



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

**Annual Report
2006–2007**



National Round Table
on the Environment
and the Economy

Table ronde nationale
sur l'environnement
et l'économie



Canada

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(April 1, 2006 to March 31, 2007)

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Toronto, Ontario

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Toronto, Ontario

Vice-Chair

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Senior Scholar and Former Dean
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Toronto, Ontario (to May 29, 2006)

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(from December 8, 2006)

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University of Regina
Regina, Saskatchewan (to February 15, 2007)

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Green & Gold Inc.
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Vancouver Organizing Committee for the 2010
Olympic and Paralympic Winter Games
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Montreal, Quebec

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Vice-Chair (Past Chair)
Canadian Renewable Fuels Association
Oakville, Ontario (from November 9, 2006)

Mark Jaccard

*Professor, School of Resource and Environmental
Management*
Simon Fraser University
Vancouver, British Columbia
(from November 9, 2006)

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Manon Laporte

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Alexander Wood

NRTEE Secretariat

Acting President & CEO

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

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Letter from the Chair and Chief Executive Officer

July 2007

Dear Minister:

We are pleased to submit to you the 2006–2007 Annual Report of the National Round Table on the Environment and the Economy (NRTEE).

In June 2006, the NRTEE released findings and advice to the government on a long-term climate change and energy strategy. This strategy was based on a scenario developed by the NRTEE that examined how, by 2050, Canada could meet the energy needs of a growing economy, achieve substantial reductions in carbon emissions, and improve air quality. This was followed by a national outreach initiative to nine Canadian cities to promote awareness of and gather feedback on this advice.

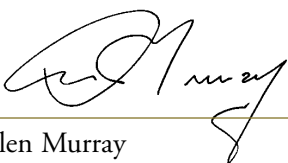
Since then our efforts have focused on providing advice on greenhouse gas and air pollutant emission reductions in support of Canada's proposed Clean Air Regulatory Agenda.

In parallel with our work on Canada's *Clean Air Act*, and in partnership with other organizations, we continue to examine how all Canadians can adapt to climate change, particularly as it affects the northern parts of our country.

Over the years, the NRTEE has developed expertise that positions us well to provide a unique and substantial contribution to Canada's performance. We are committed to maintaining a focus on our mandate and to helping the federal government face the sustainable development challenge head-on in 2007 and beyond.

We look forward to continuing to provide your office with current information and advice throughout 2007–2008.

Yours sincerely,



Glen Murray
Chair



Alexander Wood
Acting President and Chief Executive Officer



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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 its diverse membership, the NRTEE has a mission 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 Government of Canada created the NRTEE in October 1988. Its independent role and mandate were enshrined in the *National Round Table on the Environment and the Economy Act*, which was passed by the House of Commons in May 1993. Appointed by the Governor in Council, the NRTEE 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 its 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 its 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.

The NRTEE maintains a secretariat, which commissions and analyzes the research required by its 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 per year to review and discuss the ongoing work of the agency, set priorities, and initiate new activities. Last year, the members met in Ottawa (Ontario) in May, August, and November 2006, and in February 2007.

An additional meeting was held on March 28, 2007. The purpose of this special plenary meeting was to focus on the content and delivery of the *Clean Air Act* program interim report to the Minister of the Environment.

The NRTEE's Executive Committee held five meetings over the year in April, July, and October 2006, and in January and March 2007.

Program Areas

Drawing on the wealth of insight and experience represented by its diverse membership, the NRTEE examines the environmental and economic implications of priority issues, and offers independent advice on how best to address the challenges and seize the opportunities that emerge from them. Its activities are directly relevant to Canada's national interest and to the government's objective of building a globally competitive, sustainable, technologically innovative economy.

The NRTEE focused on several key areas during 2006–2007, including advice to the Government of Canada on long-term issues relating to energy and climate change. Program areas addressed by the NRTEE are described briefly below.

Energy and Climate Change

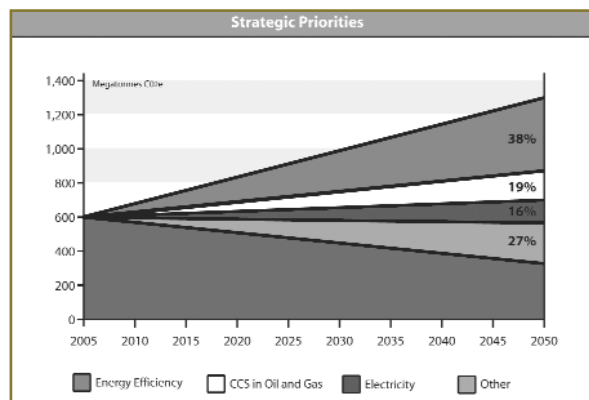
Goal: *To provide advice on a long-term energy and climate change strategy for Canada.*

NRTEE Advisory Note

In June 2006, the NRTEE released findings and advice to the government on a long-term climate change and energy strategy. The strategy was based on a scenario developed by the NRTEE that examined how, by 2050, to meet the energy needs of a growing economy, achieve substantial reductions in carbon emissions, and improve the air quality in Canada.

The NRTEE's Advisory Note entitled, *Advice on a Long-Term Strategy on Energy and Climate Change for Canada*, focused on two questions:

- How can Canada protect and enhance its national interest with regard to energy and climate change issues between now and 2050?
- What do we need to do right now to meet this long-term objective?



The NRTEE examined whether existing or near-term technologies are sufficient to reduce energy-related greenhouse gas emissions by 60% by 2050 while still meeting the energy needs of sustained population growth, labour productivity, and per capita GDP. The study showed this reduction is possible only if Canada simultaneously increases energy efficiency and reduces the carbon intensity of energy production.

A copy of the NRTEE's Advisory Note can be downloaded by visiting www.nrtee-trnee.ca.

Outreach Initiative

From November 6 to December 7, 2006, the NRTEE held ten day-long outreach sessions in nine Canadian cities. The purpose of the sessions was to present the findings of the NRTEE's Advisory Note (released in June 2006) to knowledgeable stakeholders in different regions. Participants provided their views and opinions on the NRTEE's overall approach to energy and climate change issues and to three strategic priorities that the NRTEE's Advisory Note identified: energy efficiency, energy production (carbon capture and storage), and electricity generation.

In March 2007, the NRTEE delivered the synthesized results of its outreach sessions to the federal Minister of the Environment.

Canada's International Role with Regard to Climate Change

Stemming from the Government of Canada's request for advice on energy and climate change issues and the challenges that Canada faces, the NRTEE also examined Canada's international role with regard to climate change.

The NRTEE concentrated on three areas:

- Integrating climate change objectives into Canadian foreign policy, trade, and aid objectives;
- Promoting linkages between Canada's emerging carbon market and existing/emerging international ones, and encouraging 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.

This *Advisory Note* was released in October 2006.

Capital Markets and Sustainability

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

In its **Capital Markets and Sustainability** program, the NRTEE explored the relationship between capital markets, financial performance, and sustainability in Canada.

By facilitating a strong, neutral, and independent multistakeholder debate on responsible investment¹ and corporate responsibility,² and exploring the links between sustainability (comprising environmental and social issues) and financial performance in Canada, the NRTEE addressed two key questions:

- Is there a financial return for 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?

Over a two-year period, the NRTEE met with representatives from the private, public, and civil society sectors in a series of regional stakeholder meetings and consultations across Canada. The feedback and advice from these meetings and consultations, in addition to a series of commissioned background papers, helped broaden the NRTEE task force's scope and understanding of existing barriers and opportunities available to promote and reward corporate competitiveness, innovation, and sustainability in the investment decision-making process in Canada.

A *State of the Debate* report incorporating the program's findings and policy recommendations was released in February 2007.



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

Communications and Publications

In 2006–2007, the NRTEE continued to ensure that decision makers, the media, and the public recognize it as a leader in providing objective views and analysis on environmental and economic implications of priority issues. The NRTEE released its *Advice on a Long-term Strategy on Energy and Climate Change for Canada* in June 2006, as well as an advisory note on *The International Policy Elements of a Long-term Energy and Climate Change Strategy for Canada* in October 2006. The NRTEE also added another report to its State of the Debate series. This new report, entitled *Capital Markets and Sustainability: Investing in a sustainable future*, was released at the Toronto Stock Exchange in February 2007.

As well, the NRTEE received extensive national media coverage throughout the year on a number of issues including energy and climate change, capital markets, vehicle feebates, and clean air.

The NRTEE website remains an important tool for disseminating key information to stakeholders and members of the public. It was the primary source for information on the NRTEE's *Advice on a Long-term Strategy on Energy and Climate Change for Canada*, *The International Policy Elements of a Long-term Energy and Climate Change Strategy for Canada*, and various background papers and case studies prepared during the course of the NRTEE's work.

The website's Virtual Library allows users to easily access over 300 NRTEE documents on a vast range of environment and economy issues. The most frequently requested reports in this fiscal year included NRTEE's *Advice on a Long-term Strategy on Energy and Climate Change for Canada*, and the NRTEE's *State of the Debate* reports *Economic Instruments for Long-term Reductions in Energy-based Carbon Emissions*, *Environment and Sustainable Development Indicators for Canada*, and *Capital Markets and Sustainability*.

NRTEE publications were also marketed and distributed on a partial cost-recovery basis through **Renouf Publishing Company Ltd.**



A Look Ahead

Clean Air Act Program

Goal: *To provide advice to the federal government on air pollutants and greenhouse gas (GHG) emissions, in support of Canada's proposed Clean Air Regulatory Agenda.*

At the request of the Minister of the Environment, the NRTEE is providing advice to the federal government on air pollutants and greenhouse gas (GHG) emissions, in support of Canada's proposed Clean Air Regulatory Agenda.

Following the release of the NRTEE's Advisory Note in June 2006, the NRTEE started the next phase of its work on long-term issues related to energy and climate change. One of the key findings of its Advisory Note is the "urgent need for a long-term signal." The NRTEE has developed policy recommendations on the broad signal required to reduce greenhouse gas emissions across the economy and implement the NRTEE's 2050 scenario. The policy recommendations will be integrated into the analysis and recommendations the NRTEE will submit to the Minister of the Environment as part of its response to the reference in the proposed *Clean Air Act*.

The NRTEE is currently in the research phase of this program. As requested, it provided an interim report to the Minister in the spring of 2007 and will release its final report in the fall of 2007.

Climate Change Adaptation Policy Program

Goal: *To examine the influence of Canadian public policy on how our communities and economic sectors plan for and manage the effects of climate change.*

The purpose of this program is to examine the influence of Canadian public policy on how our communities and economic sectors plan for and manage the effects of climate change.

The NRTEE's Program on Climate Change Adaptation Policy has three objectives:

- To provide a general characterization of the role of government in fostering sound adaptation by Canadian sectors, communities, and households, including the identification of key public policy challenges and opportunities related to addressing the impacts of climate change in Canada;
- To identify and describe areas of government policy (here in relation to insurance) of strategic significance for triggering integration of climate change-related impacts into the risk management practices of potentially affected sectors of the Canadian economy; and
- To conduct an evaluation of how key mechanisms within one or more of the identified areas of policy (here insurance) might be adjusted, strengthened, or more profoundly restructured so as best to enable the integration of climate change as a risk management issue, to thereby affect the development of stronger adaptive capacity, and sound adaptation, throughout Canadian society.

In recognition of the severe and sustained character of climate change impacts in the Canadian North, the Program will initially focus "north of 60." It will also concentrate primarily on physical infrastructure—its design, planning, funding, construction, use, maintenance, decommissioning, etc.—and the risk management of climate change impacts.

While climate change impacts are intensifying, public policy in support of Canadian preparedness remains underdeveloped. All levels of government will have various roles to play in addressing this situation. As a national rather than a federal body, the NRTEE is well positioned to provide multi-jurisdictional advice on meeting the challenge.

Upon completion of its initial phase, the Program will make recommendations relating to these three particular areas of strategic policy. A second phase of the Program, beginning in 2008, will focus on Canada's southern infrastructure.

National Round Table on the Environment and the Economy

Management Responsibility for Financial Statements

For the year ended March 31, 2007

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2007 and all information contained in this report rests with the NRTEE management. These financial statements have been prepared by management in accordance with accounting policies issued by the Treasury Board of Canada Secretariat, which are consistent with Canadian generally accepted accounting policies for the public sector and year-end instructions issued by the Office of the Comptroller General.

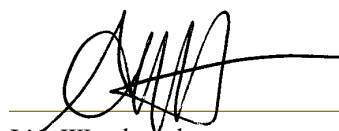
Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment and gives due consideration to materiality. To fulfil its accounting and reporting responsibilities,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

The financial statements of the NRTEE have been audited by the Auditor General of Canada, the independent auditor for the Government of Canada.



Alexander Wood
Acting President and
Chief Executive Officer



Lisa Woodward
Director of Operations

Ottawa, Canada
July 13, 2007



National Round Table on the Environment and the Economy
Annual Report 2006–2007



National Round Table on the Environment and the Economy

Statement of Financial Position

At March 31

	2007	2006
	\$	\$
ASSETS		
Financial Assets		
Due from Consolidated Revenue Fund	530,825	549,778
Receivables (Note 4)	148,465	59,392
	679,290	609,170
Non-Financial Assets		
Publication inventory for resale	25,426	21,144
Prepaid expenses	49,483	13,506
Tangible capital assets (Note 5)	203,426	206,706
	278,335	241,356
TOTAL ASSETS	957,625	850,526
LIABILITIES AND EQUITY OF CANADA		
Accounts payable and accrued liabilities (Note 6)	746,432	693,279
Employee future benefits (Note 7)	192,309	186,353
	938,741	879,632
EQUITY OF CANADA	18,884	(29,106)
TOTAL LIABILITIES AND EQUITY OF CANADA	957,625	850,526

Contractual obligation (Note 8)

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

Approved by:



Alexander Wood
Acting President and
Chief Executive Officer



Lisa Woodward
Director of Operations

National Round Table on the Environment and the Economy

Statement of Operations For the year ended March 31

	2007	2006
	\$	\$
EXPENSES		
Operating		
Salaries and employee benefits	2,155,820	2,477,444
Professional and special services	1,275,982	1,965,909
Rentals	426,391	424,763
Transportation and communication	290,881	279,941
Publications	213,070	238,870
Amortization of tangible capital assets	107,580	87,782
Furniture and equipment	50,706	52,886
Repairs and maintenance	45,128	62,160
Utilities, materials and supplies	35,233	28,501
	4,600,790	5,618,256
Executive Committee		
Travel and living expenses	20,284	32,833
Honoraria	17,958	22,024
	38,241	54,857
Other Committees		
Travel and living expenses	76,298	213,766
Honoraria	83,714	182,291
	160,012	396,057
TOTAL EXPENSES	4,799,044	6,069,170
REVENUES		
Funding from other government departments (Note 3)	20,000	25,405
Insurance settlement	2,674	-
Sale of publications	858	2,894
Miscellaneous	387	-
TOTAL REVENUES	23,919	28,299
NET COST OF OPERATIONS	4,775,125	6,040,871

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

	2007	2006
	\$	\$
Equity of Canada, beginning of year	(29,106)	72,101
Net Cost of Operations	(4,775,125)	(6,040,871)
Services provided without charge (Note 3)	413,484	412,950
Net change in due from Consolidated Revenue Fund	(18,953)	209,148
Net Cash Provided by Government	4,428,584	5,317,566
Equity of Canada, end of year	18,884	(29,106)

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

	2007	2006
	\$	\$
Operating Activities		
Net Cost of Operations	4,775,125	6,040,871
Non-cash items included in cost of operations:		
Less: Amortization of tangible capital assets	(107,580)	(87,782)
Services provided without charge	(413,484)	(412,950)
Statement of Financial Position adjustments:		
Increase in receivables	89,073	16,710
Increase in publication inventory for resale	4,282	6,401
Increase (decrease) in prepaid expenses	35,977	(24,939)
Increase in accounts payable and accrued liabilities	(53,153)	(229,798)
Increase in employee future benefits	(5,956)	(31,571)
Cash used by operating activities	4,324,283	5,276,942
Capital investment Activities		
Acquisition of tangible capital assets	104,301	40,624
Cash used in capital investment activities	104,301	40,624
Net Cash Provided by Government of Canada	4,428,584	5,317,566

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, 2007

1. Authority and Purpose

The National Round Table on the Environment and the Economy (NRTEE) 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 NRTEE 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 expenses 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 NRTEE 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 the Treasury Board Secretariat 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 follow:

a) Parliamentary Appropriations

The NRTEE is financed mainly by the Government of Canada through Parliamentary appropriations. Appropriations provided to the NRTEE do not parallel financial reporting according to Canadian generally accepted accounting principles for the public sector, as they are based in a large part 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 9 provides a high-level reconciliation between the two basis of reporting.

b) Due from Consolidated Revenue Fund

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

c) Revenues

Revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues. Revenues that have been received but not yet earned are presented as deferred revenues.

d) Expenses

Expenses are recorded on the accrual basis:

- Employees severance benefits are accrued as earned and are calculated using the actual time worked at the NRTEE by the employees as the basis to determine the future benefits payable to the employees



on the cessation of employment. Employee severance benefits on cessation of employment represent obligations of the NRTEE that are normally funded through future year appropriations.

- Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment.
- Contributions to the Public Service Pension Plan are charged to expenses in the year incurred and represent the total NRTEE obligation to the Plan. Current legislation does not require the NRTEE to make contributions for any actuarial deficiencies of the Public Service Pension Plan.
- Services provided without charge by other government departments are recorded as expenses at their estimated costs. A corresponding amount is credited directly to the Equity of Canada.

e) Receivables

Receivables are stated at amounts expected to be ultimately realized; a provision is made for receivables where recovery is considered uncertain.

f) Publication Inventory for Resale

An independent distributor sells the NRTEE'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.

g) 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:

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

h) Measurement Uncertainty

The preparation of these financial statements in accordance with Treasury Board of Canada Secretariat 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, 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 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 assumptions underlying the employee severance liability. Actual results could differ from those estimates. Management's estimates are reviewed periodically and, as adjustments becomes necessary, they are recorded in the financial statements in the year they become known.

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3. Related Party Transactions

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

The NRTEE incurred expenses with related parties of \$1,226,745 (2006 - \$951,625), including \$413,484 (2006 - \$412,950) for services provided without charge. Services provided without charge include \$367,484 (2006 - \$368,450) for the rental of space, \$44,000 (2006 - \$42,500) for audit services, and \$2,000 (2006 - \$2,000) for payroll administration services. Revenues generated from related parties amounted to \$20,000 (2006 - \$25,405) for cost sharing events organized by the NRTEE.

4. Receivables

	2007	2006
Other Government Departments	146,819	12,179
External Parties	1,646	47,213
Total Receivables	148,465	59,392

5. Tangible Capital Assets

	Cost as at March 31, 2006	Acquisitions	Dispositions	Cost as at March 31, 2007
Leasehold Improvements	280,301	2,014	–	282,315
Informatics Equipment and Purchased Software	242,389	102,287	–	344,676
Furniture and Equipment	180,191	–	–	180,191
	702,880	104,301	–	807,181

	Current Year Amortization	Accumulated Amortization	Net Book Value at March 31, 2007	Net Book Value at March 31, 2006
Leasehold Improvement	45,979	223,021	59,293	103,259
Informatics Equipment and Purchased Software	40,102	246,185	98,491	36,306
Furniture and Equipment	21,499	134,549	45,642	67,141
	107,580	603,755	203,426	206,706

6. Accounts Payable and Accrued Liabilities

	2007	2006
Trade	714,811	538,211
Other Government Departments	31,621	155,068
Total Accounts Payable and Accrued Liabilities	746,432	693,279

7. Employee Future Benefits**a) Severance Benefit**

The NRTEE uses the actual time worked at the NRTEE for calculating the liability for employee severance benefits. The employee severance benefit liability, including the current portion, is determined to be \$192,309 (2006 - \$186,353). The amount expensed to salary and benefits in the period was \$21,262 (2006 - \$33,554) and the amount paid was \$15,306 (2006 - \$1,983).

b) Pension Benefits

Contributions by the NRTEE to the Public Service Pension Plan of \$216,892 (2006 - \$290,159) and contributions by employees of \$91,966 (2006 - \$82,668) are expensed to salaries and employee benefits in the period incurred and represent the total cost under the Plan.

8. Contractual Obligations

The nature of the NRTEE's activities can result in some large multi-year contracts and obligation whereby the NRTEE will be obligated to make future payments when the services are rendered. Significant contractual obligations that can be reasonably established are summarized as follows:

	2008	2009	2010	2011 & thereafter	Total
Operating lease	21,085	15,300	12,916	9,786	59,087

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9. Parliamentary Appropriations

The NRTEE receives the majority of its funding through 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 NRTEE has different net results of operations for the year on a government funding basis than on an accrual basis of accounting. These differences are reconciled below.

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

	2007	2006
Net cost of operations	4,775,125	6,040,871
Publication revenue in accordance with section 29.1(1) of the <i>Financial Administration Act</i>	858	2,894
Adjustments for items affecting net cost of operations but not affecting appropriations:		
Amortization of tangible capital assets	(107,580)	(87,782)
Services provided without charge	(413,484)	(412,950)
Funding from other government departments	20,000	25,405
Other revenues	3,061	–
	(498,004)	(475,327)
Changes in accounts affecting net cost of operations but not affecting appropriations:		
Increase in vacation pay and compensatory time payable	4,228	16,630
Increase (decrease) in employee future benefits	5,956	(31,571)
GST included in the liabilities	(16,140)	16,372
	(5,956)	1,431
Adjustments for items not affecting net cost of operations but affecting appropriations:		
Acquisition of tangible capital assets	104,301	40,624
Increase in publication inventory for resale	4,282	6,401
Increase (decrease) in prepaid expenses	35,977	(24,939)
	144,559	22,086
Current year appropriations used	4,416,583	5,591,955

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b) Reconciliation of appropriations provided and used:

	2007	2006
Parliamentary appropriation – voted:		
Vote 25 – Operating expenditures	4,831,354	5,244,888
Statutory appropriation:		
Contributions to employee benefit plans	441,000	439,000
Expenses incurred for publications for resale	858	2,894
	5,273,212	5,686,782
Less: Lapsed appropriations – operations	(856,629)	(94,827)
Total appropriations used	4,416,583	5,591,955

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

	2007	2006
Net cash provided by Government	4,428,584	5,317,566
Publication revenue in accordance with section 29.1(1) of the <i>Financial Administration Act</i>	858	2,894
Adjustments for items affecting net cash provided by government but not affecting appropriations:		
Funding from other government departments	20,000	25,405
Other revenues	3,061	–
	23,061	25,405
Adjustments for items not affecting net cash provided by government but affecting appropriations:		
Variation in receivables	(89,073)	(16,710)
Variation in accounts payable and accrued liabilities	53,153	262,800
	(35,920)	246,090
Current year appropriations used	4,416,583	5,591,955