

NATIONAL ROUND TABLE ON THE ENVIRONMENT AND THE ECONOMY



Annual Report 2003–2004



National Round Table
on the Environment
and the Economy

Table ronde nationale
sur l'environnement
et l'économie

Canada

NRTEE MEMBERS

as of March 31, 2004

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Sainte-Foy, Québec

Patricia McCunn-Miller
(*Vice-Chair, NRTEE*)
Calgary, Alberta

Ken Ogilvie (*Vice-Chair, NRTEE*)
Executive Director
Pollution Probe Foundation

Harinder P. S. Ahluwalia
President and CEO
Info-Electronics Systems Inc.

Edwin Aquilina
Special Advisor to the Mayor
City of Ottawa

Louis Archambault
President and CEO
Groupe-conseil Entraco Inc.

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Qussai Samak
Union Advisor
Confédération des syndicats nationaux

Keith Stoodley
Director, Marketing and Sales
Lotek Wireless Inc.

John Wiebe
President and CEO
GLOBE Foundation of Canada

Judy G. Williams
Partner
MacKenzie Fujisawa

NRTEE SECRETARIAT

Acting Executive Director & CEO
and Corporate Secretary
Gene Nyberg

Executive Assistant to the Corporate Secretary
Hélène Sutton

Executive Assistant to the
Acting Executive Director & CEO
Claire Aplevich

Senior Policy Advisor
Carolyn Cahill

Policy Advisors
Karen Hébert
David Myers
Alexander Wood

Special Projects Managers
Sara Melamed
Lisa Woodward

Research Associates
Alex Long
Erik Sparling

Manager of Communications
Maira Forrest

Communications Advisor
Kelly Bagg

Network and Web Site Support Officer
Edwin Smith

Media and Public Relations Advisor
Christine Choury

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Kindi Chana

Information Holdings Coordinator
Angela Kuhn

Information Specialist
Phyllis Leonard

Office Manager & Conference/Meeting Coordinator
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Pierrette Guitard

Assistant Manager, Finance & Administration
Michael Hammond

Finance & Administration Assistant
Denise Dinel-Larivière

Finance & Administration Clerk
Marie-France Brassard

Administrative Assistants
Lise Bélanger
Denise Johnston
Tania Tremblay
Denise Wilson

Receptionist/Secretary
Carole Desjardins



Letter from the Chair and Chief Executive Officer

July 2004

Dear Prime Minister:

We are pleased to submit to you the 2003–2004 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, the conservation of natural heritage, urban sustainability, brownfield redevelopment, ecological fiscal reform and energy, capital markets and sustainability, and recommendations on measures for inclusion in the federal budget. As well, the Round Table was pleased to release and actively promote three *State of the Debate* reports over the last year.

During the next fiscal year, the NRTEE will encourage similar discussion and debate in a number of program areas, with particular emphasis on ecological fiscal reform and energy, capital markets and sustainability, the conservation of Canada's natural capital in the boreal forest, and energy and climate change. We look forward to continuing to provide your office with current information and advice throughout 2004–2005.

Yours sincerely,



Harvey L. Mead
Chair



Eugene Nyberg
Acting Executive Director and Chief Executive Officer



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National Round Table
on the Environment
and the Economy

Table ronde nationale
sur l'environnement
et l'économie

The NRTEE: An Overview

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 the Governor-in-Council. Members represent a broad range of sectors, including business, labour, academe, environmental organizations and Aboriginal groups.

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 that have 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, produces 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.

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 by programs over the short and medium term. Programs are developed that address pressing issues that have both environmental and economic implications as well as potential for advancing sustainable development.

Making headway in sensitive areas while maintaining balance between environmental and economic goals 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, and clarifying the “state of the debate”; and
- 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 environment–economy interface. The process adds particular value by helping to overcome entrenched differences. At the same time, the products (reports) from each program emphasize broad policy development and provide specific recommendations for action.



The Year in Review

Corporate Activities

Meetings

The members of the NRTEE meet as a round table four times a year to review and discuss the ongoing work of the agency, set priorities and initiate new activities. This year, the members met in Meech Lake (Quebec) in May, Charlottetown in August, Ottawa in November and Quebec City in February.

The Round Table's Executive Committee held five meetings over the year, convening as a group by conference call and in person in April, September and November 2003 as well as in January and February 2004.

Performance Measurement and Evaluation

During 2003–2004, the NRTEE continued to implement and refine its Performance Measurement Framework. This framework, which is being implemented both at a strategic level and within each of the NRTEE's programs, ensures there is a clear focus on outcomes and that a performance measurement plan is developed to measure the achievement, or progress toward the achievement, of expected outcomes. By objectively and systematically measuring performance, the agency is able to provide parliamentarians and Canadians with sounder, more objective results-based information. In February 2004, the Centre of Excellence for Evaluation¹ presented the NRTEE with an award for its Performance Measurement Framework, recognizing the NRTEE's leadership role in this area within the small-agency community.

The Round Table has implemented an evaluation process to complement the Performance Measurement Framework. Four NRTEE programs were evaluated as part of the pilot project. These were the 2004 Greening of the Budget process, the Urban Sustainability program, the Environment and Sustainable Development Indicators Initiative and the Domestic Emissions Trading Awareness program. The evaluations will be completed in the spring of 2004.

Modern Comptrollership and Management

The introduction of modern comptrollership and management practices is a major undertaking currently under way across the federal government. In 2003–2004, the NRTEE continued its work to strengthen management practices in four priority areas (integrated performance information, appropriate systems of control, integrated risk management, and values and ethics) and has approached a new level of maturity in these areas.

Public Affairs and Policy Leadership

In February 2004, the NRTEE received an Arthur Kroeger College Award for Public Affairs in the policy leadership category. Arthur Kroeger College, a department within the Faculty of Public Affairs and Management at Carleton University, gives five annual awards for excellence in the pursuit of public good in the following categories: ethics, public discourse, citizenship and community affairs, management and policy leadership. The policy leadership award recognizes an individual or an organization that serves as a model for how to define an issue, consider it and then successfully advance the public policy process.

¹ The primary mandate of the Centre of Excellence for Evaluation (CEE), established in April 2001 by Treasury Board Secretariat, is to provide leadership, guidance and support to the practice of evaluation within the Government of Canada.



Program Areas

The NRTEE focused on eight key program areas over the year. Each program is led by a member of the Round Table, who chairs the program's task force or committee. This body is a multistakeholder group that assists in guiding and shaping the program's recommendations and highlighting areas where more work is needed. Three of the eight program areas reached a conclusion in this fiscal year with the release of key findings and recommendations in a series of *State of the Debate* reports. The program areas are described briefly below.

Environment and Sustainable Development Indicators

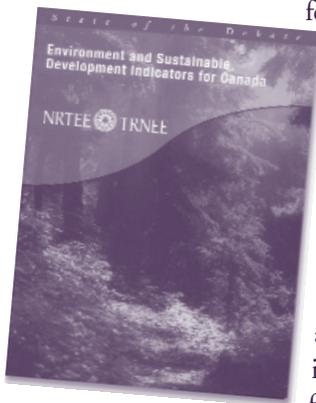
Goal: To generate a national set of indicators that will integrate environmental considerations into economic decision making.

The NRTEE's **Environment and Sustainable Development Indicators (ESDI)** Initiative has produced a set of indicators that augment familiar economic data—such as gross domestic product and the consumer price index—and are intended for use by governments, business and civil society.

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

Initiative completed its work with the release of a *State of the Debate* report, *Environment and Sustainable Development Indicators for Canada*, in May. The six indicators, which comprise five natural capital indicators and one human capital indicator, are forest cover, freshwater quality, air quality,

greenhouse gas emissions, extent of wetlands and educational attainment.



Conservation of Natural Heritage

Goal: To encourage Canadians at all levels to undertake stewardship of the land and waters—publicly and privately owned—and to shape and support new tools that can be used to better conserve, restore and maintain the long-term health of ecosystems.

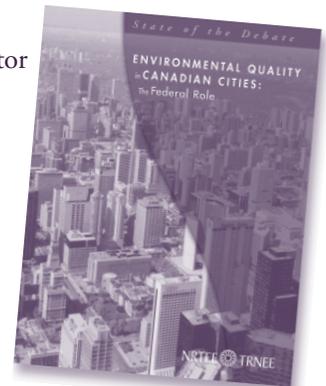
A *State of the Debate* report entitled *Conserving Canada's Natural Capital: A Vision for Nature Conservation in the 21st Century* was released in June. In the report, the Round Table calls for federal action in five key areas: conservation planning for whole landscapes, partnerships with industry on working landscapes, community stewardship, conservation of marine ecosystems, and implementing a national framework for action.



Urban Sustainability

Goal: 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.

Working with key stakeholders (including representatives from across the country, all three levels of government, the private sector and the environmental community), the NRTEE completed and released a *State of the Debate* report entitled *Environmental Quality in Canadian Cities: The Federal Role*. The report, released in May at



the Federation of Canadian Municipalities' Annual Conference in Winnipeg, proposes 11 high-priority recommendations for immediate implementation.



Greening of the Budget

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

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

This year's submission focused on the fundamental role of natural capital—the ecosystem services that are critical for long-term economic success—within the Canadian economy. It emphasized the need for Canada to take better account of the full range of assets necessary to sustain a healthy society and economy.



Ecological Fiscal Reform and Energy

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

Governments have traditionally used fiscal policy (taxation and expenditure policies) to generate revenues and stimulate economic growth. The

NRTEE's **Ecological Fiscal Reform and Energy** program is looking at a broader role for fiscal policy, one that includes the achievement of broad social and environmental objectives.

Under the program, the Round Table is exploring approaches to reducing the carbon intensity of Canadian energy systems. It will seek to demonstrate, through a series of case studies and multistakeholder consultations, how taxation policy can broaden the array of available Canadian energy options by enabling competitive production and consumption of less carbon-intensive fuels, processes and technologies. The case studies will examine the role of fiscal policy in promoting the commercialization of hydrogen-based energy systems, promoting energy efficiency and promoting renewable power.

Capital Markets and Sustainability

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

Capital Markets and Sustainability is a new initiative for the Round Table. Through it, the agency hopes to facilitate a strong, neutral and independent multistakeholder debate on responsible investment² and corporate responsibility³ by exploring the links between sustainability (both environmental and social) and financial performance in Canada.

The Round Table hopes to address the following questions: Is there a financial return to business in pursuing corporate responsibility policies? And is the pursuit of such policies rewarded through the investment allocation decisions of fund managers in the capital markets?

2 The NRTEE defines responsible investment (RI) as the integration of environmental criteria and social criteria, insofar as the latter underpin the "social licence to operate," into investment decision making.

3 In the context of this NRTEE program, corporate responsibility (CR) encompasses examination of the same environmental and social issues as RI, but it deals with the issues in the context of how capital is allocated within a company.

Securing Canada's Natural Capital: The Boreal Forest

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

Securing Canada's Natural Capital: The Boreal Forest is a new program that starts from the premise that both regulatory and fiscal policy instruments can and will have a clear impact on conservation. Regulatory policy is a key tool traditionally used in determining how resource development is allocated and managed. Fiscal policy, on the other hand, is one of the most powerful, yet underutilized, means that governments have to promote sustainable development in a consistent and strategic manner in the Canadian economy. The new program will build on the work of the Conservation of Natural Heritage program.

Energy and Climate Change

Goal: *To contribute to an integrated long-term energy vision that will meet the challenges posed by climate change, the need for energy security and other such issues.*

The NRTEE has embarked on the first phase of a major climate change and energy initiative to examine and inform Canadians about the potential for future emissions reductions. The program will explore, from a Canadian and continental perspective, the links between energy, climate change and the economy. The initiative was mandated by the Prime Minister in August 2003 in a speech announcing further commitments toward implementation of the federal government's climate change plan for Canada.



Communications and Publications

In 2003–2004, the NRTEE continued its efforts to ensure that decision makers, the media and the public recognize it as a leader in providing objective views and analysis relating to the “state of the debate” on the environment and the economy in Canada. The NRTEE was extremely active this year, releasing three *State of the Debate* reports and organizing cross-Canada information sessions on the environmental quality of Canadian cities. As well, the Round Table received extensive national media coverage throughout the year on a variety of issues including brownfield redevelopment, urban sustainability, conservation of natural heritage, and environment and sustainable development indicators.

The NRTEE Web site remains an important tool for disseminating key information to stakeholders and members of the public. In 2003–2004, the number of “unique” visitors to the Web site continued to grow, increasing by approximately 50 percent over the 2002–2003 figure. The Web site was the primary source for information on the Greening of the Budget 2004 recommendations, the background material for the Environment and Sustainable Development Indicators Initiative, the NRTEE e-Brief (an electronic e-mail update on current events and program information) and information (including agendas and registration forms) for the *Securing Our Wealth: Investing in the Environmental Quality of Canadian Cities* information sessions.

The Web site’s Virtual Library feature enables people to easily access over 300 NRTEE documents on sustainable development. All NRTEE publications obtained through the Virtual Library are free of charge. The Round Table’s signature series, the *State of the Debate* reports, continues to have strong brand recognition. The most popular reports downloaded in this fiscal year included three

new *State of the Debate* reports that the NRTEE released and widely promoted over the year: *Environment and Sustainable Development Indicators for Canada*, *Environmental Quality in Canadian Cities: The Federal Role* and *Conserving Canada’s Natural Capital: A Vision for Nature Conservation in the 21st Century*. Demand was also high for two standalone reports: *Cleaning up the Past, Building the Future: A National Brownfield Redevelopment Strategy for Canada* and *Toward a Canadian Agenda for Ecological Fiscal Reform: First Steps*.

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

In an effort to generate more momentum for developing a coherent response to the cities issue in Canada, and building on the recommendations and key findings of two of its reports (*Environmental Quality in Canadian Cities: The Federal Role* and *Cleaning up the Past, Building the Future: A National Brownfield Redevelopment Strategy for Canada*), the NRTEE hosted seven information sessions in major cities across Canada (in Calgary, Halifax, Montreal, Ottawa, Toronto, Winnipeg and Vancouver).

The half-day sessions, entitled *Securing Our Wealth: Investing in the Environmental Quality of Canadian Cities*, were designed to stimulate discussion among local municipal leaders (including the mayor or appointed deputy in each city), regional experts, leading urban specialists and interested citizens on how to improve the environmental and economic performance of Canada’s cities. Urban sprawl, rapid growth, gridlock, noise, smog and site contamination were among the issues addressed at each session. By the end of the series, the NRTEE had engaged over 1,600 people in the “cities debate” and had garnered extensive media coverage at both the local and national levels.

A Look Ahead

The coming year, 2004–2005, will be an active one for the NRTEE. The following are the key initiatives planned for next year:

The **Securing Canada's Natural Capital—The Boreal Forest** program will complete a series of case studies on three boreal forest areas in Canada where there is significant biodiversity, potential to influence policy and multiple stakeholder interests. The case studies will focus on the following areas: the Muskwa-Ketchika Management Area (in northwestern British Columbia, including bordering parts of Yukon and the Northwest Territories), the ALPac Forest Management Area (in northeastern Alberta) and the Abitibi Region (along the Quebec–Ontario border). As well, multistakeholder workshops will be held in each region in the spring. The program will release its *State of the Debate* report in March 2005.

The **Ecological Fiscal Reform and Energy** program, through a series of case studies, will seek to demonstrate how fiscal policy could shift Canadian energy production and consumption away from carbon-intensive fuels, processes and technologies. The case studies will examine renewable power, hydrogen and energy efficiency and will be completed in the summer.

The **Greening of the Budget** program will continue to make annual pre-budget submissions to the Minister of Finance and the Department of Finance.

The **Capital Markets and Sustainability** program will conclude the scoping phase, begin to commission research and strike a task force of stakeholders to guide the Round Table's work, supply feedback and ultimately help develop recommendations for a *State of the Debate* report (expected to be released in late 2005).

The **Energy and Climate Change** program will release a foundation paper that will identify the most pressing debates and key information gaps related to a long-term linking of the energy sector and climate change. The paper will be released in the fall.

The NRTEE will complete four pilot program evaluations in the spring, with summaries from all four evaluation processes posted on the Web site by mid-summer.

In addition, the NRTEE will continue its work on the organization's modern comptrollership initiative to ensure that all four priority areas (integrated performance information, appropriate systems of control, integrated risk management, and values and ethics) reach maturity. Work will focus in particular on finalizing the integrated risk management plan and the values and ethics plan.



National Round Table on the Environment and the Economy

Statement of Management Responsibility For the Year ended March 31, 2004

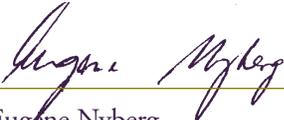
The objectivity and the integrity of the financial statements and related information presented in this annual report are the responsibility of management and have been examined by the Executive Committee of the Round Table.

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, that 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 departmental 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:


Eugene Nyberg
Acting Executive Director and
Chief Executive Officer


Pierrette Guitard, CMA
Manager, Finance and Administration

Ottawa, Canada
June 22, 2004





Auditor General of Canada
Vérificatrice générale 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, 2004 and the statements of operations, equity of Canada and cash flow for the year then ended. These financial statements are the responsibility of the Round Table's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Round Table as at March 31, 2004 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 'Sylvain Ricard'.

Sylvain Ricard, CA
Principal
for the Auditor General of Canada

Ottawa, Canada
June 22, 2004

National Round Table on the Environment and the Economy

Statement of Financial Position

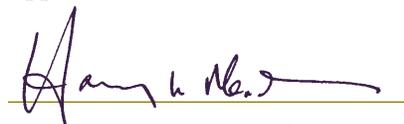
As at March 31

	2004	2003
	\$	\$
ASSETS		
Financial Assets		
Due from Consolidated Revenue Fund	361,606	239,831
Receivables (Note 4)	3,414	669
Publication inventory for resale	17,007	50,018
	382,027	290,518
Non-Financial Assets		
Prepayments	42,085	18,538
Capital assets (Note 5)	330,759	403,104
	372,844	421,642
TOTAL ASSETS	754,871	712,160
LIABILITIES AND EQUITY OF CANADA		
Current Liabilities		
Accounts payable and accrued liabilities (Note 6)	466,528	354,449
Long Term Liabilities		
Employee future benefits (Note 7)	118,545	—
	585,073	354,449
EQUITY OF CANADA	169,798	357,711
TOTAL LIABILITIES AND EQUITY OF CANADA	754,871	712,160

Commitments (Note 8)

The accompanying notes form an integral part of these Statements.

Approved by:



Harvey L. Mead
Chair



Eugene Nyberg
Acting Executive Director and CEO



National Round Table on the Environment and the Economy

Statement of Operations

For the Year ended March 31

	2004	2003
	\$	\$
REVENUES		
Sale of publications	7,476	3,857
Proceeds from the disposal of surplus Crown assets	50	—
Funding from Other Government Departments (Note 3)	—	82,636
Donations and Cost-sharing Revenue	—	7,500
TOTAL REVENUES	7,526	93,993
EXPENSES		
Operating		
Salaries and employee benefits	2,415,745	2,263,240
Professional and special services	1,085,915	1,706,469
Publications	573,804	374,752
Rentals	461,127	410,209
Transportation and communication	298,319	405,914
Amortization	112,690	109,680
Furniture and equipment	86,160	59,530
Utilities, materials and supplies	42,886	42,800
Repairs and maintenance	23,966	26,975
	5,100,612	5,399,569
Executive Committee		
Travel and living expenses	7,586	5,978
Honoraria	6,114	5,146
	13,700	11,124
Other Committees		
Travel and living expenses	157,237	204,360
Honoraria	141,566	140,440
	298,803	344,800
TOTAL EXPENSES	5,413,115	5,755,493
NET COST OF OPERATIONS	5,405,589	5,661,500

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

	2004	2003
	\$	\$
Equity of Canada, beginning of year	357,711	396,907
Net cost of operations	(5,405,589)	(5,661,500)
Services provided without charge (Note 3)	342,584	309,000
Net change in due from Consolidated Revenue Fund	121,775	(610,902)
Net cash provided by Government	4,753,317	5,924,206
EQUITY OF CANADA, END OF YEAR	169,798	357,711

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

	2004	2003
	\$	\$
Operating Activities		
Net cost of operations	5,405,589	5,661,500
Non-cash items included in cost of operations:		
Less: Amortization of capital assets	(112,690)	(109,680)
Services provided without charge	(342,584)	(309,000)
Add: Net gain on disposal of surplus Crown assets	50	—
Statement of Financial Position adjustments:		
Increase (decrease) in receivables	2,745	(50,566)
Decrease in publication inventory for resale	(33,011)	(12,624)
Increase in prepayments	23,547	5,773
Decrease (increase) in accounts payable and accrued liabilities	(112,079)	624,195
Increase in employee future benefits	(118,545)	—
Cash used in operating activities	4,713,022	5,809,598
Investing Activities		
Acquisitions of capital assets	40,345	114,608
Proceeds from the disposal of surplus Crown Assets	(50)	—
Cash used in investing activities	40,295	114,608
NET CASH PROVIDED BY GOVERNMENT	4,753,317	5,924,206

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, 2004

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 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) Parliamentary Appropriations

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

b) Due from Consolidated Revenue Fund

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

c) Employee Future Benefits

i) Pension Plan

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

ii) Severance Benefits

During the period, employees became entitled to severance benefits in the form of notice periods as provided for in the Notice Period Guidelines within the Employment Status Policy of the Round Table. The cost of these severance benefits is accrued as the employees render the services necessary to earn them. Management determined the accrued severance benefit obligations using a method based upon assumptions and its best estimates. These severance benefits represent the only obligation of the Round Table that entails settlement by future payment.

d) Receivables

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

e) Publication Inventory for Resale

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

f) 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:

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

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

3. Related Party Transactions

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

During the year, the Round Table did not receive funding from other government departments for specific projects (2003 – \$82,636).

The Round Table incurred expenses of \$1,092,133 (2003 – \$1,458,289) with other government departments, including \$342,584 (2003 – \$309,000) for services provided without charge. Services provided without charge include \$302,584 (2003 – \$269,000) for the rental of space, and \$40,000 (2003 – \$40,000) for other services.

4. Receivables

	2004	2003
External Parties	3,229	669
Other Government Departments	185	—
Total Receivables	3,414	669

5. Capital Assets

	Cost as at March 31, 2003	Acquisitions	Dispositions	Cost as at March 31, 2004
Leasehold Improvements	247,532	—	—	247,532
Informatics Equipment and Purchased Software	235,381	28,937	55,468	208,850
Furniture and Equipment	174,193	11,408	—	185,601
	657,106	40,345	55,468	641,983

	Accumulated Amortization	Net Book Value at March 31, 2004	Net Book Value at March 31, 2003
Leasehold Improvements	88,445	159,087	203,249
Informatics Equipment and Purchased Software	141,915	66,935	89,084
Furniture and Equipment	80,864	104,737	110,771
	311,224	330,759	403,104

Amortization expense for the year ended March 31, 2004 is \$112,690 (2003 – \$109,680).

6. Accounts Payable and Accrued Liabilities

	2004	2003
Trade	445,038	318,284
Other Government Departments	21,490	36,165
Total Accounts Payable and Accrued Liabilities	466,528	354,449

7. Employee Future Benefits

i) Pension Plan

The Public Service Superannuation Plan required the Round Table to contribute at a rate of 2.14 times (2003 – 2.14). The Round Table's contribution during the year was \$250,389 (2003 – \$248,061).

ii) Severance Benefits

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

	2004
Accrued severance benefits, beginning of year	—
Expense for the year	147,802
Severance benefits paid during the year	(29,257)
Accrued severance benefits, end of year	118,545

8. Commitments

The Round Table entered into a long-term lease for an office photocopier during fiscal year 2001/02 and modified the lease agreement during 2003/04 to include an additional component for the remainder of the lease term. The remaining value of the lease is \$42,850. The future minimum payments are as follows:

2004/05	\$14,690
2005/06	\$14,690
2006/07	\$13,470

9. 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. These differences are reconciled below.

a) Reconciliation of net cost of operations to total Parliamentary appropriations used:

	2004	2003
Net cost of operations	5,405,589	5,661,500
Adjustments for items not affecting appropriations:		
Less: Amortization	(112,690)	(109,680)
Services provided without charge	(342,584)	(309,000)
Vacation pay and compensatory time	17,962	(13,622)
Employee future benefits	(118,545)	—
Inventory used	(33,011)	(12,624)
Add: Publication revenue in accordance with section 29.1(1) of the <i>Financial Administration Act</i>	7,476	3,857
Net gain on disposal of surplus Crown assets	50	—
	4,824,247	5,220,431
Adjustments for items affecting appropriations:		
Add: Capital acquisitions	40,345	114,608
Increase in Prepayments	23,547	5,773
	63,892	120,381
Total Parliamentary appropriations used	4,888,139	5,340,812

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

	2004	2003
Parliamentary appropriation – voted:		
Vote 30 and 30(b) – Operating expenditures	4,854,915	5,064,600
Statutory appropriation – voted:		
Contributions to employee benefit plans	351,670	352,861
Expenses incurred for publications for resale	7,476	3,857
Spending of proceeds from the disposal of surplus Crown assets	50	—
	5,214,111	5,421,318
Less: Lapsed appropriations – operations	(325,972)	(80,506)
Total Parliamentary appropriations used	4,888,139	5,340,812

10. Comparative figures

Certain of the 2003 comparatives figures have been reclassified to conform to the current year's presentation.