



**National Round Table on the  
Environment and the Economy**

**Annual Report  
2005–2006**



National Round Table  
on the Environment  
and the Economy

Table ronde nationale  
sur l'environnement  
et l'économie



**Canada**

## NRTEE MEMBERS

As of March 31, 2006

*Chair*

Glen Murray  
Toronto, Ontario

*Vice-Chair*

Edythe A. Marcoux  
Gibsons, British Columbia

Elyse Allan

*President & CEO*  
GE Canada  
Toronto, Ontario

David V.J. Bell

*Professor Emeritus*  
Senior Scholar and Former Dean  
Faculty of Environmental Studies  
York University  
Toronto, Ontario

Katherine M. Bergman

*Dean, Faculty of Science*  
University of Regina  
Regina, Saskatchewan

William J. Borland

*Director, Environmental Affairs*  
JD Irving Limited  
Saint John, New Brunswick

Wendy L. Carter

*Vancouver, British Columbia*

Linda Coady

*Vice-President, Sustainability*  
Vancouver Organizing Committee for the  
2010 Olympic and Paralympic Winter Games  
Vancouver, British Columbia

Richard Drouin

*Corporate Director*  
Montreal, Quebec

Linda Louella Inkpen

*St. Phillips Newfoundland and Labrador*

Stephen Kakfwi

*Yellowknife, Northwest Territories*

David Kerr

*Chair*  
Falconbridge Limited  
Toronto, Ontario

Manon Laporte

*President & CEO*  
Enviro-Access  
Sherbrooke, Quebec

Audrey McLaughlin

*Whitehorse, Yukon*

Patrice Merrin Best

*President & CEO*  
Luscar Limited  
Edmonton, Alberta

Alfred Pilon

*Corporate Secretary*  
Office franco-québécois pour la jeunesse  
Montreal, Quebec

Darren Allan Riggs

*Marketing and Sales Manager*  
Superior Sanitation Services Ltd.  
Charlottetown, Prince Edward Island

Keith Stoodley

*Vice-President*  
OceanTouch  
Paradise Newfoundland and Labrador

Sheila Watt-Cloutier

*Chair*  
Inuit Circumpolar Conference  
Iqaluit, Nunavut

Steve Williams

*Executive Vice-President*  
Oil Sands  
Suncor Energy Inc.  
Fort McMurray, Alberta

## NRTEE SECRETARIAT

*Acting President & CEO*

Alexander Wood

*Executive Assistant to the*  
*Acting President & CEO*  
Hélène Sutton

*Senior Policy Advisor*

Carolyn Cahill

*Policy Advisors*

Claire Fisher

Karen Hébert

Alex Long

David Myers

Erik Sparling

*Director of Operations*

Lisa Woodward

*Corporate Secretary*

Sara Melamed

*Manager of Communications*

Moira Forrest

*Communications Advisor*

Kelly Bagg

*Internet Development Officer*

Edwin Smith

*Desktop Publisher*

Kindi Chana

*Communications Coordinator*

Tania Tremblay

*Information Holdings Coordinator*

Phyllis Leonard

*Information Specialist*

Tyler Palamar

*Office Manager*

Cathy Heroux

*Manager, Finance & Administration*

George Abraham

*Finance & Administration Officer*

Blair Caron

*Finance & Administration Assistant*

Denise Diné-Larivière

*Finance & Administration Clerk*

Marie-France Brassard

*Administrative Assistants*

Denise Johnston

Denise Wilson





NATIONAL ROUND TABLE ON THE ENVIRONMENT AND THE ECONOMY  
TABLE RONDE NATIONALE SUR L'ENVIRONNEMENT ET L'ÉCONOMIE

### **NRTEE Official Reports Copyright and Reproduction Notice**

All **NRTEE Official Reports** (“Works”), provided on this USB memory key and identified in the **NRTEE Official Reports List** folder, contain their individual copyright and reproduction notice. The notice in each of these Works is replaced and superseded by the following copyright and reproduction notice, effective February 22, 2013:

**© This Work is protected by copyright and made available for personal or public non-commercial use and may be reproduced, in part or in whole, and by any means, and may be further distributed for non-commercial use, without charge or further permission. All users are required to indicate that the reproduction, whether in part or in whole, is a copy of a Work of the National Round Table on the Environment and the Economy (NRTEE). Reproduction, in whole or in part, of this Work for the purpose of commercial redistribution is strictly prohibited. Furthermore, no right to modify or alter in any manner the Work is hereby granted.**

### **Consultant Reports Copyright and Reproduction Notice**

All **Consultant Reports** (“Works”), provided on this USB memory key and identified in the **Consultant Reports List** folder, were prepared for, or commissioned by, the National Round Table on the Environment and the Economy (“NRTEE”) in support of its research efforts, and may or may not reflect the views of the NRTEE. Such Works may not contain a copyright notice as they were not intended for public release when they were so prepared or commissioned. In the absence of a copyright notice, and where a copyright notice may in fact appear, the following notice shall be read together with the Work and, where applicable, replace and supersede any existing copyright notice, effective February 22, 2013:

**© This Work is protected by copyright and made available for personal or public non-commercial use and may be reproduced, in part or in whole, and by any means, and may be further distributed for non-commercial use, without charge or further permission. All users are required to indicate that the reproduction, in part or in whole, is a copy of a Work of the National Round Table on the Environment and the Economy (NRTEE). Reproduction, in whole or in part, of this Work for the purpose of commercial redistribution is strictly prohibited. Furthermore, no right to modify or alter in any manner the Work is hereby granted.**

## Letter from the Chair and Chief Executive Officer

July 2006

Dear Minister of the Environment:

We are pleased to submit to you the 2005–2006 Annual Report of the National Round Table on the Environment and the Economy (NRTEE).

Our efforts this past year have focused on facilitating discussion of the environmental and economic elements of a number of key national and international issues. Stakeholders from a wide range of sectors have contributed to important debates on energy and climate change – including advice delivered in the lead-up to the United Nations Framework Convention on Climate Change Conference of the Parties (CoP11) conference in Montreal in the fall, capital markets and sustainability, conserving Canada’s natural capital in the boreal forest, and recommendations on measures for inclusion in the federal budget, specifically on options for a “feebate” for vehicles.

During the next fiscal year, the NRTEE will continue to lead discussion and debate in these program areas, with particular emphasis on energy and climate change – including the development of a long-term strategy on energy and climate change for Canada, and climate change and adaptation.

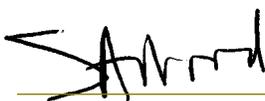
We look forward to continuing to provide your office with current information and advice throughout 2006–2007.

Yours sincerely,



---

Glen Murray  
Chair



---

Alexander Wood  
Acting President and Chief Executive Officer



## Table of Contents

The NRTEE: An Overview.....	3
The Year in Review .....	4
Communications and Publications.....	7
A Look Ahead .....	8
Statement of Management Responsibility.....	9
Auditor’s Report.....	10
Statement of Financial Position .....	11
Statement of Operations.....	12
Statement of Equity of Canada .....	13
Statement of Cash Flow .....	14
Notes to the Financial Statements .....	15



National Round Table  
on the Environment  
and the Economy

Table ronde nationale  
sur l’environnement  
et l’économie

## The NRTEE: An Overview

### About Us

The National Round Table on the Environment and the Economy (NRTEE) is dedicated to exploring new opportunities to integrate environmental conservation and economic development, in order to sustain Canada's prosperity and secure its future.

Drawing on the wealth of insight and experience represented by our diverse membership, our mission is to generate and promote innovative ways to advance Canada's environmental and economic interests in combination, rather than in isolation. In this capacity, it examines the environmental and economic implications of priority issues and offers advice on how best to reconcile the sometimes competing interests of economic prosperity and environmental conservation.

The NRTEE was created by the government in October 1988. Its independent role and mandate were enshrined in the National Round Table on the Environment and Economy Act, which was passed by the House of Commons in May 1993. Appointed by Governor in Council, our members are distinguished leaders in business and labour, universities, environmental organizations, Aboriginal communities and municipalities.

### How We Work

The NRTEE is structured as a round table in order to facilitate the unfettered exchange of ideas. By offering our members a safe haven for discussion, the NRTEE helps reconcile positions that have traditionally been at odds.

The NRTEE is also a coalition builder, reaching out to organizations that share our vision for sustainable development. We believe that affiliation with like-minded partners will spark creativity and generate the momentum needed for success.

And finally, the NRTEE acts as an advocate for positive change, raising awareness among Canadians and their governments about the challenges of sustainable development and promoting viable solutions.

We also maintain a secretariat, which commissions and analyses the research required by our members in their work. The secretariat furnishes administrative, promotional and communications support to the NRTEE.

## The Year in Review

### Corporate Activities

#### Meetings

The members of the NRTEE meet as a round table four times a year to review and discuss the ongoing work of the agency, set priorities and initiate new activities. This year, the members met in Ottawa in May and September, Fort McMurray (Alberta) in November and Gatineau (Quebec) in February.

An additional plenary was held on November 22, 2005 with former Prime Minister Paul Martin. The purpose of this special plenary meeting was to deliver the NRTEE's energy and climate change advice in advance of the United Nations Climate Change Conference in Montreal. This meeting marked the first time in the NRTEE's history that a Prime Minister attended a plenary session.

The Round Table's Executive Committee held six meetings over the year, convening as a group by conference call and in person in July, September, November, December 2005 and January and February 2006.

### Program Areas

The NRTEE focused on five key program areas during the year. Most programs are led by a member of the Round Table who chairs the program's task force or committee. This body is a multistakeholder group that assists in guiding and shaping the program's recommendations and highlighting areas where more work is needed. The five program areas are described briefly below.

#### Greening of the Budget



**Goal:** *To investigate and recommend the use of economic instruments in improving the environment.*

At the heart of this program is the annual **Greening of the Budget** submission, which contains recommendations for consideration by the Minister of Finance in preparing the ensuing year's budget. In developing its advice, the Round Table strives to achieve a consensus among stakeholders around sustainable development initiatives.

In the 2005 federal budget, the government announced it will actively consider opportunities to use the tax system to advance environmental goals. To help identify these opportunities, the NRTEE was asked to outline options for a "feebate" that would provide a consumer rebate for fuel-efficient vehicles and impose a fee on fuel-inefficient ones.

The NRTEE delivered its advice and recommendations to the Minister of Finance in October 2005. The Round Table recommended to the federal government that it not introduce a program of vehicle "feebates" in the next federal budget.

After researching the issue and consulting with industry, labour, consumer and environmental organizations and government representatives, the

Round Table concluded that feebates, on their own, may not be effective in achieving their goals of encouraging conservation and minimizing greenhouse gas emissions in Canada. A comprehensive, integrated strategy aimed at reducing greenhouse gas emissions across the whole transportation sector would be a better option.

## Energy and Climate Change

**Goal:** *To provide advice on long-term energy and climate change strategy for Canada.*

On February 16 of 2005, as the Kyoto Protocol took effect, the Government requested that the NRTEE consider the energy and climate change issues and challenges that Canada faces and provide advice on a long-term strategy.

The NRTEE's long-term advice will examine how Canada can set itself on a course to achieve deep and long-term reductions in greenhouse gas emissions while positioning Canada for maximum economic benefit. It will also examine Canada's international role with regard to climate change in the following three areas: integration of climate change objectives into Canadian foreign policy, trade and aid objectives; promoting linkages between Canada's emerging carbon market and existing/emerging international ones, as well as ways to shape future global markets for carbon through domestic instruments and international initiatives; and, maximizing trade opportunities, in particular developing a strategy to promote the export of Canadian climate-related technologies.

While some recommendations will apply to the year 2050 and beyond, other issues were more pressing since they related to options discussed in the fall the United Nations Climate Change Conference (COP11) held in Montreal, QC.

The NRTEE's advisory report entitled, *Advice to the Prime Minister in Advance of COP11* was released in November 2005. The report examined new approaches to governance in an effort to tackle the important issue of climate change. The Round Table's recommendations focused on how to improve policies in three areas related to climate change: the dangers of climate change to Canada, engaging the United States and developing countries

that are not participating in the Kyoto Protocol on Climate Change, and improving Kyoto's "Clean Development Mechanism" for carbon trading and sustainable development.

## Capital Markets and Sustainability



**Goal:** *To explore the relationship between capital markets, financial performance and sustainability in Canada.*

Through the **Capital Markets and Sustainability** program, the Round Table will facilitate a strong, neutral and independent multistakeholder debate on responsible investment<sup>1</sup> and corporate responsibility<sup>2</sup> by exploring the links between sustainability (both environmental and social) and financial performance in Canada.

The Round Table will address, through a series of background papers and numerous multistakeholder consultations, the following questions: Is there a financial return to business in pursuing the integration of environmental, social and governance (ESG) factors? Is the pursuit of such policies rewarded through the investment allocation decisions of fund managers in the capital markets?

Additional issues the NRTEE will examine include: what are the consequences for companies that either decide to, or decide not to, integrate ESG factors into their business decisions; do capital markets influence such decisions by rewarding leaders or punishing stragglers; and, what can be done to encourage pension funds and companies to increase their integration of ESG factors into their decisions.

Building on the findings and recommendations stemming from the background papers and consultations, the NRTEE will release a *State of the Debate* report in the Fall 2006.

- 1 The NRTEE defines responsible investment (RI) as the integration of environmental criteria and social criteria, insofar as the latter underpin the "social licence to operate" in investment decision making.
- 2 In the context of this NRTEE program, corporate responsibility (CR) encompasses examination of the same environmental and social issues as RI, but it deals with these issues within the context of how capital is allocated within a company.

## Ecological Fiscal Reform (EFR) and Energy



**Goal:** *To demonstrate how governments can use fiscal policy as a strategic tool to simultaneously achieve environmental and economic objectives.*

Fiscal policy is one of the most powerful means at the government's disposal to influence outcomes in the economy. The appropriate signals from governments to industry and consumers encourage the optimal allocation of resources to achieve environmental and economic policy objectives at a lower cost. EFR is an example of a successful economic instruments and market-based approach to stimulate a more innovative economy.

Working with key stakeholders, the NRTEE released a *State of the Debate* report entitled *Economic Instruments for Long-term Reductions in Energy-based Carbon Emissions* report in August 2005. The report synthesizes the major conclusions of the two year multistakeholder process and includes a set of recommendations aimed at helping the country take a leadership position in the innovation of technologies that will lay the foundations of a sustainable energy future, in Canada and around the world.

## Conserving Canada's Natural Capital: The Boreal Forest



**Goal:** *To examine ways to advance conservation in balance with economic activity on lands allocated for resource development in Canada's boreal forest through both regulatory and fiscal policy reform.*

Canada's Boreal region comprises 6 million square kilometers, stretching across the north in seven provinces and all three territories and contains the last natural, original forests remaining in the world. It is a vital part of Canada's "green account" – the natural capital that makes the country one of the wealthiest in the world. In terms of its environmental importance – as a repository for biodiversity and a counterbalance for carbon emissions contributing to climate change – the Boreal forest compares with South America's Amazon.

The NRTEE's research emphasized that this precious resource has been affected seriously in recent decades by logging, mining and energy extraction and global warming. Planned, measured, sustainable development of the Boreal is essential to enable these crucial economic activities to thrive while protecting the equally crucial natural environment.

The program task force completed and released a *State of the Debate* report entitled *Boreal Futures: Governance, Conservation and Development in Canada's Boreal* in October 2005. The report is the result of extensive research and multistakeholder input and identifies opportunities for achieving the balance in the region through initiatives in four interrelated areas: leadership, education and information; ecological fiscal reform; innovations in planning and regulatory frameworks; and institution and capacity building.

## Communications and Publications

In 2005–2006, the NRTEE continued to ensure that decision makers, the media and the public recognize it as a leader in providing objective views and analysis relating to the “state of the debate” on the environment and the economy in Canada. The NRTEE was very active this year, organizing a side event at the United Nations Climate Change Conference (COP11) entitled *Transitioning to a Low Carbon Economy* and Greening of Government Executive Forum – which focused on results, implementation and lessons learned in the “greening” of several multi-national organizations. The Round Table released the NRTEE’s *Advice to the Prime Minister in Advance of COP11*, NRTEE’s *Study on Vehicle Feebates*, as well as five program-related background papers, and provided speakers on a variety of issues at numerous venues including CANSEE 2005, Rethinking Development Conference, GLOBE 2006 and 2006 ForestLeadership Conference.

As well, the Round Table received extensive national media coverage throughout the year on a number of issues including ecological fiscal reform and energy, conserving Canada’s national capital in the boreal forest, vehicle feebates and energy and climate change.

The NRTEE Web site remains an important tool for disseminating key information to stakeholders and members of the public. In 2005–2006, the number of “unique” or new visitors to the Web site continued to grow, increasing by approximately 54 per cent over 2004–2005. The Web site was the

primary source for information on the NRTEE’s *Advice to the Prime Minister in Advance of COP11*, the background papers for the Capital Markets and Sustainability program, the NRTEE’s *Briefing Note* and background documents on the study of vehicle feebates, the NRTEE e-Brief (an electronic e-mail update on current events and program information) and information on the Round Table, its members, current issues and upcoming events.

The Web site’s Virtual Library feature enables users to easily access over 300 NRTEE documents on sustainable development. All NRTEE publications obtained through the Virtual Library are free. The Round Table’s signature series, the *State of the Debate* reports, continues to have strong brand recognition. The most popular reports downloaded in this fiscal year included four *State of the Debate* reports: *Environment and Sustainable Development Indicators for Canada*; *Economic Instruments for Long-term Reductions in Energy-based Carbon Emissions*; *Environmental Quality in Canadian Cities: The Federal Role*; and, *Securing Canada’s Natural Capital: A Vision for Nature Conservation in the 21st Century*. Demand was also high for a stand alone report: *Cleaning up the Past, Building the Future: A National Brownfield Redevelopment Strategy for Canada* and a background paper entitled *Financial Reporting Disclosures about Social, Environmental and Ethical (SEE) Issues*.

NRTEE publications also continued to be marketed and distributed on a partial cost-recovery basis through Renouf Publishing Company Ltd.



## A Look Ahead

The coming year, 2006–2007, will be an active one for the NRTEE. Key initiatives planned for next year include:

- The **Energy and Climate Change** program will release an advisory note entitled, *Advice on a Long-term Strategy on Energy and Climate Change* in June 2006. The advice will address the opportunities and challenges facing Canada in relation to its long-term energy and climate change future. Specifically, it will examine how to, by 2050: meet the energy needs of a growing economy; achieve substantial reductions in carbon emissions; and improve the quality of Canada's air.
- As well, the Energy and Climate Change program will continue to work on the **international component** of the NRTEE's advice and recommendations and will release this document in late August 2006. These issues will include: a strategy for integrating climate change into Canada's foreign policy, aid and trade objectives; a strategy for promoting the export of Canadian environmental technologies; and recommendations on how to promote consistency between Canadian carbon markets and existing and emerging international markets.
- The **Capital Markets and Sustainability** program will complete its research and consultations and will release its findings and recommendations in a *State of the Debate* report in late September 2006.
- The NRTEE will organize a series of Energy and Climate Change workshops in an effort to initiate a **national discussion** on Canada's long-term response to energy and climate change. These half-day sessions will be held in eight to 10 major cities across Canada between October 2006 and March 2007. The NRTEE will engage key players – in the business, provincial, municipal and non-governmental organization (NGO) sectors – in a constructive dialogue which will assist in the future policy work focused on deploying GHG reduction technologies. This input and any subsequent analysis will be forwarded to the Minister of the Environment.
- The NRTEE will launch a new program to examine **Climate Change and Adaptation**. This program will examine the integration of climate change considerations, – risks and opportunities – into existing decision making and policy structures of adaptation as a risk management issue. Four policy areas that will be examined include: disaster management; insurance and other sectors that provide risk-transfer services; building codes and standards; and, project finances and capital markets.
- Building on the key findings and recommendations of the NRTEE's advisory note (*Advice on a Long-term Strategy on Energy and Climate Change*), the Round Table will explore in further detail the need for a **long-term policy signal** on energy and climate change in Canada.

## National Round Table on the Environment and the Economy

### *Statement of Management Responsibility* For the Year ended March 31, 2006

---

The objectivity and the integrity of the financial statements and related information presented in this annual report are the responsibility of management and have been examined by the Executive Committee of the Round Table.

These 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, and year-end instructions issued by the Office of the Comptroller General. These statements should be read within the context of the significant accounting policies set out in the notes.

Management has developed and maintains books, records, internal controls and management practices, designed to provide reasonable assurance that the Government's assets are safeguarded and controlled, resources are managed economically and efficiently in the attainment of the Round Table's objective and that transactions are in accordance with the *Financial Administration Act* and regulations as well as department policies and statutory requirements. Management also seeks to assure the objectivity and integrity of the information in the financial statements by the careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communications programs aimed at ensuring that its regulations, policies, standards and managerial authorities are understood throughout the organization.

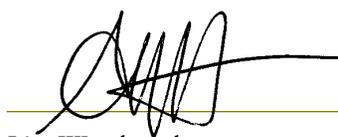
The transactions and financial statements of the Round Table have been audited by the Auditor General of Canada, the independent auditor for the Government of Canada.

Approved by:



---

Alexander Wood  
Acting President and  
Chief Executive Officer



---

Lisa Woodward  
Director of Operations

Ottawa, Canada  
June 30, 2006





Auditor General of Canada  
Vérificatrice générale du Canada

## Auditor's Report

To the National Round Table on the Environment and the Economy  
and the Minister of Environment

I have audited the statement of financial position of the National Round Table on the Environment and the Economy as at March 31, 2006 and the statements of operations, equity of Canada and cash flow for the year then ended. These financial statements are the responsibility of the Round Table's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Round Table as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink, appearing to read 'L Ricard'.

Lyse Ricard, FCA  
Assistant Auditor General  
for the Auditor General of Canada

Ottawa, Canada  
June 30, 2006

## National Round Table on the Environment and the Economy

### Statement of Financial Position

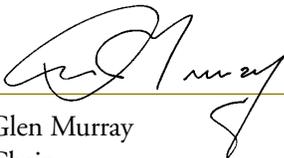
As at March 31

	2006	2005
	\$	\$
<b>ASSETS</b>		
<b>Financial Assets</b>		
Due from Consolidated Revenue Fund	549,778	340,630
Receivables (Note 4)	59,392	42,682
Publication inventory for resale	21,144	14,743
	630,314	398,055
<b>Non-Financial Assets</b>		
Prepayments	13,506	38,445
Tangible capital assets (Note 5)	206,706	253,864
	220,212	292,309
<b>TOTAL ASSETS</b>	<b>850,526</b>	<b>690,364</b>
<b>LIABILITIES AND EQUITY OF CANADA</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities (Note 6)	693,279	463,481
Employee future benefits (Note 7)	–	16,495
	693,279	479,976
<b>Long Term Liabilities</b>		
Employee future benefits (Note 7)	186,353	138,287
<b>EQUITY OF CANADA</b>	<b>(29,106)</b>	<b>72,101</b>
<b>TOTAL LIABILITIES AND EQUITY OF CANADA</b>	<b>850,526</b>	<b>690,364</b>

Commitments (Note 8)

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

Approved by:

  
 Glen Murray  
 Chair

  
 Alexander Wood  
 Acting President and  
 Chief Executive Officer

## National Round Table on the Environment and the Economy

### *Statement of Operations*

#### For the Year ended March 31

	2006	2005
	\$	\$
<b>EXPENSES</b>		
<b>Operating</b>		
Salaries and employee benefits	2,477,444	2,141,357
Professional and special services	1,965,909	1,474,459
Rentals	424,763	435,419
Transportation and communication	279,941	292,045
Publications	238,870	265,001
Amortization	87,782	107,157
Repairs and maintenance	62,160	26,519
Furniture and equipment	52,886	41,048
Utilities, materials and supplies	28,501	35,866
Loss resulting from theft of equipment	–	10,791
	5,618,256	4,829,662
<b>Executive Committee</b>		
Travel and living expenses	32,833	10,628
Members salaries	22,024	12,780
	54,857	23,408
<b>Other Committees</b>		
Travel and living expenses	213,766	173,449
Members salaries and honoraria	182,291	218,163
	396,057	391,612
<b>TOTAL EXPENSES</b>	6,069,170	5,244,682
<b>REVENUES</b>		
Funding from other government department (Note 3)	25,405	–
Sale of publications	2,894	3,771
Proceeds from insurance	–	10,793
Gain on cancellation of a liability	–	4,622
Sale of surplus Crown assets	–	40
<b>TOTAL REVENUES</b>	28,299	19,226
<b>NET COST OF OPERATIONS</b>	6,040,871	5,225,456

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



## National Round Table on the Environment and the Economy

### *Statement of Equity of Canada* For the Year ended March 31

	2006	2005
	\$	\$
Equity of Canada, beginning of year	72,101	169,798
Net cost of operations	(6,040,871)	(5,225,456)
Services received without charge (Note 3)	412,950	408,450
Net change in due from Consolidated Revenue Fund	209,148	(20,976)
Net cash provided by Government	5,317,566	4,740,285
<b>EQUITY OF CANADA, END OF YEAR</b>	<b>(29,106)</b>	<b>72,101</b>

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

## National Round Table on the Environment and the Economy

### *Statement of Cash Flow*

#### For the Year ended March 31

	2006	2005
	\$	\$
<b>Operating Activities</b>		
Net cost of operations	6,040,871	5,225,456
Non-cash items included in cost of operations:		
Less: Amortization of tangible capital assets	(87,782)	(107,157)
Services received without charge	(412,950)	(408,450)
Add: Net gain on disposal of surplus Crown assets	–	40
Net loss resulting from theft of equipment	–	(10,791)
Statement of Financial Position adjustments:		
Increase in receivables	16,710	39,268
Increase (decrease) in publication inventory for resale	6,401	(2,264)
Decrease in prepayments	(24,939)	(3,640)
(Increase) decrease in accounts payable and accrued liabilities	(229,798)	3,047
Increase in employee future benefits	(31,571)	(36,237)
Cash used by operating activities	5,276,942	4,699,272
<b>Capital Investment Activities</b>		
Acquisitions of tangible capital assets	40,624	41,053
Proceeds from the disposal of surplus Crown assets	–	(40)
Cash used by capital investment activities	40,624	41,013
<b>NET CASH PROVIDED BY GOVERNMENT</b>	<b>5,317,566</b>	<b>4,740,285</b>

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

# National Round Table on the Environment and the Economy

## *Notes to the Financial Statements* For the Year ended March 31, 2006

---

### 1. Authority and Purpose

The National Round Table on the Environment and the Economy (Round Table) was established in 1994 under the *National Round Table on the Environment and the Economy Act* and is a departmental corporation named in Schedule II of the *Financial Administration Act*. The Round Table fulfils its objective of promoting sustainable development, and the integration of the environment and economy in decision making in all sectors, by conducting studies, organizing stakeholder “dialogues” on specific issues and economic sectors, providing advice, carrying out educational and communication activities, and by acting as a catalyst for change. Its operating expenditures are funded mainly by a budgetary lapsing authority and, to a lesser extent, from cost recovery and cost sharing for specific activities. Employee benefits are in accordance with the related statutory authorities. The Round Table is not subject to the provisions of the *Income Tax Act*.

### 2. Summary of Significant Accounting Policies

These 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, and year-end instructions issued by the Office of the Comptroller General. Significant accounting policies are as follows:

#### a) Parliamentary Appropriations

The Round Table is financed mainly by the Government of Canada through Parliamentary appropriations. Parliamentary appropriations are disclosed in the Statement of Equity of Canada. Appropriations provided to the Round Table do not parallel financial reporting according to Canadian generally accepted accounting principles, as they are based in a large part on cash flow requirements. Consequently, items recognized in the Statement of Equity of Canada are not necessarily the same as those provided through appropriations from Parliament.

#### b) Due from Consolidated Revenue Fund

The Round Table operates within the Consolidated Revenue Fund (CRF). The CRF is administered by the Receiver General for Canada. All cash received by the Round Table is deposited to the CRF and all cash disbursements made by the Round Table are paid from the CRF. Due from the CRF represents the amount of cash that the Round Table is entitled to draw from the Consolidated Revenue Fund, without further Parliamentary appropriations, in order to discharge its liabilities.

#### c) Employees Future Benefits

##### i) Pension Plan

Employees participate in the Public Service Pension Plan administered by the Government of Canada. The Round Table’s contribution to the Plan reflects the full cost of the employer contributions. This amount is currently based on a multiple of the employee’s required contributions, and may change over time depending on the experience of the Plan. These contributions represent the total pension obligations of the Round Table and are charged to operations on a current basis.



**ii) Severance Benefit**

Employees of the Round Table are entitled to termination benefits as provided for in the Termination Benefits Guidelines within the Employment Status Policy of the Round Table. The cost of these termination benefits is accrued as the employees render the services necessary to earn them.

Management determined the accrued severance benefit to obligations using a method based upon assumptions and its best estimates. Employee severance benefits payable on cessation of employment represent obligations of the Round Table that are normally funded by future year's appropriations.

**d) Receivables**

These are stated at amounts ultimately expected to be realized. An allowance is made for receivables where recovery is considered uncertain.

**e) Publication Inventory for Resale**

An independent distributor sells the Round Table's publication inventory for resale. The distributor is entitled to a 50% commission fee on the sale price of each publication sold. Inventory for resale is valued at net realizable value, which is always less than cost.

**f) Tangible Capital Assets**

Tangible capital assets with an acquisition cost of \$2,000 or more are capitalized at cost and amortized over their estimated useful lives on a straight-line basis. The estimated useful life of each tangible capital asset class is as follows:

<b>Asset Class</b>	<b>Useful Life</b>
Informatics Equipment and Purchased Software	3 years
Furniture and Equipment	10 years
Leasehold Improvements	lower of lease term and 10 years

**g) Services Received Without Charge**

Services received without charge from other government departments are recorded as expenditures at their estimated cost. A corresponding amount is credited directly to the Equity of Canada.

**h) Measurement Uncertainty**

The preparation of financial statements requires management to make estimates and assumptions that affect 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 items where estimates are used are the useful life of tangible capital assets, write-down and write-offs of inventory of publications for resale, and severance benefits. Actual results could differ from management's best estimates as additional information becomes available in the future.

**3. Related Party Transactions**

The Round Table is related in terms of common ownership to all Government of Canada departments and Crown corporations. The Round Table enters into transactions with these entities in the normal course of business and on normal trade terms, with the exception of services received without charge.

During the year, the Round Table received funding in the amount of \$25,405 (2005 – \$0) from another government department, Public Works Government Services Canada, for a communications project.



## National Round Table on the Environment and the Economy

### Annual Report 2005–2006

The Round Table also incurred expenses with related parties of \$951,625 (2005 – \$1,056,293), including \$412,950 (2005 – \$408,450) for services received without charge. Services received without charge include \$368,450 (2005 – \$368,450) for the rental of space, \$42,500 (2005 – \$38,000) for audit services and \$2,000 (2005 – \$2,000) for payroll administration services.

#### 4. Receivables

	2006	2005
Other Government Departments	47,213	26,305
External Parties	12,179	16,377
<b>Total Receivables</b>	<b>59,392</b>	<b>42,682</b>

#### 5. Tangible Capital Assets

	Cost as at March 31, 2005	Acquisitions	Dispositions	Cost as at March 31, 2006
Leasehold Improvements	247,532	32,769	–	280,301
Informatics and Purchased Software	237,734	7,855	(3,200)	242,389
Furniture and Equipment	180,191	–	–	180,191
	665,457	40,624	(3,200)	702,881

	Accumulated Amortization	Net Book Value at March 31, 2006	Net Book Value at March 31, 2005
Leasehold Improvement	177,042	103,259	114,925
Informatics and Purchased Software	206,083	36,306	54,115
Furniture and Equipment	113,050	67,141	84,824
	496,175	206,706	253,864

Amortization expense for the year ended March 31, 2006 is \$87,782 (2005 – \$107,157).

#### 6. Accounts Payable and Accrued Liabilities

	2006	2005
Trade	538,211	459,225
Other Government Departments	155,068	4,256
<b>Total Accounts Payable and Accrued Liabilities</b>	<b>693,279</b>	<b>463,481</b>



**7. Employee Future Benefits****i) Pension Plan**

The Round Table and all eligible employees contribute to the Public Service Pension Plan. This pension plan provides benefits based on years of service and average earnings at retirement. The Round Table's and employees' contributions to the Public Service Pension Plan for the year were as follows:

	<b>2006</b>	<b>2005</b>
Round Table contributions	290,159	251,195
Employee contributions	82,668	77,015
	<b>372,827</b>	<b>328,210</b>

**ii) Severance Benefit**

On termination, the Round table provides a severance benefit to its employees in the form of a termination benefit. This benefit is not prefunded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. Information about the plan is as follows:

	<b>2006</b>	<b>2005</b>
Accrued severance benefit, beginning of year	154,782	118,545
Cost for the year	33,554	47,345
Severance benefit paid during the year	(1,983)	(11,108)
Accrued severance benefit, end of year	186,353	154,782
Short-term portion	–	16,495
Long-term portion	186,353	138,287
	<b>186,353</b>	<b>154,782</b>

**8. Commitments**

- a) The Round Table entered into a long-term lease for an office photocopier during fiscal year 2001/02 and modified the lease agreement during 2003/04 to include an additional component for the remainder of the lease term. The remaining value of the lease is \$13,466 (2005 - \$28,160). The payments are expected to be made over the next fiscal year.
- b) The Round Table has entered into contracts for operating expenditures for approximately \$75,368 (2005 - \$0). The payments under these contracts are expected to be made over the next fiscal year.

**9. Parliamentary Appropriations**

The Round Table receives the majority of its funding through annual Parliamentary appropriations, which are based primarily on cash flow requirements. Items recognized in the Statement of Operations and Statement of Financial Position in one year may be funded through Parliamentary appropriations in prior and future years. Accordingly, the Round Table has different net results of operations for the year on a government funding basis than on an accrual basis. These differences are reconciled below.

**a) Reconciliation of net cost of operations to Current year appropriations used:**

	2006	2005
Net cost of operations	6,040,871	5,225,456
Publications revenue in accordance with section 29.1(1) of the <i>Financial Administration Act</i>	2,894	3,771
Adjustments for items affecting net cost of operations but not affecting appropriations:		
Amortization	(87,782)	(107,157)
Services received without charge	(412,950)	(408,450)
Funding from other government department	25,405	–
Net loss result resulting from theft of equipment	–	(10,791)
Gain on cancellation of a liability	–	4,622
Sale of surplus Crown Assets	–	40
	(475,327)	(521,736)
Changes in accounts affecting net cost of operations but not affecting appropriations:		
Vacation pay and compensatory time	16,630	7,388
Employee future benefits	(31,571)	(36,237)
GST included in the liabilities	16,372	–
	1,431	(28,849)
Adjustments for items not affecting net cost of operations but affecting appropriations:		
Acquisitions of tangible capital assets	40,624	41,053
Increase (decrease) in publication inventory for resale	6,401	(2,264)
Decrease in prepayments	(24,939)	(3,640)
	22,086	35,149
Current year appropriations used	5,591,955	4,713,791

National Round Table on the Environment and the Economy  
Annual Report 2005–2006

**b) Reconciliation of Parliamentary appropriations voted to Current year appropriations used:**

	2006	2005
Parliamentary appropriation – voted:		
Vote 25 – Operating expenditures	5,244,888	4,701,000
Statutory appropriation:		
Contributions to employee benefit plans	439,000	342,695
Expenses incurred for publications for resale	2,894	3,771
Spending of proceeds from disposal of surplus Crown Assets	–	40
	5,686,782	5,047,506
Less: Lapsed appropriations – operations	(94,827)	(333,715)
Current year appropriations used	5,591,955	4,713,791

**c) Reconciliation of net cash provided by government to Current year appropriations used:**

	2006	2005
Net cash provided by government	5,317,566	4,740,285
Publications revenue in accordance with section 29.1(1) of the <i>Financial Administration Act</i>	2,894	3,771
Adjustments for items affecting net cash provided by government but not affecting appropriations:		
Funding from other government department	25,405	–
Gain on cancellation of a liability	–	4,622
Sale of surplus Crown Assets	–	40
	25,405	4,662
Adjustments for items not affecting net cash provided by government but affecting appropriations:		
Variation in receivables	(16,710)	(39,268)
Variation in accounts payable and accrued liabilities	262,800	4,341
	246,090	(34,927)
Current year appropriations used	5,591,955	4,713,791