



Hazardous Materials Information  
Review Commission

Conseil de contrôle des renseignements  
relatifs aux matières dangereuses

# **Hazardous Materials Information Review Commission**

**2007–2008**

**Departmental Performance Report**

---

The Honourable Leona Aglukkaq  
Minister of Health  
Government of Canada

**Canada**The wordmark for Canada, with a small Canadian flag icon integrated into the letter 'a'.



# Table of Contents

Section I Overview .....	1
President’s Message.....	1
Management Representation Statement.....	3
Summary Information.....	4
Overall Performance .....	12
Section II Analysis of Performance by Strategic Outcome .....	14
Strategic Outcome.....	14
Performance Analysis .....	15
Section III Supplementary Information .....	27
Appendix A – HMIRC’s Organization.....	27
Appendix B – Financial Performance.....	28
Appendix C – Financial Statements.....	31
Section IV Other Items of Interest .....	42



## Section I Overview

### President's Message

As the President and CEO, I am pleased to present the 2007-08 Departmental Performance Report for the Hazardous Materials Information Review Commission (HMIRC).

HMIRC operates within the context of the Workplace Hazardous Materials Information System (WHMIS) and is accountable to Parliament through the Minister of Health. Under WHMIS and the *Hazardous Materials Information Review Act*, the Commission is mandated to achieve a balance between the right of workers to know about the hazardous materials they deal with in the workplace and the right of industry to protect confidential business information. Through our compliance efforts, the Commission continues to be an important health and safety advocate for workers as well as a strategic partner to industry, helping to safeguard trade secrets that help companies compete in the marketplace.

In 2007-08 the Commission identified the following four priorities as its areas of focus: improving services to clients and stakeholders; monitoring and implementing changes resulting from Canada's response to the Globally Harmonized System of Classification and Labelling of Chemicals (GHS); operationalizing the legislative amendments to the *Hazardous Materials Information Review Act*; and enhancing management excellence.

As an organization with only one program activity - the Claims Exemption Process - the capacity to process claims for exemption as efficiently as possible directly impacts the service that can be provided to clients and stakeholders. Over the past year, we worked hard to make operational improvements aimed at increasing our efficiency in the review of claims. Backlog reduction was a top priority and attending to the associated capacity issues a central focus. In 2007-08, extensive work was completed to prepare for the roll out of the backlog reduction plan, aimed at eliminating the backlog over the next three years as well as strengthening our administrative and corporate capacity. This involved securing preliminary funding and preparatory work for the new evaluators; revamping the evaluator training program and creating a career-development program are examples of the work undertaken. In addition, the Commission successfully rolled out an interactive, electronic Application for a Claim for Exemption form in October 2007, offering claimants several innovative features which make filing a claim more user-friendly and efficient for all concerned.

The Commission continued to monitor Canada's implementation of the GHS, an international initiative to harmonize approaches to classification and hazard communications. We are an active partner in interdepartmental working groups and within the federal Health portfolio. The Commission participates on the WHMIS Current Issues Committee and related working groups and is also actively participating in the review of the *Hazardous Products Act* and other legislation that may impact the

Commission and/or hazardous materials subject to confidential business information regulations.

On March 29, 2007, Bill S-2 amending the *Hazardous Materials Information Review Act* received Royal Assent and became Chapter 7 of the *Statutes of Canada, 2007*. The enactment into law of the legislative amendments marks the completion of a renewal process, which began in 1998, and has been supported unanimously by our Council members, representing labour, suppliers, employers and the federal/provincial/territorial governments. The next phase will be the implementation – realization – of the amendments.

Implementation of these legislative changes requires consequential amendments to the *Hazardous Materials Information Review Regulations* and *Hazardous Materials Information Review Act Appeal Board Procedures Regulations*. The regulatory amendments will streamline the claim process and reduce the administrative burden on claimants. The proposed amendments were published in the April 12, 2008, issue of the *Canada Gazette, Part I*.

Enhancing management excellence was also a priority. Through strategic partnerships within the Health Portfolio and with other departments, the Commission continued to access interdepartmental resources and expertise, and gather best practices, as needed. A comprehensive Human Resources Plan was developed to address the commission's needs and a proactive communications approach employed by management to increase employee awareness of HR modernization initiatives, and, most importantly, to convey our increased focus on the learning and development of employees. As a management team, we will continue to pursue our aspiration to be a workplace of choice in Canada – one that rewards excellence and offers a supportive environment for all employees.

I am proud of the Commission's accomplishments this last fiscal year. I look forward to working with the Commission's highly qualified staff and its Council of Governors throughout the implementation phase of the renewal process. I am confident that the professionalism, dedication and hard work of our staff will continue to reap rewards for Canadians - providing quality service to our claimants and making a positive contribution to the health and safety of Canadian workers.

Sharon A. Watts  
President and CEO

## Management Representation Statement

I submit for tabling in Parliament, the 2007–08 Departmental Performance Report (DPR) the Hazardous Materials Information Review Commission (HMIRC).

This document has been prepared based on the reporting principles contained in the *Guide for the Preparation of Part III of the 2007–08 Estimates: Reports on Plans and Priorities and Departmental Performance Reports*:

- It adheres to the specific reporting requirements outlined in the Treasury Board Secretariat guidance;
- It is based on the department's Strategic Outcome and Program Activity Architecture that were approved by the Treasury Board;
- It presents consistent, comprehensive, balanced and reliable information;
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it; and
- It reports finances based on approved numbers from the Estimates and the Public Accounts of Canada.

---

Sharon A. Watts  
President and Chief Executive Officer

---

Date

## Summary Information

### Health Portfolio Overview

The Minister of Health is responsible for maintaining and improving the health of Canadians. This is supported by the Health Portfolio, which comprises Health Canada, the Public Health Agency of Canada, the Canadian Institutes of Health Research, the Hazardous Materials Information Review Commission (HMIRC or the Commission), the Patented Medicine Prices Review Board, and Assisted Human Reproduction Canada. Each member of the Portfolio prepares its own Departmental Performance Report.



The Health Portfolio consists of approximately 12,000 full-time equivalent employees and an annual budget of over \$3.8 billion.

### Hazardous Materials Information Review Commission – Reason for Existence

The Commission provides a mechanism for protecting the trade secrets of those companies which manufacture, supply and/or use hazardous materials and to accurately inform Canadian employees who work with such materials about the intrinsic health and safety hazards.

### Mandate

The *Hazardous Materials Information Review Act* mandates the Commission to:

- ▶ register claims for trade secret exemptions and issue registry numbers;
- ▶ adjudicate and issue decisions on the validity of claims for exemption using prescribed regulatory criteria;
- ▶ make decisions on the compliance of Material Safety Data Sheets (MSDSs) and labels to Workplace Hazardous Materials Information System (WHMIS) requirements; and
- ▶ convene independent boards with representatives drawn from labour, suppliers or employers to hear appeals from claimants or affected parties on the Commission's decisions and orders.



## **Mission**

The Commission's mission is to:

- ▶ ensure a balance between industry's right to protect confidential business information and the right of employers and workers to know about the hazardous materials they deal with in the workplace;
- ▶ provide a trade secret mechanism within WHMIS; and
- ▶ resolve complaints and disputes impartially, fairly and promptly through statutory or alternate means.

## **Vision**

HMIRC has defined its vision as:

- ▶ making decisions based on both sound scientific principles and regulations, and taking pride in being a professional quasi-judicial organization seeking creative and progressive approaches to enhancing workplace safety; and
- ▶ resolving complaints and disputes, whether under statutory mandate or not, in a manner that is impartial, fair and prompt.

## **Values and operating principles**

The Commission recognizes that continuous improvement is critical to remaining relevant and to providing effective and efficient performance and service quality. HMIRC has identified the values and operating principles that foster continuous improvement in its operations.

**FAIRNESS**—in its ability to provide services and to perform statutory functions.

**TIMELINESS**—in its ability to provide services within established and reasonable time frames.

**ACCESSIBILITY and TRANSPARENCY**—in its ability to provide information and services simply and clearly, and with policies and procedures that are understandable to everyone.

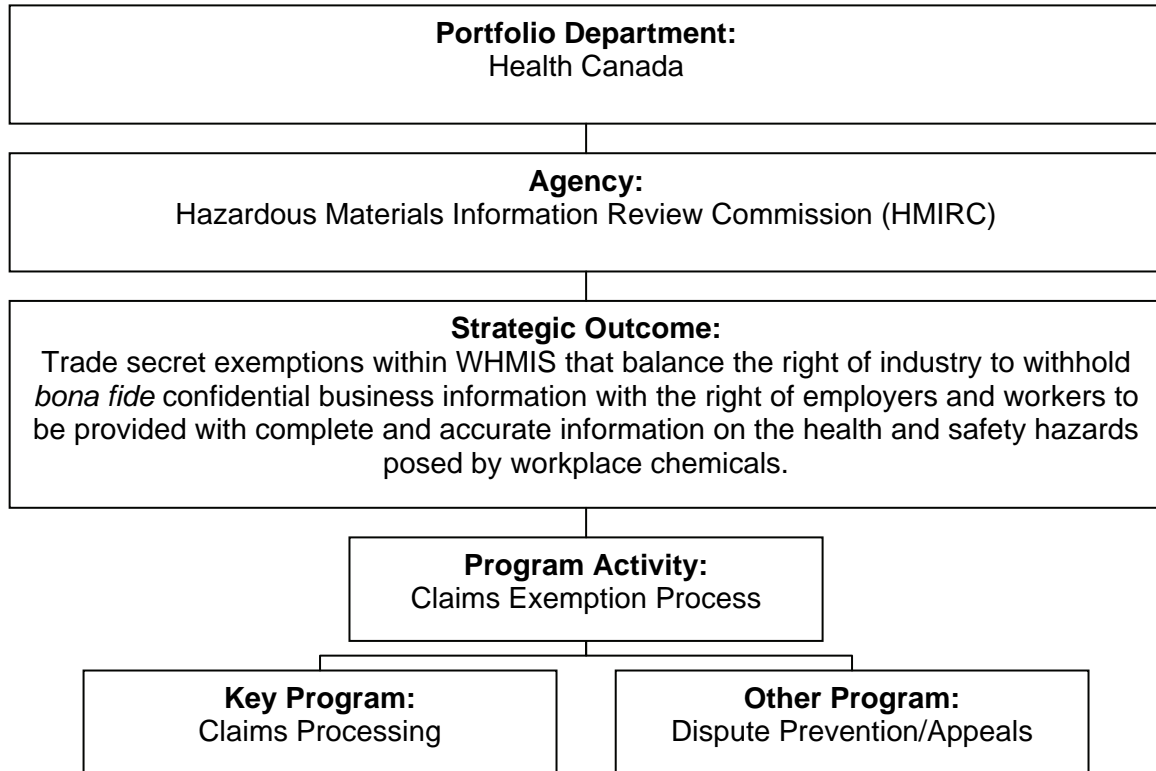
**ACCOUNTABILITY**—in its ability to propose legislative approaches only when they meet rigorous cost-benefit analysis and to be accountable for programs and the impact of decisions, while providing services in a manner that is cost-effective for everyone involved.

**QUALITY and CONSISTENCY**—in its ability to render accurate, relevant, dependable, understandable, predictable and error-free decisions, while ensuring consistent, firm enforcement of the regulations.

COMPETENCY and RESPECT—in its ability to provide services based on a high level of skill, knowledge, scientific and technical competence, and to demonstrate respect and professionalism to everyone who comes into contact with the Commission.

SECURITY and CONFIDENTIALITY—in its ability to store and handle the trade secrets of its claimants.

### Program Activity Architecture



### Financial Resources (\$ thousands)

Planned Spending	Total Authorities	Actual Spending
3,506 <sup>(1)</sup>	3,828 <sup>(2)</sup>	3,621 <sup>(3)</sup>

<sup>(1)</sup> Planned Spending includes \$482 K for contributions to employee benefit plans (EBP).

<sup>(2)</sup> Total Authorities include \$73K for adjustments resulting from collective agreements, \$190 K for non-controllable spending, \$151 K from funds carried –forward from the previous year and a reduction in EBP of \$92 K.

<sup>(3)</sup> The variance between Total Authorities and Actual Spending is due to HMIRC’s challenges in recruiting and retaining staff.

### Human Resources (Full-time equivalents)

Planned	Actual	Difference
35	32	3 <sup>(1)</sup>

<sup>(1)</sup> The variance is due to HMIRC’s challenge to meet full capacity.

## Commission's Priorities (\$ thousands)

2007–2008				
Status on Performance			Planned Spending	Actual Spending
<p><b>Strategic Outcome:</b> Trade secret exemptions within WHMIS that balance the right of industry to withhold <i>bona fide</i> confidential business information with the right of employers and workers to be provided with complete and accurate information on the health and safety hazards posed by workplace chemicals.</p>				
	<b>Program Activity</b> Claims Exemption Process		3,506	3,621
<b>Key Programs</b>	<b>Expected Results</b>			
<ul style="list-style-type: none"> <li>▪ Claims Processing</li> </ul>	<ul style="list-style-type: none"> <li>▪ Workers are provided with accurate information about the health and safety hazards of exposure to chemicals found in the products associated with claims for exemption.</li> <li>▪ Valid confidential business information about suppliers' and employers' hazardous products is protected.</li> </ul>	<p>Successfully met</p> <p>Successfully met</p>	3,331	3,587
<ul style="list-style-type: none"> <li>▪ Dispute Prevention/Appeals</li> </ul>	<ul style="list-style-type: none"> <li>▪ Disputes are resolved in a fair and effective manner.</li> </ul>	<p>Successfully met</p>	175	34

### Context

Labour, industry and government agree on the importance of reducing illnesses and injuries from hazardous materials in Canadian workplaces. WHMIS, a combination of laws, regulations and procedures, was created in 1987 to help achieve this goal.

WHMIS requires suppliers—including manufacturers, importers and distributors—and employers to provide information on the hazards of chemicals produced or used in Canadian workplaces. It requires cautionary labelling for containers of controlled

(hazardous) products as designated under federal regulations, and requires that suppliers provide a MSDS for each product.

Each MSDS must include several types of information. For example, it must list all hazardous ingredients in the product, any toxicological properties, the safety precautions workers need to take when using the product, and first-aid treatment in case of exposure. Employers must provide their employees with this MSDS information, as well as with training and education programs.

When labour, industry and government agreed to create WHMIS, they recognized the need to balance the rights of workers and employers to have health and safety information with the rights of chemical suppliers to protect confidential business information.

The *Hazardous Materials Information Review Act* and its regulations provide the mechanism to create that balance through the HMIRC. The Commission is an independent agency with a quasi-judicial role that supports the WHMIS responsibilities and interests of the federal, provincial and territorial governments, workers, employers and the chemical industry.

### **Role of the Commission**

If a supplier or employer wants to withhold information that they believe to be a trade secret, they must file a claim with the Commission for exemption from its WHMIS obligations to disclose this information. The screening officers review these claims against the applicable federal, provincial or territorial regulations, and rule on the claims' validity. This process involves communication between evaluators, screening officers and claimants, to ensure transparency.

The scientific evaluators play a key health and safety role in the claim review process. They review the MSDSs and labels associated with a claim for exemption to ensure the health and safety information is complete and accurate in accordance with WHMIS requirements, based on the *Hazardous Products Act*, the *Canada Labour Code*, and the *Controlled Products Regulations*, and provincial and territorial occupational health and safety legislation. This helps ensure that workers are informed of the hazards of exposure to chemicals found in products associated with claims for exemptions. When evaluators identify missing or incorrect information, they advise the screening officers who issue formal orders requiring claimants to make the necessary changes and to submit the corrected MSDS within 75 calendar days.

The Commission also convenes independent boards to hear appeals from claimants or affected parties challenging decisions and/or orders.

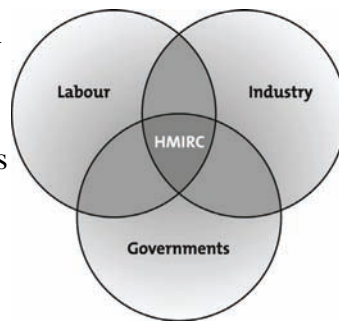
In addition, HMIRC responds to requests from federal, provincial and territorial government health and safety officials for information about claims for exemption to help these officials administer and enforce their WHMIS obligations.

### **A model partnership of key stakeholders across all jurisdictions**

HMIRC deals with many WHMIS stakeholders:

- ▶ labour organizations and workers;
- ▶ suppliers in the chemical industry;
- ▶ employers with workplace WHMIS programs; and
- ▶ federal, provincial and territorial government agencies with WHMIS responsibilities.

As an independent agency, the Commission is a model of industry, labour and government consultation, consensus and cooperation. Its adjudicative efforts must result in a fair balance between the right of workers to know and the right of suppliers and employers to safeguard confidential business information. The Commission makes a tangible contribution to worker health and safety and is a strategic partner to both the industry and employers. Through its work, the



Commission supports the Government of Canada’s priority of “healthy Canadians” by ensuring that workers in Canada have complete and accurate information to take the appropriate actions to minimize the health risks they encounter in their workplace. HMIRC’s work also supports the federal, provincial and territorial governments in delivering their occupational safety and health regulatory activities, making the Commission one of very few adjudicative bodies in Canada that represent multiple levels of government.

### **Governance structure**

The Commission’s governance structure is a model of collaboration. The Council of Governors provides strategic advice and guidance to the Commission and makes recommendations to the Minister of Health. It consists of up to 18 members representing key stakeholders across all jurisdictions:

- ▶ 2 representing workers,
- ▶ 1 representing suppliers,
- ▶ 1 representing employers,
- ▶ 1 representing the federal government, and
- ▶ between 4 and 13 representing the provincial and territorial governments responsible for occupational health and safety.

The Commission's President and Chief Executive Officer is appointed by the Governor in Council and has the authority to supervise and direct the organization's day-to-day activities.

The Vice-President of Operations directs the work of the MSDS Compliance and Screening divisions.

The Vice-President of Corporate Services and Adjudication directs the work of the Corporate Services, Regulatory Affairs and Appeals, and Communications divisions.

For a more detailed structure, please refer to Section III – Supplementary Information, Appendix A – HMIRC's Organization.

### **Risks and challenges**

HMIRC has been experiencing a significant increase in both the number and the complexity of claims for exemption from trade secret disclosure. This, coupled with a chronic shortage of qualified scientific personnel and insufficient resources in supporting areas, has resulted in a claim processing backlog of approximately two years.

As a small agency, the Commission is challenged by both its financial and human resources needs. Recruiting and retaining qualified personnel is always difficult for a small agency. In the case of HMIRC this is further complicated by the fact that the qualified scientific personnel it requires is a group that has been declared a shortage group in the federal government. By establishing a partnership with its Health portfolio partners, the Commission has begun building a pool of suitable candidates who can be recruited on short notice.

The Commission's size presents operational challenges. In 2007-08, the Commission operated with 35 FTEs and a budget of \$3.5 million. About 85% of the Commission's budget is required for salaries; the remaining 15% is designated for non-discretionary or statutory program spending, leaving little or no flexibility for discretionary spending.

Consequently, the Commission must carefully balance its resources between operational requirements and strategic initiatives. These can be both internally driven and externally mandated. Externally, HMIRC faces ongoing pressure to implement numerous government-wide initiatives, such as the Treasury Board Policy Suite Renewal and Management Accountability Framework (MAF), the *Federal Accountability Act* and the *Public Service Modernization Act*, which are aimed at improving service and accountability to the Canadian public.

In 2007-08, the Commission was required to participate in the MAF V (2007-2008) Assessment, which placed considerable workload burden on the Commission's limited

staff. The Commission is seriously challenged in its ability to adequately address these resource-intensive initiatives as well as deliver its own statutory mandate.

### **Alignment with Government of Canada outcomes**

Canada places the health of its population high on the list of key priorities. Canada's public health system exists to safeguard and improve the health of Canadians. The responsibility for public health is spread across federal, provincial and territorial governments. An essential part of any occupational health and safety program is ensuring that those employed in workplaces requiring the use of hazardous materials have the information they need to use those materials without risk of injury and without short or long-term health threats. In this respect, an important part of the Commission's mandate is the scientific review of the completeness and accuracy of the health and safety information supplied to employers and workers using hazardous products. The Commission's work supports improved occupational health and safety for Canadian workers, a key element to achieving a healthy Canadian population.

The Commission also provides a mechanism for protecting the trade secrets of those companies which manufacture, supply and/or use hazardous materials. This part of the balancing equation supports the Government of Canada's strategic outcome of a fair and secure marketplace, which is directed at ensuring that the marketplace continues to foster competitive conditions to attract investment, encourage innovation, and protect the public interest. The Commission's mandate protects *bona fide* trade secrets and allows the marketplace to function competitively while at the same time, the Commission protects the public interest by ensuring that workers required to use hazardous materials have the information they need to use those materials safely.

### **Overall Performance**

In 2007-08 the Commission identified the following four priorities as its areas of focus: improving services to clients and stakeholders; monitoring and implementing changes resulting from Canada's response to the Globally Harmonized System of Classification and Labelling of Chemicals (GHS); operationalizing the legislative amendments to the *Hazardous Materials Information Review Act*; and enhancing management excellence.

As an organization with only one program activity, the Claims Exemption Process, the capacity to process claims for exemption as efficiently as possible directly impacts the service that can be provided to clients and stakeholders. Over the past year, HMIRC worked hard to make operational improvements aimed at increasing the Commission's efficiency in the review of claims. Backlog reduction was the top priority and attending to the associated capacity issues a central focus. HMIRC produced a comprehensive business case that identified the resources needed to eliminate the backlog over the next three years as well as to strengthen its administrative and corporate capacity. This earned



HMIRC the first year of funding, allowing for preparations to expand the team and renovations to existing office space to house the new recruits.

Extensive work was completed in preparation for the backlog reduction plan for claims and MSDSs in the evaluation system such as, initiating the recruitment of new evaluators, revamping the evaluator training program and creating a career-development program. In addition, the Commission successfully rolled out an interactive, electronic Application for a Claim for Exemption form in October 2007. The new form offers innovative features, which make it easier for claimants to use.

The Commission continued to monitor and participate in the development of Canada's implementation of the GHS. The GHS is an international initiative to harmonize approaches to classification and hazard communications. HMIRC is an active partner in interdepartmental working groups and in the federal Health portfolio. In addition, to carrying out its role, the Commission participates on the WHMIS Current Issues Committee and related working groups.

On March 29, 2007, Bill S-2 amending the *Hazardous Materials Information Review Act* received Royal Assent and became Chapter 7 of the *Statutes of Canada, 2007*. As a result of these legislative changes, amendments to the *Hazardous Materials Information Review Regulations* and *Hazardous Materials Information Review Act Appeal Board Procedures Regulations* were required. The changes are aimed at streamlining the claims filing process for claimants and expediting the correction of information workers need to use hazardous materials safely in the workplace. The proposed amendments were published in the April 12, 2008 issue of the *Canada Gazette, Part I*.

Enhancing management excellence was also a priority at HMIRC in 2007-2008. Through strategic partnerships within the Health Portfolio and with other departments, the Commission continued to access interdepartmental resources and expertise. After collaborating with organizations to gather best practices, HMIRC's management team created a comprehensive HR strategy that defined multiple channels for recruitment. A comprehensive strategic Human Resources plan was developed and refined in order to address the Commission's corporate needs, so that it can continue to provide its claimants and stakeholders with the best service possible.

The Commission also introduced tools to increase employee awareness of human resources modernization; integrating HR planning and business planning, empowering line managers to be more actively involved in HR planning and promoting continuous learning and development of all employees.

## Section II      Analysis of Performance by Strategic Outcome

### Strategic Outcome

Trade secret exemptions within WHMIS that balance the right of industry to withhold *bona fide* confidential business information with the right of employers and workers to be provided with complete and accurate information on the health and safety hazards posed by workplace chemicals.

**Program activity:** Claims Exemption Process

#### Financial Resources (\$ thousands)

Planned Spending	Authorities	Actual Spending
3,506	3,828	3,621

#### Human Resources (FTEs)

Planned	Actual	Difference
35	32	3

Under this activity, HMIRC registers claims for exemption received from a supplier or employer who wishes to withhold critical proprietary information, decides on the validity of the claim, adjudicates and issues decisions on the compliance of MSDS or label to which the claim relates, and administers an appeal process to these decisions.

## Performance Analysis

### Claims Exemption Process

<i>Expected results</i>	<i>Indicators</i>
<ul style="list-style-type: none"> <li>▶ Workers are provided with accurate information about the health and safety hazards of exposure to chemicals found in the products associated with claims for exemptions.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Percentage of claims processed for which corrections were required on associated MSDSs</li> <li>▶ Average length of time from the start of review to publication in the <i>Canada Gazette</i></li> </ul>
<ul style="list-style-type: none"> <li>▶ Valid confidential business information about suppliers' and employers' hazardous products is protected.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Number of decisions on claim validity issued</li> <li>▶ Percentage of claims for which validity was not upheld by screening officer's decision</li> </ul>
<ul style="list-style-type: none"> <li>▶ Disputes are resolved in a fair and effective manner.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Percentage of disputes resolved prior to appeal</li> </ul>

#### **Key Program:            Claims Processing**

Under this sub-activity, HMIRC registers claims that enable companies to sell and/or distribute their products while the claim is being processed. Then the validity of the claim for exemption is determined, based on the *Hazardous Materials Information Review Regulations* criteria, and the MSDS is evaluated to ensure compliance with WHMIS requirements. Decisions are issued and published in the *Canada Gazette*.

The expected results for Claims Processing focus on the balance sought by the Commission – workers right to accurate information versus industry's right to protect trade secrets. Through the registration of claims, the Commission seeks to ensure a speedy process that both minimizes disruption of business and ensures the protection of confidential business information. Through the review of the claims and associated MSDSs and labels, the Commission aims to ensure a speedy, fair and impartial review of the information provided to workers on the health and safety hazards of those products associated with the claims for exemption.

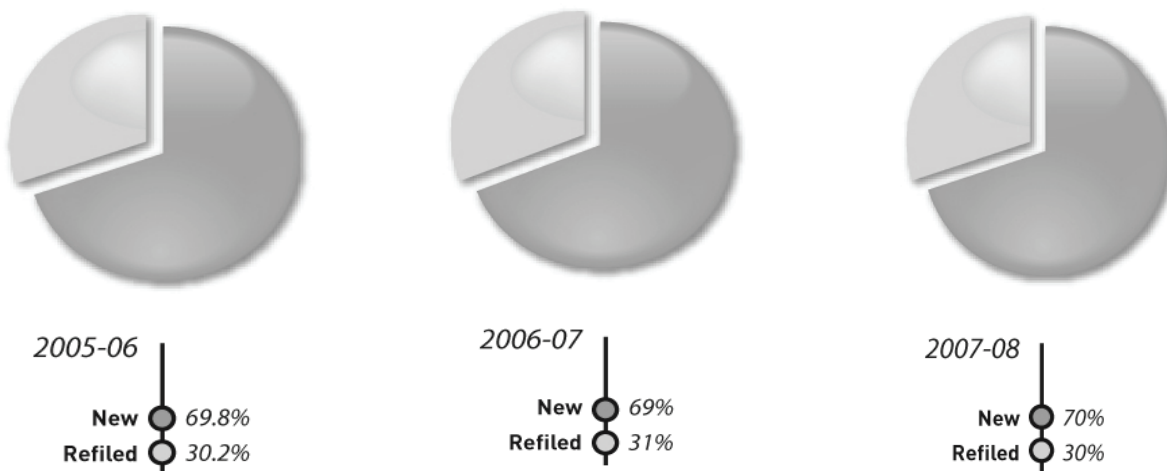
Expected Results	Performance Indicators
Manufactures can import, distribute and sell products	Number of claims registered Elapsed time between receipt of claim and registration Number of complaints from claimants about delays
MSDSs comply with legislation	Number of violations found on MSDSs by type Average number of violations per claims processed Extent to which claimants have complied with orders within the 75 calendar days allowed

### Claims Registration

A total of 332 claims were filed in 2007-08. Of these, 97% (322) were verified and registered within the seven-day turn around time specified in the Commission’s service standard. The remaining 3% of applicants were required to provide additional information before verification and registration. The Commission has received no complaints relating to delays in registering claims.

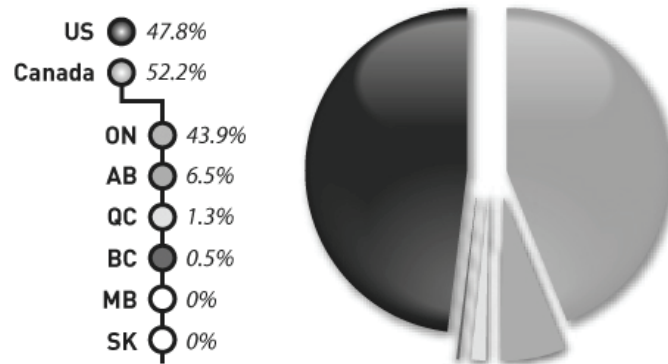
**Figure 1: Percentages of new and refiled claims registered, 2005-06 to 2007-08**

Approximately 70% of the claims registered in 2007-08 (i.e. 233) were original filings and the remaining 30% (i.e. 99) were refilings, after three years, of previously approved claims, as required by law.



**Figure 2: Origin of Claims, 2007-08**

Consistent with previous years, nearly 48% of claims were from U.S. suppliers, while the remaining 52% were from Canadian suppliers – the majority of which were from Ontario a trend that has emerged over the last five years.



### **Claims Processing**

In 2007-08, backlog reduction was a top priority for the Commission. With the efficiencies and process refinements introduced, and with a plan for an expanded evaluation team, the Commission was able to begin to make strides. During the year, a total of 376 claims for exemption were processed to the stage where the MSDS was reviewed and an advice document (AD) prepared. This represents an apparent significant increase (69%) over 2006-07 a year where there were a particularly high number of complex claims, recruitment challenges, and a limited number of trained staff.

Of the 376 claims mentioned above, 284 were processed to the point of publishing a decision and an order in the *Canada Gazette*. Claimants are required to comply with the Commission's statutory orders within 75 calendar days of publication. As notices of decisions and orders are published in the quarter after they were rendered, HMIRC can only report on claimant's compliance for the first three-quarters of the fiscal year. During this time period, the Commission issued 149 decisions that required orders to correct MSDSs; of these, 112 decisions were complied with within the allotted timeframe – 37 were still outstanding at year end. The Commission continues to pursue delinquent claimants until the all orders are complied with.

Once again, the Commission gave priority attention to claims for products considered to pose higher risks to workers. Of the 284 decisions in 2007-08, 55% were classified as high-hazard – those that pose a major risk to workers' health if not properly managed – were reviewed without significant delay. This practice allows corrected MSDSs for high-hazard products to reach the workplace sooner, reducing the risk of exposure or injury to workers and contributing to the health of Canadians.

## **MSDS Violations**

An MSDS is required to be fully compliant with the *Hazardous Products Act*, the *Canada Labour Code*, the *Controlled Products Regulations* and the provincial and territorial occupational health and safety legislation when a claim is submitted to the Commission. To ensure this is the case, the Commission reviews the MSDSs for all claims. As in previous years, in 2007-08, only about 6% of the MSDSs (17/284) submitted were found to be compliant, and on average, there were 8 violations per claim. As shown in Table 1, on page 18, of the MSDSs that were non-compliant, approximately 58.5% of the violations were related to toxicological properties, hazardous ingredients and first aid measures. Accurate information on these three components is a significant contributor to the protection of worker health and safety. The volume of violations related to elements with potential long-term health implications—mutagenic, developmental, reproductive and carcinogenic—was low, from zero to 2.2%, although still presenting some cause for concern for workers, in particular women of childbearing age.

**Table 1: MSDS violations, 2005-06 to 2007-08**

Violation Category	Number of Violations by Year				
	2005-06	2006-07	2007-08	Total	%
Toxicological Properties	850	372	733	1955	30.1
Hazardous Ingredients	333	257	448	1038	16.0
First Aid measures	370	249	184	803	12.4
Preparation Information	232	237	251	720	11.0
Registry number/date of filing	263	59	58	380	5.8
Physical Data	95	92	85	272	4.2
Reactivity Data	117	33	68	218	3.4
Hazard Classification	76	53	598	188	2.8
Format/Wording	57	82	104	243	3.7
Fire or Explosion Hazard	58	52	109	219	3.4
Headings	52	41	54	147	2.3
Generic Chemical Identity	43	53	106	202	3.1
Product Information	55	15	17	87	1.3
Preventive Measures	14	6	12	32	0.5
<b>TOTAL</b>	<b>2615</b>	<b>1601</b>	<b>2288</b>	<b>6504</b>	<b>100</b>
<b>Number of claims /controlled products</b>	<b>298</b>	<b>192</b>	<b>284</b>	<b>774</b>	
<b>Average number of violation occurrences per claim</b>	<b>8.7</b>	<b>8.3</b>	<b>8.0</b>	<b>8.4</b>	

### Backlog Reduction Plan Estimates

An ongoing challenge for the Commission has been forecasting the number of claims for exemption that chemical manufacturers, importers and suppliers will file for review and decision. Table 2 illustrates the methodology the Commission uses to estimate the number and type of claims for the next three years and the progress the Commission plans to make in reducing its claims backlog over the next three fiscal years.

The Commission established fiscal years 2005-06 and 2006-07 as a baseline for forecasting the workload for future years. Using this baseline, the Commission forecasts that it will receive 370 claims for fiscal years 2008-09 to 2010-11 – see Subtotal (1) in Table 2 on page 21.

Legislation requires that claims for exemption be refiled every three years. As in previous years, the estimated number of refiled claims for the next three fiscal years is based on a rate of 30% of the projected number of claims received in that fiscal year – Subtotal (1). The estimated number of claims that will be received in 2008-09 to 2010-11 is 111 claims – 30% of the 370 estimated annual claims received. Consequently, the number of new claims is forecasted at 259 claims (370 – 111) – see New Claims and Refilings, Table 2 on page 21.

In any given year, claims are withdrawn for various reasons. For example, when a company undergoes a management change, the new management may decide to declare the ingredient it previously sought to protect; or, the company may no longer sell the product. In most cases, the Commission staff will have already spent a significant amount of time reviewing these claims before they are withdrawn.

The Commission estimates that 15% of all claims brought forward from a previous year will be withdrawn. The result is an estimated 106 claims will be withdrawn in 2008-09, 87 claims in 2009-10 and 64 claims in 2010-11.

The number of claims processed in 2008-09 is expected to increase significantly based on efficiencies and increased resources. As a result, HMIRC is forecasting it will process 500 claims in 2008-09 and 525 claims in 2009-10 and 2010-11 – see Subtotal (2), Table 2 on page 21. As shown in Table 2, it is estimated the backlog balance will be 268 claims at the end of fiscal year 2010-11; leaving a reasonable level of claims to be processed; the backlog will be virtually eliminated in 2011-12.



**Table 2: Actual claims for 2006-07 to 2007-08 and Estimated claims for 2008-09 to 2010-11**

	Actual number of claims		Estimated number of claims		
	2006-07	2007-08	2008-09	2009-10	2010-2011
Brought forward	708	813	708	578	423
<b>PLUS</b>					
New claims	267	233	259	259	259
Refilings	120	99	111	111	111
Subtotal (1)	387	332	370	370	370
<b>MINUS</b>					
Withdrawals	90	153	106	87	64
Claims processed	192	284	394	483	461
Subtotal (2)	282	437	500	525	525
<b>EQUALS</b>					
Backlog Balance	813	708	578	423	268

\*All forecasted numbers are adjusted annually to ensure that all projections remain meaningful.

**Other Program: Dispute Prevention/Appeals**

Under this sub-activity, HMIRC administers an appeal process. Claimants have 45 days to launch an appeal once the decision on a claim exemption is published in the *Canada Gazette*. An independent tripartite board is then convened to hear the appeal and render a decision. The Commission is also responsible for a dispute prevention process that works in conjunction with the appeals process by identifying and resolving problems and complaints, where possible, before an appeal becomes necessary.

**Performance Measurement Strategy**

The expected results for dispute prevention/appeals focus on the two desired characteristics of the Commission’s dispute resolution process. First, that the handling of disputes or appeals is achieved in a fair and effective manner which will provide claimants some flexibility in the approach they choose to resolve issues. Second, that decisions resulting from the dispute resolution process be impartial and evidence-based.

The expected results of the dispute prevention/appeals sub-activity and proposed performance indicators to measure achievement of those results are detailed in table on the next page.

Expected Results	Performance Indicators
Resolution of issues raised during the information exchange phase of claims processing (i.e., dispute prevention)	Number of issues raised and resolved
Appeal decisions	Number of appeals/decisions Number of screening officer's decisions varied or rescinded by appeal board's decisions

As part of its mission, the Commission supports fair dispute resolution processes. In 2007-08, the Commission adopted a dispute prevention philosophy. Through dialogue and information sharing, HMIRC was able to clarify its information requirements to claimants, which has resulted in the exchange of information needed for screening officers to render fair and impartial decisions. The dialogue has helped prevent significant disputes from arising.

In 2007-08, claimants were contacted 285 times for clarification or to address potential issues prior to a dispute arising. Of these, only two instances resulted in a dispute; at year-end these issues were still unresolved.

For additional information on Dispute Prevention/Appeals, please refer to the HMIRC Web site:

<http://www.hmirc-ccrmd.gc.ca/english/institutional/aboutus.shtml#dispute>

## Departmental Priorities

An important part of the Commission's mandate is to ensure, through its scientific review process, the completeness and accuracy of the health and safety information supplied to employers and workers using hazardous products via the MSDSs supplied by suppliers claiming trade secret protection. For this reason, HMIRC's Departmental Priorities are aimed at improving the Claims Exemption Process to ensure that employers and workers in Canada have the timely information they need to use hazardous materials without risk of injury and without short or long-term health threats. The Commission's work supports improved occupational health and safety for Canadian workers, a key element to achieving a healthy Canadian population.

### Improve services to clients and stakeholders

Throughout the year, Commission staff remained committed to providing service excellence to prospective claimants seeking information about the claim process and the review of MSDSs. The Commission responded promptly to queries directed to its area of expertise. The Commission was also expedient in responding to queries received from the general public and professionals alike, involving our partners in occupational health and safety when necessary.

Extensive work was completed in 2007-08 to create the conditions for eliminating the Commission's claim backlog. In addition to recruitment of new evaluators, the evaluator-

training program was revamped and a career-development program was created to build capacity for future years.

Following the Operations Branch's two-day consultation workshop with its staff, HMIRC undertook a full review of its MSDS evaluator's handbook and converted it from a reference guide to a user manual—introducing step-by step instructions to help staff become familiar with the procedures and requirements associated with MSDS evaluations more efficiently. Operations managers created a three-day course to orient staff to the details of the claim assessment process, and began development of a template for advice documents that will act as a complement to the user manual.

In 2007-08, the Commission also strengthened and piloted its buddy system, pairing new staff with seasoned evaluators for one to two months of on-the-job coaching. The system is intended to significantly shorten the training period for scientific evaluators. The coaching program was very successful. Those that participated in the program were able to complete their first Advice Document (AD) within one month, as compared to the almost six months needed in the past. This program will be extended to new evaluators expected to join the Commission in 2008-09.

To improve retention, managers defined a four-staged career-progression path for toxicologists and other scientists, from entry-level evaluators to senior biologists, and made a commitment to this process.

Development of an electronic Application for a Claim for Exemption form was a pilot project undertaken in 2007-08. The form features interactive elements that simplify the application process for claimants and allows applicants to customize the forms to suit their unique requirements. Feedback was gathered through the pilot phase; refinements will be applied in the coming year.

In an effort to ensure use of the most up-to-date scientific information on hazardous ingredients, the Commission updated its scientific reference database to include new publications on 708 ingredients contained in products submitted for claim exemptions. The Commission also upgraded its claim management and time utilization databases to include indicators for improved performance measurement. These updates will allow for easier mining of the data on the performance indicators.

As an organization with a diverse stakeholder base and a very specific mandate, HMIRC is aware of the importance of communicating its role to its occupational safety and health partners and those in related fields.

The Commission's Web site continues to be the primary outreach and communications tool for both claimants and stakeholders. In 2007-08 the Commission continued the work required in preparation for legislative changes and a comprehensive Web site review was undertaken. A virtual Web site was developed to prepare for the implementation of the new legislative amendments and general improvements were instituted to simply claimants' access to information on the site. The Commission also prepared the Web site to meet the Common Look and Feel Standards for the Internet (CLF 2.0) requirements.

All changes to the CFL 2.0 Web site will be completed prior to the deadline of December 31, 2008.

As in past years, the Commission participated in several industry trade shows, including the Society of Toxicology's 47<sup>th</sup> Annual ToxExpo held in Seattle, Washington, and the Eleventh International Congress of Toxicology, celebrating its 30<sup>th</sup> anniversary in Montreal, Quebec. The ToxExpo registered 700 toxicologists and 360 exhibitors, specializing in such areas as consumer product safety, safety assessment, data management, MSDSs management and regulatory services, to name a few. HMIRC also presented its findings on the trends related to MSDS violations resulting from its review of supplier claims to the Canadian Association of Manufacturers and Exporters. Events like these are key opportunities for the Commission to educate and inform claimants and potential claimants of its mandate, role and activities.

The Commission continued to reinforce its links with several organizations that have WHMIS-related mandates, including the Canadian Centre for Occupational Health and Safety (CCOHS) and the National Office of WHMIS (NOW) of Health Canada.

### **Monitor and implement changes resulting from Canada's response to the Globally Harmonized System of Classification and Labelling of Chemicals**

The Commission continued to monitor and participate in technical discussions on Canada's implementation of the Globally Harmonized System for the Classification and Labelling of Chemicals (GHS). This is an international initiative lead by the UN to develop a single, globally harmonized system to address classification of chemicals according to their hazards and communicate the related information through labels and safety data sheets. The objective is to enhance the protection of human health and the environment by providing an internationally comprehensible system for hazard communication. HMIRC provides unique expertise and knowledge given its position as Canada's only federal/provincial/territorial agency that manages trade secret protection within WHMIS.

The Commission is involved in several aspects of the GHS as a member of: the tripartite WHMIS Current Issues Committee, which ensures a common understanding of the GHS as it evolves and establishes a Canadian position on these developments across all WHMIS stakeholders; the technical tripartite working group associated with the Current Issues Committee, which is developing consensus approaches for the implementation of the GHS; and the Intergovernmental WHMIS Coordinating Committee, which establishes consensus among the multiple government jurisdictions responsible for WHMIS on the implications for governments arising from the GHS. As progress is made on implementing the GHS in Canada, the Commission can contribute its expertise and experience in MSDS compliance for the benefit of all WHMIS stakeholders.

The Commission has also begun to monitor changes in the trade secret protection mechanisms in other countries and to determine how related GHS provisions are being implemented. By keeping abreast of the evolution of trade secret protection mechanisms

globally, the Commission will be able to share best practices from the Canadian experience. It will also be able to ensure that, consistent with the Canadian approach, international efforts to harmonize trade secret protection mechanisms maintain a balance between the protection of worker health and safety and the need for suppliers to protect their trade secrets.

### **Operationalize the legislative amendments to the *Hazardous Materials Information Review Act***

On March 29, 2007, Bill S-2 amending the *Hazardous Materials Information Review Act* received Royal Assent and became Chapter 7 of the *Statutes of Canada 2007*. These legislative amendments received the support and unanimous endorsement of the Council of Governors, which represents the workers, employers and suppliers, and the federal, provincial and territorial governments.

In summary, the implementation of these amendments will reduce the time required to review claims for exemption from disclosure of confidential information, speed up correction of the information that workers need to handle hazardous materials safely, and expedite the appeal process. For more details on effects of the legislative amendments see the Improve Services to Our Clients and Stakeholders section of the HMIRC Performance Report for the period ending March 31, 2007, on the Treasury Board Web site: <http://www.tbs-sct.gc.ca/dpr-rmr/2006-2007/inst/mhi/mhi00-eng.asp>

Following Royal Assent of the legislative amendments, HMIRC worked in close consultation with its Council of Governors and its stakeholders to develop regulatory amendments to the *Hazardous Materials Information Review Regulations* and *Hazardous Materials Information Review Act Appeal Board Procedures Regulations*.

The regulatory amendments will:

- permit the electronic filing of claims once the Commission has the necessary facilities for accepting the secure transmission of claims electronically;
- bring the regulations into compliance with the *Modernization of Benefits and Obligations Act* by removing the terms ‘related persons’ and ‘related group’ in identifying potential conflicts of interest and instead, requiring counsel and experts to satisfy appeal boards that they have no personal interest in the proceedings;
- ensure that Commission staff have access to appeal board decisions for the purposes of policy-making and training;
- contribute to streamlining, improving and expediting the appeal process; and
- update wording in the Regulations.

The regulatory amendments were published in the *Canada Gazette, Part I* on April 12, 2008 with a comment period of 75 days. HMIRC will consider all comments before submitting the regulatory amendments to the Treasury Board for final approval.

In preparation for the amendments, the Commission undertook certain pilot initiatives in 2007-08. A voluntary compliance program was tested, giving claimants the ability to voluntarily correct common errors and omissions in their MSDSs before formal submission to the Commission. At the time of a claim's registration, HMIRC reviews each MSDS against a list of common errors and omissions and communicates the results to the claimant; the claimant is able to then promptly make the necessary revisions and resubmit the corrected MSDS. The objectives of this initiative were to reduce the number of published orders resulting from simple errors on a MSDS, to expedite processing of the claims by the Commission, and to accelerate the availability of accurate MSDSs in the workplace. Since the inception of this initiative, its use by suppliers has been exceptional; more than two-thirds have used the program. As a result, in 2008-09, the program will be fully implemented and claimants will be strongly encouraged to participate.

### **Enhance management excellence**

As a small organization with a limited budget, the Commission is highly focused on service delivery. The Commission works collaboratively with its Health Portfolio partners, particularly Health Canada on portfolio and government issues. The Commission continues to use interdepartmental resources and expertise through Memoranda of Understanding between itself and Health Canada.

In 2007-08, the Commission undertook a thorough operational review based on Management Accountability Framework principles, and solicited input from staff on areas for improvement. The results of these efforts have been reflected in a revised organizational structure and action plans for both the Operations and Corporate Services and Adjudication Branches. With those plans in place and the renewed organizational framework, the Commission has embarked on a comprehensive optimization of operational procedures and processes.

Recruiting and retaining qualified personnel is an ongoing challenge for HMIRC, given the highly specialized nature of its scientific work and a shortage of qualified talent. After collaborating with other organizations to gather best practices, the Commission's management team created a comprehensive Human Resources (HR) strategy that defined multiple channels for recruitment. A comprehensive HR plan was developed and refined in order to address the Commission's corporate needs, so that it can continue to provide claimants and stakeholders with the best service possible.

Over the past year, the Commission produced a comprehensive business case which identified a shortfall in resources required to maintain and increase the Commission's operational and administrative capacity. Near the end of the fiscal year, the Commission secured funding for the first year of a three-year backlog elimination plan.

## Section III Supplementary Information

### Appendix A – HMIRC’s Organization

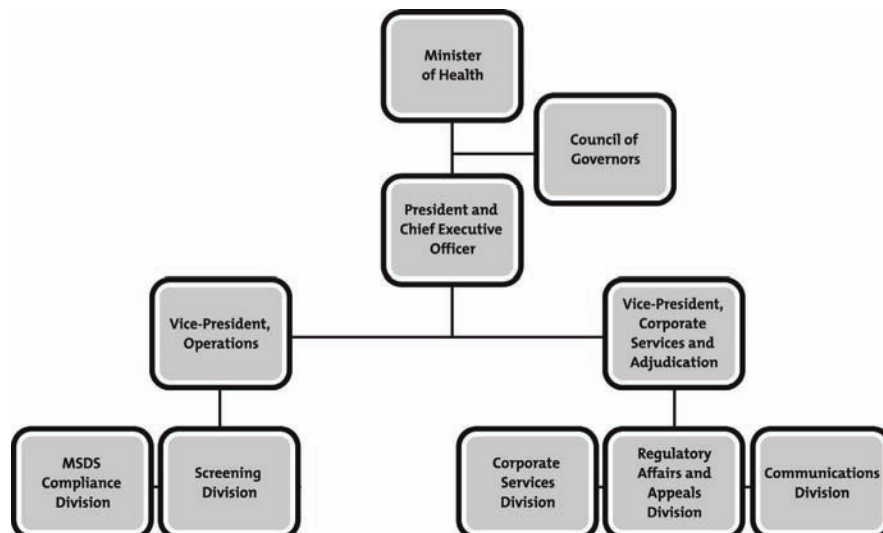
The Council of Governors constitutes the key element of the Commission’s governance structure, acts as an advisory body and provides strategic advice and guidance to the Commission. The Council consists of up to 18 members: 2 representing workers, 1 representing suppliers, 1 representing employers, 1 representing the federal government, and between 4 and 13 representing the provincial and territorial governments. Each governor is appointed by the Governor in Council for up to three years. The Council is headed by a chairperson chosen by the governors for a term of one year. The Council is responsible for making various recommendations to the Minister of Health, including changes to the regulations related to the Commission’s fee structure, the procedures for reviewing claims for exemption, and the appeal procedures.

Most Council members concurrently represent other occupational health and safety organizations, and thus are part of the existing multi-jurisdictional occupational health and safety network.

The President and CEO is appointed by the Governor in Council and has the authority and responsibility to supervise and direct the organization’s work on a day-to-day basis. The President is accountable to Parliament through the Minister of Health.

The Vice-President of Operations directs the work of the MSDS Compliance and the Screening divisions.

The Vice-President of Corporate Services and Adjudication directs the work of the Corporate Services, Regulatory Affairs and Appeals, and Communications divisions.



## Appendix B – Financial Performance

### Departmental Link to Government of Canada Outcome Area

<b>Strategic Outcome:</b>	Trade secret exemptions within WHMIS that balance the right of industry to withhold bona fide confidential business information with the right of employers and workers to be provided with complete and accurate information on the health and safety hazards posed by workplace chemicals.			<b>Alignment to Government of Canada Outcome Area</b>
	<b>Actual Spending 2007-08</b>			
	<b>Budgetary</b>	<b>Non-budgetary</b>	<b>Total</b>	
<b>(\$ thousands)</b>				
Claims Exemption Process	3,621	-	3,621	Healthy Canadians

The Commission's work supports:

- improved occupational health and safety for Canadian workers, a key element to achieving a healthy Canadian population; and
- competitive conditions in the marketplace to attract investment, encourage innovation, and protect the public interest, a key element to achieving Government of Canada's strategic outcome of a fair and secure marketplace.



**Table 1: Comparison of Planned to Actual Spending (including FTEs)**

(\$ thousands)	2007-08					
	2005-06 Actual	2006-07 Actual	Main Estimates	Planned Spending	Total Authorities	Total Actuals
Claims Exemption Process	3,257	3,401	3,506	3,506	3,828	3,621
<b>Total</b>	<b>3,257</b>	<b>3,401</b>	<b>3,506</b>	<b>3,506</b>	<b>3,828</b>	<b>3,621</b>
Less: Non-Respendable Revenue	<sup>(1)</sup> 570	591	-	570	-	<sup>(2)</sup> 572
Plus: Cost of Services Received without Charge	894	754	-	723	-	745
<b>Total Departmental Spending</b>	<b>3,581</b>	<b>3,564</b>	<b>-</b>	<b>3,659</b>	<b>-</b>	<b>745</b>
<b>Full-Time Equivalents</b>	<b>31</b>	<b>30</b>	<b>-</b>	<b>35</b>	<b>-</b>	<b>32</b>

<sup>(1)</sup> 2005-06: The \$570,000 actual revenues are comprised of \$486,260 of fees collected plus \$83,740 of Health Canada's frozen allotment.

<sup>(2)</sup> 2007-08: The \$572,000 actual revenues are comprised of \$500,395 of fees collected plus \$69,605 of Health Canada's frozen allotment and \$2,000 from appeals.

**Table 2: Voted and statutory items (\$ thousands)**

Vote or Statutory Item	Truncated Vote or Statutory Wording	2007-08			
		Main Estimates	Planned Spending	Total Authorities	Total Actuals
25	Operating expenditures	3,024	3,024	3,438	3,231
(S)	Contributions to employee benefit plan	482	482	390	390
	<b>Total</b>	<b>3,506</b>	<b>3,506</b>	<b>3,828</b>	<b>3,621</b>

**Table 3: Sources of Non-Respendable Revenue**

For supplementary information on the Commission's sources of non-respendable revenue please visit: <http://www.tbs-sct.gc.ca/dpr-rmr/2007-2008/index-eng.asp>

**Table 4-A: *User Fees Act***

For supplementary information on the department's User Fees, please visit: <http://www.tbs-sct.gc.ca/dpr-rmr/2007-2008/index-eng.asp>

**Table 4-B: Policy on Service Standards for External Fees**

For supplementary information on the department's Service Standards for External Fees, please visit: <http://www.tbs-sct.gc.ca/dpr-rmr/2007-2008/index-eng.asp>

## **Appendix C – Financial Statements**

Financial statements are prepared in accordance with accrual accounting principles. The unaudited supplementary information presented in the financial tables in the DPR is prepared on a modified cash basis of accounting in order to be consistent with appropriations-based reporting. Note 3 on page 39 reconciles these two accounting methods.

# Statement of Management Responsibility

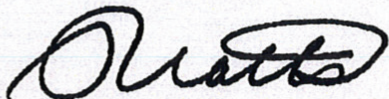
HAZARDOUS MATERIALS INFORMATION REVIEW COMMISSION

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2008 and all information contained in these statements rests with Hazardous Materials Information Review Commission's management. These financial statements have been prepared by management in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment and gives due consideration to materiality. To fulfil its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the Commission's financial transactions. Financial information submitted to the *Public Accounts of Canada* and included in the Commission's *Departmental Performance Report* is consistent with these financial statements.

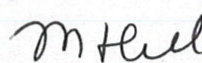
Management maintains a system of financial management and internal control designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are in accordance with the *Financial Administration Act*, are executed in accordance with prescribed regulations, within Parliamentary authorities, and are properly recorded to maintain accountability of Government funds. Management also seeks to ensure the objectivity and integrity of data in its financial statements by careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout the Commission.

The financial statements of the Commission have not been audited.



**Sharon Watts**  
President and Chief Executive Officer  
Ottawa, Canada

Date : AUG 7 2008  
AOUT



**Mary Hill**  
A/ Vice-President, Corporate Services and Adjudicator  
Ottawa, Canada

Date : AUG 7 2008  
AOUT

## Statement of Operations (Unaudited)

### HAZARDOUS MATERIALS INFORMATION REVIEW COMMISSION

For the year ended March 31

(in dollars)

2008

2007

### Expenses

Salaries and employee benefits	2,946,016	3,080,696
Accommodation	563,056	556,982
Professional and special services	512,762	383,970
Utilities, material and supplies	196,666	101,907
Travel and relocation	42,784	43,607
Information	12,922	13,370
Communication	33,666	29,124
Rentals	15,956	12,018
Purchased repair and maintenance	5,512	7,137
Other	(916)	0
	<b>4,328,424</b>	<b>4,228,811</b>

### Revenues

Client Services	502,040	591,445
-----------------	---------	---------

<b>Net cost of operations</b>	<b>3,826,384</b>	<b>3,637,366</b>
-------------------------------	------------------	------------------

The accompanying notes form an integral part of the financial statements.

# Statement of Financial Position (Unaudited)

HAZARDOUS MATERIALS INFORMATION REVIEW COMMISSION

At March 31

(in dollars)

2008

2007

## Assets

### Financial Assets

Accounts receivable and advances (Note 4)	117,160	126,606
	<b>117,160</b>	<b>126,606</b>

## Liabilities and Equity of Canada

### Liabilities

Accounts payable and accrued liabilities	602,127	323,418
Vacation pay and compensatory leave	168,847	141,267
Employee severance benefits (Note 5)	479,898	541,257
	<b>1,250,872</b>	<b>1,005,942</b>

### Equity of Canada

	<b>(1,133,712)</b>	<b>(879,336)</b>
	<b>117,160</b>	<b>126,606</b>

The accompanying notes form an integral part of the financial statements.

## Statement of Equity (Unaudited)

### HAZARDOUS MATERIALS INFORMATION REVIEW COMMISSION

For the year ended March 31 (in dollars)	2008	2007
<b>Equity of Canada, beginning of year</b>	<b>(879,336)</b>	<b>(630,811)</b>
Net cost of operations	<b>(3,826,384)</b>	<b>(3,637,366)</b>
Current year appropriations used (Note 3)	<b>3,620,795</b>	<b>3,400,784</b>
Revenue not available for spending	<b>(502,400)</b>	<b>(591,445)</b>
Change in net position in the Consolidated Revenue Fund (Note 3)	<b>(291,337)</b>	<b>(174,172)</b>
Services received without charge by other government departments (Note 6)	<b>744,950</b>	<b>753,674</b>
<b>Equity of Canada, end of year</b>	<b>(1,133,712)</b>	<b>(879,336)</b>

The accompanying notes form an integral part of the financial statements.

## Statement of Cash Flow (Unaudited)

HAZARDOUS MATERIALS INFORMATION REVIEW COMMISSION

For the year ended March 31

(in dollars)

2008

2007

### Operating activities

<b>Net cost of operations</b>	<b>3,826,384</b>	3,637,366
<b>Non-cash items:</b>		
Services received without charge by other government departments (Note 6)	(744,950)	(753,674)
<b>Variations in Statement of Financial Position:</b>		
Decrease in accounts receivable and advances	(9,446)	(32,986)
Increase in liabilities	(244,930)	(215,539)
<b>Cash used for operating activities</b>	<b>2,827,058</b>	2,635,167

### Financing activities

<b>Net cash provided by Government of Canada</b>	<b>(2,827,058)</b>	(2,635,167)
--------------------------------------------------	--------------------	-------------

The accompanying notes form an integral part of the financial statements.



## 1. Authority and purpose

The Hazardous Materials Information Review Commission was created as an independent quasi-judicial agency in 1987 by proclamation of the *Hazardous Materials Information Review Act* and is accountable to the Parliament of Canada through the Minister of Health. The Commission is charged with providing the trade secret protection mechanism within the Workplace Hazardous Materials Information System (WHMIS).

WHMIS is a nation wide system which contributes to the reduction of illness and injury caused by using hazardous materials in the Canadian workplace. WHMIS requires that manufacturers and suppliers provide employers with information on the hazards of materials produced, sold, or used in Canadian workplaces. The employers, in turn, provide that information to employees through product labels, worker education programs and material safety data sheets (MSDSs).

The Commission's dual role is to balance the right of chemical companies to protect trade secrets and the need of workers to have accurate health and safety information about hazardous chemicals used in the workplace.

The Commission's mandate is to:

- formally register claims for trade secret exemptions and issue registry numbers;
- issue decisions on the validity of claims for exemption using prescribed regulatory criteria;
- make decisions on the compliance of MSDSs and labels within WHMIS requirements; and
- convene independent boards with representatives from labour, suppliers or employers to hear appeals from claimants or affected parties on decisions and orders issued by the Commission.

The Commission is responsible for the administration and enforcement of the following statutes and/or regulations, for which the Minister of Health is accountable to Parliament as the responsible Minister for the Commission: *Hazardous Materials Information Review Act*, *Hazardous Materials Information Review Regulations*, *Hazardous Materials Information Review Act Appeal Board Procedures Regulations*, *Hazardous Products Act*, *Controlled Products Regulations*, *Canada Labour Code—Part II*, *Canada Occupational Safety and Health Regulations*, provincial and territorial occupational safety and health acts and regulations, and *Inquiries Act*.

## 2. Significant accounting policies

The financial statements have been prepared in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector.

Significant accounting policies are as follows:

### *(a) Parliamentary appropriations*

The Commission is financed by the Government of Canada through Parliamentary appropriations. Appropriations provided to the Commission do not parallel financial reporting according to generally accepted accounting principles since appropriations are primarily based on cash flow requirements. Consequently, items recognized in the statement of operations and the statement of financial position are not necessarily the same as those provided through appropriations from Parliament. Note 3 provides a high-level reconciliation between the bases of reporting.

## 2. Significant accounting policies (continued)

### **(b) Net Cash Provided by Government**

The Commission operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the Commission is deposited to the CRF and all cash disbursements made by the Commission are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements including transactions between departments of the federal government.

### **(c) Change in net position in the Consolidated Revenue Fund**

The change in net position in the Consolidated Revenue Fund is the difference between the net cash provided by Government and appropriations used in a year, excluding the amount of non responsible revenue recorded by the Commission. It results from timing differences between when a transaction affects appropriations and when it is processed through the CRF.

### **(d) Revenues**

HMIRC's revenues represent the fees for the claims of exemption from the requirement of manufacturers to disclose a product's hazardous materials. Revenues are accounted for and considered earned in the period in which the claim is registered and a registry number is issued.

### **(e) Expenses**

*Expenses are recorded on an accrual basis:*

- ✓ Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment.
- ✓ Services provided without charge by other government departments for accommodation and the employer's contribution to the health and dental insurance plans are recorded as operating expenses at their estimated cost.

### **(f) Employee future benefits**

- i) Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multiemployer plan administered by the Government of Canada. The Commission's contributions to the Plan are charged to expenses in the year incurred and represent the total obligation to the Plan by the Commission. Current legislation does not require the Commission to make contributions for any actuarial deficiencies of the Plan.
- ii) Severance benefits: Employees are entitled to severance benefits under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary to earn them. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

### **(g) Receivables**

All receivables recorded by the Commission are from other government departments for which the recovery is considered certain. As a result, no provision has been made.

### **(h) Measurement uncertainty**

The preparation of these financial statements in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant item where an estimate is used is the liability for employee severance benefits. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

# Notes to the Financial Statements (Unaudited)

HAZARDOUS MATERIALS INFORMATION REVIEW COMMISSION

## 3. Parliamentary Appropriations

The Commission receives most of its funding through annual Parliamentary appropriations. Items recognized in the statement of operations and the statement of financial position in one year may be funded through Parliamentary appropriations in prior, current or future years. Accordingly, the Commission has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

### (a) Reconciliation of net cost of operations to current year appropriations used:

(in dollars)	2008	2007
Net cost of operations	3,826,384	3,637,366
<i>Adjustments for items affecting net cost of operations but not affecting appropriations:</i>		
<i>Add (Less):</i>		
Services provided without charge from other government departments	(744,950)	(753,674)
Revenue not available for spending	502,400	591,445
Justice Canada legal fees	0	(27,356)
Severance pay benefits	61,359	(110,735)
Vacation pay and compensatory leave	(27,580)	25,054
Refund/adjustment of previous year's expenditures	3,182	38,684
<b>Current year appropriations used</b>	<b>3,620,795</b>	<b>3,400,784</b>

### (b) Appropriations provided and used:

(in dollars)	2008	2007
Operating expenditures - Vote 25	3,438,155	3,224,850
Statutory amounts	390,032	376,331
	<b>3,828,187</b>	<b>3,601,181</b>
Less:		
Lapsed appropriations	(207,392)	(200,397)
<b>Current year appropriations used</b>	<b>3,620,795</b>	<b>3,400,784</b>

### (c) Reconciliation of net cash provided by Government to current year appropriations used

(in dollars)	2008	2007
Net cash provided by Government	2,827,058	2,635,167
Revenue not available for spending	502,400	591,445
	<b>3,329,458</b>	<b>3,226,612</b>
Change in net position in the Consolidated Revenue Fund		
Justice Canada legal fees	0	(27,356)
Refund/adjustment of previous year's expenditures	3,182	38,684
Variation in accounts receivable	9,447	32,986
Variation in accounts payables	278,708	129,858
	<b>291,337</b>	<b>174,172</b>
<b>Current year appropriations used</b>	<b>3,620,795</b>	<b>3,400,784</b>

## Notes to the Financial Statements (Unaudited)

HAZARDOUS MATERIALS INFORMATION REVIEW COMMISSION

### 4. Accounts receivable and advances

(in dollars)	2008	2007
Receivables from other Federal Government departments and agencies	116,958	125,791
Receivables from external parties	2	615
Employee advances	200	200
<b>Net accounts receivable and advances</b>	<b>117,160</b>	<b>126,606</b>

### 5. Employee benefits

#### (a) Pension benefits

The Commission's employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plans benefits and they are indexed to inflation.

Both the employees and the Commission contribute to the cost of the Plan. The current and previous year expenses, which represent approximately 2.1 times (2.2 in 2006-07) the contributions by employees, amount to:

(in dollars)	2008	2007
<b>Expense for the year</b>	<b>284,071</b>	<b>277,356</b>

The Commission's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

#### (b) Severance benefits

The Commission provides severance benefits to its employees based on eligibility, years of service and final salary. These severance benefits are not pre-funded. Benefits will be paid from future appropriations. Information about the severance benefits, measured as at March 31, is as follows:

(in dollars)	2008	2007
Accrued benefit obligation, beginning of year	541,257	430,522
Expense for the year	18,333	170,142
Benefits paid during the year	(79,692)	(59,407)
<b>Accrued benefit obligation, end of year</b>	<b>479,898</b>	<b>541,257</b>

# Notes to the Financial Statements (Unaudited)

## 6. Related party transactions

The Commission is related as a result of common ownership to all Government of Canada departments, agencies, and Crown corporations. The Commission enters into transactions with these entities in the normal course of business and on normal trade terms. Also, during the year, the Commission received services which were obtained without charge from other Government departments as presented in part (a).

***(a) Services provided without charge***

During the year the Commission received without charge from other departments, accommodation, legal fees and the employer's contribution to the health and dental insurance plans. These services without charge have been recognized in the department's Statement of Operations as follows:

(in dollars)	2008	2007
Accommodation	563,056	556,982
Employer's contribution to the health and dental insurance plans	169,447	196,692
Legal services	12,447	0
<b>Services provided without charges</b>	<b>744,950</b>	<b>753,674</b>

The Government has structured some of its administrative activities for efficiency and cost-effectiveness purposes so that one department performs these on behalf of all without charge. The costs of these services, which include payroll and cheque issuance services provided by Public Works and Government Services Canada, are not included as an expense in the Commission's Statement of Operations.

***(b) Payables outstanding at year-end with related parties:***

(in dollars)	2008	2007
Accounts payable to other government departments and agencies	217,855	17,003

## **Section IV      Other Items of Interest**

**Mail:** Hazardous Materials Information Review Commission  
427 Laurier Avenue West, 7th floor  
Ottawa, Ontario  
K1A 1M3

**Telephone:** 613.993.4331

**Facsimile:** 613.993.5016

**Web site:** [www.hmirc-ccrmd.gc.ca](http://www.hmirc-ccrmd.gc.ca)

**E-mail:** [hmirc-ccrmd@hc-sc.gc.ca](mailto:hmirc-ccrmd@hc-sc.gc.ca)