their regional standards and bring them to ISO. So it is very important for Canada as a country to ensure that we influence the European Union member bodies so that the standards incorporate the requirements that are necessary for us to be able to adopt them.

• (1205)

**The Chair:** Mr. Kerr, you have five minutes, please.

**Mr. Greg Kerr (West Nova, CPC):** Thank you, Mr. Chair, and good morning.

I'm just going to ask one question and then let Chris follow through.

We understand the complexities and the challenges. I think we've pretty well got that. But I must say that when we had witnesses coming forward, there wasn't unbounded enthusiasm for the general standards board [*Technical difficulty—Editor*].

**The Chair:** Isn't that interesting? I see the microphones are still working, so we do have some power.

We have stopped the time, but I don't see any reason why we can't continue by candlelight if necessary.

Mr. Kerr, go ahead.

**Mr. Greg Kerr:** What we were hearing expressed was a lot of frustration. Not to get into all the layers of complexity that have to happen, but it seems to me that, when you are talking about systems and relationships, something has to be done to bring the parties together and communicate better, more clearly. This is for the benefit of the public. It's for the benefit of the industry. We all know it is getting more complicated internationally, but there seems to be some disconnect going on. Is there an opportunity, or should there be an obligation, to bring the parties together quarterly or twice a year, or whatever, to say, "Okay, what are your frustrations with the process, not with all the standards, but with the process?"

**Mr. Desmond Gray:** Can I just ask for a point of clarification?

Do you mean the people who participate in the system, such as the businesses and all the participants?

**Mr. Greg Kerr:** Yes. As I said, the ones who were here representing the various standards processes were saying that they are not very happy with what goes on. Rather than getting into the details—

**Mr. Desmond Gray:** No, it's fine.

**Mr. Greg Kerr:** It's the relationship that I was talking about.

**Mr. Desmond Gray:** I'll let Begonia answer in a second, but the answer is absolutely yes. I think it is important to maintain effective relations, and it's very important to continually re-engineer your process and your services. To do that, you really need to understand the market—I mean the broad market of Canadians and international business—and to do that you need to have constant communication. You need a process to do that, or else it becomes very anecdotal.

**Mr. Greg Kerr:** Whose responsibility is that?

**Mr. Desmond Gray:** For example, at CGSB we do surveys internally as part of our process, but we are only a very small player. I am not sure anybody is actually doing it—and I am going to turn to Begonia—but I would say certainly it could, as a very positive thing, be coordinated with the standards development organizations across Canada and with the Standards Council of Canada.

**Ms. Begonia Lojk:** I just want to ask for a point of clarification, if you don't mind.

Are you asking about the collaboration among the standards development organizations or among the broader stakeholders in the system?

**Mr. Greg Kerr:** We are hearing from those who are involved directly in the standards. We understand the layers and so on, but there seemed to be a level of frustration about the relationships and the process. The standards themselves were a totally separate issue. It seemed to me that there should be some sort of process to have the grown-up conversation about how we can make this better, how we can work better together on behalf of Canada. That's where I was coming from.

• (1210)

**Ms. Begonia Lojk:** That really is the mandate of the Standards Council of Canada. Their act very clearly stipulates that they are there to be the coordinator of the national standards system and to develop national standardization strategies. That really is their role. They do have a committee that is part of their board of directors—it's in the act—which brings together the standards development organizations two to four times a year, at which point discussions are held about governance, cooperation, and that sort of thing. Of course, the effectiveness goes up and down, depending on where the pendulum is, but that exists.

In terms of bringing the broader stakeholders together, I think Desmond mentioned earlier the Canadian standards strategy. The last one, published in 2008, reached out to all Canadians, over a period of many months, and pulled together the needs of all the stakeholders, with a view to coordinating better, eliminating barriers to participation, and being more effective nationally and internationally.

**Mr. Desmond Gray:** Just to add one more point, that process required the Standards Council—and they did it—to go out and have direct engagement with all the different sectors of Canada, to pull in their thoughts, opinions, and ideas. I want to say that this was not just a bunch of bureaucrats sitting around having some ideas; they went out to do that. Unfortunately, that hasn't been done in a while, but I think that answers your question.

**Mr. Greg Kerr:** Is there any time left for Chris?

**The Chair:** You have 30 seconds, Chris, if you have a brief comment or question.

**Mr. Chris Warkentin:** I am more confused than ever, because the Standards Council of Canada was expressing great concern, and now you are telling us that the Standards Council sorted it all out, so I am at a little bit of a loss, but we probably don't have time to correct that. Maybe we need to chat with them a little bit.

**The Chair:** I notice that your name is on the list after the next questioner, Chris, so you might want to continue that then.

While I have the floor, I will announce that the emergency power is good for only 20 minutes. If the lights are not back on in 10 minutes, I think we'll have to adjourn the meeting, because we'll need five minutes to gather our things and it will be pitch-black if the power has not returned. In the interests of safety, etc. we'll have to adjourn the meeting in 10 minutes if we don't have the power back on. That does give us time for two more rounds of questions, though.

Mr. Brahmi, you have five minutes.

[*Translation*]

**Mr. Tarik Brahmi:** Thank you, Mr. Chair.

I would like to go back to the question about the ISO.

More than 20 years ago, when I began my studies in microelectronics, there was competition in electronics and micro-electronics between ISO, which is more European, and the American National Standards Institute, or ANSI, which was American.

Is this competition still ongoing? Is there still a power struggle between Europe and the United States?

**Ms. Begonia Lojk:** Yes, there is a little, even between ISO and the International Electrotechnical Commission, or the IEC. These organizations work together in the sector. ISO and IEC have a joint committee, the JTC 1. Sometimes there is also a bit of competition between the major American standards development organizations, such as ASTM, which sees itself as a global organization that is equal to ISO. ISO, however, considers itself to be the only international organization. In short, I would say that this competition still exists.

However, I don't know about Europe.

**Mr. Tarik Brahmi:** As Canadian representatives, where do you position yourself in that dynamic?

**Ms. Begonia Lojk:** The CGSB provides a technical contribution, but it is so small that it is not involved in this competitive dynamic.

**Mr. Tarik Brahmi:** Now I'll move on to harmonization.

Two days ago, we heard from a provincial organization from Quebec, and a national organization. They told us about this increasing trend of using binational standards—with the United States—and international standards.

I'm always thinking about rail safety, but this might also apply to other areas.

With the adoption of broader standards, do we risk not considering the specific local characteristics, which might be a danger to public health and safety?

• (1215)

**Ms. Begonia Lojk:** There is always a risk, which is why it is important for Canadian participation to be strong.

If we develop a standard in Canada, with only Canadians, the voice is solely Canadian, but if we are working with other countries, our voice is a little diluted. Essentially, standardization involves cooperation and negotiation, so when it comes to standardization, it is very important to have a strong voice when we are working with other countries. The risk is always there, but it can be managed.

**Mr. Tarik Brahmi:** My question is for both of you.

Have there been any cases where you have felt the need to emphasize this more Canadian or more local aspect, when it comes to risk? Could you provide an example?

**Ms. Begonia Lojk:** Are you asking for a technical example?

**Mr. Tarik Brahmi:** Yes.

**Ms. Begonia Lojk:** First, I should say that I don't work in the technical area.

**Mr. Tarik Brahmi:** But could you give us an example you have heard about?

**Ms. Begonia Lojk:** Yes.

The members of certain committees wear what we call immersion suits in the course of their work. Now, these people work together. That said, a few years ago, someone from Transport Canada told me that he was a little concerned about the conditions in Canada, because the temperature of the waters here are much colder. So the tests were different for Canada.

As I said earlier, there is always a way to manage these risks. However, it is important to have our experts contribute.

**Mr. Tarik Brahmi:** Mr. Gray, do you have any comments?

**Mr. Desmond Gray:** There is always a balance between the aspects that are important for Canada and having access to all the markets.

I agree with Ms. Lojk that Canada must be present at the table and be heard. What's most important is being at the table, but sometimes we aren't there.

**Mr. Tarik Brahmi:** Okay. Thank you.

[*English*]

**The Chair:** I believe, Mr. Brahmi, your time has expired. Thank you.

Chris Warkentin, you have five minutes, as long as the lights hold.

**Mr. Chris Warkentin:** Thank you, Chair.

We'll get back to the question that I was asking, or maybe I was just expressing my confusion—

[*Technical Difficulty—Editor*]

**The Chair:** The meeting is adjourned.





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