



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

**Annual Report  
2007–2008**



National Round Table  
on the Environment  
and the Economy

Table ronde nationale  
sur l'environnement  
et l'économie

**Canada**

## NRTEE MEMBERS

(April 1, 2007 to March 31, 2008)

### *Chair*

Glen Murray

*Toronto, Ontario (to March 18, 2008)*

David Kerr

*Toronto, Ontario*

Francine Dorion

*St-Bruno-de-Montarville, Québec  
(from June, 4 2007)*

Robert Page

*Calgary, Alberta (from April 2, 2007)*

Janet Benjamin

*North Vancouver, British Columbia*

Elizabeth Brubaker

*Toronto, Ontario (from January 29, 2008)*

Pauline Browes

*Toronto, Ontario*

Angus Bruneau

*St. John's, Newfoundland (from April 2, 2007)*

David Chernushenko

*Ottawa, Ontario*

Anthony Dale

*Toronto, Ontario (from January 28, 2008)*

Robert Dubé

*Montréal, Québec (from October 12, 2007)*

Timothy R. Haig

*Oakville, Ontario*

Christopher Hilkene

*Toronto, Ontario (from April 2, 2007)*

Mark Jaccard

*Vancouver, British Columbia*

Donald F. MacKinnon

*Toronto, Ontario (from October 12, 2007)*

Ken McKinnon

*Whitehorse, Yukon (from April 2, 2007)*

Kerry Morash

*Liverpool, Nova Scotia (resigned March 26, 2008)*

Richard Prokopanko

*Vancouver, British Columbia (from June 4, 2007)*

Wishart Robson

*Calgary, Alberta (from June 27, 2007)*

Robert Slater

*Ottawa, Ontario (from May 11, 2007)*

Robert Sopuck

*Sandy Lake, Manitoba (from October 12, 2007)*

Stephen Kakfwi

*Yellowknife, Northwest Territories  
(to February 15, 2008)*

Steve Williams

*Calgary, Alberta (to April 7, 2007)*

Richard Drouin

*Montreal, Quebec*

*President & CEO*

David McLaughlin

*(from August 2007)*

## NRTEE Secretariat

(April 1, 2007 to March 31, 2008)

*President & CEO (from August 8, 2007)*

David McLaughlin

*Acting President & CEO (to August 8, 2007)*

*Senior Advisor to the President and CEO*

*(to April 1, 2008)*

Alexander Wood

*Executive Assistant to the CEO*

Rachel Longchamps-Walter

*Manager, Policy and Research*

Jill Baker

*Policy Advisors*

Alex Long

Erik Sparling

Annika Tamlyn

*Research Associate*

Tania Briceno-Orduz

*Director, Corporate Services*

Lisa Woodward

*Corporate Secretary*

Sara Melamed

*Manager of Human Resources and Administrative Services*

Hélène Sutton

*Partnership Coordinator*

Greg Zador

*Manager of Communications*

Moira Forrest

*Acting Communications Advisor and Internet Development Officer*

Edwin Smith

*Desktop Publishing*

Kindi Chana

*Information Holdings Manager*

Phyllis Leonardi

*Office Manager*

Cathy Heroux

*IT Security, Systems and Network Analyst*

Kevin Trudeau

*Manager, Finance and Contracts*

Jim McLachlan

*Finance Officer*

Claude Simard

*Finance & Administration Assistant*

Linda Charbonneau

*Finance & Administration Clerk*

Frédéric Pearson

*Contracting Administrator*

Denise Johnston

*Administrative Assistants*

Denise Edwards

Isabella Kavafian

Richard Pilon

Tammy Robillard





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 2008

Dear Minister:

We are pleased to submit to you the 2007–2008 Annual Report of the National Round Table on the Environment and the Economy (NRTEE).

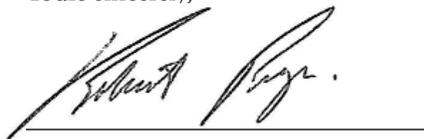
In the last year, the NRTEE focused its attention and research on the critical issues of climate change and clean air. In January 2008, the NRTEE released the final results of its Clean Air Act Program in a report entitled *Getting to 2050: Canada's Transition to a Low-emission Future*. The report set out five enabling conditions that should be reflected in Canada's climate change policy framework, and a set of specific recommendations for the federal government, including establishing an economy-wide price signal on emissions, either an emission tax or a cap-and-trade system or a combination of the two.

In the same period the NRTEE continued work on its Adaptation Program examining the impact of climate change on Northern infrastructure. It focuses on the territories and portions of the provinces north of the 60<sup>th</sup> parallel, in recognition of the severe and sustained character of climate change in the Canadian North.

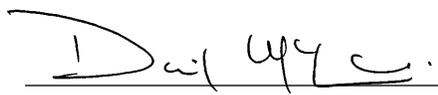
In June 2007, the *Kyoto Protocol Implementation Act* received Royal Assent, obligating the NRTEE to undertake an evaluation of the federal government's annual Climate Change Plan. The NRTEE undertook the required analysis and its findings were provided in a report to you in September. We will continue to do so on an annual basis until 2012.

Over the years, the NRTEE has developed expertise that positions us well to provide a unique and substantial contribution to Canada's sustainable development. We look forward to continuing to provide your office with current information and advice throughout 2008–2009.

Yours sincerely,



Robert Page  
Chair



David McLaughlin  
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

### 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.

Over the last year, the NRTEE has focused its attention and research on the critical issues of climate change and clean air. We have looked at the issue in terms of: (1) long-term policies to reduce greenhouse gas (GHG) and air pollutant emissions in Canada; (2) policies for adaptation to climate change in the Canadian North; as well as (3) providing an evaluation of the federal government's 2007 Climate Change Plan for the purposes of the *Kyoto Protocol Implementation Act*. A brief explanation of these Program areas are described below.

### Clean Air Act Program

The program objective was to provide advice to the federal Minister of the Environment on: (1) how Canada could achieve significant emission reductions of GHGs and air pollutants by 2050; and (2) national ambient air objectives for particulate matter (PM) and ozone for the medium (2020 – 2025) and long term (2050). The results of the program were provided in two separate reports: *Getting to 2050: Canada's Transition to a Low-emission Future*, and *Developing Ambient Air Quality Objectives for Canada* (released in June 2008).

### Getting to 2050: Canada's Transition to a Low-emission Future

In November 2006, the federal Minister of the Environment requested advice from the NRTEE on how Canada could significantly reduce its GHG and air pollutant emissions by 2050. In June 2007 the NRTEE released the initial findings. This preliminary report provided information on the environmental and economic implications of long-term GHG emissions reductions by 2020 and 2050. The report also provided findings in relation to potential long-term air pollutant reductions, specifically for sulphur dioxide, nitrogen oxides, volatile organic compounds and particulate matter.

In January 2008 the NRTEE released the final results of this research in a report entitled *Getting to 2050: Canada's Transition to a Low-emission Future*. In this report, the NRTEE set out five enabling conditions that should be reflected in Canada's climate change policy framework:

- Canada will have to work in concert with the world;
- Policy certainty – beyond the short term – is central;
- An economy-wide emission price signal, implemented with complementary measures, is the core element of a policy framework;
- Technology deployment will be imperative; and
- An integrated approach to climate change and air pollution should be pursued.

The report set out seven specific recommendations for the federal government. The key recommendation is that the federal government should institute a market-based policy that takes the form of an emission tax or a cap-and-trade system or a combination of the two; and that this price signal should be complemented with regulatory policies in



order to address sectors of the Canadian economy that do not respond effectively to such a price signal or where market failures exist.

A copy of the *Getting to 2050* report can be downloaded by visiting [www.nrtee-trnee.ca](http://www.nrtee-trnee.ca).

### **Getting to 2050 Outreach Initiatives**

In September and October of 2007, the NRTEE held half day outreach sessions in six Canadian cities across Canada, with select groups of knowledgeable stakeholders. The purpose of these sessions was to present the findings of the NRTEE's research prior to finalizing our report. Participants provided their views and opinions on the NRTEE's approach and findings of the research. This outreach allowed the NRTEE to 'ground-truth' the research findings, thus strengthening our understanding of the issues before us.

In March 2008, after the release of the *Getting to 2050* report, the NRTEE held three half-day sessions in Calgary, Toronto and Ottawa. Again, the purpose was to present the final findings of our report to larger groups of interested stakeholders, and to enter into a dialogue on the future work of the NRTEE with regard to this subject matter. These outreach sessions are particularly important to the NRTEE research in that it allows us to effectively communicate the findings of our research to those interested stakeholders, and receive direct feedback on our programs.

### **Developing Ambient Air Quality Objectives for Canada**

As a result of the Minister's request for advice regarding national objectives for ambient air for particulate matter and ozone for both the medium-term and the long-term the NRTEE released a report entitled *Developing Ambient Air Quality Objectives for Canada*. The NRTEE research and this Advisory Note focuses our advice on the process of setting national objectives, rather than specific numerical targets. The key findings conclude that:

- National long-term ambient air quality objectives should be supported by medium-term standards;
- The Government of Canada should play the lead role in developing national ambient air quality objectives for all Canadians; and
- An independent science-based process should be established to develop Canada's long-term national ambient air quality objectives.

This Advisory Note was released in June 2008. A copy of this report can be downloaded by visiting [www.nrtee-trnee.ca](http://www.nrtee-trnee.ca).

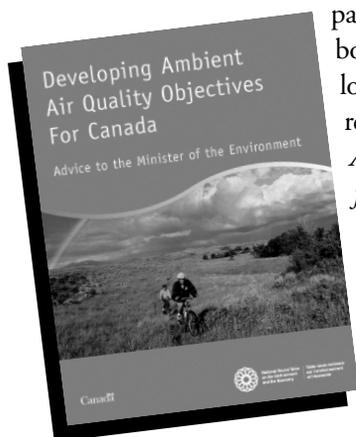
### **Climate Change Adaptation Program for Northern Infrastructure**

The overall objective of this program is to contribute to an important national dialogue on how to enhance the resilience of Northern communities, businesses and governments to the current and emerging impact of climate change. Initiated in June 2006, the purpose of this NRTEE 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. It is focused on the territories and portions of the provinces north of the 60<sup>th</sup> parallel, in recognition of the severe and sustained character of climate change in the Canadian North.

Human-induced climate change is already occurring and could intensify over the next decades regardless of any success in reducing green-house gas (GHG) emissions. Many of these changes will result in direct impacts to ecosystems, human infrastructure, and to our economies, safety and well-being. Some will be of a negative nature and will require a response; others may yield opportunities and benefits.

Specifically, this program aims to:

- Examine the role of government in fostering sound adaptation to the impacts of climate infrastructure change by Canadian sectors, communities and households related to infrastructure;
- Identify areas of government policy of strategic significance for the way in which Canadians, their economic sectors and governments manage risks related to climate change, and,



- Evaluate how key mechanisms within these identified policy areas might be adjusted, strengthened or restructured such that climate change impacts become recognized as a serious risk management issue.

Three policy areas have significant influence in relation to the risk management of climate change impacts in Northern infrastructure: disaster management; insurance and alternative risk-spreading mechanisms; and codes and standards.

The NRTEE will make recommendations relating to these areas of strategic policy to help develop a strong adaptive capacity across Canadian sectors and regions of the North. The report will be released in the fall 2008.

### ***Response of the National Round Table on the Environment and the Economy to its Obligations Under the Kyoto Protocol Implementation Act***

On June 22, 2007, the *Kyoto Protocol Implementation Act* (henceforth KPIA, or C-288), received Royal Assent. The KPIA stipulates that the Government of Canada is obligated to prepare—on an annual basis—a Climate Change Plan describing measures and policies enacted by the government to “ensure that Canada meets its obligations under Article 3, paragraph 1, of the Kyoto Protocol” [Subsection 5(1)]. The KPIA further provides that the government shall prepare a statement setting out the GHG emission reductions that are reasonably expected to result for each year up to and including 2012, as a result of the Climate Change Plan.

Subsection 10(1) of C-288 requires the NRTEE to:

- a) undertake research and gather information and analyses on the Plan or statement in the context of sustainable development; and
  - b) advise the Minister on issues that are within its purpose, including the following:
    - i) the likelihood that each of the proposed measures or regulations will achieve the emission reductions projected in the Plan or statement;
    - ii) the likelihood that the proposed measures or regulations will enable Canada to meet its obligations under Article 3, paragraph 1, of the Kyoto Protocol, and
    - iii) any other matters that the Round Table considers relevant.
- The NRTEE undertook the required analysis to comply with our obligations under KPIA and our findings were provided in a report to the Minister of the Environment in September 2007. The NRTEE offered the following conclusions in its report:
- The policies and measures contained in the government’s Climate Change Plan and Statement will result in carbon emission reductions during the 2008–2012 period. There is a likelihood that the Statement overestimates the extent of emission reductions in the 2008–2012 period but we cannot definitively conclude at this time by how much.
  - With respect to the realization of Canada’s Kyoto commitments, we concluded that the Plan and Statement will likely not allow Canada to meet those commitments.
  - A number of issues and concerns were raised including:
    - differing and inconsistent forecasting methods used among various federal departments to describe the emissions reductions accruing from a particular initiative which lead to issues of additionality, free ridership, rebound effect and policy interaction effects;
    - the importance of transparency and clarity with respect to key assumptions and methods;
    - the consideration of important sensitivities and uncertainties; and
    - the importance of consistency in approaches across different departments/programs, and the need to integrate the findings in a holistic framework.

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The NRTEE report provides suggestions for improved methodological and information-gathering practices for future Plans and Statements. Furthermore we suggested that the government consider undertaking an analysis of international

best practices in this area and applying relevant lessons to the Canadian context.

The detailed findings and conclusions of this report can be found on the NRTEE's web site at: [www.nrtee-trnee.ca](http://www.nrtee-trnee.ca).

## Communications and Publications

In 2007–2008, the NRTEE continued to ensure that decision makers, the media, and the public recognize it as a leader in providing innovative policy research, analysis and advice on environmental and economic issues.

The NRTEE delivered its first *Response Under the Kyoto Protocol Implementation Act* with respect to the government's Climate Change Plan in September 2007. In doing so, the Round Table complied with Section 10(1) of the Act. The NRTEE also released a landmark study entitled *Getting to 2050: Canada's Transition to a Low-emission Future* in January 2008. It was preceded with the publication of an *Interim Report on Medium and Long-term Scenarios for GHG Emission and Air Pollutant Reductions* in June 2007.

As well, the NRTEE received substantive national media coverage throughout the year on a number of issues including: trading emissions, energy and climate change and clean air. The NRTEE Chair, members and CEO worked together

to increase the Round Table's profile through various speaking engagements.

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 *Getting to 2050: Canada's Transition to a Low-emission Future*, NRTEE's *Response Under the Kyoto Protocol Implementation Act* as well as 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 include *Getting to 2050: Canada's Transition to a Low-emission Future*, *Cleaning up the Past, Building the Future: A National Brownfield Redevelopment Strategy for Canada* and NRTEE's *State of the Debate* report on *Capital Markets and Sustainability: Investing in a Sustainable Future*.



## A Look Ahead

### **Carbon Emission Pricing Policies**

The NRTEE's *Getting to 2050: Canada's Transition to a Low-Emission Future* report concluded that a suite of different emission price policy packages could deliver significant GHG emissions reductions over the long-term; however it was observed that the effectiveness of each policy is a question of design and implementation, and that policy design matters to address the issue of environmental effectiveness and economic competitiveness.

As a result, the NRTEE is now embarking on research that will further examine the potential implications of GHG emission reduction policies for Canada, looking at both the environmental and economics effects. Once again, the focus of the NRTEE policy research is on the medium (2020) and long-term (2050). The objectives of this project are to provide policy advice on the important elements of carbon emission pricing that will need to be settled upon; and, to recommend a long-term carbon emission policy package – of which the core is a tax, a cap-and-trade system, or a hybrid of the two – that can guide future climate policy design in Canada. The focus of the research will be on the design elements of a policy package, however due consideration will be given to related issues including:

- the need for wide-spread low-emission technology dissemination;
- potential competitiveness implications;
- sectoral and regional effects; and
- federal-provincial governance.

An expert advisory committee is engaged in this research to guide our work and to ensure that the NRTEE's research is informed by a diverse range of perspectives from across the country.

This report is expected to be released in the current fiscal year.

### **GHG Emissions Forecasting: Learning from International Best Practices**

Successful climate policies are those that achieve forecasted greenhouse gas (GHG) emissions reductions. But, forecasting GHG emissions reductions from specific policies and measures is difficult and challenging, as we noted in our 2007 *Response to Our Obligations Under the Kyoto Protocol Implementation Act*. This new project responds directly to a key recommendation by the NRTEE in its 2007 response, that the federal government look at international best practices in the forecasting of emissions reductions resulting from government policies.

The research will look at the issue from both a methodological and a governance perspective. It will incorporate domestic and international GHG forecasting practices, with the objective of identifying best practices that can be applied to the Canadian policy context. Specifically, this research will examine a number of key concerns related to GHG emission forecasting including:

- forecasting methods used to describe the emissions reductions accruing from a particular initiative;
- issues of additionality, free ridership, rebound effect and policy interaction effects;
- the importance of transparency and clarity with respect to key assumptions and methods;
- the consideration of important sensitivities and uncertainties;
- the importance of consistency in approaches; and
- the need to integrate the findings in a holistic framework.

This report will be released in tandem with our 2008 *Response* to our obligations under the KPIA.



## **Response of the National Round Table on the Environment and the Economy to its Obligations Under the Kyoto Protocol Implementation Act (2008)**

To meet its obligations under the *Kyoto Protocol Implementation Act*, the NRTEE will review the Government of Canada's 2008 Climate Change Plan (for purposes under the *Kyoto Protocol Implementation Act*). The NRTEE report will be provided to the government at the end of July 2008 and released shortly thereafter.

### **Energy Efficiency in the Commercial Buildings Sector**

In its 2006 *Advice on a Long-Term Strategy on Energy and Climate Change*, the NRTEE identified energy efficiency in buildings as a strategic priority for reaching Canada's long-term GHG emission reduction targets (60% below 2006 levels by 2050). While technologies to help reduce commercial building energy use and emissions exist, enabling policies are needed to ensure their deployment and implementation across the Canadian regions and industry.

Acknowledging this, the NRTEE recently partnered with Sustainable Development Technology Canada (SDTC) to develop the policy action framework needed to stimulate emission reductions and increase energy efficiency within the commercial building sector.

Specifically, this NRTEE project will:

- Outline the current context for energy use and carbon emissions in commercial buildings across Canada – including the market profile, an evaluation of current and planned policies, market barriers and international best practices; and,
- Design a detailed framework for federal policy action based on energy modeling to promote energy efficiency within the commercial building sector and provide incentives to encourage the use of existing efficient technologies between now and 2050.

An expert advisory committee is engaged to guide research and to ensure that diverse perspectives are represented from across the country and the industry.

This report will be released in fall 2008.

### **Water Management in Canada**

There have been repeated calls to broaden and strengthen the use of market-based instruments in order to protect and conserve Canada's water resources. Pricing water to reflect its full financial and environmental opportunity costs is seen as a possible means to signal that water is a valuable commodity and that conservation is important.

In 2008 the NRTEE will scope out a new program on the water management issue, with the intent of the full implementation of research beginning in 2009.

### **Economics of Climate Change in Canada**

In October 2006 the United Kingdom government released the *Stern Review on the Economics of Climate Change*, which examined among other things, the cost implications of GHG emissions. The report concluded that the cost of action to stabilize the climate would be approximately 1% of global GDP, whereas the cost of inaction would be much higher and could range between 5 and 20%. The report received attention worldwide and it is recognized as the most widely known and discussed review of its kind to date. It also generated a great deal of discussion over appropriate methodologies for calculating the "social cost" of carbon emissions.

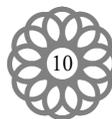
The *Stern* report served its purpose in bringing to light the importance of climate change issues in economic terms, but further research is required to illustrate the costs of adaptation and country-specific issues. The report was not able to delve into specific national conditions and circumstances, and so is of limited utility to policy-makers in developing a national policy response to climate change.

In 2008 the NRTEE will scope out a research program that will carry out such an assessment for Canada. The expectation is that this research will



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yield important findings, insights, and recommendations that will be of direct relevance to governments across the country. The research issue is a question of what a climate adjusted economy would look like, the benefits and costs of adaptation, and the integration of mitigation and adaptation strategies. The program will reveal the severity of costs entailed to adapt to climate change impacts in the longer term, as well as the potential benefits to integrating climate change mitigation and adaptation strategies. The focus of this program will be to analyze the macro-economic costs and benefits of addressing climate change impacts, through both mitigation and adaptation policies and actions.



## National Round Table on the Environment and the Economy

### *Management Responsibility for Financial Statements*

For the year ended March 31, 2008

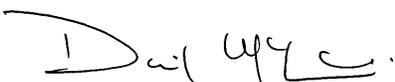
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Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2008 and all information contained in this report rests with the NRTEE management. These financial statements have been prepared by management in accordance with accounting policies issued by the Treasury Board of Canada Secretariat which are consistent with Canadian generally accepted accounting principles for the public sector, and year-end instructions issued by the Office of the Comptroller General.

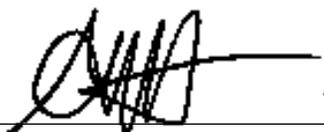
Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment and gives due consideration to materiality. To fulfil its accounting and reporting responsibilities, 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, 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*.



David McLaughlin  
President and Chief Executive Officer



Lisa Woodward  
Director, Corporate Services

Ottawa, Canada  
June 11, 2008

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Office of the Auditor General of Canada  
Bureau du vérificateur général du Canada

## AUDITOR'S REPORT

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

I have audited the statement of financial position of the National Round Table on the Environment and the Economy as at March 31, 2008 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, 2008 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 "Mark Watters".

Mark G. Watters, CA  
Assistant Auditor General  
for the Auditor General of Canada

Ottawa, Canada  
June 11, 2008



## National Round Table on the Environment and the Economy

### Statement of Financial Position

At March 31

	2008	2007
	\$	\$
<b>ASSETS</b>		
<b>Financial Assets</b>		
Due from Consolidated Revenue Fund	533,369	530,825
Receivables (Note 4)	94,886	148,465
	628,256	679,290
<b>Non-Financial Assets</b>		
Publication inventory for resale (Note 2)	–	25,426
Prepaid expenses	32,614	49,483
Tangible capital assets (Note 5)	158,601	203,426
	191,215	278,335
<b>TOTAL ASSETS</b>	819,471	957,625
<b>LIABILITIES AND EQUITY OF CANADA</b>		
Accounts payable and accrued liabilities (Note 6)	705,145	746,432
Employee future benefits (Note 7)	427,731	192,309
	1,132,876	938,741
<b>EQUITY OF CANADA</b>	(313,404)	18,884
<b>TOTAL LIABILITIES AND EQUITY OF CANADA</b>	819,471	957,625

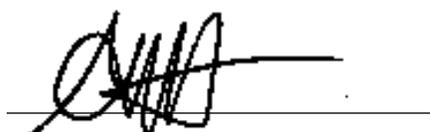
Contractual obligations (Note 8)

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

Approved by:



David McLaughlin  
President and  
Chief Executive Officer



Lisa Woodward  
Director, Corporate Services

## National Round Table on the Environment and the Economy

### *Statement of Operations* For the year ended March 31

	2008	2007
	\$	\$
<b>EXPENSES</b>		
<b>Operating</b>		
Salaries and employee benefits	2,668,157	2,155,820
Professional and special services	1,442,184	1,275,982
Rentals	430,649	426,391
Transportation and communication	355,919	290,881
Publications	197,691	213,070
Amortization of tangible capital assts	67,062	107,580
Furniture and equipment	77,862	50,706
Repairs and maintenance	34,664	45,128
Utilities, materials and supplies	32,584	35,233
	5,306,772	4,600,790
<b>Executive Committee</b>		
Travel and living expenses	10,280	20,284
Honoraria	13,423	17,958
	23,703	38,241
<b>Other Committees</b>		
Travel and living expenses	139,499	76,298
Honoraria	154,095	83,714
	293,594	160,012
<b>TOTAL EXPENSES</b>	5,624,069	4,799,044
<b>REVENUES</b>		
Funding from other government department (Note 3)	17,625	20,000
Insurance settlement	–	2,674
Sale of publications	988	858
Miscellaneous	663	387
<b>TOTAL REVENUES</b>	19,276	23,919
<b>NET COST OF OPERATIONS</b>	5,604,793	4,775,125

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

	2008	2007
	\$	\$
Equity of Canada, beginning of year	18,884	(29,106)
Net Cost of Operations	(5,604,793)	(4,775,125)
Services provided without charge (Note 3)	417,511	413,484
Net change in due from Consolidated Revenue Fund	2,544	(18,953)
Net Cash Provided by Government (Note 9)	4,852,448	4,428,584
<b>Equity of Canada, end of year</b>	<b>(313,404)</b>	<b>18,884</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

	2008	2007
	\$	\$
<b>Operating Activities</b>		
Net Cost of Operations	5,604,793	4,775,125
Non-cash items included in cost of operations:		
Less: Amortization of tangible capital assets	(67,062)	(107,580)
Services provided without charge	(417,511)	(413,484)
Statement of Financial Position adjustments:		
Increase (decrease) in receivables	(53,579)	89,073
Increase (decrease) in publication inventory for resale	(25,426)	4,282
Increase (decrease) in prepaid expenses	(16,869)	35,977
Decrease (increase) in accounts payable and accrued liabilities	41,287	(53,153)
Decrease (increase) in employee future benefits	(235,422)	(5,956)
Cash used by operating activities	4,830,211	4,324,283
<b>Capital Investment Activities</b>		
Acquisition of tangible capital assets	22,237	104,301
Cash used by capital investment activities	22,237	104,301
<b>Net Cash Provided by Government of Canada</b>	<b>4,852,448</b>	<b>4,428,584</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, 2008

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### 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 policies 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 give 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 information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a

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whole. 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 was selling the NRTEE's publication inventory for resale up to March 31, 2008. The distributor was 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.

Effective March 31, 2008, the NRTEE ceased to sell its publications since they are free of charge on the internet. NRTEE cancelled the agreement with the independent distributor. Therefore, the balance of the inventory was written off for accounting purposes.

**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:

<b>Asset Class</b>	<b>Useful Life</b>
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 policies 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 liabilities. Actual results could differ significantly from those estimates. Management's estimates are reviewed periodically and, as adjustments become 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 \$1,108,896 (2007 - \$1,226,745), including \$417,511 (2007 - \$413,484) for services provided without charge. Services provided without charge include \$367,511 (2007 - \$367,484) for the rental of space, \$48,000 (2007 - \$44,000) for audit services and \$2,000 (2007 - \$2,000) for payroll administration services. Revenues generated from related parties amounted to \$17,625 (2007 - \$20,000) for cost sharing events organized by the NRTEE.

**4. Receivables**

	<b>2008</b>	<b>2007</b>
Other Government Departments	93,953	146,819
External Parties	934	1,646
<b>Total Receivables</b>	<b>94,886</b>	<b>148,465</b>

**5. Tangible Capital Assets**

	Cost as at March 31, 2007	Acquisitions	Dispositions	Cost as at March 31, 2008
Leasehold Improvements	282,315	–	–	282,315
Informatics equipments and Purchased Software	344,676	22,237	–	366,913
Furniture and Equipment	180,191	–	–	180,191
	807,182	22,237	–	829,419

	Current Year Amortization	Accumulated Amortization	Net Book Value at March 31, 2008	Net Book Value at March 31, 2007
Leasehold Improvement	8,983	232,005	50,310	59,293
Informatics equipments and Purchased Software	45,651	291,836	75,077	98,491
Furniture and Equipment	12,427	146,976	33,215	45,642
	67,062	670,817	158,601	203,426

**6. Accounts Payable and Accrued Liabilities**

	<b>2008</b>	<b>2007</b>
Trade	691,806	714,811
Other Government Departments	13,338	31,621
<b>Total Accounts Payable and Accrued Liabilities</b>	<b>705,145</b>	<b>746,432</b>

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**7. Employee Future Benefits**

**i) Severance Benefit**

The NRTEE changed its estimate for the liability for employee severance benefits in 2007-08 by using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole. The previous estimate was based on the actual time worked at NRTEE by the employees. The employee severance benefit liability, including the current portion, is determined to be \$427,731 (2007 - \$192,309). The amount expensed to salary and benefits in the period was \$235,422 (2007 - \$21,262), and the amount paid was \$0 (2007 - \$15,306).

**ii) Pension Benefits**

Contributions by the NRTEE to the Public Service Pension Plan of \$247,226 (2007 - \$216,892) and contributions by employees of \$117,275 (2007 - \$91,966) 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 activities can result in some large multi-year contracts and obligations 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 follow:

	2009	2010	2011	2012 & thereafter	Total
Operating lease	\$30,336	\$27,362	\$10,701	–	\$68,399

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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:**

	2008	2007
Net cost of operations	5,604,793	4,775,125
Publication revenue in accordance with section 29.1(1) of the <i>Financial Administration Act</i>	988	858
Adjustments for items affecting net cost of operations but not affecting appropriations:		
Amortization of tangible capital assets	(67,062)	(107,580)
Services provided without charge	(417,511)	(413,484)
Funding from other government departments	17,625	20,000
Other revenues	663	3,061
	(466,286)	(498,003)
Changes in accounts affecting net cost of operations but not affecting appropriations:		
Decrease (increase) in employee future benefits	(235,422)	(5,956)
	(235,422)	(5,956)
Adjustments for items not affecting net cost of operations but affecting appropriations:		
Acquisitions of tangible capital assets	22,237	104,301
Increase (decrease) in publication inventory for resale	(25,426)	4,282
Increase (decrease) in prepaid expenses	(16,869)	35,977
	(20,058)	144,560
Current year appropriations used	4,884,016	4,416,583

**b) Appropriations provided and used:**

	2008	2007
Parliamentary appropriation – voted:		
Vote 25 – Operating expenditures	4,980,916	4,831,354
Statutory appropriation:		
Contributions to employee benefit plans	452,000	441,000
Expenses incurred for publications for resale	988	858
	5,433,904	5,273,212
Less: Lapsed appropriations – operations	(549,889)	(856,629)
Total appropriations used	4,884,016	4,416,583

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

	<b>2008</b>	<b>2007</b>
Net cash provided by Government	4,852,448	4,428,584
Publication revenue in accordance with section 29.1(1) of the <i>Financial Administration Act</i>	988	858
Adjustments for items affecting net cash provided by government but not affecting appropriations:		
Funding from other government departments	17,625	20,000
Other revenues	663	3,061
	18,288	23,061
Adjustments for items not affecting net cash provided by government but affecting appropriations:		
Variation in receivables	53,579	(89,073)
Variation in accounts payable and accrued liabilities	(41,287)	53,153
	12,292	(35,920)
Current year appropriations used	4,884,016	4,416,583

**10. Comparative Figures**

Some of the previous year's comparative figures have been reclassified to conform to the current year's presentation.

