



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

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# NRT



NATIONAL  
ROUND TABLE ON  
THE ENVIRONMENT  
AND THE ECONOMY

## NATIONAL ROUND TABLE ON THE ENVIRONMENT AND THE ECONOMY: ANNUAL REPORT 2011-2012



**NRT**



**NATIONAL  
ROUND TABLE ON  
THE ENVIRONMENT  
AND THE ECONOMY**

# NATIONAL ROUND TABLE

344 Slater Street, Suite 200 Ottawa, Ontario, K1R 7Y3 Canada

# ON THE ENVIRONMENT

T 613-992-7189 / F 613-992-7385 / E-mail: [admin@nrtee-trnee.ca](mailto:admin@nrtee-trnee.ca)

# AND THE ECONOMY

[WWW.NRTEE-TRNEE.CA](http://WWW.NRTEE-TRNEE.CA)





# LETTER FROM THE VICE-CHAIR AND PRESIDENT AND CEO

July 2012

Dear Minister,

We are pleased to submit to you the 2011-2012 Annual Report of the National Round Table on the Environment and the Economy (NRTEE). This year's report marks the final full Annual Report of the research and convening activities of the NRTEE given its elimination in the 2012 federal Budget.

The past fiscal year and the first quarter of the 2012-2013 fiscal year saw a significant set of accomplishments by the NRTEE, both in releasing original research reports and strengthening its brand as Canada's unique public policy agency on sustainable development. In this period the Round Table released 9 reports, convened 44 events, and saw a doubling of visitors to its website.

Completing our ground-breaking *Climate Prosperity* series examining the risks and opportunities for Canada of climate change was a top priority. We released our fourth and fifth reports on the economic costs to Canada of a changing climate: *Paying the Price: The Economic Impacts of Climate Change on Canada*, and *Facing the Elements: Building Business Resilience to Climate Change* - a three report series which provided Canadian businesses and governments with a roadmap, advice, and case studies on how to cope and prosper through climate change.

Water sustainability and the natural resources sector was our other key priority for the year. The Table released its second report in this series called *Charting a Course* which analyzed water use by these important economic sectors and how it could be conserved. Our recommendations were the focus of a national water forum in January, 2012, which brought together government and non-governmental experts together to consider an action plan to move forward. A further report was published containing the results of the forum.

In March, 2011, the Minister of the Environment asked the NRTEE to undertake research on two priority issues and report back to him. The Round Table's reports to the minister were released in May and June of 2012. The first was *Canada's Opportunity: Life-Cycle Approaches to Sustainable Development*, which considered emerging trade and market access issues surrounding the increasing use of life-cycle considerations in natural resource and consumer products and markets. The second was *Reality Check: The State of Climate Progress in Canada*, which conducted original research on provincial and federal climate change actions and how these were contributing to Canada's 2020 greenhouse gas emission reduction target. Both of these reports received significant positive responses from stakeholders.

In July 2011, the NRTEE fulfilled its obligations under the *Kyoto Protocol Implementation Act*, undertaking a review and assessment of the government's 2011 KPIA Action Plan.

During the fiscal year, the Table brought more and more Canadians together to our convening events including, for the first time, representatives of all provincial and federal governments to discuss climate policy. We held or participated in events across Canada and in every province demonstrating the national appeal and profile of the NRTEE and its work. These included events on water sustainability, low-carbon economy, climate policy, public engagement, energy and environment, carbon pricing, Canada-US climate policy issues, life-cycle approaches to sustainable development, and more.

The NRTEE continued to exercise strong financial and corporate policy discipline finishing the fiscal year under budget. We also received the highest score of twelve small departments and agencies audited for core financial controls performance.

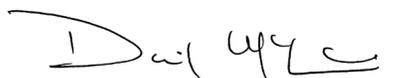
For almost 25 years, the National Round Table on the Environment and the Economy has been a catalyst for original and look-ahead public policy thinking on how to integrate environmental and economic decision-making. It has sought to create sustainable pathways to reconcile these often competing interests. We are very proud of its history and its accomplishments.

Sincerely,



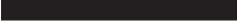
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R.W. Slater, CM, Ph.D.  
NRT Vice-Chair



---

David McLaughlin  
NRT President and CEO



## NRTEE MEMBERS

(April 1, 2011 to March 31, 2012)

### **NRTEE Chair**

**Bob Page**

Calgary, Alberta (to June 18, 2011)

**The Honourable Pauline Browes, P.C.**

Toronto, Ontario

**Diane Cunningham**

London, Ontario

**John Hachey**

Lachine, Québec

**Timothy Haig**

Oakville, Ontario

**Christopher Hilken**

Toronto, Ontario

**Franklin Holtforster**

Ottawa, Ontario

**Robert Kulhawy**

Calgary, Alberta

**Donald MacKinnon**

Toronto, Ontario

**Robert Mills**

Red Deer, Alberta

**Mark Parent**

Canning, Nova Scotia (Vice Chair from  
May 18, 2011)

**Richard Prokopanko**

Vancouver, British Columbia

**Robert Slater**

Ottawa, Ontario (Interim Chair from  
June 19, 2011)

**NRTEE President and CEO**

**David McLaughlin**

**NRTEE SECRETARIAT**  
(as of March 31, 2012)

*President and CEO*  
**David McLaughlin**

*Executive Assistant to  
the President and CEO*  
**Hélène Botelho**

*Director, Policy and Research*  
**René Drolet**

*Senior Policy Advisors*  
**Jill Baker**  
**John Cuddihy**  
**Jimena Eyzaguirre**

*Policy Advisors*  
**Hilary Davies**  
**Suzanne Loney**  
**Sandeep Pandher**

*Research Associates*  
**Liza Campbell**  
**Beth Hardy**  
**Isabella Kavafian**  
**Sumeet Tandon**

*Director, Communications  
and Public Affairs*  
**Marie-Josée Lapointe**

*Communications Advisor*  
**Tony Bégin**

*Website Communications Officer*  
**Edwin Smith**

*Communications Coordinator*  
**Richard Pilon**

*Communications Administrator*  
**Nadra Meigag**

*Corporate Secretary and  
Director of Operations*  
**Jim McLachlan**

*Records and  
Information Management Specialist*  
**Fosca Omara**

*Head of IT and Security*  
**Kevin Trudeau**

*Office and Facility Coordinator*  
**Kim Laforge**

*Members Services Liaison*  
**Julie St-Amour**

*Manager, Finance and Contracts*  
**Duane Wilson**

*Finance Officer*  
**Claude Simard**

*Finance Assistants*  
**Linda Charbonneau**  
**Bonnie Klein**

*Procurement and Contracting Officer*  
**Denise Johnston**

*Manager, Human Resources  
and Administrative Services*  
**Hélène Sutton**

*Administrative Assistants*  
**Denise Edwards**  
**Rachel Faulkner**

## THE NATIONAL ROUND TABLE: ABOUT US

Through the development of innovative policy research and considered advice, our mission is to help Canada achieve sustainable development solutions that integrate environmental and economic considerations to ensure the lasting prosperity and well-being of our nation.

Emerging from the famous Brundtland Report, *Our Common Future*, the NRTEE has become a model for convening diverse and competing interests around one table to create consensus ideas and viable suggestions for sustainable development. The NRTEE focuses on sustaining Canada's prosperity without borrowing resources from future generations or compromising their ability to live securely.

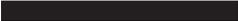
The NRTEE is in the unique position of being an independent policy advisory agency that advises the federal government on sustainable development solutions. We raise awareness among Canadians and their governments about the challenges of sustainable development. We advocate for positive change. We strive to promote credible and impartial policy solutions that are in the best interest of all Canadians.

We accomplish that mission by fostering sound, well-researched reports on priority issues and by offering advice to governments on how best to reconcile and integrate the often divergent challenges of economic prosperity and environmental conservation.

The NRTEE brings together a group of distinguished sustainability leaders active in businesses, universities, environmentalism, labour, public policy, and community life from across Canada. Our members are appointed by the federal government for a mandate of up to three years. They meet in a round table format that offers a safe haven for discussion and encourages the unfettered exchange of ideas leading to consensus.

We also reach out to expert organizations, industries, and individuals to assist us in conducting our work on behalf of Canadians.

The *NRTEE Act* underlines the independent nature of the Round Table and its work. The NRTEE reports, at this time, to the Government of Canada and Parliament through the Minister of the Environment. The NRTEE maintains a secretariat, which commissions and analyzes the research required by its members in their work.



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# 1.0 | THE YEAR IN REVIEW

## 1.0 THE YEAR IN REVIEW

During the 2011-2012 fiscal year, the National Round Table on the Environment and the Economy (NRTEE) continued to develop policy advice on issues that lie at the intersection of the environment and the economy, building from a sound foundation of research and stakeholder convening. Four NRTEE advisory reports were released over the year.

The NRTEE also undertook an initiative to renew its corporate brand, emphasized the role of the NRTEE as a convener that creates the context in which possibilities can emerge, building pathways to sustainability. The launch of a new and improved NRTEE website was a key element of this branding initiative.

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### 1.1 FROM RESEARCH AND CONVENING TO ADVISORY REPORTS

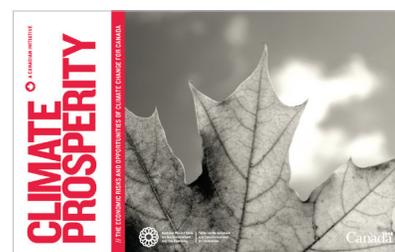
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Over the 2011-2012 fiscal year, the NRTEE continued to make contributions in three key policy areas:

- The economic risks and opportunities of climate change;
- Water sustainability and Canada's natural resource sectors; and
- Review of the Government of Canada's implementation of the Kyoto Protocol.

#### *Climate Prosperity – The Economic Risks and Opportunities of Climate Change for Canada*

Building on its previous work on climate change, the NRTEE launched its *Climate Prosperity* program in 2009–2010, focusing on the economic risks and opportunities for Canada related to climate change.



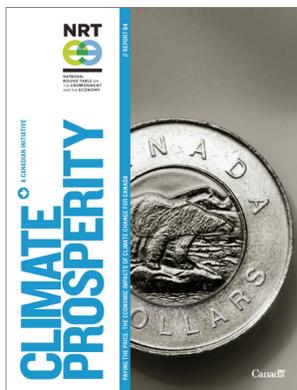
*Climate Prosperity: The Economic Risks and Opportunities of Climate Change for Canada* was released in April 2010.

*Climate Prosperity* is a multi-year policy initiative focusing on two principal research streams:

1. The economic implications to Canada resulting from a changing climate, how we should adapt to it, and what this will cost.
2. The economic implications to Canada resulting from a global transition to a low-carbon economy, what this means to our future competitiveness, and what strategies we should adopt to succeed.

Efforts in 2011-2012 focused on the three final projects in the *Climate Prosperity* series which explored the following themes: the economic costs of climate change for Canada, building business resilience in a changing climate, and transitioning to a low-carbon economy.

The following *Climate Prosperity* publications were issued in 2011-2012:



*Paying the Price: The Economic Impacts of Climate Change for Canada*

(released September 29, 2011)

### *Paying the Price: The Economic Impacts of Climate Change for Canada*

This report estimates the economic consequences of climate change for Canada. In addition to generating high-level estimates of the costs of climate change for the country as a whole, the report also assesses the costs of climate change impacts and the costs and benefits of adaptation for three areas of interest: timber supply, coastal areas, and human health. It concludes that climate change impacts brought about by increased world-wide emissions have a real and growing economic cost to Canada: \$5 billion in 2020 and between \$20 and \$43 billion in 2050. It also shows that adaptation – our capacity to manage the impacts to come – while not cost-free, is a cost-effective way to alleviate some of those impacts.

Following the release of this report, NRTEE staff conducted stakeholder outreach, expanding our use of webinars to engage in dialogue with a national audience. The NRTEE also presented the report findings to public servants in the Government of Ontario through the government's *Policy Forum* series.

### *Facing the Elements: Building Business Resilience in a Changing Climate*

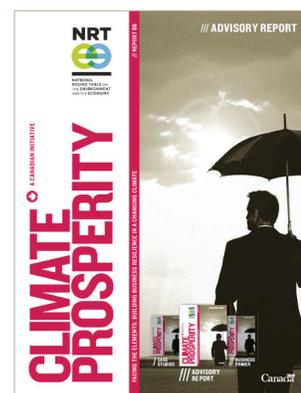
*Facing the Elements* is a three-report series advising business and governments on coping with climate change from a business perspective. The effects of more volatile weather and gradual changes in climate conditions will touch all facets of Canadian business in the decades to come. Despite growing awareness of the risks and opportunities that changing climate presents, few firms are adjusting business strategies and practices to adapt to this inevitable reality. The NRTEE researched several emerging issues for this project including building climate change resilience across the supply chain, assessing corporate disclosure of climate change-related risks, and protecting the resilience of critical infrastructure. In addition, the NRTEE engaged with stakeholders to explore the business case for adaptation, discuss climate change information needs to inform decision-making, and identify priorities for government action to support private sector adaptation.

The *Case Studies* offer a collection of company case studies presenting successes, challenges, and lessons from thirteen Canadian and international pacesetters who are already adapting to climate change by assessing and managing risks and opportunities and building climate resilience across their enterprises. The *Business Primer* provides business-friendly information about the adaptation imperative and practical steps firms can take to get in front and succeed in the face of this growing challenge. The *Advisory Report* includes research findings and recommendations on how government can support greater business adaptation to climate change.

### *Forthcoming Climate Prosperity Reports*

Work also continued on the NRTEE's *Climate Prosperity* initiative aimed at developing a low-carbon growth plan for Canada. During 2011-2012, the NRTEE engaged extensively across the country to hear regional perspectives on this project. Quantitative and qualitative research was also undertaken to identify opportunities and challenges in making the transition to a low-carbon economy, particularly in relation to energy, innovation, trade, skills, investment, and governance.

Copies of the published reports, as well as more information on the Climate Prosperity program can be found at <http://nrtee-trnee.ca/climate/climate-prosperity>.



*Facing the Elements: Building Business Resilience in a Changing Climate*

(released March 22, 2012 and April 27, 2012)



*Charting a Course: Sustainable Water Use by Canada's Natural Resource Sectors*

(released November 17, 2011)

### *Charting a Course: Sustainable Water Use by Canada's Natural Resource Sectors*

The NRTEE program on Water Sustainability and Canada's Natural Resource Sectors released a first report, *Changing Currents: Water Sustainability and the Future of Canada's Natural Resource Sectors*, in 2010-2011. This report looked at the current state of water use by Canada's natural resource sectors and identified key issues. During 2011-2012, a second phase of this program focused on developing information and advice to ensure the sustainable use of water by the resource sectors. The approach included commissioning research and analysis from some of Canada's top water experts and conducting extensive stakeholder engagement to inform report scoping, test the research findings, identify potential solutions, and solicit feedback on preliminary conclusions. The report, *Charting a Course: Sustainable Water Use by Canada's Natural Resource Sectors*, included recommendations in the areas of water forecasting, water quantity data and information, collaborative water governance, and policy instruments.

In January 2012, the NRTEE convened a National Water Forum with 50 Canadian water experts, government representatives, academics, and industry representatives to further refine the report recommendations and move towards implementation. Participants from across the country discussed, deliberated on, and ranked the recommendations in *Charting a Course*, suggesting ways to move the recommendations from argument to action. In addition, participants identified organizations or groups that might be able to lead or contribute to moving the recommendations forward. This innovative and high-profile convening event was webcast live across the country, and the 50 experts in the room were supplemented by an additional 100 online participants. The webcast was recorded and is now available on the NRTEE website along with a summary report that provides the start of an action plan that will make important contributions to the management and governance of Canada's water resources.

Information on Water Sustainability and Canada's Natural Resource Sectors can be found at <http://nrtee-trnee.ca/water/water-sustainability-and-the-future-of-canadas-natural-resource-sectors-2>.

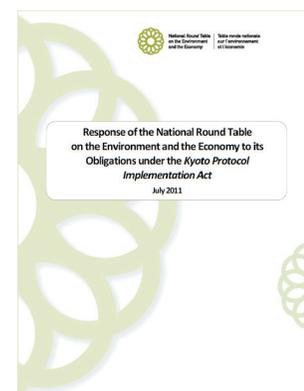
### *Kyoto Protocol Implementation Act*

The *Kyoto Protocol Implementation Act* (KPIA) was passed by Parliament in June 2007 and calls on Canada to meet its international commitment under the Kyoto Protocol by reducing greenhouse gas emissions to six per cent below 1990 levels by 2012. Every year, the government must prepare a Climate Change Plan describing the measures and policies it enacted to ensure that Canada meets its obligations under the Protocol. This plan must also detail the expected emission reductions resulting from the government's measures and policies.

Subsection 10(1) of the *KPIA* 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 the KPIA and our findings were provided on July 28th in our fifth written response to the Minister of the Environment: *Response of the National Round Table on the Environment and the Economy to its Obligations under the Kyoto Protocol Implementation Act, July 2011*. The report highlights improvements in the transparency of the plan, including methods to estimate emission reductions from policy measures. It also notes improved reliability of some estimates and the publication of emissions projected out to 2020 under both a reference case and the policy scenarios. The NRTEE concluded that the forecasts provided by the integrated modeling in the plan are reliable.



*The Response of the National Round Table on the Environment and the Economy to its Obligations under the Kyoto Protocol Implementation Act was released in July 2011.*

Further areas for improvement were also identified:

- Concerns remain about the additionality of emission reductions driven by policy measures;
- Some of the assumptions used to develop the reference case should be further substantiated, as the current assumptions may result in overestimates of projected emission reductions for some policy measures; and
- There would be value in extending the time horizon of the evaluation to assess expected emission reductions out to 2020.

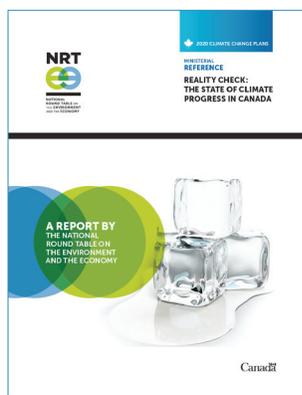
This will be our final KPIA report, as the government has repealed the KPIA under bill C-38, the *Jobs, Growth and Long-term Prosperity Act*. Copies of the NRTEE's most recent KPIA report can be found at <http://nrtee-trnee.ca/governance/kyoto-protocol-implementation-act/kpia-2011-index>.

### *Ministerial References*

In March 2011, the Honourable Peter Kent, Minister of the Environment, requested that the NRTEE provide advice to the Government of Canada relating to provincial and territorial climate change plans and policies, and potential life cycle approaches to enhance environmental sustainability.

### *Reality Check: The State of Climate Progress in Canada*

The NRTEE conducted original research and engaged with stakeholders to conduct a comprehensive assessment of provincial/territorial climate change plans and policies in order to better inform federal actions aimed at meeting Canada's 2020 greenhouse gas emissions reduction target. The research included quantitative modeling of the expected emission reductions from existing and proposed climate policies at the federal and provincial/territorial level alongside an assessment of the cost effectiveness of emission reduction actions. The NRTEE engaged heavily with the provinces and territories in the development of this analysis, and brought together officials from the federal and provincial/territorial governments, several NRTEE Members, climate public policy experts, and intergovernmental experts in Kingston, Ontario at an event organized by the NRTEE, in conjunction with the Queen's University Institute of Intergovernmental Relations. The purpose of the event was



*Reality Check: The State of Climate Progress in Canada*

(released June 13, 2012)

to present the NRTEE's early research findings; engage in a dialogue on the issues raised by the assessment; and invite advice on the path forward.

The report includes the results of the research and convening activities, including a qualitative and quantitative assessment of existing plans. It shows that Canada is making significant progress toward its 2020 target but will not get there with only existing and proposed climate policy measures by all governments. The report also offers advice on what instruments and mechanisms should be explored further in Canada as climate policy evolves. The NRT recommends that advances in future Canadian climate policy meet three tests: that they are collaborative, coherent, and considered. In addition, the NRT recommends complementing the federal sector-by-sector regulatory approach with base-level carbon pricing; announcing a detailed plan as to which sectors will be regulated and when; using equivalency agreements with provinces for flexibility; and conducting regular independent forecasts of anticipated progress in reducing emissions.

The Report may be found at <http://nrtee-trnee.ca/reality-check-the-state-of-climate-progress-in-canada>.

### *Canada's Opportunity: Adopting Life Cycle Approaches for Sustainable Development*

In developing this report, the NRTEE's research explored the drivers, risks, opportunities, and challenges related to the uptake of life cycle approaches in Canada. It investigated these issues in the context of the private sector and presented recommendations on how the Government of Canada could support the uptake of life cycle approaches by Canadian businesses. It also explored these issues related to internal federal operations and decision-making processes and identified recommendations for Government of Canada action within key departments. The NRTEE convened more than 100 experts and stakeholders over seven sessions to guide the research for this report, comment on the findings and contribute to the recommendations.

The report identifies the risks faced by Canadian companies to comply with increasing foreign government regulations



*Canada's Opportunity: Adopting Life Cycle Approaches for Sustainable Development*  
(released May 16, 2012)

and emerging market demands that require product life cycle disclosure and stronger environmental standards. It concludes that applying life cycle approaches could enhance economic competitiveness and environmental stewardship of our resources and in design, production, and consumption of goods and materials. The report offers advice and recommendations to help the Government of Canada assess how life cycle approaches could contribute to long-term sustainability in Canada and the role the government could play to facilitate successful uptake of life cycle approaches within government and in the private sector. In particular, it recommends that the federal government build its internal understanding of life cycle issues, help Canadian companies maintain access to foreign & domestic markets, proactively engage in discussions on issues related to life cycle approaches, and show leadership in the application of life cycle approaches to internal operations & policy decision making.

The Report may be found at <http://nrtee-trnee.ca/canadas-opportunity>.

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## 1.2 CORPORATE MANAGEMENT INITIATIVES

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### Renewing the NRTEE Brand

This year the NRTEE implemented an initiative to clearly articulate the organization's strategic positioning and brand and adjust our communications approach accordingly. The initiative established the following three communications objectives: (1) entrench the NRTEE's relevance among decision makers; (2) present the NRTEE as one of Canada's most impactful organizations on issues related to environment and economy, and (3) position the NRTEE as an organization with reach, capable of generating consensus and an organization with something to say. With the positioning statement 'Finding sustainable pathways', the NRTEE emphasizes the high quality of research it provides and its unique convening power on matters related to the environment and the economy, the sum of which is strong, impartial advice to governments.

A key component of this strategy was an overhaul of the NRTEE's website which presents the wealth of information developed by the NRTEE in an engaging and accessible manner. The organization has also provided more regular updates on its activities through profiling stakeholder events and sharing associated documentation, allowing stakeholders and partners to stay apprised of NRTEE work and developments prior to the publication of final reports.

### **Greening the NRTEE**

The NRTEE continued to green our operations and raise employee awareness on a range of environmental issues. Highlights of the activities organized by the NRTEE's Green Steering Committee in 2011-2012 include:

- During the summer of 2011, the NRTEE conducted a two week commuter challenge that encouraged employees to reduce the environmental impact of their commuting patterns. This challenge let staff trade commuting permits through a cap and trade system, helping staff better understand an environmental policy instrument and encouraging more sustainable transportation choices.

### **Member Engagement**

Members of the NRTEE continued to make contributions to the work of the organization through their participation in the plenary meetings and stakeholder convening events. One highlight in 2011-2012 was the NRTEE plenary meeting held in Halifax, Nova Scotia. This meeting included a panel discussion on the Lower Churchill Hydroelectric Project and site visits to Minas Basin Pulp and Power Company Ltd and the Irving Environmental Centre at Acadia University. Members played important roles in several NRTEE convening events, including the Water Forum and a Canadian Climate Policy Dialogue session held in Kingston with the Queen's University Institute for Intergovernmental Relations.

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## 1.3 COMMUNICATIONS AND PUBLIC AFFAIRS

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Over the past fiscal year, our communications and public affairs activities have focused on supporting the release of NRTEE reports and re-positioning the organization, developing associated communications products and strategies, and establishing a new website for the organization.

In September 2011 the NRT released a fresh new look and structure for its website ([www.nrtee-trnee.ca](http://www.nrtee-trnee.ca)). This new design helped to solidify the NRT's strategic position as one of Canada's most impactful organizations on issues related to environment and economy, while making the brand pillars of research, convene, and advise more tangible. The site's new architecture and social media components offer a better and more intuitive user experience, and in turn allow the NRT to extend its reach.

During the 2011-2012 fiscal year, there were 380,000 visitors to the website. In addition to the website, we expanded our web presence through participation in Twitter and other social media channels. This allowed the NRTEE to extend our reach to more than 30,000 people with the release of each NRTEE report.

### **Media Outreach and Presence**

The NRTEE's engagement with media continued to grow in 2011-2012, with high levels of attention surrounding the release of various NRTEE reports. The NRTEE experienced its greatest media attention to date with the release of *Paying the Price: The Economic Impacts of Climate Change for Canada*. More than 700 media stories (print, radio, and television) followed the release of this report. The release of *Charting a Course: Sustainable Water Use by Canada's Natural Resource Sectors* also attracted significant attention, with 160 media stories, as did the related stakeholder meeting convened to discuss a path forward.

## Promoting NRTEE Advice

Promoting the research and policy advice of the Round Table is essential to raising awareness and influencing government. The NRTEE promotes its advice through media relations, its website, direct electronic distribution to stakeholders, as well as by undertaking outreach activities, speaking engagements, and collaborative activities with non-governmental sectors, stakeholders, academia, and other organizations. Each targeted audience and activity is critical to the agency's efforts to reinforce its acknowledged reputation as a credible and trustworthy source of research and advice.

### Report Download Statistics:

Electronic publishing has helped to extend the NRTEE's outreach to its stakeholders and reduce the number and cost of hard-copy reports. Access to publications via the website has not only permitted immediate access to our stakeholders, it has significantly increased the distribution levels.

REPORTS	Downloads to June 30, 2012
<i>Reality Check: The State of Climate Progress in Canada</i>	6,856
<i>Canada's Opportunity: Adopting Life Cycle Approaches for Sustainable Development</i>	4,326
<i>Facing the Elements</i> (3 report series - Advisory Report, Business Primer, and Case Studies)	7,612
<i>Charting a Course: Sustainable Water Use by Canada's Natural Resource Sectors</i> and <i>Moving to Action: NRT National Water Forum Report</i>	5,178
<i>Paying the Price: The Economic Impacts of Climate Change for Canada</i>	9,640
<i>Parallel Paths – Outreach report</i>	523

# 2.0 | A LOOK AHEAD

## 2.0 A LOOK AHEAD

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### 2.1 FORTHCOMING REPORTS AND THE CLOSURE OF THE NRTEE

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The federal government announced in Budget 2012 that the NRTEE will be eliminated as of March 31, 2013. During the 2012-2013 fiscal year, the NRTEE will complete its current agenda and release scheduled reports in several areas. Reports on business resilience to climate change, life-cycle approaches to sustainable development, federal-provincial progress towards Canada's 2020 greenhouse gas emissions reductions target and a summary report on the National Water Forum held in January, 2012 were released in the first quarter of the new fiscal year.

The final report in the *Climate Prosperity* series will set out the need for Canada to transition to a low-carbon economy, analyze low-carbon opportunities for Canada, and explore our low-carbon competitiveness. The report will take the first step in outlining a framework for low-carbon growth, highlighting the policy directions Canada needs to pursue to harness this opportunity, mitigate risks, and minimize costs, and outlining the main elements of a comprehensive low-carbon growth plan.

This respects both our legislative responsibilities and our public commitments to governments, Parliament, and our many stakeholders who have worked closely with us over the past few years giving us their input and guidance on building sustainable pathways for Canada.

While we complete our current work program, we will look for ways to facilitate easy ongoing access to the NRTEE's tremendous history of reports and advice from the past 25 years for those who might wish to draw upon it in the years ahead.

# 3.0

FINANCIAL  
STATEMENTS AND  
ACCOMPANYING NOTES:

## STATEMENT OF MANAGEMENT RESPONSIBILITY INCLUDING INTERNAL CONTROL OVER FINANCIAL REPORTING

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2012, and all information contained in these statements rests with the management of the National Round Table on the Environment and the Economy (NRTEE). These financial statements have been prepared by management using the Government's accounting policies, which are based on Canadian public sector accounting standards.

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 fulfill 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 in the preparation of the Public Accounts of Canada, and included in the NRTEE's *Departmental Performance Report*, is consistent with these financial statements.

Management is also responsible for maintaining an effective system of internal control over financial reporting (ICFR) designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Financial Administration Act* and other applicable legislation, regulations, authorities and policies.

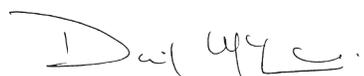
Management seeks to ensure the objectivity and integrity of data in its financial statements through careful selection, training, and development of qualified staff; through organizational arrangements that provide appropriate divisions of responsibility; through communication programs aimed at ensuring that regulations, policies, standards, and managerial authorities are understood throughout the NRTEE and through conducting an annual risk-based assessment of the effectiveness of the system of (ICFR).

The system of ICFR is designed to mitigate risks to a reasonable level based on an on-going process to identify key risks, to assess effectiveness of associated key controls, and to make any necessary adjustments.

The NRTEE is subject to periodic Core Control Audits performed by the Office of the Comptroller General and uses the results of such audits to comply with the Treasury Board Policy on Internal Control.

A Core Control Audit was performed in 2011-12 by the Office of the Comptroller General of Canada. The Audit Report and related Management Action Plan are posted on the NRTEE's web site at <http://nrtee-trnee.ca/corporate-reporting>.

The Office of the Auditor General, the independent auditor for the Government of Canada, has expressed an opinion on the fair presentation of the financial statements of the NRTEE which does not include an audit opinion on the annual assessment of the effectiveness of the department's internal controls over financial reporting.



David McLaughlin  
President and Chief Executive Officer



Jim McLachlan  
Chief Financial Officer

# AUDITOR'S REPORT



Auditor General of Canada  
Vérificateur général du Canada

## INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of the National Round Table on the Environment and the Economy, which comprise the statement of financial position as at March 31, 2012, and the statement of operations and net financial position, statement of change in net debt and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### *Opinion*

In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Round Table on the Environment and the Economy as at March 31, 2012, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Emphasis of matter*

I draw attention to Note 2 in the financial statements which describes the basis of presentation as a result of the Government of Canada's decision to discontinue the operations of the National Round Table on the Environment and the Economy. These financial statements have been prepared on a liquidation basis. My opinion is not qualified in respect of this matter.

Maurice Laplante, CA  
Assistant Auditor General  
for the Auditor General of Canada

July 11, 2012  
Ottawa, Canada

# STATEMENT OF FINANCIAL POSITION

## As at March 31

	2012 (\$)	2011 (\$)
		Restated (note 13)
<b>Liabilities</b>		
Accounts payable and accrued liabilities (note 5)	<b>1,834,611</b>	598,356
Vacation pay and compensatory leave	<b>180,824</b>	136,562
Employee future benefits (note 6)	<b>299,130</b>	544,958
<b>Total Liabilities</b>	<b>2,314,565</b>	1,279,876
<b>Financial Assets</b>		
Due from Consolidated Revenue Fund	<b>506,783</b>	586,456
Accounts receivable (note 7)	<b>3,200</b>	13,225
<b>Total gross financial assets</b>	<b>509,983</b>	599,681
<b>Financial assets held on behalf of Government</b>		
Accounts receivable and advances (note 7)	<b>(1,000)</b>	(1,000)
<b>Total financial assets held on behalf of Government</b>	<b>(1,000)</b>	(1,000)
<b>Total net financial assets</b>	<b>508,983</b>	598,681
<b>Net debt</b>	<b>1,805,582</b>	681,195
<b>Non-financial assets</b>		
Prepaid expenses	<b>6,615</b>	4,277
Tangible Capital Assets (note 8)	<b>87,092</b>	160,960
<b>Total non-financial assets</b>	<b>93,707</b>	165,237
<b>Net financial position</b>	<b>1,711,875</b>	515,958

Contractual obligations (note 10)

The accompanying notes form an integral part of these financial statements

Approved by:



David McLaughlin  
President and Chief Executive Officer



Jim McLachlan  
Chief Financial Officer

## STATEMENT OF OPERATIONS AND NET FINANCIAL POSITION

For the Year Ended March 31

	2012 (\$)	2012 (\$)	2011 (\$)
	Planned Results	Restated (note 13)	
<b>Expenses</b>			
Program Advisory	3,785,644	<b>4,443,377</b>	3,494,681
Internal Services	2,038,424	<b>2,489,580</b>	2,180,933
<b>Total expenses</b>	5,824,068	<b>6,932,957</b>	5,675,614
<b>Revenues</b>			
Contributions (note 9)	-	<b>4,322</b>	88,770
Miscellaneous revenues	1,176	<b>2,825</b>	1,572
Revenues earned on behalf of Government	(1,176)	<b>(2,825)</b>	(1,572)
<b>Total revenues</b>	-	<b>4,322</b>	88,770
<b>Net cost of operations before government funding and transfers</b>	5,824,068	<b>6,928,635</b>	5,586,844
<b>Government funding and transfers</b>			
Net cash provided by Government	5,326,169	<b>5,431,645</b>	4,989,647
Change in due from the Consolidated Revenue Fund	-	<b>(79,673)</b>	113,782
Services provided without charge (note 11)	372,976	<b>380,746</b>	380,746
<b>Net cost of operations after government funding and transfers</b>	124,923	<b>1,195,917</b>	102,669
<b>Net financial position - Beginning of year</b>	515,958	<b>515,958</b>	413,289
<b>Net financial position - End of year</b>	640,881	<b>1,711,875</b>	515,958

Segmented information (note 12)

The accompanying notes form an integral part of these financial statements

## STATEMENT OF CHANGE IN NET DEBT

### As at March 31

	2012 (\$)	2012 (\$)	2011 (\$)
	Planned Results		
<b>Net cost of operations after government funding and transfers</b>	124,923	<b>1,195,917</b>	102,669
<b>Changes due to tangible capital assets</b>			
Acquisition of tangible capital assets	10,000	<b>6,525</b>	24,995
Amortization of tangible capital assets	(82,917)	<b>(80,393)</b>	(83,783)
<b>Total change due to tangible capital assets</b>	(72,917)	<b>(73,868)</b>	(58,788)
<b>Change due to prepaid expense</b>	-	<b>2,338</b>	(2,945)
<b>Net increase in net debt</b>	52,006	<b>1,124,387</b>	40,936
<b>Net debt - Beginning of year</b>	681,195	<b>681,195</b>	640,259
<b>Net debt - End of year</b>	733,201	<b>1,805,582</b>	681,195

The accompanying notes form an integral part of these financial statements

## STATEMENT OF CASH FLOWS

### For the Year Ended March 31

	2012 (\$)	2011 (\$)
		Restated (note 13)
<b>Operating activities</b>		
Net cost of operations before government funding and transfers	<b>6,928,635</b>	5,586,844
Non-cash items:		
Amortization of tangible capital assets	<b>(80,393)</b>	(83,783)
Services provided without charge (note 11)	<b>(380,746)</b>	(380,746)
Variations in Statement of Financial Position		
Decrease in accounts receivable and advances	<b>(10,025)</b>	(4,386)
Increase (decrease) in prepaid expenses	<b>2,338</b>	(2,945)
Increase in accounts payable and accrued liabilities	<b>(1,236,255)</b>	(111,598)
Increase in vacation pay and compensatory leave	<b>(44,262)</b>	(10,250)
Decrease (increase) in employee future benefits	<b>245,828</b>	(28,484)
<b>Cash used in operating activities</b>	<b>5,425,120</b>	4,964,652
<b>Capital investing activities</b>		
Acquisition of tangible capital assets	<b>6,525</b>	24,995
<b>Cash used in capital investing activities</b>	<b>6,525</b>	24,995
<b>Net cash provided by Government of Canada</b>	<b>5,431,645</b>	4,989,647

The accompanying notes form an integral part of these financial statements

# NOTES TO THE FINANCIAL STATEMENT

## For the Year Ended March 31

### 1. Authority and objectives

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. The NRTEE is not subject to the provisions of the *Income Tax Act*.

The NRTEE has two program activities:

**Advisory Program on Environment and Economy Issues** (referred to as Program Advisory) - Raising awareness and understanding among Canadians and their governments about the challenges of sustainable development and promoting viable solutions are vital to Canada's environmental and economic future.

**Internal Services** - All services that support the operation of the NRTEE and act as enablers for the NRTEE's other program activity.

### 2. Basis of Presentation - Going Concern

On March 29, 2012, the Government of Canada announced its intention to liquidate and close the NRTEE by April 1, 2013. This intention was approved through adoption (Royal Assent) of Bill C-38 on June 29, 2012. The going concern basis of presentation assumes that the NRTEE will continue in operation for the foreseeable future and that it will be able to realize its assets and discharge its responsibilities in the normal course of business. With the discontinuance of all of the NRTEE operations in 2012-13, the going concern basis of presentation is no longer appropriate. As a result, the 2011-12 financial statements have been prepared on a liquidation basis of accounting. Any liabilities that remain unsatisfied upon liquidation of the NRTEE will become the liabilities of Her Majesty in right of Canada.

### 3. Summary of significant accounting policies

These financial statements have been prepared using the Government's accounting policies stated below, which are based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian public sector accounting standards.

Under the liquidation basis of accounting, the assets and liabilities would be measured based on their net realizable value and settlement amounts respectively. Due to the nature of NRTEE's assets and liabilities, no changes in the measurement of assets and liabilities have been considered necessary. As a result of the decision to liquidate and close the NRTEE disclosed in note 2, a liability in respect of termination benefits was recognized in the current year.

Significant accounting policies are as follows:

- (a) Parliamentary authorities - the NRTEE is financed by the Government of Canada through Parliamentary appropriations. Financial reporting of authorities provided to the NRTEE do not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and Net Financial Position and in the Statement of Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 4 provides a reconciliation between the bases of reporting. The planned results amounts in the Statement of Operations and Net Financial Position are the amounts reported in the future-oriented financial statements included in the 2011-12 Report on Plans and Priorities.

(b) Net cash provided by Government - the NRTEE operates within the Consolidated Revenue Fund (CRF), which 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. The net cash provided by Government is the difference between all cash receipts and all cash disbursements including transactions between departments of the Government.

(c) Amounts due from or to the CRF are the result of timing differences at year-end between when a transaction affects authorities and when it is processed through the CRF. Amounts due from the CRF represent the net amount of cash that the NRTEE is entitled to draw from the CRF without further authorities to discharge its liabilities.

(d) Revenues:

Contributions from external parties for specified purposes are recorded upon receipt as deferred revenues. Contributions are recognized in the period in which the related expenses are incurred.

Miscellaneous revenues are accounted for in the period in which the underlying transaction or event that gave rise to the revenue takes place.

Revenues that are non-respendable are not available to discharge the NRTEE's liabilities. While the President and CEO is expected to maintain accounting control, he has no authority regarding the disposition of non-respendable revenues. As a result, non-respendable revenues are considered to be earned on behalf of the Government of Canada and are therefore presented in reduction of the NRTEE's gross revenue.

(e) Expenses - Expenses are recorded on the accrual basis:

Vacation pay and compensatory leave are accrued as the benefits are earned by employees under their respective terms of employment.

Services provided without charge by other government departments for such items as accommodation are recorded as operating expenses at their estimated cost.

A termination benefit is payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. A termination benefits liability based on the employee's years of continuous service in the public service is recorded by NRTEE when it is demonstrably committed to terminate the employment of current employees.

(f) Employee future benefits

(i) Pension benefits: Eligible employees participate in the Public Service Pension Plan (PSSA), a multiemployer pension plan administered by the Government. The NRTEE's contributions to the Plan are charged to expenses in the year incurred and represent the total NRTEE obligation to the Plan. The NRTEE's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

(ii) Severance benefits: Employees entitled to severance benefits under labour contracts or conditions of employment earn these benefits as services necessary to earn them are rendered. The obligation relating to the benefits earned by employees is calculated using the layoff entitlement of two weeks for the first year of continuous employment followed by one week for each subsequent year of continuous employment. In 2010-11, severance benefits were calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

(g) Accounts receivable are stated at the lower of cost and the net recoverable value; a valuation allowance is recorded for receivables where recovery is considered uncertain.

(h) Contingent liabilities - Contingent liabilities are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. To the extent that future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

(i) Tangible capital assets - All tangible capital assets and leasehold improvements having an initial cost of \$2,000 or more are recorded at their acquisition cost.

Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

<b>Asset Class</b>	<b>Amortization Period</b>
Leasehold Improvements	Lesser of the remaining term of lease or useful life of the improvement
Informatics Equipment and Purchased Software	3 years
Furniture and Equipment	10 years

(j) Measurement uncertainty - The preparation of these financial statements 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 the liability for termination benefits, the liability for severance benefits, the liability for vacation pay and compensatory leave, and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

#### 4. Parliamentary authorities

The NRTEE receives most of its funding through annual Parliamentary authorities. Items recognized in the Statement of Operations and Net Financial Position and the Statement of Financial Position in one year may be funded through Parliamentary authorities in prior, current or future years. Accordingly, the NRTEE has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

##### (a) Reconciliation of net cost of operations to current years authorities used

	2012 (\$)	2011 (\$)
Net cost of operations before government funding and transfers	<b>6,928,635</b>	5,586,844
Adjustments for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	<b>(80,393)</b>	(83,783)
Services provided without charge	<b>(380,746)</b>	(380,746)
Increase in vacation pay and compensatory leave	<b>(44,262)</b>	(10,250)
Decrease (increase) in employee future benefits	<b>245,828</b>	(28,484)
Adjustment to previous years' payables at year-end	<b>11,655</b>	29,940
Increase in accrued liabilities not charged to authorities	<b>(1,326,928)</b>	-
Refund of prior years' expenditures	<b>1,145</b>	16,549
	<b>(1,573,701)</b>	(456,774)
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisition of tangible capital assets	<b>6,525</b>	24,995
Increase (decrease) in prepaid expenses	<b>2,338</b>	(2,945)
	<b>8,863</b>	22,050
<b>Current year authorities used</b>	<b>5,363,797</b>	5,152,120
<b>(b) Authorities provided and used</b>		
Authorities Provided		
Vote 20 - Program expenditures	<b>5,218,383</b>	5,065,811
Statutory amounts	<b>449,334</b>	426,005
	<b>5,667,717</b>	5,491,816
Less:		
Lapsed appropriations - operations	<b>(303,920)</b>	(339,696)
<b>Current year authorities used</b>	<b>5,363,797</b>	5,152,120

## 5. Accounts payable and accrued liabilities

The following table presents details of the NRTEE's accounts payable and accrued liabilities:

	2012 (\$)	2011 (\$)
Accounts payable - Other government departments and agencies	<b>38,654</b>	52,295
Accounts payable - External parties	<b>469,029</b>	546,061
Accrued liabilities	<b>1,326,928</b>	-
<b>Total accounts payable and accrued liabilities</b>	<b>1,834,611</b>	598,356

As a result of the closure of the NRTEE in 2012-13, the NRTEE has recorded at March 31, 2012 an obligation of \$1,326,928 as part of accrued liabilities for termination benefits to reflect the estimated workforce adjustment costs.

## 6. Employee future benefits

### (a) Pension benefits

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

Both the employees and the NRTEE contribute to the cost of the Plan. The 2011-12 expense amounts to **\$323,071** (\$299,056 in 2010-11), which represents approximately **1.7 times** (1.7 times in 2010-11) the contributions by employees.

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

### (b) Severance benefits

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

As part of collective agreement negotiations with certain employee groups, and changes to conditions of employment for executives and certain non-represented employees, the accumulation of severance benefits under the employee severance pay program ceased for these employees commencing in 2011-12. Employees subject to these changes have been given the options to be immediately paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits on termination from the public service. These changes have been reflected in the calculation of the outstanding severance benefit obligation.

	2012 (\$)	2011 (\$)
<b>Accrued benefit obligation - Beginning of year</b>	<b>544,958</b>	516,474
Expense for the year	<b>(93,439)</b>	28,484
Benefit paid during the year	<b>(152,389)</b>	-
<b>Accrued benefit obligation - End of year</b>	<b>299,130</b>	544,958

## 7. Accounts receivable and advances

The following table presents details of the NRTEE's accounts receivable and advances balances:

	2012 (\$)	Restated (note 13) 2011 (\$)
Receivables - Other government departments and agencies	<b>900</b>	11,900
Receivables - External parties	<b>1,300</b>	325
Employee advances	<b>1,000</b>	1,000
<b>Gross accounts receivable</b>	<b>3,200</b>	13,225
Accounts receivable held on behalf of Government	<b>(1,000)</b>	(1,000)
<b>Net accounts receivable</b>	<b>2,200</b>	12,225

## 8. Tangible Capital Assets

	Cost			
	Opening Balance	Acquisitions	Dispositions	Closing Balance
Leasehold improvements	198,343			198,343
Informatics equipment and purchased software	272,913	2,996	110,287	165,622
Furniture and equipment	174,876	3,529	30,786	147,619
	646,132	6,525	141,073	511,584

	Accumulated Amortization			
	Opening Balance	Amortization	Dispositions	Closing Balance
Leasehold improvements	115,116	38,919		154,035
Informatics equipment and purchased software	213,534	34,137	110,287	137,384
Furniture and equipment	156,522	7,337	30,786	133,073
	485,172	80,393	141,073	424,492

	Net Book Value	
	2012	2011
Leasehold improvements	44,308	83,227
Informatics equipment and purchased software	28,238	59,379
Furniture and equipment	14,546	18,354
	87,092	160,960

## 9. Contributions

A portion of the NRTEE's net financial position is used for a specific purpose. Related revenues and expenses are included in the Statement of Operations and Net Financial Position. The NRTEE Act allows the NRTEE to receive funds from external parties for specified purposes. In 2011-12, funds in the amount of \$4,322 were received from a third party, and were used to offset the cost of video conferencing at the NRTEE's Water Forum held in Ottawa (In 2010-11, funds in the amount of \$88,770 were received and used to convene a meeting to discuss an Oil Sands Dialogue).

## 10. Contractual obligations

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

	2013	2014	2015	2016 and thereafter	Total
Contractual obligations	\$63,098	-	-	-	\$63,098

The NRTEE estimates that upon closure in 2012-13, a payment of \$12,000 will be required for penalties related to the termination of various contracts.

## 11. Related party transactions

The NRTEE is related as a result of common ownership to all Government departments, agencies, and Crown Corporations. The NRTEE enters into transactions with these entities in the normal course of business and on normal trade terms. During the year, the NRTEE received common services which were obtained without charge from other government departments as disclosed below.

### (a) Common Services provided without charge by other government departments

During the year, the NRTEE received services without charge from certain common service organizations. These services provided without charge have been recorded in the NRTEE's Statement of Operations and Net Financial Position as follows:

	2012 (\$)	2011 (\$)
Accommodations	378,746	378,746
Miscellaneous	2,000	2,000
<b>Total</b>	<b>380,746</b>	<b>380,746</b>

The Government has centralized some of its administrative activities for efficiency, cost-effectiveness purposes and economic delivery of programs to the public. As a result, the Government uses central agencies and common service organizations so that one department performs services for all other departments and agencies without charge. The costs of these services, such as the payroll and cheque issuance services provided by Public Works and Government Services Canada and audit services provided by the Office of the Auditor General are not included in the NRTEE's Statement of Operations and Net Financial Position.

### (b) Other transactions with related parties

	2012 (\$)	2011 (\$)
Accounts receivable - Other government departments	900	11,900
Accounts payable - Other government departments	38,654	52,295
Revenues - Other government departments	352,563	290,024
Expenses - Other government departments	783,465	722,788

Revenues and expenses disclosed in (b) exclude common services provided without charge, which are already disclosed in (a).

## 12. Segmented information

Presentation by segment is based on the NRTEE's Program Activity Architecture. The presentation by segment is based on the same accounting policies as described in the Summary of significant accounting policies in note 3. The following table presents the expenses incurred and revenues generated for the main program activities, by major object of expenses and by major type of revenues. The segment results for the period are as follows:

	Program Advisory	Internal Services	2012	2011
	\$	\$	\$	\$
<b>Operating expenses</b>				
Salaries and employee benefits	3,042,519	1,675,280	4,717,799	3,388,828
Professional and special services	966,405	77,454	1,043,859	1,036,072
Rentals	17,214	392,306	409,520	417,772
Transportation and telecommunications	205,516	117,387	322,903	327,358
Information and printing	183,289	27,116	210,405	326,211
Amortization of tangible capital assets	-	80,392	80,392	83,783
Repairs and maintenance	16,622	43,125	59,747	42,659
Utilities, materials and supplies	10,450	18,581	29,031	31,543
Acquisition of office equipment, furniture, informatics	1,362	57,939	59,301	21,388
<b>Total operating expenses</b>	<b>4,443,377</b>	<b>2,489,580</b>	<b>6,932,957</b>	<b>5,675,614</b>
<b>Revenues</b>				
Contributions (note 9)	4,322	-	4,322	88,770
Miscellaneous revenues	-	2,825	2,825	1,572
Revenues earned on behalf of Government	-	(2,825)	(2,825)	(1,572)
<b>Total revenues</b>	<b>4,322</b>	<b>-</b>	<b>4,322</b>	<b>88,770</b>
<b>Net cost of operations before government funding and transfers</b>	<b>4,439,055</b>	<b>2,489,580</b>	<b>6,928,635</b>	<b>5,586,844</b>

## 13. Accounting changes

During 2011, amendments were made to *Treasury Board Accounting Standard 1.2 - Departmental and Agency Financial Statements* to improve financial reporting by government departments and agencies. The amendments are effective for financial reporting years ending March 31, 2012, and later. The significant changes to the NRTEE's financial statements are described below. These changes have been applied retroactively, and comparative information for 2010-11 has been restated.

Net debt (calculated as liabilities less financial assets) is now presented in the Statement of Financial Position. Accompanying this change, the NRTEE now presents a Statement of Change in Net Debt and no longer presents a Statement of Equity.

Revenue and related accounts receivable are now presented net of non-responsible amounts in the Statement of Operations and Net Financial Position and Statement of Financial Position. The effect of this change was to increase the net cost of operations after government funding and transfers by \$1,572 for 2011 and to decrease total net financial assets by \$1,000 for 2011.

Government funding and transfers, as well as the credit related to services provided without charge by other government departments, are now recognized in the Statement of Operations and Net Financial Position below "Net cost of operations before government funding and transfers". In previous years, the NRTEE recognized these transactions directly in the Statement of Equity of Canada. The effect of this change was to decrease the net cost of operations after government funding and transfers by \$5,482,603 for 2011.

	2011 (\$)		2011 (\$)
	As previously stated	Effect of change	Restated
<b>Statement of Financial Position:</b>			
Financial assets held on behalf of Government			
Accounts receivable and advances	-	(1,000)	<b>(1,000)</b>
Total net financial assets	599,681	(1,000)	<b>598,681</b>
Net debt	680,195	1,000	<b>681,195</b>
Net financial position	(514,958)	(1,000)	<b>(515,958)</b>
<b>Statement of Operations and Net Financial Position:</b>			
Revenues			
Revenues earned on behalf of Government	-	(1,572)	<b>(1,572)</b>
Total revenues	90,342	(1,572)	<b>88,770</b>
Net cost of operations before government funding and transfers	5,585,272	1,572	<b>5,586,844</b>
Government funding and transfers			
Net cash provided by Government	-	4,989,647	<b>4,989,647</b>
Change in due from the Consolidated Revenue Fund	-	113,782	<b>113,782</b>
Services provided without charge	-	380,746	<b>380,746</b>
Net cost of operations after government funding and transfers	5,585,272	(5,482,603)	<b>102,669</b>
Net financial position - Beginning of year	-	(413,289)	<b>(413,289)</b>
Net financial position - End of year	-	(515,958)	<b>(515,958)</b>
<b>Statement of Cash Flows</b>			
Net cost of operations before government funding and transfers	5,585,272	1,572	<b>5,586,844</b>
Cash used in operating activities	4,963,080	1,572	<b>4,964,652</b>
Net cash provided by Government of Canada	4,988,075	1,572	<b>4,989,647</b>

#### 14. Comparative information

Comparative figures have been reclassified to conform to the current year's presentation.



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