

# National Round Table on the Environment and the Economy

Annual Report  
2001 2002



## NRTEE MEMBERS

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*Pollution Probe Foundation*

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*President & CEO*

*Info-Electronics Systems Inc.*

**Paul G. Antle** (to June 5, 2002)

*President & CEO*

*Island Waste Management Inc.*

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*City of Ottawa*

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*Ottawa, Ontario*

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*Moose Jaw, Saskatchewan*

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*Senior Advisor*

*Community Affairs*

*Diavik Diamond Mines*

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*President, Alcan Primary Metal Group*

*and Executive Vice-President, Alcan Inc.*

**Cristina Marques**

*Co-Owner & Developer of Dreamcoast Homes*

**Joseph O'Neill** (to June 5, 2002)

*Hanwell, New Brunswick*

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*Asia Pacific Foundation of Canada*

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*Partner*

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## NRTEE SECRETARIAT

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*Executive Assistant to the President & CEO*

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**Lisa Woodward**

*Program Manager*

**Karen Hébert**

*Research Associate*

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*Manager of Communications*

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*Communications Advisor*

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*Junior Finance Clerk*

**Nancy Larivière**

*Administrative Assistants*

**Lise Bélanger**

**Denise Johnston**

**Tania Tremblay**

*Receptionists/Secretaries*

**Carole Desjardins**

**Denise Wilson**



## Letter from the Chair and Chief Executive Officer

July 2002

Dear Prime Minister:

We are pleased to submit to you the 2001-2002 Annual Report of the National Round Table on the Environment and the Economy (NRTEE).

Our efforts over the last year have focused on facilitating discussion of the environmental and economic elements of a number of key issues of national and international interest. Stakeholders from a wide range of sectors have contributed to important debates on the development of environment and sustainable development indicators; ecological fiscal reform; conservation of natural heritage; urban sustainability; and recommendations on measures for inclusion in the federal budget.

Over the next year, the NRTEE will encourage similar discussion and debate in a number of program areas, with particular emphasis on the development of a national strategy on brownfield redevelopment, ecological fiscal reform, environment and sustainable development indicators, and urban sustainability. We look forward to continuing to provide your office with current information and advice throughout 2002-2003.

Yours sincerely,

  
Jean Bélanger  
Acting Chair

  
David J. McGuinty  
President and Chief Executive Officer



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## The NRTEE: An Overview

### Who We Are

The National Round Table on the Environment and the Economy (NRTEE) is an independent agency of the federal government committed to providing decision makers and opinion leaders with reliable information and objective views on the current state of the debate on the environment and the economy.

The NRTEE's members are distinguished Canadians appointed by Governor-in-Council. Members represent a broad range of sectors – including business, labour, academe, environmental organizations and First Nations.

### What We Do

The NRTEE was legislated by an Act of Parliament in 1994 to serve as a catalyst in identifying, explaining and promoting the principles and practices of sustainable development. Working with stakeholders across Canada, the NRTEE carries out its mandate by identifying key issues with both environmental and economic implications, fully exploring these implications, and suggesting action designed to balance economic prosperity with environmental preservation.

Activities are organized into a series of programs, each of which is overseen by a task force or committee made up of one or more NRTEE members and selected representatives from business, government and non-profit organizations.

The responsible task force or committee commissions research, conducts national consultations, reports on areas of agreement and disagreement, and puts forward reasoned recommendations for change. The full NRTEE then reviews these reports and recommendations prior to approving and releasing them to the public. The NRTEE meets four times each year to review progress, establish priorities for the future and initiate new programs.

In addition to program responsibilities, the NRTEE administered (until December 2001) the

Canadian component of Leadership for Environment and Development (LEAD), an international training program for promising individuals from various countries designed to further their understanding of, and ability to manage, issues related to sustainable development.

### How We Work

A multistakeholder approach is the hallmark of the NRTEE's activities. By creating an atmosphere of trust in which all points of view can be expressed freely and debated openly, the NRTEE has established a process whereby stakeholders themselves define the environment/economy interface within issues, determine areas of consensus and identify the reasons for disagreement and their implications for policy and decision making.

Each year, the NRTEE undertakes a strategic planning process to identify key issues to be addressed over the short and medium term. Programs are selected which address pressing issues with both environmental and economic implications and which have potential for advancing sustainable development.

Making headway in sensitive areas while maintaining balance is a challenge for stakeholders. As a catalyst in the process, the NRTEE brings a "round table" format to each issue by:

- Analyzing the environmental and economic facts and trends;
- Actively seeking input from key stakeholders;
- Drawing together the results of research and consultation, clarifying the "state of the debate";
- Pinpointing the consequences of action and inaction and making recommendations.

The round table process is a unique form of stakeholder consultation, permitting progress on diverse issues with an environmental/economic interface. The process itself is of value in overcoming entrenched differences. At the same time, the products (reports) for each program emphasize broad policy development and provide specific recommendations for action.



## The Year in Review: Program Updates

### Economic Instruments and Green Budget Reform

The goal of this program has been to advance the use of market-based approaches for environmental improvement in Canada. It is focused on two key components:

#### 1. Greening the Budget



The Economic Instruments and Greening the Budget Committee has continued its work on the use of economic instruments to improve the environment. Central to this program is the annual **Greening the Budget** process, held to develop recommendations for consideration by the Finance Minister in the ensuing year's budget. In developing this advice, the Round Table strives to achieve a consensus among stakeholders around sustainable development initiatives acceptable to all parties.

Building on the priorities and themes contained in last year's submission, the Greening the Budget Submission 2001 included recommendations that reflected current NRTEE program areas, including contaminated sites redevelopment and efforts to promote a more integrated policy development process for sustainable development, through the ecological fiscal reform initiative.

Stakeholder meetings were held to examine proposed measures and streamline the recommendations into five key measures that were ultimately presented to the Minister of Finance and the House of Commons Standing Committee on Finance. Specifically, the 2001 Greening the Budget Submission called for federal action in five key areas:

- Encouraging sustainable opportunities for northern Aboriginal communities;
- Remediation of contaminated sites in Canada;
- Preserving Canada's natural heritage;
- Exploring the linkages between the environment and human health;

- Building capacity for ecological fiscal reform.  
In December, the Minister of Finance asked the NRTEE to develop a National Brownfield Redevelopment Strategy in his 2001 Budget speech.

#### 2. Ecological Fiscal Reform



The Economic Instruments Committee, through the **Ecological Fiscal Reform (EFR)** program, is exploring potential strategies to redirect both government taxation and expenditure programs to create an integrated set of incentives supporting the shift to sustainable development. The goal of the program is to gain insight into the key challenges and opportunities related to EFR, deduce guiding principles to apply to a broader range of sustainable development issues, and to begin the development of recommendations on implementing EFR in Canada.

A series of case studies was undertaken to illustrate how EFR might be successfully applied. The case studies included: *EFR and agricultural landscapes* – to examine how to design economic incentives to help farmers across Canada conserve rather than cultivate ecologically sensitive lands; *cleaner transportation* – on how to develop a set of economic instruments to complement regulations associated with the Government of Canada's Clean Air Action Plan; and *chemical substances of concern* – to examine how EFR instruments could encourage better life-cycle management of certain chemical substances relating to the *Canadian Environmental Protection Act*.

At a meeting in October, the Expert Advisory Group concluded that there is a role for EFR in Canada and that it can offer many benefits. To improve visibility and gain support for the work completed, the case studies became the basis of the EFR Phase 1 report entitled *Toward a Canadian Agenda for Ecological Fiscal Reform: First Steps*. The report highlights the work carried out on two of the three case studies, namely agricultural landscapes and cleaner transportation, as examples of

experimentation that are helping define the scope of opportunities and barriers to EFR. This report was published in March.

Ultimately, the program will provide decision makers with a critical examination of key issues concerning the implementation of ecological fiscal reform measures. Examples of such important issues are revenue neutrality, international competitiveness and jurisdictional competence in implementing an integrated, market-based approach to sustainable development in Canada.

## Measuring Eco-efficiency

Eco-efficiency is a practical approach that businesses are adopting in setting and achieving their environmental performance objectives. Measuring these goals in a standardized manner will allow useful dialogue and permit easy comparison between divisions, companies and business sectors.

Under its **Measuring Eco-efficiency** program, the NRTEE has proceeded with the testing of material and energy eco-efficiency indicators. A pilot project, *Measuring Eco-efficiency in Business: Developing a Core Set of Eco-efficiency Indicators*, was carried out during 1997 and 1998.

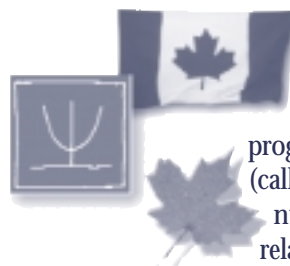
With support from Environment Canada, the program was expanded to involve the active participation of 12 companies\* from the manufacturing sector in Canada. These companies tested the value of the energy and material intensity indicators to their businesses. They refined the definitions, decision rules and complementary indicators and developed a workbook that all companies can use to calculate indicators in a consistent, transparent, credible and standardized manner. The final report and workbook were released in June.

A series of cross-country workshops to teach company technical representatives how to use the tools of eco-efficiency, including the workbook, have been planned for the spring and fall of 2002.

\* The participating companies were: Tetra Pak Ltd., Husky Injection Molding Systems Ltd., General Motors of Canada, St. Lawrence Cement, Dupont Canada Inc., Alcan Aluminium Limited, BASF Canada Inc., Nexfor Inc. (a Nordbord subsidiary), Dofasco Inc., TransAlta Utilities Corporation, Atomic Energy of Canada Limited and Nestlé Canada Inc.

## LEAD Canada

**LEAD (Leadership for Environment and Development) Canada** is a two-year training program that seeks to ensure that future decision makers understand the challenges of sustainable development and are equipped to meet them. Twelve



LEAD programs around the world each choose up to 15 promising mid-career professionals to take part in the program each year. Participants (called Associates) are exposed to a number of substantive issues related to sustainable development

and gain skills in a variety of areas including conflict resolution, stakeholder dialogue processes, change management, cross-cultural communication and public presentation. At the same time, Associates undertake a self-directed course of study that is designed to complement their professional activities.

In September, Cohort 8 attended its final international training session and graduation in Moscow. The session explored the theme *Disintegration or Integration: The Sustainability of Societies in Transition*. The session included three case studies with site visits to the Republic of Moldova, the Republic of Armenia, and the Republic of Kalmykia.

Due to a significant decrease in funding, budgetary constraints and a re-evaluation of opportunities and priorities for the future, the National Round Table ended its relationship with LEAD International as the host institute for the Canadian program in December. LEAD Canada Inc. is now a stand-alone non-governmental organization. The new non-governmental organization is directed by a committed group of Canadian LEAD Associates and Fellows.

## Aboriginal Communities and Non-renewable Resource Development

In 1998, the NRTEE launched a program to explore the relationship between Aboriginal communities and non-renewable resource development from the



perspective of sustainability. The NRTEE identified economic vitality, environmental integrity, social and cultural well-being, equity and control over natural resources as key indicators of sustainability for Aboriginal communities. The goal of the **Aboriginal Communities and Non-renewable Resource Development** program was to determine measures that must be taken to ensure that non-renewable resource development in Canada's North over the next 10-25 years supports economically viable, self-sufficient and socially healthy Aboriginal communities without compromising the ecological integrity of the environment.

The final report, entitled *Aboriginal Communities and Non-renewable Resource Development – State of the Debate*, was released in Yellowknife, NT in June. A forum was held immediately after the release to provide decision makers with advice on ways to improve capacity building in Aboriginal communities. Over 80 key representatives from the federal, territorial and Aboriginal governments, industry, educational institutions and others attended.

## Environment and Sustainable Development Indicators Initiative

The goal of the NRTEE's three-year **Environment and Sustainable Development Indicators (ESDI) Initiative** is to generate a national set of indicators that will integrate environmental considerations into economic decision making. It is intended that these will be used by governments, business, and civil society.

The initiative originates from the NRTEE's Greening the Budget 2000 recommendations and came to fruition through funding in the 2000 federal budget.

The ESDI Initiative entered its second phase of the three-phase program. The objective of this phase was to define specific indicators. To facilitate this, cluster groups of experts were convened to provide advice to the Steering Committee to help identify and select national indicators. The emphasis of the cluster groups' work was to develop indicators that are ready for use in the short term. Six cluster groups were

convened to address the following issues: human capital; non-renewable resources; land and soils; renewable resources; air quality and atmospheric conditions; and water resources.

At a breakfast event hosted by the NRTEE in May, the Finance Minister expressed support for the direction being taken in the ESDI Initiative. His speech, entitled "Measuring Progress Towards a More Sustainable Economy", emphasized the need for the development of new environmental indicators to promote sustainable decisions in the future. Over 600 people from the financial and other sectors attended the event in Toronto, ON. As well, the NRTEE held a panel discussion at Globe 2002 in March in Vancouver, BC. Over 250 people attended the session on the progress of the ESDI Initiative and the potential indicators being examined. The draft indicators will be presented at a one-day conference in Ottawa on June 19, 2002.

## Conservation of Natural Heritage

Canada's natural riches are unparalleled in the world, creating both an opportunity and responsibility for it to act as a global steward. Canadians expect our parks and special conservation areas to protect our natural heritage. Core protected areas are only one element of a broader plan needed to do the job. With over a century of experience with parks and other protected areas, we are learning that these are insufficient to maintain our natural ecosystems and wildlife species.

The goal of the **Conservation of Natural Heritage** program is to encourage Canadians at all levels to undertake stewardship of the land and waters, addressing not just public but also private lands; and to shape and support new tools that will help Canadians to better conserve, restore and maintain the long-term health of ecosystems.

Establishing a national<sup>1</sup> network of protected areas<sup>2</sup> nested within a larger, sustainably managed

1 National refers to initiatives by all levels of government.

2 Recognizing that there are many different kinds of protected areas, from permanently protected parks to conservation easements, etc.



(working) landscape is needed. This landscape-level approach to conservation includes exploring connectivity between core reserves as an important new goal. It is based on the knowledge that protected areas, while fundamental to any conservation strategy, are not adequate in and of themselves to conserve biodiversity over time.

The task force met in May, July, August and January to review the key issues, barriers, and bridges to successful nature conservation. Included in this review was an examination of potential economic instruments that could complement and encourage conservation in Canada. In November, the NRTEE, in partnership with the Manitoba Round Table for Sustainable Development, hosted a nature conference in Winnipeg, MB entitled *Conservation that Works!* This unprecedented conference, attended by over 600 participants, examined barriers facing industry, agricultural producers, and Aboriginal and resource communities and explored innovative approaches and tools created by the private sector, governments, First Nations, and conservation groups.

## Urban Sustainability

The world is experiencing unprecedented urbanization and Canada is no exception: whereas 90 per cent of Canadians lived in rural regions in 1900, more than 80 per cent live in urban centres in 2001. With this in mind, it is becoming increasingly evident that cities are major drivers of economic activity and, as such, a nation's competitive advantage is directly related to the performance of its cities.

The goal of the **Urban Sustainability** program is to catalyze momentum toward alternative or more coherent strategies, based upon sustainable development principles, that aim to improve the quality of life in and competitiveness of Canada's cities or urban regions. The objectives of the program fall within two tracks: *EFR in support of urban sustainability* – which will examine innovative fiscal measures for all three levels of Canadian government to support urban sustainability; and *indicators of environmental quality* – which might be used to publish a report on the state of Canadian cities.

The NRTEE sponsored a *Town Hall on Building a Sustainable Community* at the Ottawa 2020 Smart Growth Summit in June. Presentations were made to the Prime Minister's Caucus Task Force on Urban Issues and at the Policy Research Initiative's *Bringing Communities Together* conference in December. The NRTEE task force met in January and March to review the program plan and determine areas for preliminary research. In February, the National Round Table sponsored and made a presentation at the *Cities & Transportation: Choices & Consequences* conference held in Vancouver by the International Centre for Sustainable Cities.

## National Brownfield Redevelopment Strategy

In response to a mandate announced by the Finance Minister in his December 2001 budget, the National Round Table has launched a brownfield redevelopment strategy program. In his budget speech, the Minister declared: "*Across Canada, as in most countries, contaminated land lies unused and unproductive. Such sites, known as brownfields, may have the potential for rejuvenation, bringing both health and economic benefits to local communities. Therefore, responding to the Government, the NRTEE has agreed to develop a National Brownfield Redevelopment Strategy in order to ensure that Canada is a global leader in remediation.*"

The goal of the **National Brownfield Redevelopment Strategy** program is to develop a national strategy that incorporates federal, provincial and municipal measures that will facilitate the redevelopment of brownfields in Canada. The strategy will produce a series of measures designed to alleviate what are generally considered to be the key barriers to brownfield redevelopment, including: legal uncertainty surrounding environmental liability; lack of financing and funding; and perception problems and lack of stakeholder awareness. The National Brownfield Redevelopment Strategy will be released in November.



## Domestic Emissions Trading

At the request of the Prime Minister of Canada, the NRTEE undertook an initiative to broaden awareness and understanding of the concept of greenhouse gas emissions trading among key opinion leaders.

Working in partnership with the Canadian Chamber of Commerce, Pollution Probe and the Centre patronal de l'environnement du Québec, this project laid the groundwork for national discussions on the role emissions trading may play within Canada's response to climate change under the Kyoto Protocol. Its objective was to raise awareness and basic literacy on domestic emissions trading among those who were not yet well versed in this area.

The main components of this project were a new set of background materials on domestic emissions trading and a series of information seminars that occurred in January in Halifax, Calgary, Montreal, Toronto and Vancouver, and in

Ottawa in March. At each event, local, national and international experts in emissions trading shared their insights and expertise on the basic workings of emissions trading and discussed progress to date domestically and internationally.

The seminars were designed to broaden basic understanding of emissions trading among industry groups and others who would potentially play a role should emissions trading be adopted as part of Canada's climate change response. The timing was key, as the federal government had stated its intention to hold national consultations on Canada's climate change strategy in the late spring of 2002, in advance of a decision on ratification of the Kyoto Protocol to the United Nations Framework Convention on Climate Change.

By the end of the series, approximately 1,200 people had attended the seminars, representing more than 15 sectors of the business community, as well as environmental organizations and municipal and provincial levels of government.

## Communications and Publications

In 2001-2002, the NRTEE continued to work to ensure that decision makers, the media and the public recognize it as a leader in providing objective views and analytical information on the state of the debate on the environment and the economy in Canada. The NRTEE was extremely active this year, releasing an eco-efficiency workbook for industry, a *State of the Debate* report, and other material. As well, the Round Table received extensive national media coverage throughout the year on a variety of issues including Aboriginal communities and non-renewable resource development, brownfield redevelopment and domestic emissions trading.

The Web site has continued to disseminate key information to stakeholders and members of the public. The NRTEE Virtual Library feature allows people to easily access over 150 NRTEE documents on sustainable development. The Web site continued to be the primary information

source for the Greening the Budget 2001 recommendations, the background material for the domestic emissions trading initiative, proceedings and presentations from the Conservation of Natural Heritage's national conference, *Conservation that Works!*, the NRTEE e-Brief (a monthly e-mail update on current events and program information) and NRTEE Executive Briefs (a bi-monthly brief highlighting the work of NRTEE programs). The interactive Flash presentations of *Achieving a Balance: Four Challenges for Canada in the Next Decade* and *Calculating Eco-efficiency Indicators: A Workbook for Industry*, the Conservation of Natural Heritage conference proceedings and presentations, and the background material for the domestic emissions trading awareness initiative, including *The ABC's of Emissions Trading*, *Other Countries' Experience* and *Frequently Asked Questions* are all available free of charge on the NRTEE Web site.



The NRTEE released and widely promoted the following publications over the year:

- *Aboriginal Communities and Non-renewable Resources – A State of the Debate Report*
- *Calculating Eco-efficiency Indicators: A Workbook for Industry*

- *Toward a Canadian Agenda for Ecological Fiscal Reform: First Steps*

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

## A Look Ahead

The coming year, 2002-2003, will be an active one for the NRTEE. The following are the key initiatives planned for next year:

- The **Environment and Sustainable Development Indicators (ESDI) Initiative** will move into the final phase of the three-year program. Feedback on the draft environment and sustainable development indicators that have been developed by the expert cluster groups will be solicited, at both a national conference and workshop in June and among smaller working groups. The goal is to generate a national set of sustainable development indicators that will be practical, feasible, well accepted and used widely in Canada following the release of the final report, expected in March 2003.
- The **Economic Instruments** program will concentrate its efforts on stimulating discussion about and promoting **Ecological Fiscal Reform** over the next two to three years, while continuing to make annual pre-budget submissions to the Department of Finance.
- The **Measuring Eco-efficiency** program's *Calculating Eco-efficiency Indicators: A Workbook for Industry* will be part of a cross-country series

of two-day eco-efficiency workshops for business entitled *Building Sustainable Enterprise*. Five Winds International is organizing the workshops in partnership with the NRTEE, Environment Canada, Industry Canada, Natural Resources Canada as well as several regional partners. The workshops will be held in the spring and fall.

- The **Urban Sustainability** program will make a presentation at the Canadian Institute of Planners Annual Conference in Vancouver in the spring. The program's State of the Debate report will be released in the spring of 2003.
- The **National Brownfield Redevelopment Strategy** program will host a two-day experts workshop in June. The final strategy will be released in November 2002 and submitted to the Department of Finance so its recommendations can be considered for the next federal budget, expected in February 2003.
- The **Conservation of Natural Heritage** program's *State of the Debate* report will be released in the spring of 2003. It will be actively communicated throughout the following year during a cross-country tour.



# National Round Table on the Environment and the Economy

## *Statement of Management Responsibility*

**For the Year ended March 31, 2002**

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

These financial statements have been prepared on an accrual basis of accounting in accordance with Treasury Board of Canada standards based on Canadian generally accepted accounting principles. These statements should be read within the context of the significant accounting policies set out in the notes.

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

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

Approved by:



David J. McGuinty  
President and  
Chief Executive Officer



Eugene Nyberg  
Corporate Secretary and  
Director of Operations

Ottawa, Canada  
June 21, 2002





AUDITOR GENERAL OF CANADA

VÉRIFICATEUR GÉNÉRAL DU CANADA

## Auditor's Report

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

I have audited the statement of financial position of the National Round Table on the Environment and the Economy as at March 31, 2002 and the statements of operations, equity of Canada and cash flows 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, 2002 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 'R. Flageole'.

Richard Flageole, FCA  
Assistant Auditor General  
for the Auditor General of Canada

Ottawa, Canada  
June 21st, 2002



## National Round Table on the Environment and the Economy

### *Statement of Financial Position*

**As at March 31, 2002 with comparative figures as at April 1, 2001**

	<b>2002</b>	<b>2001</b>
	\$	\$
<b>ASSETS</b>		
<b>Financial Assets</b>		
Due from Consolidated Revenue Fund	850,733	1,154,916
Receivables (Note 5)	51,235	32,890
Publication inventory for resale	62,642	67,010
	964,610	1,254,816
<b>Non-Financial Assets</b>		
Prepayments	12,765	4,750
Capital assets (Note 6)	398,176	133,629
	410,941	138,379
<b>TOTAL ASSETS</b>	1,375,551	1,393,195
 <b>LIABILITIES AND EQUITY OF CANADA</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities (Note 7)	978,644	1,169,041
Deferred revenue (Note 8)	—	73,774
	978,644	1,242,815
<b>EQUITY OF CANADA</b>	396,907	150,380
<b>TOTAL LIABILITIES AND EQUITY OF CANADA</b>	1,375,551	1,393,195

Commitments (Note 9)

The accompanying notes form an integral part of these Statements.

Approved by:

  
 \_\_\_\_\_  
 Stuart Smith  
 Chair

  
 \_\_\_\_\_  
 David J. McGuinty  
 President and CEO

## National Round Table on the Environment and the Economy

### *Statement of Operations*

#### **For the Year ended March 31**

	<b>2002</b>
	<b>\$</b>
<b>REVENUE</b>	
Funding from Other Government Departments (Note 4)	1,289,000
Donations and Cost-sharing Revenue (Note 8)	283,155
Sale of publications	9,184
<b>TOTAL REVENUE</b>	<b>1,581,339</b>
<b>EXPENSES</b>	
<b>Operating</b>	
Professional and special services	2,493,589
Salaries and employee benefits	2,002,706
Transportation and communication	861,078
Publications	764,076
Rentals	325,552
Furniture and equipment	106,300
Utilities, materials and supplies	51,236
Amortization	47,056
Repairs and maintenance	22,242
	<b>6,673,835</b>
<b>Executive Committee</b>	
Travel and living expenses	14,650
Honoraria	3,970
	<b>18,620</b>
<b>Other Committees</b>	
Travel and living expenses	189,800
Honoraria	130,405
	<b>320,205</b>
<b>TOTAL EXPENSES</b>	<b>7,012,660</b>
<b>NET COST OF OPERATIONS</b>	<b>5,431,321</b>

The accompanying notes form an integral part of these Statements.



## National Round Table on the Environment and the Economy

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

	<b>2002</b>
	<b>\$</b>
Equity of Canada, beginning of year	150,380
Net Cost of Operations	(5,431,321)
Services provided without charge (Note 4)	227,000
Net change in due from Consolidated Revenue Fund	(304,183)
Net Cash Provided by Government	5,755,031
<b>Equity of Canada, end of year</b>	<b>396,907</b>

The accompanying notes form an integral part of these Statements.





## National Round Table on the Environment and the Economy

### *Statement of Cash Flow*

#### **For the Year ended March 31**

	<b>2002</b>
	<b>\$</b>
<b>Operating Activities</b>	
Net Cost of Operations	5,431,321
Non-Cash items included in cost of operations:	
Less: Amortization of capital assets	(47,056)
Services provided without charge	(227,000)
Statement of Financial Position adjustments:	
Decrease in deferred revenue	73,774
Decrease in accounts payable and accrued liabilities	190,397
Increase in receivables	18,345
Decrease in publications inventory for resale	(4,368)
Increase in prepayments	8,015
Cash used in operating activities	5,443,428
<b>Investing Activities</b>	
Acquisitions of capital assets	311,603
Cash used in investing activities	311,603
<b>Net cash provided by Government</b>	<b>5,755,031</b>

The accompanying notes form an integral part of these Statements.

# National Round Table on the Environment and the Economy

## *Notes to the Financial Statements* **For the Year ended March 31, 2002**

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### **1. Authority and Purpose**

The National Round Table on the Environment and the Economy (Round Table) was established in 1994 under the *National Round Table on the Environment and the Economy Act* and is a departmental corporation named in Schedule II of the *Financial Administration Act*. The Round Table fulfils its objective of promoting sustainable development, and the integration of the environment and economy in decision making in all sectors, by conducting studies, organizing multistakeholder “dialogues” on specific issues and economic sectors, providing advice, carrying out educational and communication activities, and by acting as a catalyst for change. Its operating expenditures are funded mainly by a budgetary lapsing authority and, to a lesser extent from cost recovery and cost sharing for specific activities. Employee benefits are in accordance with the related statutory authorities.

### **2. Summary of Significant Accounting Policies**

These financial statements have been prepared on an accrual basis of accounting in accordance with Treasury Board of Canada standards based on Canadian generally accepted accounting principles. Significant accounting policies are as follows:

#### **a) Due from Consolidated Revenue Fund (CRF)**

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

#### **b) Pension Plan**

The Round Table's employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The employees and the Round Table contribute equally to the cost of the Plan. The Round Table's contribution in the year was \$208,516. The contributions represent the total obligations of the Round Table and are recognized in the accounts in the period that the contributions are made.

#### **c) Receivables**

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

#### **d) Publication Inventory for Resale**

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



**e) Capital Assets**

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 capital asset class is as follows:

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

**f) Deferred Revenue**

Deferred revenue includes revenues received in advance of the services to be provided and the funds received from external parties for specified purposes. Deferred revenue is recognized as operational revenues when the related services are provided.

**g) Services Provided Without Charge by Other Government Departments**

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

**h) Measurement Uncertainty**

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant item where estimates are used are amortization of capital assets and write-down and write-offs of inventory of publications for resale.

**3. Changes in Accounting Policies**

In prior years, the Round Table prepared only a Statement of Operations using a modified-cash basis of accounting. This is the first year that the Round Table has prepared a full set of financial statements on an accrual basis in accordance with Treasury Board of Canada standards based on Canadian generally accepted accounting principles. The significant changes are as follows:

**a) Financial Statement Presentation and Comparative Figures**

In prior years, the Round Table financial statement consisted of a Statement of Operations and notes to the statement. The Round Table's March 31, 2002 financial statements contain a Statement of Financial Position, a Statement of Operations, a Statement of Equity of Canada, a Statement of Cash Flow and notes to the financial statements. It is neither practical nor cost effective for the Round Table to show comparative amounts on the Statements of Operations, Equity of Canada and Cash Flow because the information is not readily available and any estimation of previous years' amounts would not be able to be substantiated with any degree of precision. Comparative amounts are presented only on the Statement of Financial Position.

**b) Receivables**

In prior years, revenues were recognized on a cash-basis. During the year, the Round Table retroactively changed its accounting policy for receivables to that described in note 2 c).

**c) Publication Inventory for Resale**

In prior years, publication inventory for resale was charged to operations on a cash-basis. During the year, the Round Table retroactively changed its accounting policy for publication inventory for resale to that described in note 2 d).

**d) Capital Assets**

In prior years, purchases of capital assets were charged to operating expenditures in the year of acquisition. For fiscal year 2002, the Round Table retroactively changed its policy of accounting for capital assets. The costs are now capitalized and amortized over their estimated useful lives as detailed in note 2 e). During the year, capital assets acquisitions in the amount of \$311,603, which would have previously been expensed, have been capitalized. Amortization expense in the amount of \$47,056 has been recorded in the Statement of Operations.

**4. Related Party Transactions**

The Round Table is related in terms of common ownership to all Government of Canada departments, and Crown corporations. The Round Table enters into transactions with these entities in the normal course of business and on normal trade terms.

During the year, the Round Table received funding in the amount of \$1,289,000 from other government departments for specific projects, including \$1.2 million from Environment Canada.

The Round Table also incurred expenses of \$1,055,853, including \$227,000 for services provided without charge. Services provided without charge include \$185,000 for the rental of space, \$40,000 for audit services and \$2,000 for payroll administration services.

**5. Receivables (Net of Allowances)**

	<b>2002</b>	<b>2001</b>
Other Government Departments	34,991	30,000
External Parties	16,244	2,890
Total Receivables (net of allowances)	51,235	32,890

**6. Capital Assets**

	Cost as at April 1, 2001	Net Additions	Cost as at March 31, 2002
Leasehold Improvements	—	182,521	182,521
Informatics and Purchased Software	123,951	93,800	217,751
Furniture and Equipment	106,944	35,282	142,226
	230,895	311,603	542,498

	Accumulated Amortization	Net Book Value at March 31, 2002	Net Book Value at April 1, 2001
Leasehold Improvement	3,030	179,491	—
Informatics and Purchased Software	93,717	124,034	63,225
Furniture and Equipment	47,575	94,651	70,404
	144,322	398,176	133,629

Amortization expense for the year ended March 31, 2002 is \$47,056.

**7. Accounts Payable and Accrued Liabilities**

	<b>2002</b>	<b>2001</b>
Trade	782,454	1,132,729
Other Government Departments	196,190	36,312
<b>Total Accounts Payable and Accrued Liabilities</b>	<b>978,644</b>	<b>1,169,041</b>

**8. Deferred Revenue**

	<b>2002</b>	<b>2001</b>
Opening Balance	73,774	197,852
Add: funds received during the year	209,381	51,044
Less: amounts recognized during the year	(283,155)	(175,122)
<b>Closing Balance</b>	<b>—</b>	<b>73,774</b>

**9. Commitments**

As at March 31, 2002 the Round Table has entered into a long-term lease for an office photocopier with a remaining value of \$59,490. The future minimum payments are as follows:

2002/03	\$12,100
2003/04	\$12,100
2004/05	\$12,100
2005/06	\$12,100
2006/07	\$11,090

## 10. Parliamentary Appropriations

The Round Table 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 Equity of Canada in one year may be funded through Parliamentary appropriations in prior and future years. Accordingly, the Round Table has different 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 results of operations to total Parliamentary appropriations used:

	<b>2002</b>
Net Cost of Operations	5,431,321
Adjustments for items not affecting appropriations:	
Less: Amortization	(47,056)
Services provided without charge	(227,000)
Vacation pay and compensatory time	(34,998)
Inventory used	(4,368)
Add: Increase in prepayments	8,015
Increase in receivables	18,345
	5,144,259
Adjustments for items affecting appropriations:	
Add: Capital acquisitions	311,603
Less: Expenses to produce publications for resale	(9,184)
	302,419
<b>Total Parliamentary Appropriations Used</b>	<b>5,446,678</b>

### b) Reconciliation of Parliamentary appropriations voted to Parliamentary appropriations used:

	<b>2002</b>
Parliamentary appropriation – voted:	
Vote 40 and 40(b) – Operating expenditures	5,331,500
Statutory appropriation – voted:	
Contributions to employee benefit plans	308,000
Publication revenue in accordance with section 29.1(1) of the <i>Financial Administration Act</i>	9,184
	5,648,684
Less: Lapsed appropriations – operations	(202,006)
<b>Total Parliamentary Appropriations Used</b>	<b>5,446,678</b>