



Hazardous Materials Information
Review Commission

Conseil de contrôle des renseignements
relatifs aux matières dangereuses

Hazardous Materials Information Review Commission

2006–2007

Departmental Performance Report

The Hon. Tony Clement, P.C., M.P.
Minister of Health

Canada

Table of Contents

Section I	Overview	1
	President's Message	1
	Management Representation Statement	3
	Summary Information	4
	Overall Performance	11
Section II	Analysis of Performance by Strategic Outcome	12
	Strategic Outcome	12
	Performance Analysis	13
Section III	Supplementary Information	22
	Appendix A – HMIRC's Organization	22
	Appendix B – Financial Performance	23
	Appendix C – Financial Statements of Departments and Agencies (including Agents of Parliament)	28
Section IV	Other Items of Interest	29

Section I Overview

President's Message

As President and CEO of the Hazardous Materials Information Review Commission during this reporting period, it is my pleasure to submit to Parliament and to Canadians our Performance Report for 2006–2007. At the same time, I am proud to announce that the Commission's long-sought legislative amendments have been enacted into law. Bill S-2, *An Act to Amend the Hazardous Materials Information Review Act*, received Royal Assent on March 29, 2007, marking the conclusion of a remarkable journey toward a revitalized, modernized Commission.

We began our renewal process in 1999 with the vision of becoming a more client-focused agency committed to improving service quality and timeliness. Along the way we implemented wide-ranging initiatives that touched every area of our operations, and introduced more openness, more transparency and more accountability into our everyday operations. And now, with the passage of three legislative amendments, we can finally say that we have transformed the Commission into a dynamic, progressive, well-performing agency.

These legislative amendments reduce the time required to review claims for exemption from disclosure of confidential business information, speed up the correction of the information workers need to handle hazardous materials safely, and expedite the appeals process.

The revitalization of the Commission was my top priority when I accepted this position as President and CEO in 1998, and the successful conclusion to this initiative is a fitting end to my tenure. Throughout this renewal process I have been inspired by the commitment of the Commission's staff and all members of the Council of Governors. In consultation with our clients, stakeholders and WHMIS partners, we seized the renewal agenda and laid out our objectives in a strategic plan called *Blueprint for Change*. We then developed an operational workplan, a road map of sorts, which plotted our journey toward renewal with 29 specific action items. The journey has had its share of challenges, of course, but by working collaboratively, we have accomplished every action item that we set for ourselves.

Many of our business processes have changed since 1998, but our fundamental role has not. Through our material safety data sheet (MSDS) compliance efforts, the Commission is an important advocate for workers, and between 1998 and 2007 it made a measurable improvement to workplace safety by ordering corrections to 13,846 MSDS compliance violations. The Commission is also a strategic partner to industry, helping to safeguard trade secrets that help companies compete in the marketplace. Between 1998 and 2007

the value of those protected trade secrets totalled \$2.86 billion. We are continually striving 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.

I am proud to have led our renewal initiative, but this monumental achievement was very much a joint effort, involving staff members who were fully invested in the process and Council members who represent many different stakeholders yet came together to do the right thing for the public good. The end result shows what can be accomplished through partnership, through professionalism, and by committing ourselves to tangible and measurable results. We have fundamentally changed how we operate, and have set the Commission on a new course for the future.

This will be the last Performance Report in my tenure as President and CEO of the Hazardous Materials Information Review Commission. It has been an honour to have served in this role for nine years. I would like to thank staff members and Council members for their dedication, their support and their unwavering commitment to our goal. As I leave the Commission, I am confident that they will continue to make a difference to industry, to workers and to the health and safety community.

Weldon Newton
President and Chief Executive Officer

(Retired – June 1, 2007)

Management Representation Statement

I submit for tabling in Parliament, the *2006–2007 Departmental Performance Report* for the Hazardous Materials Information Review Commission (HMIRC).

This document has been prepared based on the reporting principles contained in the *Guide to the Preparation of Part III of the 2006–2007 Estimates: Reports on Plans and Priorities and Departmental Performance Reports*:

- ▶ It adheres to the specific reporting requirements outlined in the Treasury Board Secretariat (TBS) guidance;
- ▶ It is based on the department's approved Strategic Outcome(s) 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 Watts
President and Chief Executive Officer

September 18, 2007

Date

Summary Information

Mandate

The *Hazardous Materials Information Review Act* mandates our 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 MSDSs and labels to WHMIS requirements; and
- ▶ convene independent boards with representatives drawn from labour, suppliers or employers to hear appeals from claimants or affected parties on our 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 in order to remain relevant and to provide effective and efficient performance and service quality. We have identified the values and operating principles that foster continuous improvement in our operations.

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

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

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

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

COMPETENCY and **RESPECT**—in our 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 our ability to store and handle the trade secrets of our claimants.

Context

Labour, industry and government agree on the importance of reducing illnesses and injuries from hazardous materials in Canadian workplaces. The Workplace Hazardous Materials Information System (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 material safety data sheet (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 against 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 Hazardous Materials Information Review Commission (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 it believes to be a trade secret, it must file a claim with the Commission for exemption from its WHMIS obligations to disclose this information. Our screening officers review these claims against the applicable federal, provincial or territorial regulations, and rule on the claims' validity.

Our scientific evaluators play a key health and safety role in this claim review process. They review the MSDSs and labels associated with a claim for exemption to ensure the information is complete and accurate. This process involves communication between evaluators, screening officers and claimants to ensure transparency. When evaluators

identify missing or incorrect information, they advise the screening officers who issue formal orders requiring that claimants make the necessary changes and submit the corrected MSDS within 75 calendar days.

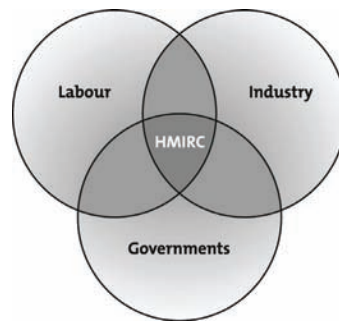
When claimants or affected parties challenge our decisions or orders, the Commission convenes independent boards to hear appeals.

In addition, we respond 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. Our 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. We make a tangible contribution to worker health and safety and are a strategic partner to both the industry and employers. Our 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. Our 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:

- ▶ 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 President and CEO, who is accountable to Parliament through the Minister of Health, supervises and directs the work of the agency.

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

Risks and challenges

As a small agency, the Commission faces several resource challenges in meeting its mandate: the specialized technical skill sets required of its scientific staff, the scarcity of those skill sets and limited resources to attract talent.

In 2006–2007, the Commission took several steps to attract recruits and prevent critical staff shortages in the future.

A new human resources plan that aligns future human resources needs and expertise with the Commission's long-term business and strategic plan was developed. This plan includes specific strategies to address key Commission needs. The areas of focus chosen for the next two years were recruitment and retention, continuous learning, and workload management.

The Commission has established a partnership with its Health portfolio partners to start building a pool of suitable candidates who can be recruited on short notice. For the Commission's new recruits, a coaching program is in place that pairs up new staff members with experienced employees. This approach has proven to be effective in bringing new employees up to a fully functioning level.

The Commission has also put in place a supportive management infrastructure, including risk-based plans, templates and communications tools to increase management accountability and employee awareness of human resources modernization. This has

allowed line managers to be more actively involved in human resource planning, continuous learning and development.

The Commission’s small size also presents operational challenges. In the 2006–2007 fiscal year, the Commission operated with 30 Full-Time Equivalents (FTEs) and a budget of \$3.6 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 balance its resources very carefully between operational requirements and strategic initiatives. These can be both internally driven and externally mandated. As an example, recent efforts over the past several years to enact the Commission’s legislative amendments into law in 2006–2007 heavily taxed the Commission’s limited resources, and competed with critical operational activities. Externally, HMIRC is facing ongoing pressure to implement numerous government-wide initiatives, such as the Treasury Board Policy Suite Renewal, the *Federal Accountability Act* and the *Public Service Modernization Act*, which aim to improve service and accountability to the Canadian public. The Commission is seriously challenged in its ability to adequately address these resource-intensive initiatives while delivering its own mandate.

Financial Resources (\$ thousands)

Planned Spending	Total Authorities	Actual Spending
3,512	3,601	3,401

Human Resources

Planned	Actual	Difference
35	30	5 ⁽¹⁾

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

Commission's Priorities (\$ thousands)

2006–2007				
Status on Performance			Planned Spending	Actual Spending
Strategic Outcome: 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.				
<ul style="list-style-type: none"> ▶ Manage the workload. ▶ Improve service to our clients and stakeholders. ▶ Monitor implementation initiatives under the Globally Harmonized System. ▶ Improve the focus of outreach activities and stakeholder liaison. ▶ Enhance management excellence. 	Claim Exemption Process <ul style="list-style-type: none"> ▶ The protection of valid confidential business information about suppliers' and employers' hazardous products ▶ A mechanism for workers to be informed about the health and safety hazards of exposure to chemicals found in products associated with claims for exemption ▶ A system that resolves disputes in a fair, efficient and cost effective manner 	Successfully met	3,512	3,401

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. This is particularly applicable to the Commission's mandate as we deliver the WHMIS trade secret exemption mechanism on behalf of the federal, provincial and territorial governments. The Commission's work supports improved

occupational health and safety for Canadian workers, a key element to achieving a healthy Canadian population.

Overall Performance

The Commission's renewal process reached an important milestone in 2006–2007 with the enactment of Bill S-2, *An Act to Amend the Hazardous Materials Information Review Act*. The amendments reduce the time required to review claims for exemption from disclosure of confidential business information, speed up the correction of the information that workers need to handle hazardous materials safely, and expedite and improve the appeals process. Claimants will find claims simpler to file, and the claims exemption process will be more efficient.

As part of the Commission's commitment to continuous improvement, the claims process and the claims form itself came under scrutiny, with further refinements planned for the next fiscal year. Several tools used to assess MSDSs were updated to ensure the Commission is using the most advanced scientific information available.

The Commission took steps to address recurring challenges in recruiting and retaining specialized scientific staff. Most significantly, the Commission developed a new plan that aligns its human resources needs with its business plan. In addition, the Commission developed a significant alliance with its Health portfolio partners in creating a list of qualified candidates who could be recruited quickly to fill vacancies.

Outreach efforts concentrated on the Web site, the Commission's most important communication and outreach tool. Preparations were made for three major Web site updates in the next fiscal year: to reflect the new legislative amendments, to improve clients' access to information, and to meet a new federal standard on Common Look and Feel for the Internet.

The Commission also worked with Health portfolio partners on several executive-level committees and strengthened ties with the offices of both the Minister and the Deputy Minister of Health. Through extensive interaction with the Minister's office, several members were appointed to the Commission's multi-stakeholder Council of Governors, significantly increasing the effectiveness of the Council as a governing body. For the first time in 10 years, all Council positions requiring the approval of the Minister of Health have been filled. In addition, relationships were strengthened with several stakeholder organizations, and collaborations continued with partner agencies in the Health portfolio.

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
3,512	3,601	3,401

Human Resources

Planned	Actual	Difference
35	30	5 ⁽¹⁾

⁽¹⁾ The variance is due to HMIRC's challenge to meet full capacity.

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 material safety data sheet or label to which the claim relates, and administers an appeal process to these decisions.

Expected results

- ▶ The protection of valid confidential business information about suppliers' and employers' hazardous products.
- ▶ A mechanism for workers to be informed about the health and safety hazards of exposure to chemicals found in products associated with claims for exemption.
- ▶ A system that resolves disputes in a fair, efficient and cost-effective manner.

Key program: Claims Processing

Financial Resources (\$ thousands)

Planned Spending	Authorities	Actual Spending
3,336	3,421	3,370

Under this activity, HMIRC registers claims, thereby enabling a company to sell and/or distribute its product 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 material safety data sheet is evaluated to ensure compliance with WHMIS requirements. Decisions are issued and published in the *Canada Gazette*.

Expected Results	Indicators
<ul style="list-style-type: none">▶ Manufacturers can import, distribute and sell products<ul style="list-style-type: none">▶ Registry number assigned▶ Published decisions	<ul style="list-style-type: none">▶ number of claims registered▶ number of complaints from suppliers/claimants about delays▶ number of published decisions▶ elapsed time between receipt of claim and registration
<ul style="list-style-type: none">▶ MSDSs comply with legislation<ul style="list-style-type: none">▶ Decisions issued▶ Compliance with orders	<ul style="list-style-type: none">▶ number of advice documents produced▶ extent to which claimants have complied with orders within the 75 calendar days allowed

Performance Analysis

Manage the Workload

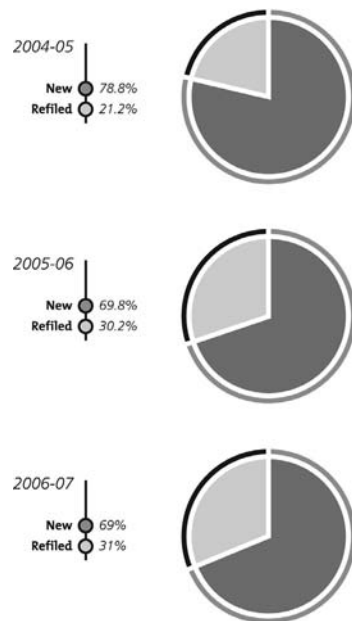
Claims Registration

In 2006–2007, the Commission registered 387 claims for exemption, which was virtually unchanged from the 388 claims registered during 2005–2006. Of that total, 97%, or 377 claims, were received with all the necessary information and were verified and registered within the seven-day turnaround time specified in the Commission’s service standard.

The Commission exceeded the seven-day turnaround time for the remaining 3% because the claimants had to submit additional information to substantiate their claims before they could be verified and registered.

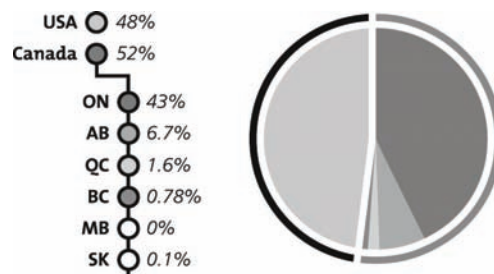
Consistent with the previous fiscal year, about 70% of the claims registered in 2006–2007 were new filings and 30% were previously approved claims that were refiled after three years, as the law requires (Figure 1).

Figure 1: Percentages of new and refiled claims registered, 2004–2005 to 2006–2007



Consistent with previous years, the percentage of claims from Canadian suppliers in 2006–2007 was slightly higher than that from U.S. suppliers. Most claims from Canadian suppliers originated in Ontario (Figure 2).

Figure 2: Geographic origin of claims, 2003–2004 to 2006–2007 (average percentages)



Claims Processing

A total of 192 claims for exemptions were processed to completion, which represents a drop of 36% from the number processed in 2005–2006. Much of this decrease from the previous year can be attributed to the unusual complexity of more than half the claims reviewed; they involved 10 ingredients or more and required significantly more time for review. In addition, recently hired staff members were not fully trained, which affected productivity.

In 2006–2007, the Commission updated and enhanced several assessment tools to ensure that MSDS reviews are based on the most advanced scientific expertise. For example, the Commission's prioritization scheme, developed in 2005–2006, was updated to include the most current scientific information on the hazards of workplace chemicals. The Commission developed the prioritization scheme so that claims for products with a high hazard, which are likely to pose a major risk to workers' health, will be identified and reviewed without significant delay. This practice allows the corrected MSDSs of high-hazard products to reach the workplace sooner. Of the 192 decisions issued in 2006–2007, 55% contained ingredients classified as high hazard.

The reference manual used by scientists in reviewing MSDSs was also revised. The Commission's database was updated to include published papers on 528 new ingredients. Eight toxicology profiles were updated as well to include the most recent scientific literature.

The dispute resolution mechanism successfully dealt with 387 issues raised through increased transparency and communication between claimants and the Commission. The majority of the issues resolved dealt with the disclosure on the MSDS of all hazardous ingredients in a product. Another significant type of issue concerned the extent of a product's potential for causing irritation or corrosion to either the skin or the eyes. All of the issues were eventually resolved and no appeals were filed.

MSDS Violations

An MSDS is required to be fully compliant with the *Hazardous Products Act* and *Controlled Products Regulations* when a claim is submitted to the Commission. To ensure that this is the case, the Commission reviews the MSDSs for all claims. As in previous years, only about 5% of the MSDSs (10/192) were found to be in compliance, and on average there were 8.3 violation occurrences per claim in 2006–2007 reflecting nearly similar occurrences in the previous two years. Of the great majority of MSDSs that were non-compliant, approximately 59.5% of the violations were related to toxicological properties, hazardous ingredients and first aid measures as indicated by average percentages over the last three years. MSDS non-compliance in these important areas has

the potential to negatively impact the health and safety of workers who come in contact with the products involved.

Table 1: MSDS violations, 2004–2005 to 2006–2007

Violation Category	Number of Violations by Year				
	2006–2007	2005–2006	2004–2005	Total	%
Toxicological properties	372	850	769	1991	31.5
Hazardous ingredients	257	333	254	844	13.4
First aid measures	249	370	312	931	14.7
Preparation information	237	232	147	616	9.7
Registry number/date of filing	59	263	147	469	7.4
Physical data	92	95	79	266	4.2
Reactivity data	33	117	107	257	4.1
Hazard classification	53	76	80	209	3.3
Format/wording	82	57	36	175	2.8
Fire or explosion hazard	52	58	58	168	2.7
Headings	41	52	70	163	2.6
Generic chemical identity	53	43	12	108	1.7
Product information	15	55	28	98	1.6
Preventive measures	6	14	4	24	0.4
Total	1601	2615	2103	6319	100
Number of claims/controlled products	192	298	245	735	
Average number of violation occurrences per claim	8.3	8.7	8.6	8.6	

Workload Estimates

Historically, the volume of claims received annually has fluctuated dramatically, making the workload difficult to plan. However, in recent years the number and breakdown of claims received has remained relatively consistent. Consequently, the Commission has established the 2005–2006 and 2006–2007 years as a baseline upon which to forecast the workload for 2007–2008 and subsequent years.

To forecast the number of claims expected to be withdrawn in 2007–2008 and in subsequent years, an average of the last three years (15%) was used as an estimate. The

withdrawal of claims can occur for various reasons. For instance, if a company changes hands, the new company must withdraw the claims and refile them; a company may decide to declare the ingredients that it was seeking to protect; or the company may no longer be selling the product. The Commission staff often spend a significant amount of time reviewing these claims before they are withdrawn.

All forecasted numbers are reassessed and adjusted annually if required to ensure that all projections remain meaningful.

Table 2: Claim workload estimates, 2005–2006 to 2008–2009

	Actual number of claims		Estimated number of claims	
	2005–2006	2006–2007	2007–2008	2008–2009
Brought forward	691	708	813	791
PLUS				
New claims	271	267	280	280
Refilings	117	120	120	120
Subtotal	388	387	400	400
MINUS				
Withdrawals	73	90	122	118
Claims processed	298	192	300	300
Subtotal	371	282	422	418
EQUALS				
Balance*	708	813	791	773

* Indicates the number of claims remaining to be adjudicated.

Improve Services to Our Clients and Stakeholders

In 1999, following broad consultations with stakeholders and a thorough review of its operations, the Commission embarked on a wide-ranging renewal process to improve the quality and timeliness of its service to clients. Throughout the renewal process the Commission made extensive operational improvements, and with the exception of three matters that required legislative amendment, has successfully implemented all administrative changes that were identified in the extensive consultation and review.

In 2006–2007, the Commission entered the final stage of the renewal process as the three legislative amendments were introduced to Parliament as Bill S-2, *An Act to Amend the Hazardous Materials Information Review Act*. Bolstered by the unanimous support of all stakeholders and all parties in both the House of Commons and the Senate, Bill S-2 passed without amendment and received Royal Assent on March 29, 2007.

These three amendments, which will be fully implemented in the next fiscal year, will further streamline the Commission's administrative processes for clients. The first amendment relates to the Commission's mandate to protect industry's confidential business information. Currently, claimants seeking to exempt certain information from disclosure are required to submit detailed documentation on how they are protecting the confidentiality of their information and on how they would be harmed by the disclosure of the information. These requirements are an administrative burden on claimants, and also increase the amount of time that the Commission needs to review the claims. The amendment will allow claimants to declare, with minimal supporting documentation, that the information they are seeking to protect from disclosure is confidential business information, and will decrease the Commission's review time. However, the Commission will collect full documentation when an affected party challenges a claim or when a claim is selected for review.

The amendments will also allow claimants to voluntarily correct MSDSs and product labels when the Commission finds that these are non-compliant. The old Act required the Commission to issue formal correction orders against a claimant, even if the claimant was fully prepared to make all necessary corrections voluntarily. Claimants felt that these orders imply a reluctance to fulfill their responsibilities for workplace safety. Additionally, these orders only became binding 75 days after being published in the *Canada Gazette*. Allowing corrections to be made without issuing orders will dramatically shorten the process and give workers much faster access to accurate safety information.

Finally, the amendments will allow the Commission to provide factual clarification to independent appeal boards, if needed, to facilitate the appeals process. Previously, the Commission was prohibited from providing explanatory information to appeal boards, which often resulted in difficulties for appeal boards when interpreting the record of the screening officer. The amendment to allow factual clarifications will facilitate decision-making by appeal boards and expedite the appeals process.

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 appeals process.

Although the formal renewal process has been successfully concluded, the Commission remains committed to making continuous improvements. In that spirit, both the claims form and the claims process were reviewed, and both will be further enhanced in the next fiscal year. The new electronic claims form will include several interactive elements that will simplify the process for claimants by clarifying what information is needed,

organizing claimant input and adjusting to accommodate lengthy input. The new form is also expected to help speed up the processing of claims.

Throughout the year, Commission staff remained committed to excellence in service to prospective claimants seeking information about the claims 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 worldwide, involving our partners in occupational health and safety when necessary.

The Commission worked with Health portfolio partners on several executive-level committees. By strengthening ties with the offices of both the Minister and the Deputy Minister of Health, the Commission was able to facilitate the Order-in-Council appointment process for the Council of Governors. Through extensive interaction with the Minister's office, all positions on the Council of Governors that require the Minister of Health's approval have been filled—for the first time in 10 years.

Monitor Implementation of the Globally Harmonized System

The Commission continued to monitor Canada's implementation of the Globally Harmonized System for the Classification and Labelling of Chemicals (GHS), an international initiative issued in 2002 after several years of negotiations, which is scheduled to be implemented worldwide in 2008.

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.

Improve the Focus of Outreach and Stakeholder Liaison

Outreach activities in 2006–2007 focused on the Commission’s Web site, the primary outreach and communications tool for both claimants and stakeholders. In 2006–2007, the site recorded 36,180 visitors, an average 34% increase in traffic over the previous year.

Increased interest in the Web site and pending legislative changes prompted a comprehensive Web site review. Commission staff began preparing for three major updates scheduled for the coming year. First, a virtual Web site was developed to reflect the implementation of the new legislative amendments. Second, plans were made to improve how claimants access information on the site. And finally, planning began on how to bring the site into compliance with the Common Look and Feel Standards for the Internet (CLF2). The sites of all federal agencies must meet the new standard by December 31, 2008.

The Commission participated in several industry trade shows in 2006–2007, including two conferences sponsored by the Industrial Accident Prevention Association, the Salon professionnel — Le Grand Rendez-vous, santé et sécurité au travail in Montreal and the Society of Toxicology conference in Charlotte, North Carolina. Such events are key opportunities for the Commission to promote its mandate, role and activities.

In 2006–2007, the Commission reinforced 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. The Commission, CCOHS and NOW jointly sponsored a national symposium on WHMIS-related issues, where the Commission presented a paper on its mandate and MSDS violations.

Other program:

Financial Resources (\$ thousands)

Planned Spending	Authorities	Actual Spending
176	180	31

Dispute Prevention/Appeals

The Dispute Prevention/Appeals process that HMIRC administers had been identified as a second program sub-activity in the *2006–2007 Report on Plans and Priorities*. Given the low volume of appeals that have occurred since the inception of the Commission, the internal importance, the size, and the fact that the resources used by this program are not significant, it is not presented as a distinct sub-activity.

For additional information on Dispute Prevention/Appeals, please refer to <http://www.hmirc-ccrmd.gc.ca/english/institutional/aboutus.shtml#dispute>.

Section III Supplementary Information

Appendix A – HMIRC’s Organization

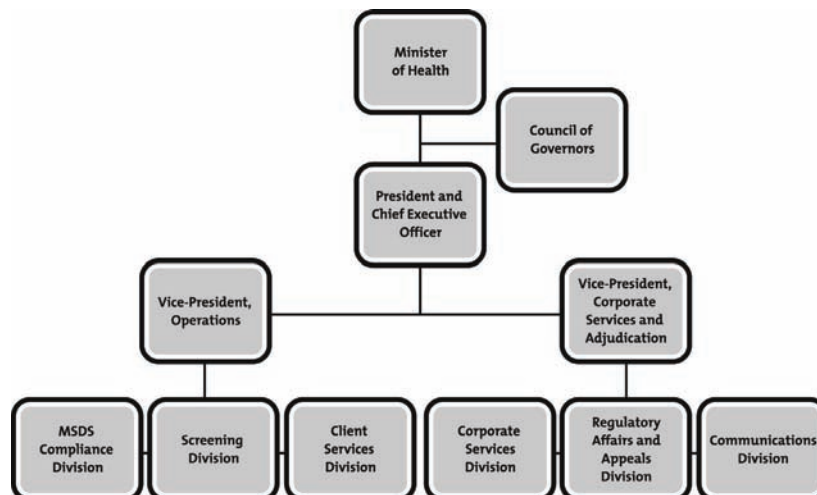
The Council of Governors constitutes the key element of the Commission’s governance structure, acts as an advisory body and provides strategic advice and guidance to the Commission. The Council consists of up to 18 members: 2 representing workers, 1 representing suppliers, 1 representing employers, 1 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, Screening and Client Services 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

Table 1: Comparison of planned to actual spending (including FTEs)

(\$ thousands)	2004– 2005	2005– 2006	2006–2007			
	Actual	Actual	Main Estimates	Planned Spending	Total Authorities	Total Actuals
Claims Exemption Process	3,520	3,257	3,512	3,512	3,601	3,401
Total	3,520	3,257	3,512	3,512	3,601	3,401
Less: Non- Respendable Revenue	570 ⁽¹⁾	570 ⁽²⁾	—	570	—	591
Plus: Cost of Services Received without Charge	880	894	—	1,215	—	754
Total Departmental Spending	3,830	3,581	—	4,157	—	3,564
Full-Time Equivalents	30	31	—	35	—	30

⁽¹⁾ 2004-2005: The \$570,000 actual revenues are comprised of \$407,460 of fees collected plus \$162,540 of Health Canada's frozen allotment

⁽²⁾ 2005-2006: The \$570,000 actual revenues are comprised of \$486,260 of fees collected plus \$83,740 of Health Canada's frozen allotment.

Table 2: Resources by program activity (\$ thousands)

2006–2007				
Program Activity	Budgetary			Total
	Operating	Total: Gross Budgetary Expenditures	Total: Net Budgetary Expenditures	
Claims Exemption Process				
Main Estimates	3,512	3,512	3,512	3,512
<i>Planned Spending</i>	<i>3,512</i>	<i>3,512</i>	<i>3,512</i>	<i>3,512</i>
Total Authorities	3,601	3,601	3,601	3,601
<i>Actual Spending</i>	<i>3,401</i>	<i>3,401</i>	<i>3,401</i>	<i>3,401</i>

Table 3: Voted and statutory items (\$ thousands)

Vote or Statutory Item	Truncated Vote or Statutory Wording	2006–2007			
		Main Estimates	Planned Spending	Total Authorities	Total Actuals
25	Operating expenditures	3,019	3,019	3,225	3,025
(S)	Contributions to employee benefit plan	493	493	376	376
	Total	3,512	3,512	3,601	3,401

Table 4: Services received without charge (\$ thousands)

	2006–2007
Accommodation provided by Public Works and Government Services Canada	557
Contributions covering employers' share of employees' insurance premiums and expenditures paid by Treasury Board Secretariat (excluding revolving funds)	197
Salary and associated expenditures of legal services provided by Justice Canada	0
Total 2006–2007 Services received without charge	754

Table 5: Sources of non-responsible revenue (\$ thousands)

	Actual 2004– 2005	Actual 2005– 2006	2006–2007			
			Main Estimates	Planned Spending	Total Authorities	Actual
Claims Exemption Process						
Fees charged on claims for exemption	570 ⁽¹⁾	570 ⁽²⁾	570	570	570	591
Total Non- Responsible Revenue	570	570	570	570	570	591

⁽¹⁾ 2004-2005: The \$570,000 actual revenues are comprised of \$407,460 of fees collected plus \$162,540 of Health Canada's frozen allotment

⁽²⁾ 2005-2006: The \$570,000 actual revenues are comprised of \$486,260 of fees collected plus \$83,740 of Health Canada's frozen allotment.

Table 6: Resource requirements by branch or sector (\$ thousands)

2006–2007		
Hazardous Materials Information Review Commission	Claims Exemption Process	Total
Office of the President		
Planned Spending	176	176
Actual Spending	188	188
Operations Branch		
Planned Spending	2,107	2,107
Actual Spending	2,069	2,069
Corporate Services and Adjudication Branch		
Planned Spending	1,229	1,229
Actual Spending	1,144	1,144

Note: The breakdown of planned and actual spending between branches has been modified from the table presented in the RPP to be more informative. The planned spending amounts were calculated using a prorating of actuals at year-end.

Table 7-A: User Fees Act (\$ thousands)

2006-2007										Planning Years		
A. User Fee	Fee Type	Fee-Setting Authority	Date Last Modified	Forecast Revenue (\$000)	Actual Revenue (\$000)	Full Cost (\$000)	Performance Standard	Performance Results	Fiscal Year	Forecast Revenue (\$000)	Estimated Full Cost (\$000)	
Confidential business information exemption fees	Regulatory (R)	<i>Hazardous Materials Information Review Act</i>	June 2002	570	591	807	Complete pre-registration check and register claims within seven days of receipt, provided all necessary information is included.	100%	2007-2008 2008-2009 2009-2010	570 570 570	769 ⁽¹⁾ 769 ⁽¹⁾ 769 ⁽¹⁾	
B. Date Last Modified: N/A												
C. Other Information: ⁽¹⁾ Based on 20/80 ratio utilized for differentiation between private good and public good activities as per the revised fee schedule.												
Notes: Fees have been established as per the Government of Canada's <i>External Charging Policy of 1997</i> .												

Table 7-B: User Fees Act (\$ thousands)

2006-2007										Planning Years		
A. User Fee	Fee Type	Fee-Setting Authority	Date Last Modified	Forecast Revenue (\$000)	Actual Revenue (\$000)	Full Cost (\$000)	Performance Standard	Performance Results	Fiscal Year	Forecast Revenue (\$000)	Estimated Full Cost (\$000)	
Fees charged for the processing of access requested filed under the <i>Access to Information Act</i> (ATIA)	Other Products and Services (O)	<i>Access to Information Act</i>	1992	— ⁽¹⁾	— ⁽¹⁾	1	Response provided within 30 days following receipt of request; response time may be extended pursuant to section 9 of the ATIA. Notice of extension to be sent within 30 days of receipt of request.	100%	2007-2008 2008-2009 2009-2010	— ⁽¹⁾ — ⁽¹⁾ — ⁽¹⁾	1 1 1	
B. Date Last Modified: N/A												
C. Other Information: ⁽¹⁾ The financial information is being reported in millions of dollars. The actual and forecast revenues are below the chosen denomination.												
Notes: Fees have been established as per the Government of Canada's <i>External Charging Policy of 1997</i> .												

Table 8: User Fees - Policy on Service Standards for External Fees

Supplementary information on Service Standards for External Fees can be found at http://www.tbs-sct.gc.ca/rma/dpr3/06-07/index_e.asp

Appendix C – Financial Statements of Departments and Agencies (including Agents of Parliament)

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 8 of the financial statements 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, 2007 and all information contained in these statements rests with 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

August 8, 2007

Statement of Operations (unaudited)

HAZARDOUS MATERIALS INFORMATION REVIEW COMMISSION

For the year ended March 31

(in dollars)

2007

2006

Expenses

Salaries and employee benefits	3,080,696	2,962,335
Accommodation	556,982	701,944
Professional and special services	383,970	192,519
Utilities, material and supplies	101,907	81,791
Travel and relocation	43,607	46,010
Information	13,370	29,052
Communication	29,124	28,168
Rentals	12,018	11,168
Purchased repair and maintenance	7,137	4,719
	4,228,811	4,057,706

Revenues

Client Services	591,445	478,550
Net cost of operations	3,637,366	3,579,156

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)

2007

2006

Assets

Financial Assets

Accounts receivable and advances (Note 4)	126,606	159,592
	126,606	159,592

Liabilities and Equity of Canada

Liabilities

Accounts payable and accrued liabilities	323,418	192,924
Vacation pay and compensatory leave	141,267	166,321
Employee severance benefits (Note 5)	541,257	430,522
Other liabilities	0	636
	1,005,942	790,403

Equity of Canada

	(879,336)	(630,811)
	126,606	159,592

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)	2007	2006
Equity of Canada, beginning of year	(630 811)	(943 302)
Net cost of operations	(3 637 366)	(3 579 156)
Current year appropriations used (Note 3)	3 400 784	3 256 597
Revenue not available for spending	(591 445)	(478 550)
Change in net position in the Consolidated Revenue Fund (Note 3)	(174 172)	219 213
Services received without charge by other government departments (Note 6)	753 674	894 387
Equity of Canada, end of year	(879 336)	(630 811)

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)

2007

2006

Operating activities

Net cost of operations	3,637,366	3,579,156
Non-cash items:		
Services received without charge by other government departments (Note 6)	(753,674)	(894,387)
Variations in Statement of Financial Position:		
Decrease in accounts receivable and advances	(32,986)	(20,023)
Decrease (increase) in liabilities	(215,539)	332,514
Cash used for operating activities	2,635,167	2,997,260

Financing activities

Net cash provided by Government of Canada	(2,635,167)	(2,997,260)
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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 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). A product's MSDS must fully disclose all hazardous ingredients in the product, its toxicological properties, any safety precautions workers need to take when using the product, and treatment required in the case of exposure. WHMIS is a nation wide system which contributes to the reduction of illness and injury caused by using hazardous materials in the Canadian workplace.

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 respondable 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)	2007	2006
Net cost of operations	3,637,366	3,579,156
<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	(753,674)	(894,387)
Revenue not available for spending	591,445	478,550
Justice Canada legal fees	(27,356)	(42,793)
Severance pay benefits	(110,735)	24,439
Vacation pay and compensatory leave	25,054	(9,972)
Refund/adjustment of previous year's expenditures	38,684	8,894
Other increase in liabilities	0	112,710
	(236,582)	(322,559)
Current year appropriations used	3,400,784	3,256,597

(b) Appropriations provided and used:

(in dollars)	2007	2006
Operating expenditures - Vote 25	3,224,850	3,074,879
Statutory Amounts	376,331	398,080
Less:		
Lapsed Appropriations	(200,397)	(216,362)
Current year appropriations used	3,400,784	3,256,597

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

(in dollars)	2007	2006
Net cash provided by Government	2,635,167	2,997,260
Revenue not available for spending	591,445	478,550
Change in net position in the Consolidated Revenue Fund		
Justice Canada legal fees	(27,356)	(42,793)
Refund/adjustment of previous year's expenditures	38,684	8,894
Variation in accounts receivable	32,986	20,023
Variation in accounts payables	129,858	(213,655)
Other	0	8,318
	174,172	(219,213)
Current year appropriations used	3,400,784	3,256,597

Notes to the Financial Statements (unaudited)

HAZARDOUS MATERIALS INFORMATION REVIEW COMMISSION

4. Accounts receivable and advances

(in dollars)	2007	2006
Receivables from other Federal Government departments and agencies	125,791	158,716
Receivables from external parties	615	676
Employee advances	200	200
Net accounts receivable and advances	126,606	159,592

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 2.2 times (2.6 in 2005-06) the contributions by employees, amount to:

(in dollars)	2007	2006
Expense for the year	277,356	294,579

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)	2007	2006
Accrued benefit obligation, beginning of year	430,522	454,961
Expense for the year	170,142	52,861
Benefits paid during the year	(59,407)	(77,300)
Accrued benefit obligation, end of year	541,257	430,522

Notes to the Financial Statements (unaudited)

HAZARDOUS MATERIALS INFORMATION REVIEW COMMISSION

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)	2007	2006
Accommodation	556,982	701,944
Employer's contribution to the health and dental insurance plans	196,692	191,273
Legal services	0	1,170
Services provided without charges	753,674	894,387

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)	2007	2006
Accounts payable to other government departments and agencies	17,003	9,140

Section IV Other Items of Interest

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