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Chair

Mr. Dan Ruimy

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• (1530)

[English]

The Chair (Mr. Dan Ruimy (Pitt Meadows—Maple Ridge, Lib.)): Thank you, everybody, for attending the fourth meeting of the Standing Committee on Industry, Science and Technology. We are going to plow right ahead.

In our first hour we have some gentlemen here to see us; in the second hour we'll break into our subcommittee and we'll go from there.

Pursuant to Standing Order 108(2), we are doing an overview of the activities of the organizations under Innovation, Science and Economic Development Canada.

We have two witnesses here from the Standards Council of Canada: Michel Girard, vice-president of strategy; and Stephen Head, manager of strategy.

You have 10 minutes. I'll wave to you, if you are coming down to the end.

Go ahead.

Mr. Michel Girard (Vice-President, Strategy, Standards Council of Canada): Thank you, Mr. Chair. On behalf of John Walter, the chief executive officer of the Standards Council of Canada, I want to thank you for this invitation.

I will begin by outlining the role that SCC plays before turning to challenges and opportunities related to standardization in Canada.

SCC is a federal crown corporation. It was established by an act of Parliament in 1970. Our mission is to enhance Canada's competitiveness and well-being through standardization. Our organization is composed of 93 staff, and our strategic direction is guided by a 13-member governing council.

SCC is Canada's national accreditation body. What does that mean? It means that we accredit eight organizations that develop and maintain technical standards for Canada. We also accredit hundreds of organizations that test and certify products to relevant standards. Those are called conformity assessment bodies.

This is a crash course in standards development for you today. I hope you will bear with me with all of this terminology.

You will see the logos of these conformity assessment bodies on many products that you buy and use every day, from computers to hockey helmets. The CSA logo would be the one that most people recognize, but there are many other logos associated with the work we do.

SCC represents Canada in international and regional standardization forums, such as the International Organization for Standardization, or ISO, and there are others. We support more than 3,000 Canadian members representing various industry inspectors in hundreds if not thousands of standards development committees.

SCC also works with government to support the priorities that will bring the greatest benefit to Canada. On that front, governments around the world use standards to support public policy objectives. In Canada, a recent SCC search revealed more than 5,000 references to technical standards in federal, provincial, and territorial regulations. So regulators clearly are using standards to support their policy objectives.

Examples of such standards include the flammability of children's sleepwear, the safety of medical devices, the use and storage of explosives, and certification of organic foods. There is a chance that if you regulate and there are technical aspects to your regulation, you may need a standard in order to explain clearly to the regulatee what they need to do in order to comply with the regulation.

In the handout we distributed, you will see a couple of pie charts. You will see that SCC is a relatively small organization with a budget of approximately \$21 million. A little bit less than half of our revenues come from federal government appropriations, and we generate the other half of the revenues from our accreditation services and from the sale of standards.

That is a kind of overview of SCC. Now turning to priorities, challenges, and opportunities, let me list the three priorities we are focusing on at SCC.

The first one is providing value for Canada. Our activities must add benefit to Canada before we pursue them. The second priority is entrenching our place as an international leader in standardization, in other words, becoming standards setters, wherever it makes sense to do so. The third one is related to fostering innovation.

If we turn to our key challenges, one of them is a shift to using more and more international standards as distinct from domestic standards. This is not unique to Canada; businesses and regulators around the world rely more and more on international standards. For example, only 39% of standards incorporated by reference in federal regulations have been developed in Canada; 61% have been developed elsewhere, such as in the United States, in Geneva, or in other countries in which international organizations are operating.

Our ability to develop and maintain domestic standards has been impacted by many factors, including a decrease in technical expertise in this country and the globalization of markets and supply chains.

• (1535)

Thousands of Canadians are participating in regional and international standardization activities to ensure these standards meet our needs. However, we need to do more to help Canadian innovators become standards makers internationally as opposed to standards takers if we want them to export their products abroad. That's a key challenge for us, and we aim to continue to pursue that line of thought and develop programs and activities to support our innovators in the global marketplace.

Another challenge is the use of different standards by different jurisdictions within Canada to ensure regulatory compliance. Canadian industry leaders have told us repeatedly that in order for them to be competitive, we need to move toward this concept of one standard, one test, and we need to align standards requirements among jurisdictions for them to be able to be competitive.

Let me turn briefly to opportunities, and they're linked to the challenges that I just outlined. We see many opportunities ahead. For example, we support the government's work to update the Agreement on Internal Trade to better align standards in regulations across Canada. We will continue our effort to improve coordination across jurisdictions by collaborating with provinces and territories to complete the first comprehensive inventory of standards referenced in all regulations, federal, provincial, territorial. This will allow jurisdictions to compare notes and will allow them to begin to align their standards when they are different from one jurisdiction to the other.

Moreover, we'll also continue to work with stakeholders to identify the standards, testing, and certification requirements that are the greatest impediment to internal trade. As there are thousands of standards and regulations, we should begin by focusing on the ones that are creating the greatest harm to make a difference with limited resources.

SCC is also committed to creating a more integrated standardization network across North America. Greater harmonization will increase the flow of goods across our borders, make supply chains more efficient, and improve market acceptance of innovative products and services.

Finally, maintaining our position as an international standardization leader can bring significant benefit to Canada. Our role in coordinating, aligning, and supporting the participation of Canadian experts on international standards development committees gives Canada a competitive advantage. It advances innovative ideas and knowledge that can transform our nation into a global standards maker in areas of strategic importance for the economy.

Mr. Chair, this concludes my opening remarks. Stephen and I are more than willing to answer any questions you may have on this complex system.

Thank you.

• (1540)

The Chair: Thank you. That was good and it was under 10 minutes.

The first question goes to the Liberal side, Mr. Longfield.

Mr. Lloyd Longfield (Guelph, Lib.): Thank you, Mr. Chair. Through you to Michel and Stephen, thank you for coming.

My background is in manufacturing. I spent most of my career either owning or managing manufacturing facilities and always drove toward ISO 9001 or its predecessors. Looking at how the setting of a standard impacts our economic growth, our productivity, our efficiencies, are there programs in place or being planned with the SMEs to stimulate the use of international standards like ISO 9001? Many of them don't adopt because of paperwork challenges and costs. Is your department working on any of that?

Mr. Michel Girard: Thank you. There are two parts to this question.

I think the first priority for us is to make sure that we support members who want to participate internationally, because often an SME will find it difficult to play. There are some barriers to them, such as time and money. So we've established a participation program at SCC to help fund some of the activities of the mirror committees, the Canadian committees that participate internationally. We have \$1 million set aside annually to support these organizations.

When it comes to the use of standards by SMEs, yes, we are providing as much information as we can on our website. We are expanding our virtual network of interested parties to share the information and showcase the benefits of standardization to these organizations.

One interesting aspect here is other member bodies like SCC are also seeing the same challenges, so we are encouraging our SMEs to visit the ISO website where they'll see a number of examples where standards make a difference to SMEs and help them to access global markets. We're doing the best we can with the limited resources we have to help them access the standards and benefit from them.

Mr. Lloyd Longfield: I have one or two more questions if I can possibly sneak them in.

We've been hearing about EMF, electromagnetic field, standard safety code 6, and communities not wanting to have communications towers around them, and standards around preventing EMF forces from hurting babies or animals. Has your department done any work around the science of safety code 6 that we can use when we're looking at developing policy?

Mr. Michel Girard: SCC is not a regulatory authority. We encourage organizations to develop standards when there's a need. I can recall some examples, with smart meters, for example, where smart meters were installed but there was no certification program in place to ensure the safety of these devices.

Sometimes industry or regulators will deploy new technologies and will only think about the ramifications when these things are installed. We encourage organizations to actually look at standards to do this. Now in Canada there is a standard being developed regarding the certification of smart meters. I think that when the market and the regulators see a need, then the standards system can support them in order to do that.

Mr. Lloyd Longfield: So it is in process.

Mr. Michel Girard: It is in process for smart meters, and for the other devices you mentioned I'm sure we can take a look at the work programs from the various SDOs, standards development organizations, to make sure that it's included. If it's not, then it's a conversation with regulators that we need to have.

• (1545)

Mr. Lloyd Longfield: Super. Thank you. We'll bring that forward as we need to.

The last question for me is around environmental standards and looking at climate change and whether there are some new standards we might need to be aware of or make our constituents aware of, or whether we can provide information back to you around environmental standards.

Mr. Michel Girard: In terms of climate change, obviously there are two components to that.

There is the mitigation part, that is, how can we reduce greenhouse gas emissions through new technologies. One important standard that is being developed now is related to environmental technology verification. That's a standard Canada put forward internationally. It will allow organizations to test the merits of a new technology compared to a baseline to see if it actually performs the way it's intended to do. That's one area where we see Canada taking the lead, and that's for green technologies.

Regarding adaptation to a changing climate, we also are providing support to the government in terms of developing new standards to help adapt our infrastructure to a new threshold of extreme weather events. A couple of examples of that are related to northern infrastructure equipment being installed and maintained in the north. There's permafrost melting and different snow loads requirements. We're helping to develop standards to meet those new challenges.

Mr. Lloyd Longfield: It's good to hear that it's being responsive. Some of our trade agreements will require these types of adjustments. I'm thinking of how the CE standard and the UL and CSA standards all needed to be integrated, and probably we need to look at that going forward. So it's good to hear.

Mr. Michel Girard: We absolutely need to. On that, we maintain mutual recognition agreements between SCC and other member bodies around the world so that products that are certified to our standards can be tested elsewhere and be accepted here.

Mr. Lloyd Longfield: Perfect. Thank you very much.

Mr. Michel Girard: You're welcome.

The Chair: Gentlemen, that was good.

We'll now go to Monsieur Bernier.

[*Translation*]

Hon. Maxime Bernier (Beauce, CPC): Thank you, Mr. Chair.

Mr. Girard, thank you very much for your presentation. We truly appreciate it.

You talked about the impact of standards on small and large businesses. My question is specifically about international standards.

You just talked about mutual recognition of standards. Often, business people tell us that there are too many standards and regulations and that that hampers productivity. What are you doing to ensure that different industries, such as the aerospace industry, can be subject to competing international standards that are safety standards at the same time? In the aerospace industry, do you have a mutual recognition agreement with other standardization bodies elsewhere in the world?

Mr. Michel Girard: Unfortunately, we don't have a formal mutual recognition agreement in that sector.

Recently, however, we signed an agreement with our European counterpart, CEN-CENELEC. Under that agreement, Canadian observers can now attend meetings of the technical committees managed by CEN-CENELEC, including for the aerospace sector.

In several cases, Canadian industries have told us that they are concerned about the European standards. Thanks to this agreement, we have gotten CEN-CENELEC to open its doors and listen to Canadian businesses' complaints about clauses seen as too restrictive.

Hon. Maxime Bernier: Do any aerospace companies, such as Bombardier or others, have complaints about the adjustment of the standards for aircraft construction?

Mr. Michel Girard: We have not received any request from Bombardier about that.

Hon. Maxime Bernier: Speaking of Bombardier, you may know that a motion was moved in this committee to receive representatives of Bombardier in order to study the impact of government subsidies on its competitiveness.

It is your job to ensure that we have the most effective standards possible. Can something be done for Bombardier's competitiveness? If my colleagues in the governing party so choose, we are going to hear from Bombardier representatives in the coming weeks in order to study how the company operates, its productivity and its future challenges. Is there something in the standards that could help that company?

• (1550)

Mr. Michel Girard: I imagine that Transport Canada is very interested in the technical issues Bombardier faces to have its aircraft certified. That is highly regulated.

When it comes to voluntary standardization, there are hundreds of technical committees that are directly or indirectly related to this sector at the International Organization for Standardization and the International Electrotechnical Commission. If someone shares specific concerns with us, we can react and tell you whether Canada is involved in these activities. In some cases, Canada is not even involved in international standardization activities. If it is involved, we can tell you whether it is satisfied with the results of the committee work.

Hon. Maxime Bernier: That is important to know, because if our colleagues in the governing party agree to our motion, we will be able to ask the right people these questions.

I'd like some more information about how mutual recognition works. If I understand correctly, we don't make other standards here in Canada. If another country's standards are not similar, we don't aim for similarity in the standards. We want standards that have the same objective when it comes to mutual recognition in a given sector.

Do you rely on the objective of a standard or are you more concerned with the details of regulation? In other words, if European standards are really different from Canadian standards in terms of the details, could there be mutual recognition or would you be picky and ensure that the standards are more harmonized? I think that harmonization is not what we should be aiming for. We should be aiming for mutual recognition.

Do you have the same logic on this? We often talk about mutual recognition when basically what we are aiming for is harmonization, but that is not what we should be aiming for. What is your philosophy on that and what happens in practice?

Mr. Michel Girard: It really depends on the legal documents that are signed by the governments to do one thing or another.

There is no mutual recognition of standards as such between Canada and Europe. If there were, it would have to do with the capacity of the bodies that certify products and services. The countries involved continue to determine which are the appropriate and acceptable standards in their respective jurisdictions. To my knowledge, there is no mechanism for mutual recognition of specific standards between Canada and the European Union.

As for our relations with the United States, it is very clear that we feel that a great deal of effort should be made to develop joint standards. We are not talking about harmonized standards, where there would be two separate documents and potentially significant differences between the two texts. We are talking about rules that would be created and maintained by Canadians and Americans. We have already developed pilot projects in this area because this need was identified several years ago by the business sector.

Canada and the United States are making progress on developing joint voluntary standards. Those standards can then be used and incorporated by reference by regulatory authorities, where appropriate.

Hon. Maxime Bernier: Thank you.

The Chair: Thank you very much, Mr. Bernier.

[English]

Mr. Masse will have the next question.

Mr. Brian Masse (Windsor West, NDP): Thank you, Mr. Chair.

Thank you to our guests for being here today. I have your backgrounder here. I'm sorry I was a little late. I had to speak in the House of Commons. I appreciate your coming here today on short notice as well to get us going.

I noticed that your document talks about your representing Canada in international and regional forums, such as the International Organization for Standardization, the ISO, and the International Electrotechnical Commission, the IEC.

I am just wondering if reports are gathered after those travels—I haven't seen them—that could be sent to the offices of members of Parliament with respect to those interactions, so that we see what is going on out there in the world.

Mr. Michel Girard: We manage approximately 450 mirror committees; those are the Canadians participating in international standardization activities. Committees will work on draft standards, and that work will be focused on the draft document until a draft standard is ready for public consultation.

We can do two things for parliamentarians. We can absolutely alert parliamentarians when new work items in specific areas of interest are being contemplated; we can alert parliamentarians to new work items that have been approved. Then we can explain to parliamentarians what the parameters are for each of the different standards being developed, and once the public consultation process begins, then obviously every Canadian can come up with comments and share those comments with the Canadian mirror committee.

● (1555)

Mr. Brian Masse: Okay. Despite fear of being lynched by my colleagues for receiving more email, I still think it would be very helpful to get at least some notifications, especially if there's interest in our ridings in the public consultations. I think that would be really helpful.

Do you do a year-end summary and is it distributed? Is that something that takes place?

Mr. Michel Girard: I'm sorry; I didn't hear the second part.

Mr. Brian Masse: Do you have a year-end summary?

Mr. Michel Girard: Yes, we do.

Mr. Brian Masse: Do you send it to us currently?

Mr. Michel Girard: Well, yes, we can. What we can do is—

Mr. Brian Masse: Okay, but you don't right now? I just want to make sure what I'm getting and not getting. You don't right now, right?

And I'm not being negative. That's just....

Mr. Michel Girard: What we could do is send you our annual report, which provides the list of the various technical committees in which Canada participates. We can also send you the annual work program or biannual programs from the various international organizations that develop standards. That would be a starting point.

On our website you have the ongoing list, the active list of all of the mirror committees, and the chairs, secretaries, and members as well. There's a lot of information that you can access on our website.

Mr. Brian Masse: Okay. It's just a matter of hunting stuff down. This committee is huge. I know that I would appreciate the biannual or the annual.... Whatever is appropriate to start with is good with me. We don't want to create extra work. You could be doing all kinds of wonderful work out there that we're not even aware of, especially under science, technology, innovation, and so forth.

I would just encourage that, for me. People could opt out of it, if they don't want it. You could invite them to do it. If they don't want to receive it, then it wouldn't be a waste of resources and time for you. But I would find it interesting.

In the section of your speaking notes entitled "Challenges & Opportunities", you have a point which says:

Canada's ability to develop and maintain standards has been impacted by reduced funding, a decrease in experts and more complex standards. Canada is relying more and more on regional (U.S.) or international standards.

How much have you been reduced in budget for the last number of years? When did it take a dip, and how much are you behind in terms of where you think you need to be?

Mr. Michel Girard: SCC itself received an increase in parliamentary appropriation, I believe three years ago, in order to increase our participation internationally and also to update some critical standards that were badly out of date. But here, what is meant by this is really the reduced funding available in Canada to help our Canadian standards development organizations maintain and develop new standards. That's really what we're talking about here.

Mr. Brian Masse: How much money is that, in terms of the—

Mr. Michel Girard: In terms of range, if you want to develop a new standard, let's say for a new technology that you'd like to deploy in the country, it is probably around \$200,000 to \$300,000, if you were to hire a standards development organization to develop the standard on your behalf.

Mr. Brian Masse: That would be comprehensive, I guess.

Okay, it would be comprehensive. I just want to make sure that's on the record, because nodding is not.

The other question I had regarding that section is with the statement, "Canada needs to align standards and regulatory requirements within North America to make gains and advance the Canadian economy." Would you guys—women as well in your organization—deal with such things as, say for example, auto recall, with the United States? Would that be part of what you're...?

No, it wouldn't?

Mr. Michel Girard: No, that's a regulatory obligation that Transport Canada and their counterparts in the U.S. manage.

Mr. Brian Masse: What kinds of things are you looking at here with regard to North American alignment?

Mr. Michel Girard: For example, in Canada, we maintain approximately 2,400 different standards—electrical, plumbing, gas, pressure vessels, those kinds of things—and in the majority of cases, these standards are not identical, obviously, and not even harmonized with equivalent standards in the U.S. We're trying to

make sure that the next editions of plumbing or electrical standards are getting closer and closer to what's happening in the U.S. so the certification requirements in Canada and the U.S. will be more aligned. This would result in savings for the manufacturers but also for Canadian consumers, because they pay for this at the end of the day.

• (1600)

Mr. Brian Masse: I hear this from the mould-making industry.

You must have a real challenge with us on the metric system and them on the Imperial system with regard to all this, or is that a challenge you've grown through?

Mr. Michel Girard: No, that's an annex in a document. That's not really an issue.

Mr. Brian Masse: Okay, great.

Thank you very much, Mr. Chair.

The Chair: Thank you very much.

May I recommend that you send that report Mr. Masse was asking for to the clerk. We can pass it around to everybody.

Mr. Michel Girard: We'll send you a copy of our annual report, just to be clear, and if there are additional requests for information, then we can point you to the annual work program. All these international organizations can give you a pretty good sense of the scope.

The Chair: Thank you very much.

The final question in this round goes to Mr. Arya.

You have seven minutes.

Mr. Chandra Arya (Nepean, Lib.): Thank you, Mr. Chair.

Sometimes when I am having discussions with my colleagues in the technology sector, one of the common complaints I hear is the Standards Council of Canada and your accredited standard development organizations are not proactive.

Let's take an example of cloud computing. I know cloud computing is increasingly being used and major companies like Amazon and Microsoft are pushing for it. The whole system has been developed now, and the data is being located on different servers in various parts of the world. Cloud computing can become as big as telecom. Telecom has standards like IPE, GSM, whatever it is. What is happening there? What is your role? How well are you working with the international organizations in standards on this front?

Mr. Michel Girard: In terms of telecom standards, the international organization—

Mr. Chandra Arya: —the ITU.

Mr. Michel Girard: —is the ITU, the International Telecommunication Union, and the lead for Canadian participation is held by the Department of Innovation, Science and Economic Development, ISED; Industry Canada was the old name. They're responsible for the coordination of Canadian participation, but as far as we're concerned, we need to let industry decide what's best for them to do. They will decide when to participate, at what level, and what kind of resources they will apply to the committee.

Our role here is to ensure that they're aware of the new committees when they're being created and support them to the best of our ability, so they can get what they need out of the process.

Mr. Chandra Arya: Of course, I understand the importance of the industry having its own self-regulatory process, but when it comes to the encryption or the security standardization and things like that, are these also part of ITU?

Mr. Michel Girard: I don't know. I would have to check and get back to you.

Mr. Chandra Arya: That's fine.

On the other front, when the Auditor General of Canada audited you sometime ago, they recommended that you improve your process for accrediting conformity assessment organizations. They also said that you need to improve the timeliness of reassessments carried out by partner organizations. They also said there has to be better monitoring of the performance of Canadian participants on international technical committees.

The Auditor General reported that you agreed with all the recommendations. Have you implemented these recommendations?

Mr. Michel Girard: My understanding is that we have. We've done a comprehensive review of our accreditation services branch at SCC and established and implemented a quality management system so we can address the recommendations of the Auditor General.

Mr. Chandra Arya: Thanks.

Talking about the U.S., you said you have not harmonized standards. Are you talking of different standards or the same ones? What do you mean, especially from the technology sector's point of view?

Mr. Michel Girard: If you think about the electrical code, for example, the CSA maintains the Canadian electrical code, the CEC, and it's updated every three years. It's then incorporated by reference in provincial regulations, because the provinces are responsible for electrical safety.

In the U.S. there is a code, managed by the National Fire Protection Association, the NFPA. It's called the national electrical code. That code is also issued every three years.

We see differences between the U.S.-based code and the Canadian code, and we also see time lags between the changes that are made to the U.S. code and these changes coming to be accepted or implemented in the Canadian code. In some cases, this results in significant time lags for the incorporation or deployment of new technologies or ideas in Canada, because we're always one cycle late. In other cases, some people will say that they don't agree with this or that, which means that industry needs to certify products twice.

That's the reason we think it's important for us to seek industry input, so that the standards and codes that are not aligned and that create the biggest grief to these organizations are looked at. That way, we can come up with this concept of joint standards when it makes sense to do so.

• (1605)

Mr. Chandra Arya: In the challenges, you mentioned that there are more complex standards now and that the European Union is advancing while Canada continues to lag. If you consider technology development over the last 25 to 30 years, there is much more than there was in the last 200 to 300 years combined.

In this context, is it not good for you to collaborate more with international organizations rather than do everything at home?

Mr. Michel Girard: Absolutely it is. I agree with you entirely. To give you a sense of scope, we did a search of how many technical standards are available online through organizations similar to ours, and the number last year was 335,000 different documents, technical standards for various sectors of industry, manufacturing, and services. Major organizations such as ISO and IAC publish more than 35,000 new standards per year.

It's impossible for a country like Canada to want to duplicate or replicate that or be everything to everybody, when you look at this kind of scale. The challenge for us is to decide when we can afford to be a standard taker and agree that we will use a standard developed internationally, sometimes even when we haven't participated because there is no interest on the part of Canada or no expertise here, and when there are areas in which we absolutely have to be standards makers. When there are leading-edge Canadian technologies and innovations, we need to go international and participate and win, so that we can access the global market. That's the kind of message we're communicating to various stakeholders.

It's unfortunate, but sometimes there is the sense that if the standard is made in Canada, it will invariably be better than if it's made internationally, and that's not always the case. For us, the issue is when we should focus internationally.

The Chair: Thank you very much.

We will now go to the second round, which is five minutes.

We will start with Mr. Dreeshen.

Mr. Earl Dreeshen (Red Deer—Mountain View, CPC): Thank you very much, Mr. Chair, and welcome to our guests.

I noted a couple of items when I read through the report and listened to what you presented.

One of the key things you spoke about, of course, had to do with internal trade and some of the issues associated with it. I was on the agriculture committee in our last Parliament, and this was something we looked at in a lot of detail. Hopefully we'll be able to take some of the information that came from that study, so that we don't reinvent the wheel—we have to have new standards for that as well.

I think a critical aspect of it is to make sure we recognize that when 13 provinces and territories all have their own ideas as to how they should put things together, it is difficult for Canada to move ahead as a brand when moving into other countries. The work you have to do and of course the different incorporations by reference that are required in each of the governments make your task extremely difficult.

That, perhaps, is one of the things people look at when they try to deal with Canada, where do they go, and who is it that is going to set the bar, so that they know where it is. That's one of the important parts.

It was mentioned earlier—I believe Mr. Arya mentioned it—that you had the AG report. I was also on the public accounts committee when that was taking place. You have done a good job of trying to make sure you have dealt with all of the things that auditors general look at, which often are more a question of how you do things than whether or not something is wrong.

Mr. Masse and I had an opportunity last evening to present some awards at an eBay award ceremony. There were some amazing young women entrepreneurs talking about some of the things that are important, but what they see as a barrier is some regulations and standards issues.

One of those happens to be selling things across the border when there is a de minimis cost, which basically means that above \$20 there has to be a tax on it. If it comes back from the U.S. into Canada, at the present time it is set at \$200, and I believe the U.S. has just bumped that to \$800. This makes it very difficult for them to move product across the line, and it puts our businesses at a disadvantage.

Is this something you would deal with, or should I be looking somewhere else on behalf of those individuals?

•(1610)

Mr. Michel Girard: Well, we deal with voluntary standardization, and I think what you're referring to is basically a tariff that would be imposed on a product. We would not have any role to play there.

But just to support your statement, we've done a case study with the Canadian Institute of Plumbing and Heating to try to ascertain what the costs are associated with multiple certifications, if you have different standards in Canada and the U.S.

We took a very simple example of a water heater. We found that to sell a water heater in Canada, you need to certify your product more than once, sometimes three to four times. That results in an increased price for the water heater here in Canada, up to 2% to 4%, just because somebody forgot somewhere to update their old standard in their regulation.

That's the kind of work we want to pursue with the provinces, so that they know what the different requirements are between jurisdictions. Then we can have an enlightened conversation about the best way to approach this to align the standards and reduce costs for manufacturers, but ultimately for consumers.

Mr. Earl Dreeshen: I just have half a minute or so left. Perhaps you could discuss how Canadian industries and businesses can use you as a tool to make things run more smoothly.

Mr. Michel Girard: We are engaged in a dialogue with major industry associations in this country. We have been doing this now for five years. The dialogue is about these irritants. When irritants can be identified, whether it's within Canada or between Canada and the U.S., then we connect with our counterpart, the American National Standards Institute, and then have a discussion about the best way to align those voluntary standards so that we can get to a single one.

The Chair: Thank you very much.

We will now move to Mr. Baylis. You have five minutes.

Mr. Frank Baylis (Pierrefonds—Dollard, Lib.): Thank you.

I'm going to dial it back and try to understand the roles between standards and regulations. Maybe you could explain, first of all, how they move. You develop a standard, but it doesn't necessarily have to be implemented or followed. Could you explain that?

Mr. Michel Girard: Exactly. A standard is a voluntary instrument. We accredit organizations that will bring together people from industry into a technical committee: regulators, consumers, academics. They will ascertain if a new document is needed to support a new product, and then we'll publish this document.

Once it's published, if regulators then decide there are health and safety issues with a particular product, they may decide to use the standard and incorporate it by reference in their regulations to specify these other types of things that the regulatee needs to do to comply with the intent of the regulation.

Mr. Frank Baylis: Okay. Then in that light, Mr. Bernier was asking a lot about avionics regulations. You don't touch anything to do with standards in that area.

Mr. Michel Girard: No.

Mr. Frank Baylis: That's correct. Nor would you have anything to do with regulations.

•(1615)

Mr. Michel Girard: No, exactly. We provide the goods, and then regulators decide if they want to use them.

Mr. Frank Baylis: There are other people who are developing those standards. You're not necessarily filling in. There's no need, say, for avionics standards done by your group.

Mr. Michel Girard: For voluntary standards in the areas, the departments will decide which standards. There are a variety of standards. They'll decide which standards they will incorporate into their regulations, into their own regulatory certification programs.

Mr. Frank Baylis: Of the standards that you are developing and you're overseeing, how many move into regulations? How many become forced regulations, and how many do not?

Mr. Michel Girard: A minority of voluntary standards end up in a regulatory framework. At the federal level, our count in May 2015 was approximately 1,400 different voluntary standards were incorporated into federal regulations. At the provincial level, approximately 4,000 different standards were incorporated into provincial and territorial regulations.

That does not include the national model codes, like the national building code or the fire code, which are different instruments. You would find thousands of standards incorporated in them.

Mr. Frank Baylis: Those are not covered by your groups.

Mr. Michel Girard: They're not covered by us. That's the National Research Council and the Canadian Codes Centre.

Mr. Frank Baylis: In some of your opportunities in advising, you said there's a balance between needing to develop a Canadian standard, or is there one off the shelf from ISO or something like that? Do you make the decision to guide these eight standards organizations underneath you? Do they have to take your guidance or can they make that decision themselves?

Mr. Michel Girard: It is part of their accreditation. They make those decisions on behalf of the stakeholders that are interested in standards. We facilitate the process, and we make sure they abide by the process that we've laid out for them.

Mr. Frank Baylis: It's for them to decide if they want to develop a Canadian standard or adopt one.

Mr. Michel Girard: Yes.

Mr. Frank Baylis: What is the trend right now?

Mr. Michel Girard: In what terms?

Mr. Frank Baylis: The trend in developing their own or adopting international.

Mr. Michel Girard: The overwhelming majority of standards are being developed internationally. Very few new standards are being developed and maintained domestically. We see a lot of activity to maintain the Canadian electrical code, the plumbing code, or...the legacy items.

Mr. Frank Baylis: These are legacy items, and we're just struggling to keep them up to date.

Mr. Michel Girard: Exactly.

Mr. Frank Baylis: You mentioned the Americans will update theirs and then suddenly we're behind again.

Mr. Michel Girard: Absolutely. Yes.

Mr. Frank Baylis: In that instance, would you be in a position to say.... You have UL, ULC, CSA, and they have UL underwriters. Could you say there's an argument people make not to lose sovereignty by just saying they'll snap onto theirs?

Mr. Michel Girard: The argument about sovereignty is an important one, and we want to ensure that, if we join forces with U.S. stakeholders, Canadians don't get lost in this. That's the reason we tried those three pilot projects, to see how we could make it work. The results were pretty impressive. Canadians were able to hold their own and were able to get their critical elements or ideas into the standards.

Mr. Frank Baylis: Into the American standards, so when the Americans were developing theirs, they would say they were from

Canada and wanted to make sure they covered this point, and the American standards developers were listening.

Mr. Michel Girard: Yes, absolutely. That's how we did it in terms of joint standards between Canada and the U.S. Canadians didn't lose out. They were able to get what they needed out of the process.

Mr. Frank Baylis: Your stakeholders are not worried if we start internationalizing our standards. Would they see this as a good or a bad thing?

Mr. Michel Girard: Some stakeholders will always be worried. That's a question we need to address with them, but the facts are there. We believe we're pretty good at this. If we're involved internationally, we're okay.

Mr. Frank Baylis: As you're overseeing these eight groups—

The Chair: Mr. Baylis, your time is up.

We're now going to Mr. Nuttall.

Mr. Alexander Nuttall (Barrie—Springwater—Oro-Medonte, CPC): Thank you, Mr. Chair.

Through you, Mr. Chair, to Mr. Girard, my first question is just to clarify.

Are auto sector standards not done by you at all? Are they done by Transport?

Mr. Michel Girard: Yes, and by other standards development organizations based mostly in the U.S.

Mr. Alexander Nuttall: Thank you.

What direction, if any, have you received from the new government since November 4 in regard to the future of your organization?

Mr. Michel Girard: We have not received any specific guidance or direction, other than that collaboration is extremely important now and our focus should be on supporting innovation. That's certainly something that the new administration looks at very favourably.

We believe we can contribute to that in the way that I explained earlier in my testimony: by helping innovators access global markets through supportive standards.

• (1620)

Mr. Alexander Nuttall: Okay.

Why isn't your annual report from 2014-15 on your website?

Mr. Michel Girard: Is it or is it not?

Mr. Alexander Nuttall: Why is it not?

Mr. Michel Girard: I don't know. I believe it is.

Mr. Alexander Nuttall: I have here 2013-14 and those backdated from there. I don't have 2014-15. What's the standard for your reporting on the organization?

Mr. Michel Girard: I will have to get back to you, because my understanding was that the most recent annual report and the corporate plan were accessible on our website. Let me get back to you on that.

Mr. Alexander Nuttall: Yes, if you could.

There were a couple of items in the 2013-14 report in terms of a reduction in expenses on a couple of items, based on the “limited internal technical resource base, as well as difficulty” getting “external experts” to undertake studies, etc. Further down, on the next page, it's actually stated that expenses were “\$2.1 million higher” than the year before, based on an increase in salaries and benefits. So we were unable to get the people to fulfill the mandate that you had given yourselves that year, yet we paid more money in salaries and benefits than we had expected, by roughly \$2.1 million.

That, to me, is a concern in terms of how we're running an organization. I can't know what the outcome or the effect is if I don't have the latest information, if you will, in terms of annual reports.

Mr. Michel Girard: Okay.

Mr. Alexander Nuttall: The next question I'd like to ask is in terms of how we've all heard from manufacturers who were coming in and talking about standards and regulations of many types. I heard from one a couple of weeks ago who used a concrete mixer as an example. You go to Home Depot for one, or somebody brings in their own, and you're mixing concrete. In Europe, the guard so that you don't get your hand stuck is a certain size for the little squares, and in Canada it's another size. It creates significant issues for them in terms of what they're building on the line and the equipment they need in order to facilitate exports.

Are these the types of things you would be able to tackle? If so, what is the process for us as we hear about these from the industries? What's the process for us handing those off to you?

Do we have to come to this committee, Mr. Chair?

Or can we just write direct emails? Or is it the actual manufacturer or industry that needs to provide that information?

Mr. Michel Girard: Well, I think we're very open to respond and investigate on your behalf if there are issues that have been raised by a particular industry sector. That's our job.

Mr. Alexander Nuttall: Okay.

Mr. Michel Girard: The question always is, is the standard truly voluntary or is it part of a regulation? If it's part of a regulation, then we need to involve the regulatory authorities. Sometimes it's federal, but for these it could be provincial too.

Mr. Alexander Nuttall: Absolutely.

I have about 30 seconds left. Have you seen any obstructive behaviour in relation to using standards in other countries in some sort of trade dispute, or because they're voluntary, that doesn't happen?

Mr. Stephen Head (Manager, Strategy, Standards Council of Canada): We work quite closely with counterparts on various trade issues. We have an agreement with the European regional standards organizations, CEN and CENELEC, that have helped to resolve some trade issues, because often the voluntary standards we deal with do end up in regulations, and it can become a trade issue at that point.

Mr. Alexander Nuttall: Can we get a copy of those for the last couple of years just to be able to understand what they are?

I'm done. I'm over my time. Sorry, Mr. Chair.

The Chair: That's okay. Thank you very much.

Would you also be able to send the annual report to the clerk? We can pass it around to everybody.

Mr. Michel Girard: The 2015-16 annual report, right?

The Chair: No.

Mr. Michel Girard: The 2014-15 one? The 2014-15 report was tabled in Parliament.

The Chair: Okay.

An hon. member: It's not on the website.

Mr. Michel Girard: It's not? Okay.

The Chair: Thank you.

We're moving on. We have two more left.

We are going back to you, Mr. Longfield. You have five minutes.

Mr. Lloyd Longfield: Thank you, Mr. Chair.

It's very good discussion today, at least for those of us who are interested in standards.

Voices: Oh, oh!

Mr. Lloyd Longfield: I'm looking at a standard in regard to one of my constituents who has a brake pad manufacturing company in Guelph. There's a standard in the States whereby asbestos is still allowed in brake pads. We don't have the same standard in Canada. He is having to compete against the company in the States that still has asbestos in the pads.

Could you describe how we can try to get the government—heh heh, we are the government—to, as an example, enforce a Canadian standard on brake pads? If you need to get back to us, that's fine. We can just skip over it, but I did want to bring it up on behalf of his company.

● (1625)

Mr. Michel Girard: I think that in this case it's a regulatory authority. It is Transport Canada that decides what the appropriate standards are for various parts for vehicles.

You have voluntary standards. They're being incorporated in their regulations. Sometimes, regulatory authorities will draft their own documents and call them “standards”, so it's not always a one-to-one correlation there.

Mr. Lloyd Longfield: It seems critical when asbestos is mentioned in a conversation.

Mr. Michel Girard: Yes. Mr. Head has something to add to this.

Mr. Stephen Head: I wanted to add this because I've seen it occur a couple of times. Often the confusion stems from the fact that regulatory departments are creating mandatory regulations, which we're not involved in, but they call them standards. Transport Canada will sometimes have regulations. They call them standards, but they are in fact mandatory requirements.

Mr. Lloyd Longfield: Okay. Maybe we can follow up off-line on that.

This may be an extension of Mr. Nuttall's question, Mr. Girard. From the summary of the operating budget, your forecast deficit in this coming fiscal year is \$1.7 million. Is there a reaction plan to that? What are you planning for this year to avoid deficit, or might we see a general statement coming forward?

Mr. Michel Girard: Yes. You will see the adjustments made in the next version of our corporate plan. We have an ability at SCC to put money aside in a reserve when we don't spend all of our dollars. There was an accumulated reserve that we wanted to use. It's mostly for multi-year contracts that we carry through. The deficit is linked to investments that we made before, contracts that we signed before, and they will be carried over the next year. Then we'll be able to draw from our reserve until a reasonable balance is achieved.

Mr. Lloyd Longfield: Would you be replenishing that reserve through increased services? Another statement I've seen in your challenges is that you've had cuts in the last few years, and that because of the reduced funding, you haven't been able to have the type of experts or the quantity of experts. Would that impact on your revenue model as well?

Mr. Michel Girard: We'll live with the parliamentary appropriations we have. If the reserves get depleted to a certain level, then I guess we will reduce our expenses.

That's what we're planning to do when we get to this equilibrium in a couple of years from now.

Mr. Lloyd Longfield: But does having experts reduce your ability to get cost recovery? Do you get funding from the work that the experts could have otherwise done if they were there?

Mr. Michel Girard: I don't understand your question. I'm sorry.

Mr. Lloyd Longfield: I'm thinking that the Standards Council gets paid for the work that you do through the experts. If you don't have the experts, would you also lose revenue?

Mr. Michel Girard: Our revenues are associated with our accreditation services. If a company wants to become an accredited certification body, they would apply to us and we would audit them. We do this in two ways. We can use our own staff in order to do the audits, or we can hire external consultants to do it, but that's all cost recovered. We would get our clients to pay for those audits.

Mr. Lloyd Longfield: Okay, thank you.

The Chair: Mr. Masse, you can take us to the end. You have two minutes.

Mr. Brian Masse: I know we have other business to do so I'd like to thank the witnesses for their interventions.

The Chair: Gentlemen, thank you very much for attending. It was very informative. You are free to go.

• (1630)

Mr. Michel Girard: Thank you very much, and thank you for having me.

The Chair: We're just going to do a couple of housekeeping items and then we're going into subcommittee. If you're not on the subcommittee, you're free to go.

Thank you very much, gentlemen.

The first portion of this meeting is now adjourned. We will be going into a subcommittee meeting.

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