

National Round Table on the Environment and the Economy

Performance Report

For the period ending March 31, 2004

The Right Honourable Paul Martin
Prime Minister of Canada

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Section 1:

Message from the Chair and the Executive Director

We are pleased to present the Performance Report of the National Round Table on the Environment and the Economy (NRTEE) for the year ended March 31, 2004.

This year for the first time the NRTEE has been able to systematically address the issue of results through ongoing performance measurement and a newly established evaluation function. These efforts, including feedback from evaluations and the use of results chains for each of our programs, have proven extremely useful in focusing the attention of staff and members on core strengths and competencies and in helping us separate priorities from what is of secondary importance. We are applying what we learned this year as we plan new programs and other areas of endeavour for the next.

The most important indicator of success is the usefulness of our advice to our key client, the federal government. Evaluations confirmed that the NRTEE is consistently viewed by executive- and program-level federal officials as an important source of policy advice, respected for its credibility, neutrality and relevance. These officials believe that the NRTEE has the potential to add “very significant” value on issues of national importance. The government’s recent announcement of funding to build on the NRTEE’s environment and sustainable development indicators illustrates how our efforts have led to greater recognition of the need to intergrade environmental and economic goals.

Beyond the federal system, decision makers across the country also recognized the value of our work in areas such as the development of national indicators, brownfield redevelopment and urban sustainability. As a further confirmation of success, we received the 2004 Arthur Kroeger College Award for Policy Leadership, for serving as a model in issue definition and in successfully advancing the policy process through innovative leadership.

While the news was generally positive, we also noted important areas for improvement. Federal executives expect us to provide a broader context and higher-level, strategic advice for sustainable development, an option we will be considering as we plan for the next few years. We must also do a better job of reaching senior officials to improve their awareness of our work and to ensure the effective coordination of efforts around common concerns.

All Canadians benefit when decisions affecting our environment and the economy are based on careful analysis and advice. The NRTEE helps decision makers to integrate these vital considerations. We will continue to improve the way in which we provide this valuable service in the next fiscal year.

Harvey L. Mead
Chair

Eugene Nyberg
Acting Executive Director and
Chief Executive Officer

Section 2:

Management Representation Statement

I submit, for tabling in Parliament, the 2003–04 departmental performance report (DPR) for the National Round Table on the Environment and the Economy.

This report has been prepared based on the reporting principles and other requirements in the 2003–04 Departmental Performance Reports Preparation Guide and represents, to the best of my knowledge, a comprehensive, balanced and transparent picture of the organization's performance for fiscal year 2003–04.

Eugene Nyberg
Acting Executive Director and
Chief Executive Officer

Section 3:

Summary of Agency Performance

Figure 3.1 summarizes progress toward the NRTEE's single strategic outcome, while Figure 3.2 demonstrates that the NRTEE was not the subject of any reports by a parliamentary committee or the Auditor General in 2003–04.

Figure 3.1: Summary of performance

Strategic outcome and key results	Status
<p><i>Strategic outcome:</i> Federal policy development on environment and economy issues, as well as decisions in other key sectors, are influenced by NRTEE advice</p> <p><i>Expected results:</i></p> <ul style="list-style-type: none"> • NRTEE reports are identified as important sources of policy advice by affected federal officials • NRTEE reports are identified as important sources of advice by decision makers in non-federal sectors 	<p>Successfully met expectations</p> <p>Successfully met expectations</p>

Figure 3.2: External recommendations addressing the NRTEE in 2003–04

Parliamentary committee and Auditor General recommendations addressing the NRTEE in this period	Response
Parliamentary committee recommendations (none)	(N/A)
Auditor General recommendations (none)	(N/A)

Section 4: Context

Raison d'être

Economic growth and prosperity are of central importance to Canadians. However, economic activity is placing increasing pressure on the health of the Canadian and global environments. There is an ongoing need to confront this challenge by channelling rigorous research, stakeholder views and the resulting new knowledge into policy making.

The NRTEE responds to this need by identifying and promoting ways to encourage economic prosperity for all Canadians, while preserving the environment for current and future generations.

“Governments have to create structures that will allow them to think and act across disciplines. A promising experiment is the National Round Table on the Environment and the Economy. The Round Table brings together representatives from government, industry, Native Canadians, academic and non-governmental organisations. It brings home the point that environmental health and economic growth are all part of the same picture.”

-Roy Romanow, 2003

Overview

The NRTEE was established by legislation in 1994 as a publicly funded, independent agency to explain and promote principles and practices of sustainable development. The agency interprets this broad mandate through a strategic focus on issues at the intersection of the environment and the economy.

The agency reports to the Prime Minister and consists of a membership of distinguished Canadians supported by a secretariat in Ottawa. Members represent a broad range of sectors including business, labour, academia, environmental organizations and Aboriginal peoples, as well as diverse regions across the country. (See Annex 1 for a list of members.)

The secretariat, headed by an Executive Director, provides program management, analytical, communications and administrative services to the NRTEE members and their task forces. (See Annex 2 for an organization chart.) General information about

the NRTEE and its membership can be found on the agency's website (www.nrtee-trnee.ca).

Sustainability in Canada: Baseline data and the need to protect and enhance our natural capital

In the 12 years since the 1992 Rio Summit on Environment and Development, sustainable development and environmental protection have become established, mainstream issues and core values for Canadians—civil society, business and government at all levels. Canada has signed or ratified at least 45 multilateral environmental conventions and agreements and is signatory to numerous agendas for action (e.g., Agenda 21, the Habitat Agenda, the World Summit on Sustainable Development [WSSD] Plan of Implementation, and the Kyoto Protocol), as well as international economic arrangements and trade treaties. Our commitment is also demonstrated by recent federal legislation, including the *Canadian Environmental Protection Act*, the *Species at Risk Act* and the *Canadian Environmental Assessment Act*.

Despite these first steps, our understanding of the environment's role in maintaining our quality of life is limited, while the integration of environmental with economic and social concerns remains an enormous practical and intellectual challenge.

In 2003-04, the federal government received the NRTEE's report on the Environment and Sustainable Development Indicators Initiative, which set out a small suite of national-level indicators that take account of those assets that are necessary to sustain a healthy economy, society and environment for Canadians. In response, the government promised to begin using the indicators in its decision making and announced \$15 million in the federal budget to build on this body of work. The use of national indicators is not the solution to managing our natural capital responsibly, but it is an excellent beginning.

This challenge is addressed to some extent by the emerging concept of “natural capital,” which provides a new way of seeing the links between the environment and the economy. Natural capital is a particularly important component of national wealth. It supports economic activity by providing not only the raw materials and land on which we live and work, but also the many ecological services that support life, including the cleansing of fouled air and water, and the provision of productive soil.

Like produced capital, natural capital can be degraded, for example, through modification of land areas and excessive waste loadings. It can be very difficult, and in some cases impossible, to replace lost natural capital—it is harder to create new wetlands than it is to build a new factory. It is possible, however, to rejuvenate, enhance or even avoid the deterioration of many types of natural capital through environmentally sustainable practices.

Canada is the steward of a substantial portion of the world's natural capital, with responsibility for 20 percent of the world's wilderness, 24 percent of its wetlands, 7 per cent of its renewable fresh water, 10 percent of its forests and the longest coastline in the world. The NRTEE plays an important role by advising the government on the use of fiscal and other policy instruments to protect and enhance these vital assets. Other recent statistics further illustrate a clear need for the NRTEE to continue raising awareness of

natural capital and the importance of integrating the environment and the economy in decision making:

- *Air quality*—the NRTEE’s Air Quality Trend Indicator rose slightly between 1986 and 2000, suggesting that air quality has declined over this period and that efforts to reduce pollution have not reduced the degree of ozone exposure experienced by most Canadians. (www.nrtee-trnee.ca)
- *Water quality*—the NRTEE’s Freshwater Quality Indicator, which includes data from all water quality indices across Canada, showed that 21 percent of all monitored water bodies exhibit marginal or poor water quality. (www.nrtee-trnee.ca)
- *Climate change*—greenhouse gases (GHGs) are contributing to the current global climate change. The NRTEE’s Greenhouse Gas Emissions Indicator, which measures Canada’s share of anthropogenic emissions of GHGs, found that Canadians contributed about 726 megatonnes of CO₂ equivalent of GHGs into the atmosphere in 2000. This figure represents about 2 percent of total global GHG emissions. (www.nrtee-trnee.ca)
- *Biodiversity*—the number of endangered species in Canada rose from 178 in 1988 to 415 in 2002. (www.speciesatrisk.gc.ca)
- *Nature*—the NRTEE’s report *Securing Canada’s Natural Capital* outlined direct and indirect threats to nature. Direct threats—from urban sprawl to the northward expansion of forestry, mining, and oil and gas development—could transform Canada’s landscapes and seascapes at an unprecedented pace over the next 10 years. Indirect threats, such as pollution and climate change, significantly damage Canada’s ecosystems. (www.nrtee-trnee.ca)
- *Urban sustainability*—the NRTEE’s report *Environmental Quality in Canadian Cities* outlined how key indicators relating to car use, transit ridership and urbanization patterns show negative trends. These indicators underscore the need to make substantial improvements to urban environmental quality by addressing the central and related issues of urban form, transportation and energy use (www.nrtee-trnee.ca)

The NRTEE’s contribution to Canada’s Performance

Canada’s Performance is an annual report to Parliament that sets out the context for assessing the performance of federal government programs. The NRTEE’s work relates to two chapters in that report: “The Canadian Environment” and “Economic Opportunities and Innovation in Canada.”

With regard to the environment, the agency supports the federal government’s role in “promoting the advancement and sharing of knowledge on environmental issues...allow(ing) Canadians to make informed decisions.” More specifically, our activities contribute to three key outcomes identified by the government. Our recent

work on urban sustainability and brownfield remediation should help achieve the outcome of protecting the environment from pollution and restoring it once contaminated. Our current efforts in the energy arena support the outcome of minimizing the risks attendant on climate change. And our work on conservation contributes to the outcome that Canada adopt a sustainable approach in its use of natural resources and ecosystems.

The chapter entitled “Economic Opportunities and Innovation in Canada” describes the government’s role as “enhancing the well-being of Canadians, through higher living standards and a better quality of life.” The NRTEE contributes to the government’s outcomes related to achieving “strong regional and urban infrastructures and economic growth,” a “secure and fair marketplace” and an “innovative and knowledge-based economy.”

Contribution to government priorities

During 2003–04, the NRTEE contributed to several national priorities.

"Building on the recommendations of the National Round Table on the Environment and the Economy, this budget will invest \$15 million over the next two years to develop and report better environmental indicators on clean air, clean water and greenhouse gas emissions" - Budget Plan 2004

In February 2004, the Speech from the Throne announced that the government would begin incorporating the NRTEE’s Environment and Sustainable Development Indicators into its decision making. This intention was restated in the following March budget. Linkages can be made between the indicators and the priorities expressed in the same section of the Speech from the Throne related to the government’s plans to intensify its commitment to clean air and clean water and to respect Canada’s commitment to the Kyoto accord.

Concern about climate change and air pollution is also one of the motivators behind the NRTEE’s Energy and Climate Change Initiative. In August 2003, the Prime Minister asked the NRTEE to “study and inform Canadians on the potential for future emissions reductions.” He later specified that this work should enrich future energy and climate change strategies and help enhance competitiveness. Through its

program, the NRTEE hopes to initiate a discussion that will start to address some of the major energy-related challenges that Canadians will face during the next 30 to 50 years. These include climate change, volatile energy costs, the continental context of Canada’s energy policy and the security of the energy supply.

On other fronts, the NRTEE’s major cross-country tour to promote new approaches to urban sustainability and brownfield redevelopment supported the emerging federal “urban agenda.” Our ongoing Ecological Fiscal Reform program sought to improve understanding of how fiscal policy can be used more broadly to help achieve environmental policy objectives. And our new Boreal Forest program will assist with the

conservation of Canada's natural capital for future generations. More information on our work in these and other areas is available on the NRTEE's website (www.nrtee-trnee.ca).

Factors influencing our performance

The NRTEE's success depends largely on its ability to influence the government's approach to important sustainable development issues. Decision makers must perceive the value of our advice and have sufficient confidence in its reliability to take action. For this reason, the NRTEE must carefully manage any risk that threatens the relevance, neutrality or credibility of the analysis and recommendations it provides.

To ensure that its work is relevant to decisions makers, the agency conducts an extensive scoping process prior to beginning a new program, which will proceed only if there is stakeholder appetite for movement on the issue. The agency's arm's-length status is fundamental to its neutrality, as is its management culture, which understands this area of risk very well and seeks to ensure that neutrality and balance are preserved in all stages of the NRTEE's process and reporting. Finally, the credibility of the NRTEE's advice is grounded in stakeholder contributions to ensure that information is both valid and representative of all views. Evaluations suggest that the agency is managing these risks successfully.

However, the NRTEE's success hinges on more than ensuring the quality of its advice. Another significant challenge lies in the general lack of understanding of the close links between the environment and the economy and their effects on sustainable development. This lack of understanding is associated with the low priority accorded to sustainable development issues. To the extent that it can, the NRTEE counters this challenge through a communications effort that focuses on raising the awareness of decision makers and opinion leaders. Given the scale of the problem, and tough competition for decision makers' attention and funds, this will be an ongoing and fundamental barrier to progress.

Resources used

In 2003–04, the NRTEE spent \$4.9 million (94 percent) of its appropriation from Parliament. This appropriation represents less than 0.003 percent of the government's total spending. The appropriation for 2003–04 is slightly less than in previous years as a result of the agency's contribution of 2 percent of its operating budget (\$93,000) to the 2003 Budget Implementation: \$1 Billion Reallocation Target.

The NRTEE's total expenses for the year were \$5.2 million—\$0.3 million greater than the parliamentary appropriations used during the year. This \$0.3 million represents the cost of services (\$342,584) provided by other government departments at no charge to the NRTEE.

Salaries and professional services accounted for \$3.5 million (70 percent) of total expenses in 2003–04, which is comparable to the \$4.0 million (70 percent) of total expenses in the year before. As in previous years, to obtain technical knowledge and

effectively accommodate fluctuating program demands, the agency continued to supplement staff resources with specialized professional services, primarily for research, analysis and communications.

Annex 3 contains financial information, including audited financial statements.

Section 5: Performance Discussion

Figure 5.1 illustrates the linkages between the NRTEE's outcomes, priority and resources. An in-depth discussion of performance follows. Please note that this reporting structure differs significantly from the *Report on Plans and Priorities 2003–04*. An explanation for these changes and a crosswalk can be found in Annex 4.

Figure 5.1: High-level logic model

<p>STRATEGIC OUTCOME: Federal policy development on environment and economy issues, as well as decisions in other key sectors, are influenced by NRTEE advice</p> <p>When decisions affecting both the environment and the economy are based on careful analysis and advice, such as that provided by the NRTEE, all Canadians benefit. Personal health and well-being, which rely on clean air, soil and water, are of central importance to Canadians, who also want the prosperity that a healthy economy provides. The NRTEE helps decision makers to integrate these vital considerations.</p> <p>Planned spending: \$5.0 million Actual spending: \$4.9 million FTEs: 27</p>
<p>INDIRECT OUTCOME: New working partnerships are formed between industry, government, non-governmental organizations and other major societal actors</p> <p>The NRTEE's multistakeholder programs prepare the ground for further debate on contentious issues. They do this by facilitating the development of partnerships across sectors and regions of the country—partnerships that are crucial to breaking down the barriers to sustainable development in Canada.</p> <p>As this outcome is a by-product of spending on the strategic outcome, there are no specific funds allocated at this level.</p>
<p>IMMEDIATE OUTCOME: Federal clients and national stakeholders are aware of and understand the problems, opportunities and practical solutions identified and examined by the NRTEE</p> <p>In order to make balanced decisions, decision makers require a clear understanding of the views of key stakeholders, main areas of convergence and debate, and the range of potential solutions. By involving decision makers in NRTEE task forces and consultations, and by extensive promotion of the resulting information, the agency expects to see an increase in understanding.</p> <p>This outcome is a direct precursor to achieving the strategic outcome. As such, spending and FTEs are reflected only at the strategic outcome level.</p>

PLANS AND PRIORITY at the ACTIVITY LEVEL

The NRTEE has one activity, providing advice on the environment and economy. This activity is therefore our priority. Much of the NRTEE's planning takes place at the level of two sub-activities:

- Producing advice (commissioning research, convening stakeholders). This year, the NRTEE produced major reports on urban sustainability, the use of environment and sustainable development indicators, and conserving nature. Details of this and other work follow in the discussion.
- Promoting advice (advising federal clients, promoting advice to other stakeholders). This year, the NRTEE promoted its major reports to a range of target audiences, using various means including a cross-country urban tour. Details of these efforts are discussed below.

Spending on this single activity equals spending on the strategic outcome and, as such, is reflected only at that level. (Beginning with *DPR 2004–05*, the agency will be able to report spending in the two sub-activity areas.)

A new performance measurement system and evaluation function within the NRTEE

This reporting year, the NRTEE has a stronger basis for describing its performance than in previous years. The implementation of its new performance measurement system provides quantitative and qualitative insights into activities, outputs and the extent to which the agency has increased awareness and understanding—its immediate outcome. The agency applied this new system to its cross-country urban tour and used it to guide the planning of new programs. As a result, performance information will be available as new programs go forward.

This year, the NRTEE also introduced an evaluation function, using a case study approach to evaluate recently concluded programs. For example, it commissioned four independent evaluation pilots that focused on higher-level results, including its influence on policy development and decisions in other sectors. The agency plans to evaluate one or more programs each year. It is anticipated that, through a five-year synthesis process, the combination of these distinct evaluations, together with ongoing performance measurement, will provide a relatively complete picture of the NRTEE's performance story. More information about the NRTEE's approach to performance measurement and evaluation are available in its *Results-based Management and Accountability Framework*.

A discussion of the agency's performance follows, including a description of progress toward achieving its outcomes and priority, as well as its status with regard to government-wide initiatives.

Influencing federal policy development on environment and economy issues, as well as decisions in other key sectors:

Our *strategic* outcome

When decisions affecting both the environment and the economy are based on careful analysis and advice, such as that provided by the NRTEE, all Canadians benefit. Personal health and well-being, which rely on clean air, soil and water, are of central importance to Canadians, who also want the prosperity that a healthy economy provides. The NRTEE helps decision makers to integrate these vital considerations.

Four recent evaluations of our work have shed light on this contribution, confirming that our work is relevant and highly regarded by federal officials, leaders of civil society and the private sector. Despite this, our influence on federal policy has been moderate. We learned that federal executives expect us to provide a broader context for sustainable development advice and that we could improve our overall effectiveness in several ways.

Performance indicator: Federal officials consider the NRTEE an important source of policy advice

The NRTEE's work is consistently viewed as an important source of policy advice by executive- and program-level federal officials. The majority of those interviewed felt that the NRTEE has the potential to add "very significant" or "significant" value on issues of national importance. Federal officials identified no other single organization as being better placed to address national-level issues such as environment and sustainable development indicators, brownfield redevelopment and urban sustainability.

Literature reviews confirm that the agency's work in areas such as brownfields, nature conservation, urban sustainability, ecological fiscal reform and national indicators is widely cited by key departments. A six-month analysis of the NRTEE's website during the last year showed that federal officials are the largest single group of visitors to the website, making frequent and repeated visits to browse or download documents including the popular *State of the Debate* reports.

A final indicator that the federal government values the NRTEE's advice is the extent to which it asks the agency to conduct additional work in specific policy areas. In past years, the agency has responded to requests to broaden the awareness and understanding of domestic emissions trading among Canada's opinion leaders and to develop a set of national indicators relating to the environment and sustainable development. In August 2003, the Prime Minister asked the NRTEE to "study and inform Canadians on the potential for future emissions reductions." The NRTEE is now responding to this most recent request.

Some specific examples of influence on federal policy this year are set out below:

- The *Environmental Quality in Canadian Cities* report was released less than a year ago, yet federal officials stated that it had already provided important input to federal policy and at least one recommendation has been announced for adoption.
- With respect to the development of a national set of indicators, officials reported that the NRTEE's Environment and Sustainable Development Indicators Initiative had accelerated consideration of the use of indicators in the definition of national accounts. The NRTEE's indicators are starting to be integrated into government reporting, such as *Canada's Performance 2003*, the President of the Treasury Board's annual report to Parliament.
- The NRTEE indicators were mentioned in two key federal agenda documents, the 2004 Speech from the Throne and Budget 2004, which announced \$15 million to build on the initiative.

Performance indicator: Decision makers in other levels of government and the private sector regard the NRTEE as an important source of advice

Because much of the NRTEE's advice focuses on the federal government's policy role, its influence on other levels of government and sectors is smaller. Although three evaluations included representatives of non-federal sectors, there is not sufficient evidence from which to draw broad conclusions at this time. However, a small set of findings suggest that the agency is having an impact outside the federal government:

- Significant attention is being paid to the *Environmental Quality in Canadian Cities* report (the "urban" report) at the municipal level, with some municipal councils officially endorsing the report (City of Toronto and the Greater Vancouver Regional District) and disseminating it to a wider network of contacts to increase awareness.
- Think tanks and other non-governmental organizations (NGOs) are using the urban report to advocate to government policy makers at several levels. At least one think tank is also using the report to inform provincial decision makers on recommended policy directions in Ontario.
- Although influence at the provincial level has been varied, one province indicated that it was already using the urban report to guide its decision making. Provincial jurisdictions can be sensitive to national-level studies or policy recommendations pertaining to urban issues. However, the evaluation revealed that this concern did not arise with respect to the NRTEE report. This is an important positive finding.
- The NRTEE's Domestic Emissions Trading Initiative is generally recognized as making an important contribution to understanding about the subject among non-expert opinion leaders and decision makers.
- National stakeholders reported that the Environment and Sustainable Development Indicators Initiative had made a contribution to the development of indicators at all levels of government.

More information on the value of the NRTEE's advice is presented in the discussion of our priority, below.

NRTEE's influence: What can we do better?

Senior federal officials who were interviewed confirmed that the NRTEE's advice is widely respected for its credibility, neutrality and relevance to important national issues. However, these officials also suggested that the NRTEE's influence on federal policy should be greater, concluding that it should seek to integrate itself as a key, if not leading, player in sustainable development within the federal system. This enhanced role would likely include the provision of high-level, strategic advice to the government on sustainable development. Reaching this objective would require significant changes to the way the NRTEE currently approaches its work. The agency is considering the implications of such a move as part of its current strategic planning efforts.

New working partnerships are formed between industry, government, NGOs and other major societal actors:

The Canadian Brownfields Network (CBN) tries to accelerate brownfield redevelopment and promote effective urban revitalization.

Building on the work of the NRTEE, the CBN provides its members, both brownfield practitioners and stakeholders, with a continuing opportunity to interact, exchange successful case studies and actively identify new mechanisms that will improve a community's environmental and economic performance.

A valuable *indirect* outcome

New partnerships that form to continue dialogue and maintain momentum on sustainable development issues are an important side benefit of NRTEE processes.

The NRTEE's multistakeholder programs prepare the ground for further debate on contentious issues. They do this by facilitating the development of partnerships across sectors and regions of the country—partnerships that are crucial to breaking down the barriers to sustainable development in Canada.

Stakeholders and officials involved in the NRTEE's Environment and Sustainable Development Indicators Initiative reported that its contribution to work in other levels of government owes much to the agency's ability to work with multiple levels of government, regions and sectors in developing the

indicators. The program provided an opportunity for participants to meet face to face, many for the first time, and to identify opportunities for further collaboration.

In a similar vein, the agency's work on brownfield redevelopment resulted in the creation of the Canadian Brownfields Network to assist in implementing the NRTEE's recommendations and act as a continuing liaison between government, stakeholders and practitioners (*see sidebar*).

Increased awareness and understanding of environment and economy problems, opportunities and practical solutions:

Our *immediate* outcome

To make balanced decisions, decision makers require a good understanding of stakeholder views, areas of convergence and debate, and the range of potential solutions in specific policy areas. By involving these decision makers in NRTEE task forces, workshops and consultations, the agency helps them gain this understanding, which is an essential precursor to achieving the agency's strategic outcome. Extensive promotion of the resulting information to targeted audiences and opinion leaders across the country builds even broader understanding among key sectors and constituencies, as well as a foundation of support for key policy themes and directions. This support, in turn, provides an additional source of confidence for decision makers.

Performance indicator: Greater awareness and understanding on the part of affected federal officials and national stakeholders

As an advisory body, the NRTEE has little ultimate control over policy decisions. Instead, it devotes considerable effort to building the prerequisite understanding. The agency has become highly skilled in achieving this outcome, a conclusion that is strongly supported by performance measurement and evaluation. Participants in NRTEE stakeholder processes and information sessions expressed familiarity with our work. They commonly agreed that they now had better awareness and understanding of the issues, even though most were already well informed before they took part in NRTEE processes and events. Surveys and evaluations demonstrated the link between raising awareness and understanding, on one hand, and building the momentum and support necessary for change, on the other:

- The NRTEE conducted a major cross-country tour to promote the recommendations of its sustainable cities and brownfield redevelopment work, targeting middle- and senior-level municipal and provincial officials, other key stakeholders and opinion leaders in the media. The majority of participants reported that they had increased awareness and understanding as a result of attending the information sessions (93 percent said “yes” or “somewhat”).
- On the same tour, 71 percent of participants said they agreed with the NRTEE's recommendations, and over half said they were likely to act on the information they gained at the sessions. Three-quarters said the information would assist them in their decision making and in generating more discussion within their work communities.
- All federal officials interviewed were aware of the contents of the Environment and Sustainable Development Indicators Initiative report, and 80 percent indicated that their understanding of the issues had increased as a result of the initiative. Two-thirds of non-federal stakeholders indicated that their understanding of the issues had increased, although many were already experts in this area.

- Stakeholders generally believed that the Domestic Emissions Trading Initiative had made an important contribution to awareness and understanding of the subject among non-expert opinion leaders and decision makers. This initiative prepared the ground for further work by the federal government.
- No significant areas for improvement were suggested by the evaluations or other performance measurement findings.

Providing advice on environment and economy issues:

2004 Arthur Kroeger College Award for Policy Leadership

Presented to the NRTEE in the spring of 2004, this prestigious award is given to an individual or organization that serves as a model to others on how to define an issue and successfully advance the policy process through the use of innovative leadership. In the NRTEE's case, the awards jury noted excellence in "pursuing policy consensus in the midst of contending economic and environmental perspectives and interests."

Our priority

The single priority of the NRTEE is to provide advice on issues that lie at the intersection of the environment and the economy. With its small budget of \$5.5 million, the agency nevertheless delivers an ever-growing body of advice on issues of national importance—advice that decision makers in and beyond the federal government agree makes a valuable contribution to the state of our knowledge about sustainable development.

Providing advice involves two sub-activities. The first is to produce the advice, which involves conducting original research and convening stakeholders to ensure balance and credibility. This work typically takes 18 to 24 months and is directed by a task force representing a range of stakeholder perspectives. Because the issues

explored are often sensitive, the NRTEE process is designed to help stakeholders overcome their entrenched differences. Research is commissioned to analyze the environmental and economic facts and trends underlying each issue area. A broader group of stakeholders is then convened and asked for their input. Areas of consensus and debate are clarified, and the consequences of action and inaction are pinpointed.

The culmination of this effort is the publication of a *State of the Debate* report presenting the task force's research findings, analysis and recommendations. At this point, the agency engages in a second sub-activity, which is the promotion of its advice. Once released, a report's contents are vigorously promoted through a variety of communications channels to ensure it reaches targeted decision makers and opinion leaders across the country. The agency has learned that this second step is crucial to raising awareness and understanding and to influencing policy development and decision making.

Sub-activity one: Producing advice through commissioned research and stakeholder consultation

In 2003–04, the NRTEE worked in four program areas, three of which published advice in *State of the Debate* reports, and produced its annual Greening of the Budget report. It also began scoping in four potential program areas. The status of this work is summarized in Figure 5.2 and described below.

Figure 5.2: NRTEE program areas and status as of March 31, 2004

Program area	Status
Conservation of Natural Heritage	Concluded - <i>State of the Debate</i> report
Urban Sustainability	Concluded - <i>State of the Debate</i> report
Environment and Sustainable Development Indicators Initiative	Concluded - <i>State of the Debate</i> report
Ecological Fiscal Reform	Ongoing
Greening of the Budget	Report issued annually
Conserving Canada's Natural Capital: the Boreal Forest	Scoping concluded
Capital Markets and Sustainability	Scoping concluded
Energy and Climate Change	Scoping underway
Governance	Scoping concluded

Conservation of Natural Heritage: The NRTEE established this program in 2001 to shape and support new tools that would help Canadians at all levels to undertake stewardship of lands and waters. A *State of the Debate* report was released in June 2003, outlining key challenges and opportunities for conservation in Canada. The report also presented 20 recommendations that, if acted on, would make Canada a global leader in conservation.

Urban Sustainability: The NRTEE generated a body of original research on how the federal government could better orient its role in urban environmental issues through the more effective use of fiscal policy. The program released a *State of the Debate* report in May 2003.

Environment and Sustainable Development Indicators (ESDI) Initiative: Observing that “we must come to grips with the fact that the current means of measuring progress are inadequate,” the Minister of Finance announced the ESDI initiative in the 2000 spring budget. The NRTEE conducted a comprehensive comparison and analysis of data and indicators related to five areas of natural capital (non-renewable resources, lands and soils, renewable resources, air quality and atmospheric conditions, and water resources) and one area of human capital (educational attainment). This ground-breaking body of knowledge resulted in a set of robust, credible and easily understood national indicators of environment and sustainable development, which were released in May 2003.

Ecological Fiscal Reform: This ongoing program demonstrates how governments can use fiscal policy to achieve environmental and economic objectives. For the past year, it has been assessing the role of fiscal policy in promoting long-term reductions in carbon emissions, both as a percentage of economic growth and in absolute terms. The program is currently carrying out case studies in three areas where the use of fiscal policy appears promising in terms of long-term carbon emission reductions: energy efficiency, hydrogen and renewable power. The program is also working on a *State of the Debate* report on fiscal policy and energy, which is due for release in late 2004.

Greening of the Budget: By incorporating a number of significant environmental initiatives in its annual budget, the federal government can start to develop a balanced, integrated and sustainable legacy of economic, community and ecological well-being. Recommendations are presented to the Minister of Finance and the House of Commons Standing Committee on Finance each year.

New areas of work were explored for future programming

Conserving Canada's Natural Capital: the Boreal Forest: This area was scoped in 2003, and a decision was made to proceed to a full program in 2004. A time-limited opportunity exists to secure our natural capital in Canada's boreal forest, as industrial development is increasingly moving northward and many provinces are opening up previously untouched areas in the boreal for development. The full program will examine the integration of conservation and resource development in the boreal forest. Its final report, expected in the spring of 2005, will recommend a set of regulatory and fiscal policy instruments to help achieve that integration.

Capital Markets and Sustainability: This area was extensively scoped in 2003–04, and a decision was made to proceed to a full program in 2004. The NRTEE will facilitate an independent multistakeholder debate on responsible investment and corporate responsibility by exploring the links between sustainability (comprising environmental and social issues) and financial performance in Canada.

Energy and Climate Change: This work was in its scoping phase in 2003–04. In August 2003, the Prime Minister asked the NRTEE to “study and inform Canadians on the potential for future emissions reductions.” He later specified that this work should enrich future energy and climate change strategies and help enhance competitiveness. Through this program, the NRTEE hopes to initiate a discussion that will start to address some of the major energy-related challenges that Canadians will face over the next 30 to 50 years, such as climate change, volatile energy costs, the continental context of Canada's energy policy and security of the energy supply. The NRTEE continues to work with Natural Resources Canada and Environment Canada to specify the parameters and timelines of this initiative, which is expected to become a full program in 2004.

Governance: Observing that many of the issues it examines have had a strong governance component, the NRTEE undertook scoping on the potential for a full program on this subject, as reported in RPP 2003–04. The scoping resulted in a decision not to proceed with a full program but to ensure instead that each new NRTEE program includes an examination of governance issues.

Performance indicator: Stakeholders and clients indicate that the NRTEE provides new information that is relevant, useful and credible

The true measure of the value of our advice is its usefulness to federal decision makers and stakeholders. Since usefulness is a function of credibility and relevance, the NRTEE works hard to ensure these are the core qualities of the advice it produces.

The *credibility* of our work is based on our ability to remain neutral, balancing the different and often competing stakeholder perspectives in our *State of the Debate* reports. The fact that these reports are reviewed and approved by the full NRTEE membership prior to release helps ensure their neutrality. The NRTEE was not able to monitor the perceptions of all stakeholders with regard to credibility; however, feedback from senior federal decision makers was very positive. This group found the NRTEE's reports and documents to be analytical, clear, professional and balanced, and they gave the NRTEE high marks for the professionalism of its policy development and consultation processes. In their comments, interviewees stated that they were impressed by the calibre of expert participants attracted to the NRTEE's discussions and by the agency's fairness and neutrality in chairing meetings and in developing its conclusions and recommendations on key issues. The strong analytical foundation that underlies the NRTEE's policy development and consultation processes was recognized and endorsed.

The *relevance* of our work to the issues that occupy federal decision makers and national stakeholders is also critically important to our success. Because of this, programs are typically built upon extensive scoping. The agency proceeds to a full program only if stakeholders indicate a clear appetite to address a given issue and a clear desire for the NRTEE's involvement. Stakeholders are engaged on task forces to guide the work and keep it relevant. The results of evaluations this year confirm that stakeholders consistently find the work of the NRTEE to be highly relevant. A sample of the findings appears below:

- The issue of domestic emissions trading has continued relevance with federal government priorities and objectives relating to climate change, particularly with respect to the most economically efficient means of achieving greenhouse gas emission reduction targets.
- Interviews confirm that environment and sustainable development indicators remain an important priority for federal, provincial and municipal governments, non-governmental organizations/not-for-profit organizations and organizations in the private sector. In addition, the ESDI Initiative is mentioned in key federal agenda documents such as the 2004 Speech from the Throne Speech and the 2004 budget plan.
- The subject of urban sustainability, including urban infrastructure, is a consistently stated key national priority and is identified in the objectives of federal government agenda documents, such as the budgets, the 2004 Speech from the Throne and departmental sustainable development strategies. The issue received heightened focus as a national priority in 2004.

On the subject of adding value, the evaluations produced the following findings:

- The NRTEE is able to add “very significant” or “significant” value on the topic of urban sustainability. Moreover, no other single organization was consistently identified as being better placed to address national-level urban issues. No comparable initiatives were undertaken by other organizations, including federal government agencies or task forces and public policy think tanks. The types of activities carried out by the NRTEE have high potential to be useful for urban sustainability issues on a national scale, as well as on regional and local scales. The development of specific recommendations for the federal role in urban sustainability was regarded as particularly useful.

The NRTEE looks forward to surveying non-federal stakeholders in 2004–05 to gain a fuller picture of the usefulness, relevance and credibility of its advice.

Sub-activity two: Promoting advice to federal clients and other targeted sectors

In 2003–04, the NRTEE continued its efforts to ensure that federal decision makers, stakeholders in key sectors, 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: *Environment and Sustainable Development Indicators for Canada*, *Environmental Quality in Canadian Cities: The Federal Role*, and *Securing Canada’s Natural Capital: A Vision for Nature Conservation in the 21st Century*. These reports were the basis for a variety of efforts to promote advice related to the environment and the economy.

Performance indicator: A diversity of strategies are employed to reach target audiences in the federal system, opinion leaders and decision makers in Canadian society, and the Canadian public

Urban sprawl, rapid growth, gridlock, noise, smog and site contamination were among the issues addressed by a series of cross-Canada information sessions organized by the NRTEE in Vancouver, Calgary, Winnipeg, Toronto, Ottawa and Halifax this year, building on NRTEE recommendations and key findings from the agency’s reports on urban sustainability and brownfield redevelopment. Sessions stimulated discussion among local municipal leaders, including the mayor or appointed deputy in each city, regional experts, leading urban specialists and interested citizens. Designed to generate momentum for the development of a coherent response to Canada’s urban issues, the NRTEE engaged more than 1,600 people in the “cities” debate and garnered extensive media coverage at both the local and national levels.

The NRTEE also organized briefings with key federal officials, industry groups and NGOs to discuss the findings from its programs as well as work in progress. These briefings often took the form of one-on-one sessions, interdepartmental briefings, or speaking engagements at major industry or NGO association conferences.

The agency 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 website remained an important tool for disseminating key information to stakeholders and members of the public. In 2003–04, the number of unique visitors to the site continued to grow, increasing by 50 percent over the 2002–03 figure. The Virtual Library feature enabled people to easily access over 300 NRTEE documents on sustainable development, while the agency’s signature series, the *State of the Debate* reports, continued to have strong brand recognition and are among the most popular for downloads.

Providing value

The NRTEE is widely respected as a non-partisan and highly credible source of information on sustainable development issues. In a typical 18–24 month cycle, it generates in-depth analysis and recommendations in four to five areas of relevance to government priorities. At the same time, it works to build awareness and receptivity to new approaches among the nation’s most influential opinion leaders. The NRTEE does this work with an annual budget of just over \$5 million, representing less than 0.003 percent of the government’s total spending.

Where we could do better

The NRTEE learned through its evaluation efforts that it must redesign its approach to its *Greening of the Budget* submissions to ensure they are timelier, focused on fewer priorities, better costed and more clearly targeted to the current priorities of federal decision makers. The agency is currently assessing options in response to this significant finding.

Although the agency has built a reputation for providing useful analysis and recommendations in discrete policy areas, federal decision makers have told us that they would also like to receive advice that is more strategic. In response, the agency is considering ways to provide a balance of strategic and issue-oriented advice in the future.

Finally, the NRTEE would like to strengthen and regularize its contact with senior federal officials, working more closely with them at the beginning of NRTEE processes to identify mutual concerns and opportunities. Although federal decision makers are already included in all NRTEE processes, reaching the most senior officials could lead to better alignment of advice and policy development. This would involve finding ways to brief federal ministers or participating in the agendas of relevant federal–provincial discussions. The agency is exploring how it could achieve these communications objectives.

Progress on government-wide initiatives

This final section describes the NRTEE's efforts with regard to several key government-wide initiatives. Figure 5.3 summarizes the level of maturity reached in each case.

Figure 5.3: NRTEE status on government-wide initiatives

Initiative	Status: Foundation / Transition / Mature
Management Accountability Framework	Foundation established
Modern Comptrollership: Integrated performance information Appropriate systems of control Integrated risk management Values and ethics	Approaching maturity Approaching maturity Transition stage Foundation established
Government on Line	Approaching maturity
Sustainable Development Strategies	N/A
Security and Business Continuity Planning	Foundation established
Management of Government Information	Foundation established

Management Accountability Framework and Modern Comptrollership

During 2003, the NRTEE began to address the new Management Accountability Framework (MAF), using the MAF indicators and measures to identify areas of strength and weakness as an initial step. A senior manager has been appointed to promote the integration of MAF into the NRTEE's management culture in 2004–05.

MAF implementation will build on the base the agency established under Modern Comptrollership. The elements of modern comptrollership are progressing well according to the NRTEE's Modern Comptrollership Action Plan and are described below.

Integrated performance information: This element of modern comptrollership is approaching maturity. With the completion of a Results-based Management and Accountability Framework (RMAF) for the agency, a substantial revision to its Activity-based Costing system, and the finalization of the Program Activity Architecture, the NRTEE is now monitoring results and associating costs against its strategic outcome. All staff members have received training and ongoing support for implementation. Performance findings are regularly reviewed by all senior managers and integrated into the annual strategic planning cycle.

Appropriate systems of control: This element is also approaching maturity. The NRTEE has strong systems of control, including appropriate delegations of signing authority, segregation of duties, detailed accounting policies and procedures, and documented

administrative, contracting, hospitality and asset management policies and practices. In 2003, the NRTEE continued to improve its systems of control by reviewing, updating and formalizing its human resources regime. The systems of control are continuously assessed and adjusted as necessary, and agency employees are provided with training on the roles and responsibilities related to these key areas. In addition, the NRTEE is audited annually to the agency's level of materiality.

Integrated risk management: The agency is in a transition stage with regard to the integration of risk into its management processes. In 2003, the NRTEE undertook a formal risk assessment process and developed a corporate risk profile. The agency found that it has a number of effective risk management measures in place, such as contingency funds in its annual budget and a senior management forum that implicitly considers areas of risk on an ongoing basis. The agency is currently working on security and business resumption planning. In 2004, the agency will make risk an explicit element of strategic and program planning, as well as reporting.

Values and ethics: This element is in the foundation stage of maturity, with senior management commitment to embedding values and ethics in the agency's management culture. The NRTEE's capacity assessment highlighted the agency's common set of values, which include respect, tolerance, a willingness to serve and a desire to find common ground. Senior management regularly discuss values and ethics with front-line staff. However, the NRTEE did not formally establish common values and ethics for the benefit of staff and NRTEE members in 2003–04 as planned, due to the need to concentrate on implementing other elements of management capacity. The agency will address this element in 2004–05.

Government on Line

The NRTEE uses its official website to provide decision makers, opinion leaders and the Canadian public with advice and recommendations on promoting sustainable development. It offers access to all of the NRTEE's publications in both official languages, and it takes advantage of the latest technologies to facilitate on-line registration for events, electronic subscription services, multi-format dissemination of information and effective content management. Since 2002, the NRTEE has complied with the federal government's Common Look and Feel Standards for government websites. The NRTEE is committed to the government's goal to provide Canadians with access to all government information and services on-line by 2005.

Sustainable development strategy

As the federal agency mandated to explain and promote sustainable development, the agency's program is, in effect, its sustainable development strategy. For this reason, the NRTEE does not have a formal SDS.

Security and business resumption planning

In the past year, the NRTEE has recognized the physical and operational risks that it faces in the event of a disaster such as fire, flood or civil disaster or of a security breach such as theft, vandalism or computer virus. Should an emergency occur, the NRTEE will need plans and procedures in place that will enable the organization to resume its business operations in the shortest possible interval, in a temporary location if necessary.

A comprehensive Business Continuity Plan is in development that will integrate information management (IM) strategies with business resumption planning to create an emergency preparedness plan for the NRTEE. The Business Continuity Plan is expected to be authorized and operational by the end of 2004.

Information management system

In March 2003, in response to the Treasury Board policy on the Management of Government Information, the NRTEE initiated a major records and information management project, which is taking place from June 2003 to March 2005. This project will develop the tools, policies and procedures, and electronic systems necessary to manage information in all media. In 2003–04, the NRTEE put in place the human resources needed to support the project, developed a file plan for operational records and developed the strategy for a Record Document Information Management System (RDIMS) implementation project that will run from May 2004 to March 2005.

Annex 1: NRTEE Members as of March 31, 2004

Harvey L. Mead (Chair, NRTEE)
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.

Jean Bélanger
Ottawa, Ontario

David V.J. Bell
Professor, Environmental Studies
York University

Katherine M. Bergman
Dean of Science
Professor, Department of Geology
University of Regina

William J. Borland
Director, Environmental Affairs
JD Irving Limited

Wendy Carter
North Vancouver, British Columbia

Douglas B. Deacon
Owner
Trailside Café and Adventures

Terry Duguid
Winnipeg, Manitoba

The Honourable Michael Harcourt
Chair
Cities Advisory Committee
Privy Council Office - Pacific

Marie-Claire Hélie
Vice-President
Financière Banque Nationale

Linda Louella Inkpen
St. Phillips, Newfoundland and Labrador

Diane Frances Malley
President
PDK Projects Inc.

Cristina Marques
Co-Owner and Developer
Dreamcoast Homes

Patrice Merrin Best
Executive Vice-President
Luscar Ltd.

Alfred Pilon
Corporate Secretary
Office franco-québécois pour la jeunesse

Qussai Samak
Union Advisor
Confédération des syndicats nationaux

Keith Stoodley
Director, Marketing and Sales
Lotek Wireless Inc.

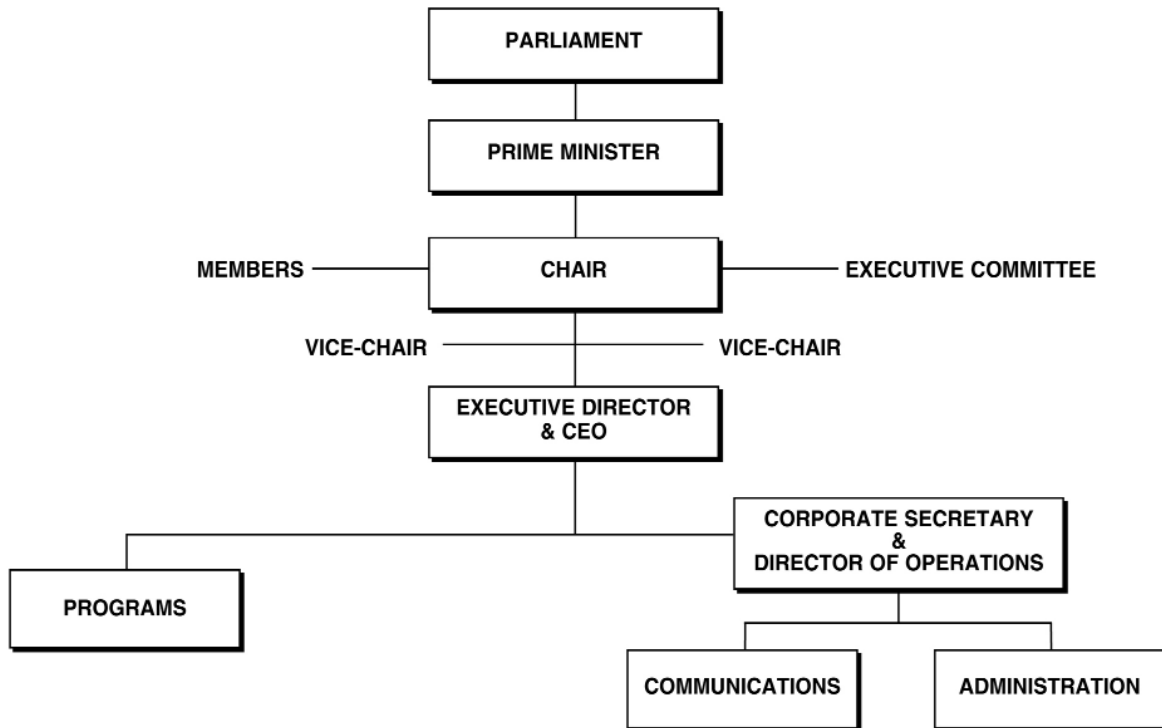
John Wiebe
President and CEO
GLOBE Foundation of Canada

Judy G. Williams
Partner
MacKenzie Fujisawa

Gene Nyberg
Acting Executive Director & CEO
and Corporate Secretary

Annex 2: NRTEE Organization Chart

National Round Table on the Environment and the Economy (NRTEE)



Annex 3: Financial Tables on a Modified Cash Basis (Unaudited)

Financial Table 1: Summary of Voted Appropriations

This table shows that we spent \$4.9 million (94 percent) of our parliamentary appropriation.

Financial Requirements by Authority (\$ thousands)			
Vote	2003–04		
	Planned Spending	Total Authorities	Actual
National Round Table on the Environment and the Economy			
30 Operating Expenditures	4,658.0	4,854.9	4,528.9
(S) Contributions to employee benefit plans	337.0	351.7	351.7
(S) Expenditures pursuant to paragraph 29.1 (1) of the FAA	20.0	7.5	7.5
Total Department	5,015.0	5,214.1	4,888.1

Financial Table 2: Comparison of Total Planned Spending with Actual Spending

Our actual spending in 2003–04 was less than our planned spending due to the scoping and implementation of three new program areas. This process resulted in the postponement to 2004–05 of some activities planned for 2003–04; these activities will be partly funded by our allowable carry-forward of 5 percent. The total authorities amount differs from planned spending primarily because of the addition of the allowable carry-forward from 2002–03 appropriations, funding received from the Modern Comptrollership – Innovations Fund, and the agency’s contribution to 2003 Budget Implementation: \$1 Billion Reallocation Target.

Departmental Planned versus Actual Spending (\$ thousands)			
2003–04			
National Round Table on the Environment and the Economy	Planned Spending	Total Authorities	Actual
Full Time Equivalents (FTEs)	28	28	27
Operating	5,015.0	5,214.1	4,888.1
Capital	-	-	-
Grants & Contributions	-	-	-
Total Gross Expenditures	5,015.0	5,214.1	4,888.1
Less: Respendable Revenues	-	-	-
Total Net Expenditures	5,015.0	5,214.1	4,888.1
Non-Respendable Revenues	(20.0)	(7.5)	(7.5)
Cost of Services provided by Other Departments	309.0	342.6	342.6
Net Cost of the Program	5,304.0	5,549.2	5,223.2

Financial Table 3: Historical Comparison of Total Planned Spending with Actual Spending

The decrease in our actual spending in 2003–04 is a result of our agency’s contribution to the 2003 Budget Implementation: \$1 Billion Reallocation Target for 2003–04 and the preliminary scoping and implementation phases of three new program areas.

Historical Comparison of Departmental Planned versus Actual Spending (\$ thousands)					
Business Line	Actual 2001–02	Actual 2002–03	2003–2004		
			Planned Spending	Total Authorities	Actual
The provision of objective views and information regarding the state of the debate on the environment and the economy	5,446.7	5,340.8	5,015.0	5,214.1	4,888.1
Total	5,446.7	5,340.8	5,015.0	5,214.1	4,888.1

Financial Table 4: Non-respondable Revenues

Our non-respondable revenues reflect the revenue generated through the sale of our publications. The decrease in 2002–03 reflects the fact that only one publication was released in February 2003. The increase during 2003–04 is a result of our release of three *State of the Debate* publications during April, May and June of 2003.

Non-Respondable Revenues (\$ thousands)					
Business Line	Actual 2001–02	Actual 2002–03	2003–04		
			Planned Revenues	Total Authorities	Actual
The provision of objective views and information regarding the state of the debate on the environment and the economy	9.2	3.9	20.0	7.5	7.5
Total	9.2	3.9	20.0	7.5	7.5

Annex 4: Audited Departmental Financial Statements

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

Ottawa, Canada
June 22, 2004

Pierrette Guitard, CMA
Manager, Finance and Administration

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.



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
Chief Executive Officer

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.

Annex 5: Crosswalk Between *RPP 2003–04* commitments and *DPR 2003–04* structure

In *RPP 2003–04*, the NRTEE was unable to provide planned spending against its four strategic outcomes and three priorities. This is largely because early attempts to describe our structure were unnecessarily complex and inaccurate.

Since then, the NRTEE has developed a simpler, more accurate structure—one outcome and one activity—appropriate to the agency’s size, resources, mandate and single business line. The new structure allows the agency to report its performance and spending in a more coherent manner, which nevertheless encapsulates all of the commitments made in *RPP 2003–04*.

Figure A4 provides a crosswalk demonstrating how the strategic outcomes and priorities in *RPP 2003–04* (left column) correspond to the single outcome and activity in the new structure (right column).

Figure A4: Crosswalk: RPP 2003–04 to DPR 2003–04

<i>RPP 2003–04 commitments</i>	<i>DPR 2003–04 reporting structure</i>
Strategic outcomes (SO) and priorities (P) Planned spending: \$5.3 million	Strategic Outcome Total authorities: \$5.2 million Actual spending: \$4.9 million
SO#1. Government, industry and other key decision makers consider NRTEE findings, conclusions and recommendations in their policy and decision making	Federal policy development on environment and economy issues, as well as decisions in other key sectors, are influenced by NRTEE advice
SO#2. There is broader awareness and understanding of problems, opportunities and practical solutions	Immediate Outcome
	Federal clients and national stakeholders are aware of and understand the problems, opportunities and practical solutions identified and examined by the NRTEE
SO#3. New working partnerships are formed between industry, government, NGOs and other major societal actors	Indirect outcome
	New working partnerships are formed between industry, government, NGOs and other major societal actors
SO#4. New relevant, useful and credible knowledge is produced P#1: Produce practical solutions and effective recommendations through the multistakeholder process P#2: Identify and examine critical mid-to long-term environmental and economic problems and opportunities to be addressed in public policy and decision making P#3: Raise broader awareness and understanding of the problems, opportunities and practical solutions	Activity (Priority)
	Provide advice on environment and economy issues Sub-activities: <ul style="list-style-type: none"> • Produce advice (commission research, convene stakeholders) • Promote advice (advise federal clients and promote to other sectors)

Annex 6: Contact for More Information

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