

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



*Annual***Report**
1998-99

National Round Table
on the Environment
and the Economy



Table ronde nationale
sur l'environnement
et l'économie

NRTEE MEMBERS

Chair

Dr. Stuart Smith
Chairman
ENSYN Technologies Inc.

Vice-Chair

Lise Lachapelle
President & CEO
Canadian Pulp & Paper Association

Vice-Chair

Elizabeth May
Executive Director
Sierra Club of Canada

Paul G. Antle
President & CEO
SCC Environmental Group Inc.

Jean Bélanger
Ottawa, Ontario

Allan D. Bruce
Administrator
Operating Engineers' (Local 115)
Joint Apprenticeship & Training Plan

Patrick Carson
Nobleton, Ontario

Elizabeth J. Crocker*
Co-Owner, P'lovers

Douglas B. Deacon
Owner, Trailside Café and Adventures

Johanne Gélinas
Verdun, Quebec

Sam Hamad, P. Eng.
Vice-President, Industry
Roche Ltd., Consulting Group

Dr. Arthur J. Hanson
Distinguished Fellow & Senior Scientist
International Institute for Sustainable Development

Michael Harcourt
Senior Associate, Sustainable Development
Sustainable Development Research Institute
University of British Columbia

Raymond E. Ivany
President
Nova Scotia Community College

William H. Johnstone
Moose Jaw, Saskatchewan

Cindy Kenny-Gilday
Yellowknife, Northwest Territories

Dr. Douglas Knott*
Professor Emeritus
University of Saskatchewan

Emery P. LeBlanc
Executive Vice-President
Alumina and Primary Metal
Alcan Aluminium Limited

Anne Letellier de St-Just*
Lawyer

Patricia McCunn-Miller
Manager of Regulatory Affairs
PanCanadian Petroleum Limited

Ken Ogilvie
Executive Director
Pollution Probe Foundation

Joseph O'Neill
Vice-President
Woodlands Division
Repap New Brunswick Inc.

Dee Parkinson-Marcoux*
President and CEO
Enslyn Energy Corp.

Carol Phillips*
Director, Education and International Affairs
Canadian Automobile Workers

Angus Ross
President
SOREMA Management Inc. &
CEO, SOREMA Canadian Branch

Irene So
Vice-President &
Associate Portfolio Manager
RBC Dominion Securities

John Wiebe
President & CEO
GLOBE Foundation of Canada
and President & CEO
Asia Pacific Foundation of Canada

NRTEE SECRETARIAT

Executive Director & CEO
David McGuinty

Executive Assistant & LEAD Program Administrator
Rebecca Murray

Corporate Secretary & Director of Operations
Gene Nyberg

Administrative Assistant
Hélène Sutton

Senior Policy Advisor
Elizabeth Atkinson

Policy Advisors
Siobhan Arnott
Carolyn Cahill

Training Officer, LEAD Canada
Donna Chiarelli

Research Associate
Lisa Woodward

Manager of Communications
Moira Forrest

Public Relations Coordinator
Kelly Bagg

Information Services Officer
Edwin Smith

Desktop Publisher
Kindi Chana

Office Manager and Conference/Meeting Coordinator
Cathy Heroux

Manager, Finance & Administration
Pierrette Guitard

Finance & Administration Officer
Anne Mineault

Assistants
Lise Bélanger
Denise Johnston
Anne-Marie Scott

Receptionist/Secretary
Carole Desjardins

* Appointment expired during 1998-99.



Letter from the Chair and Chief Executive Officer

July 1999

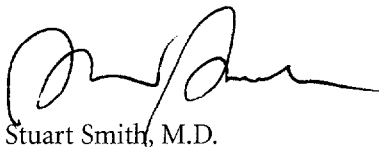
Dear Prime Minister:

We are pleased to transmit to you the 1998-99 Annual Report of the National Round Table on the Environment and the Economy (NRTEE).

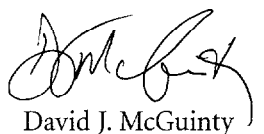
Our efforts over the last year have focused on facilitating discussion of the environmental and economic elements of a number of key issues of national and international interest. Stakeholders from a wide range of sectors have contributed to important debates on such issues as economic instruments, sustainable transportation, climate change and issues related to the development of eco-efficiency indicators in business.

Over the next year, the NRTEE will encourage similar discussion and debate in a number of program areas, with particular emphasis on Aboriginal communities and non-renewable resources development, health and the environment and the economy, and emissions trading. We look forward to continuing to provide your office with current information and advice throughout 1999-2000.

Yours sincerely,



Stuart Smith, M.D.
Chair



David J. McGuinty
Executive Director and Chief Executive Officer

Table of Contents

The NRTEE: An Overview	3
The Year in Review: Program Updates	4
Communications and Publications	8
Look Ahead	9
Management Report	10
Auditor's Report.....	11
Statement of Operations	12
Notes to the Statement of Operations.....	13

National Round Table
on the Environment
and the Economy

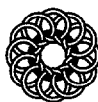


Table ronde nationale
sur l'environnement
et l'économie

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 Order-in-Council. Members represent a broad range of regions and sectors — including business, labour, academe, environmental organizations and First Nations.

What We Do

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

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

The responsible task force or committee commissions research, conducts national consultations, reports on areas of agreement and disagreement, and puts forward reasoned recommendations for steps to be taken that will promote sustainability. The full NRTEE then reviews these reports and recommendations prior to approving and releasing them to the public. The NRTEE meets four times

each year to review progress, establish priorities for the future and initiate new programs.

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

How We Work

A multistakeholder approach, combined with impartiality and neutrality, are the hallmarks of the NRTEE's activities. By creating an atmosphere 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 in other areas.

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

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

- analyzing the environmental and economic facts and trends;
- actively seeking input from key stakeholders;
- drawing together the results of research and consultation, clarifying the "state of the debate;"
- pinpointing the consequences of action and inaction and making recommendations.

The round table process is a unique form of stakeholder consultation, permitting progress on diverse issues with an environmental/economic interface. The process itself is of value in

overcoming entrenched differences. At the same time, the products (reports) for each program emphasize broad policy development and provide specific recommendations for action.

The Year in Review: Program Updates

Climate Change

As a result of the Kyoto Protocol to the United Nations Framework Convention on Climate Change, which Canada signed in April 1998, all developed countries, including Canada, have agreed to set targets to reduce greenhouse gas emissions. If the Protocol is ratified, Canada will have made an international commitment to reduce its greenhouse gas emissions to 6 percent below 1990 levels, over the period 2008-2012. Meeting the Kyoto challenge will not be easy — current projections are that Canada's emissions will be 19 percent above 1990 levels by 2010. The wide diversity of views on the very nature of the problem makes it difficult to raise public understanding and to obtain public support for whatever decisions Canada makes. With this in mind, the NRTEE brought together a citizens' panel of 25 respected, objective Canadians, all recipients of the Order of Canada, in a National Forum on Climate Change to assist Canadians to better understand the climate change issue and all its implications.

A unique initiative, precisely because it was unbiased and began with no predetermined views on the potential impact of climate change, or on the most appropriate response, the Forum provided members with the full range of expert opinion and knowledge and examined all sides of the debate. The intention of the Forum was to issue a Declaration to assist Canadians by providing an objective and unbiased statement of the climate change challenge.

During the Forum's third and final session, held in April at the Chateau Laurier hotel in Ottawa, Forum members began the work of drafting a consensus statement on climate change. The resulting Declaration sets out members' understanding of climate change, and its potential impact on the environment and economy, and on the health of Canadians. On June 3, the Forum presented its official Declaration to the Honourable Ralph Goodale, Minister of Natural Resources, and the Honourable Christine Stewart, Minister of the Environment. The Declaration has also been widely distributed to all levels of government and to members of the Canadian public.

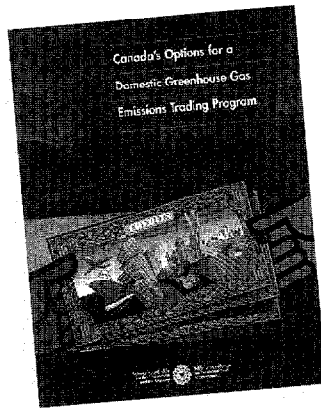
Economic Instruments and Green Budget Reform

The goal of this program is to advance the use of market-based approaches for environmental improvement in Canada.

Greenhouse Gas Emissions Trading Program

The Greenhouse Gas Emissions Trading program explored various approaches for incorporating emissions trading into a Canadian program to limit greenhouse gases. The work involved identifying designs for a domestic program, analyzing a limited number of alternative approaches, determining the

mechanics of a domestic trading program, and setting out the steps involved in implementing the program. An initial meeting of experts was held in Calgary in May. Building on this meeting, another multi-stakeholder meeting was held in Toronto on



September 18 to assess options for a domestic emissions trading program for greenhouse gases. The meeting built on work completed over the summer, specifically the preparation of background papers describing six different emissions trading systems. In a third phase of the project, the multistakeholder team conducted a thorough assessment of the detailed designs, including their administrative requirements and potential environmental and economic impacts. The NRTEE hosted an international workshop entitled "Domestic Greenhouse Gas Emissions Trading Programs: A Comparison of Progress Around the World," on March 1-3, in Toronto. The workshop brought together over 230 emissions trading experts from a wide range of countries and disciplines to share information on national emissions trading programs and plans. The objective of the workshop was to contribute to a better understanding of the strengths and weaknesses of different designs and of the possible implications for competitiveness, and to assist in decision making on the subject. At a media briefing during the conference, *Canada's Options for a Domestic Greenhouse Gas Emissions Trading Program* was released. The report discusses five potential programs and calls for Canada to design and implement full-scale voluntary greenhouse gas emissions reduction credit trading.

Greening the Budget

The Economic Instruments and Greening the Budget Committee has continued its work on the use of economic instruments to improve the environment. More specifically, the committee has been collaborating with representatives of Finance Canada to develop the required data and policy refinements in the areas of urban brownfields and private woodlot management. The NRTEE made its Greening the Budget 1999 submission to Finance Minister Paul Martin in December. Building on last year's recommendations, the committee presented three recommendations. Due in part to the NRTEE's efforts last year, the draft Interpretation Bulletin issued by Revenue Canada now affords the operation of a private woodlot the same tax treatment as other commercial farms. While this initiative will benefit those whose main income is generated from the operation of their woodlot, additional change is required for those who operate a private woodlot but whose main source of income is not derived from its operation. This point was addressed in the December meeting with Minister Martin. Recommendations to overcome barriers to finance the redevelopment of contaminated urban industrial sites (i.e. brownfields) were also presented to the Finance Minister. The NRTEE proposed a federal government assurance plan to encourage lending by major institutions. A third and final proposal was a request for an income tax exemption for employees who receive employer-provided transit passes.

Measuring Eco-efficiency

Eco-efficiency is a practical approach that businesses are adopting in setting and achieving their environmental performance objectives. Measuring these goals in a standardized manner will allow useful dialogue and permit easy comparison between divisions, companies and business sectors. The NRTEE, with the cooperation of the World Business Council for Sustainable Development and the active partici-

pation of eight companies, has developed a set of indicators that could accomplish this objective.

The results of the two-year study are summarized in a final report, which was released at a workshop held in Montreal as part of Americana'99 in March. *Measuring Eco-efficiency in Business: Feasibility of a Core Set of Indicators*

focuses on indicators for energy and material intensity, and has many practical lessons and insights of value to those who develop and implement eco-efficiency indicators.



LEAD Canada

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

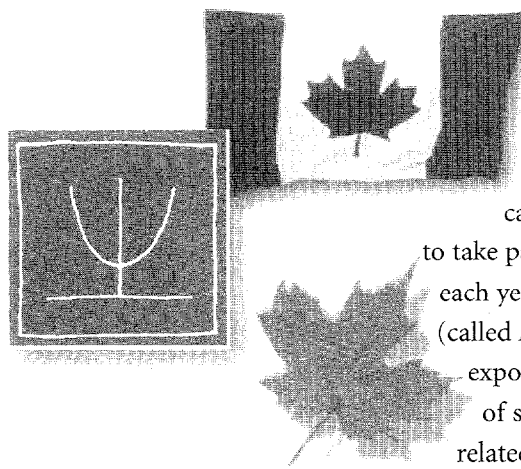
LEAD programs around the world each choose up to 15 promising mid-career professionals to take part in the program each year. Participants (called Associates) are exposed to a number of substantive issues related to sustainable development, and gain skills in a

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

ment their professional activities. A new group of Associates, Cohort 7, joined LEAD Canada in May. In August, LEAD Canada broke new ground by hosting LEAD's second Regional Session of the Americas in Vancouver. Participants explored a range of economic and environmental challenges facing North and South America, including labour issues, the role of public participation in civil society, and the use of market instruments to encourage sustainability. Cohort 7 Associates attended their first international session in China in October. Over the two-week period, the Associates undertook case studies in Xi'an, Yan'an and Beijing. Recruitment has begun for LEAD Canada's sixth group of Associates, Cohort 8.

Foreign Policy and Sustainable Development

The Foreign Policy and Sustainable Development program has been charged with identifying and promoting ways for Canada's international commitments to take a greater account of environmental considerations and impacts. The theme of "sustainable cities" continued to be the primary focus for its 1998-99 activities. Building on 18 months of work by the NRTEE in consultation with interested government departments, major suppliers of infrastructure and engineering services, non-profit organizations, World Bank officials, academics and municipal representatives, the committee has released its final report titled *NRTEE Sustainable Cities Initiative Final Report and Recommendations*. The report shows how Canadian companies, the public sector and not-for-profit organizations can and must mobilize and coordinate their efforts to successfully compete in the \$850 billion global urban infrastructure market. In doing so, Canada can have a maximum positive environmental impact on cities around the world while positioning itself as a leading supplier of sustainability solutions. The report was released at an NRTEE workshop in Montreal as



part of Americana '99 in March. The Prime Minister has appointed the International Trade Minister to respond to the report.

Sustainable Transportation

The goal of this program was to define a course of action to promote sustainable transportation that could be coordinated with the strategies and actions emerging from other levels of government in Canada and internationally. The NRTEE released a backgrounder titled *Greenhouse Gas Emissions from Urban Transportation* at the Environment and Energy Conference of Ontario (EECO) in Toronto in November. The report explores the problems and potential solutions related to Canada's current and projected trends in greenhouse gas emissions in urban transportation and examines 11 types of initiatives that can be taken to reduce CO₂ emissions from urban transportation.

Education

The mandate of this program was to develop, facilitate and deliver programs and materials to encourage awareness of environment and economy linkages in learning settings. To do so, the program has worked collaboratively with professional engineers and with Canadian business schools on sustainability issues. In April, the NRTEE conducted a "Sustainable Development Applications in Engineering" workshop in Quebec City. Participants helped develop materials for similar training workshops aimed at professional engineers throughout Canada. This practical and interactive workshop was part of the 1998 Environmental Colloquium, an event that was co-sponsored by the regional chapter of the Quebec Order of Engineers and the province's environmental ministry. As well, the NRTEE hosted the Business Educator's Workshop at

which students and professionals discussed the barriers to, and opportunities for, integrating sustainability principles into core curricula at Canadian business schools. As a result, the Education program has released an annotated bibliography for business and management schools titled *Bridging Business and Sustainable Development Education at Centres of Higher Learning in Canada*. The bibliography describes a wide variety of teaching resources, reports, books, journals, electronic resources, and case studies pertaining to the implementation of environmental concerns into business practices with a focus on Canadian resources.

Aboriginal Communities and Non-renewable Resources Development

This program will focus on non-renewable resource development issues in the Western Arctic. Working with industry, local Aboriginal communities, government and ENGOs, this program aims to produce concrete recommendations on how to accommodate competing interests in the area of mineral development and oil and gas exploration to ensure long-term sustainability of these communities. The NRTEE hosted a one-day planning meeting on the sustainability of non-renewable resources development in or near Aboriginal communities in June in Ottawa. The session brought together an experienced cross-section of 18 participants from across Canada representing industry, the environment, government and Aboriginal communities. The purpose was to identify any conflicts related to the extraction of non-renewable resources near Aboriginal communities and to recommend how the round table process might help bring stakeholders together to make progress in this area.

Communications and Publications

In 1998-99, the NRTEE continued to ensure that decision makers, the media and the public recognize it as a leader in providing objective views and analytical information on the state of the debate on environment and the economy in Canada. The NRTEE was extremely active this year, releasing nine Domestic Greenhouse Gas Emissions Trading Technical Papers, several final reports and backgrounders, and other material. All publications were marketed and distributed on a cost-recovery basis through Renouf Publishing Co. Ltd. The NRTEE's Web site has continued to disseminate key information to stakeholders and members of the public, and is the primary source for information on, and stemming from, the National Forum on Climate Change. The Climate Change Declaration, the Education program's *Bridging Business and Sustainable Development Education at Centres of Higher Learning in Canada*, and the Foreign Policy committee's *NRTEE Sustainable Cities Initiative Final Report and Recommendations* are all available free of charge on the NRTEE Web site.

The following is a selection of NRTEE publications produced over the year:

- *Backgrounder: Greenhouse Gas Emissions from Urban Transportation*
- *Canada's Options for a Domestic Greenhouse Gas Emissions Trading Program*
- *Measuring Eco-efficiency in Business: Feasibility of a Core Set of Indicators*

Domestic Greenhouse Gas Emissions Trading Technical Paper Series:

- *The Legislative Authority to Implement a Domestic Emissions Trading System*
- *Design Options in a Domestic Emissions Trading System for the Treatment of Fossil Fuels Used in Feedstocks*
- *Analysis of Options for Gratis Distribution of Allowances*
- *Analysis of Options for Distributing Allowances by Auction*
- *Analysis of Emissions Trading Program Design Features*
- *Possible Criteria for the Creation of Emissions Reductions Credits Under a Domestic Emissions Trading Credit Program*
- *Policies that Could Complement a Domestic Emissions Trading System for Greenhouse Gases*
- *Potential of Including Non-Combustion Sources of GHG Emissions in a Domestic Emissions Trading Program*
- *What Are the Implications of Calculating GHG Emissions on a Life-Cycle Basis for the Design of Domestic Emissions Trading Systems?*

Look Ahead

The coming year, 1999-2000, will be an active one for the NRTEE. The following are some of the initiatives planned for next year:

- **LEAD Canada's** Cohort 6 Associates will be joining over 150 other LEAD Associates at their final international training session in New York in April. Up to 15 members of LEAD Canada's newest group, Cohort 8, will begin their training program in October, and will attend their first international session in Brazil in March. Cohort 7 forges into the second half of its training session in Ottawa in mid-August. As well, the LEAD Secretariat will be working closely with LEAD International to plan Cohort 7's final international training session, which will be held in Canada for the first time. The session is tentatively scheduled for Vancouver, and will include case studies on Vancouver Island, at Whistler, B.C. and in Yellowknife, N.W.T.
- The **Economic Instruments** Committee will now concentrate its efforts on a Greening the Budget 2000 initiative. A stakeholder meeting will be held in Toronto in June to design specific measures for the 2000 budget and beyond.
- The NRTEE will begin a new program area related to health and the environment. The **Health, Environment and Economy** program will use case studies to illustrate a range of concerns and to ground the discussion in actual experiences. Stakeholders will be invited to help analyze the case studies and contribute to the program's final recommendations. The first workshop is scheduled to take place in May. The second multistakeholder workshop will be held in November in Ottawa, and the publication of the final report is expected in the fall of 2000.
- An initial **Aboriginal Communities and Non-renewable Resources Development** meeting is scheduled for July in Yellowknife, N.W.T. Following this meeting, a full Task Force meeting will be held in August in Ottawa, with subsequent meetings throughout the balance of the year.
- The **Economic Instruments** Committee is planning to host a series of emissions trading workshops in various major cities across Canada. The workshop series is scheduled to begin in October.
- The NRTEE's newest program area, **Sustainable Development Issues for the New Millennium**, will explore current and emerging sustainable development issues of top-most importance to Canada and propose priorities for action by policy and decision makers in government, industry and the environmental movement for the first decade of the new millennium. Four meetings will be held throughout the year and each meeting will address one of the following topics: environment and health, economy and jobs, the preservation of nature, and urban livability. The first meeting will be held in August in Halifax, Nova Scotia, and will address emerging environment and health issues facing Canada.

The final report will identify the major issues facing Canadian society and offer a prioritized approach to addressing them. The NRTEE anticipates that this report, and the process through which it was arrived at, will enhance Canada's ability to establish better policies and decision-making processes for the environment, the economy and Canada's overall well-being.

July 6, 1999

National Round Table on the Environment and the Economy

MANAGEMENT REPORT

for the year ended March 31, 1999

We have prepared the accompanying financial statement of the National Round Table on the Environment and the Economy in accordance with the reporting requirements and standards of the Receiver General for Canada. This financial statement was prepared in accordance with the significant accounting policies set out in Note 2 of the statement on a basis consistent with that of the preceding year.

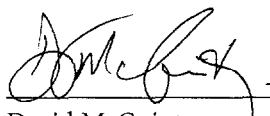
Responsibility for the integrity and objectivity of data in this financial statement rests with the management of the Round Table. In order to assure maximum objectivity and freedom from bias, the financial data contained in this financial statement have been examined by the Executive Committee of the Round Table.

The information included in the financial statement is based on management's best estimates and judgments with due consideration to materiality. To fulfil this accounting and reporting responsibilities, the Round Table maintains a set of accounts which provides a centralized record of the Round Table's financial transactions. Financial information contained in the ministerial statements and elsewhere in the *Public Accounts of Canada* is consistent with this financial statement, unless indicated otherwise.

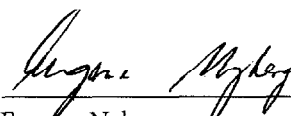
The Round Table's directorate of financial services develops and disseminates financial management and accounting policies, and issues specific directives which maintain standards of accounting and financial management. The Round Table maintains systems of financial management and internal control which give due consideration to costs, benefits and risks. They are designed to provide reasonable assurance that transactions are properly authorized by Parliament, are executed in accordance with prescribed regulations, and are properly recorded so as to maintain accountability of Government funds and safeguard the Round Table's assets. The Round Table also seeks to assure the objectivity and integrity of data in its financial statement by the careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that its regulations, policies, standards and managerial authorities are understood throughout the organization.

Management presents this financial statement to the Auditor General of Canada, who audits and provides an independent opinion which has been appended to this financial statement.

Approved by:



David McGuinty
Executive Director and
Chief Executive Officer



Eugene Nyberg
Corporate Secretary and
Director of Operations



AUDITOR GENERAL OF CANADA

VÉRIFICATEUR GÉNÉRAL DU CANADA

Auditor's Report

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

I have audited the statement of operations of the National Round Table on the Environment and the Economy for the year ended March 31, 1999. This financial statement is the responsibility of the Round Table's management. My responsibility is to express an opinion on this financial statement based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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, this financial statement presents fairly, in all material respects, the results of operations of the Round Table for the year ended March 31, 1999 in accordance with the accounting policies set out in Note 2 to the financial statement.

A handwritten signature in black ink, appearing to read 'R. Flageole'.

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

Ottawa, Canada
6 July 1999

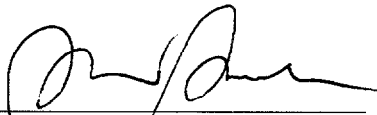
National Round Table on the Environment and the Economy

Statement of Operations for the Year Ended March 31, 1999

	1999	1998
	\$	\$
Expenditures		
Operating		
Salaries and employee benefits	1,424,954	1,258,688
Professional and special services	876,305	952,506
Publications	328,285	352,179
Transportation and communications	258,019	348,706
Rentals	219,109	207,341
Utilities, materials and supplies	85,780	102,381
Acquisitions of capital assets	45,620	108,839
Repairs and maintenance	21,921	34,180
Other subsidies and payments	142	467
	<u>3,260,135</u>	<u>3,365,287</u>
Executive Committee		
Honoraria	33,240	17,396
Travel and living expenses	16,508	12,747
	<u>49,748</u>	<u>30,143</u>
Other Committees		
Travel and living expenses	121,531	143,525
Honoraria	90,694	92,216
	<u>212,225</u>	<u>235,741</u>
	<u>3,522,108</u>	<u>3,631,171</u>
Non-tax revenue		
Sale of publications	16,035	13,368
Refund of previous years' expenditures	315	10,783
Sale of surplus Crown assets	291	1,625
	<u>16,641</u>	<u>25,776</u>
Net cost of operations (Note 3)	<u>3,505,467</u>	<u>3,605,395</u>

The accompanying notes are an integral part of this financial statement.

Approved by:


 Stuart Smith
 Chair


 David McGuinty
 Executive Director and
 Chief Executive Officer

National Round Table on the Environment and the Economy

Notes to the Statement of Operations for the Year Ended March 31, 1999

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 environment and economy in decision making in all sectors, by conducting studies, organizing multistakeholder "dialogues" on specific issues and economic sectors, providing advice, carrying out educational and communication activities, and by acting as a catalyst for change. Its operating expenditures are funded mainly by a budgetary lapsing authority, and to a lesser extent, from cost recovery and cost sharing for specific activities. Employee benefits are authorized by statutory authorities.

2. Significant Accounting Policies

The statement of operations has been prepared using the following accounting policies:

a) Expenditure recognition

All expenditures are recorded on the accrual basis with the exception of vacation pay and compensatory time-off, which are recorded on the cash basis.

b) Revenue recognition

Revenue is recorded on the cash basis.

c) Capital purchases

Acquisitions of capital assets are charged to operating expenditures in the year of purchase.

d) Services provided without charge by government departments

Estimates of amounts for services provided without charge from government departments are included in expenditures.

e) Refunds of previous years' expenditures

Refunds of previous years' expenditures are recorded as revenues when received, and are not deducted from expenditures.

f) Public Service Superannuation Plan

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The employees and the Round Table contribute equally to the cost of the Plan. The Round Table's contributions are recorded as expenditure in the year they are made, and they represent the total pension obligation of the Round Table under the plan.

3. Parliamentary Appropriations

	1999	1998
	\$	\$
Privy Council - Vote 30	3,018,000	3,118,000
Supplementary Vote 30c	121,509	167,370
	3,139,509	3,285,370
Lapsed	86,327	27,674
	3,053,182	3,257,696
Statutory contributions to employee benefit plans	237,000	192,000
Spending of revenues from the sale of publications in accordance with Section 29.1 (1) of the FAA	16,035	13,368
Spending of proceeds from the disposal of surplus Crown assets	291	1,625
Total use of appropriations	3,306,508	3,464,689
Add: services provided without charge by other government departments	190,500	166,482
conference fees received from other government departments	25,100	0
Less: Non-tax revenue	16,641	25,776
Net cost of operations	3,505,467	3,605,395

4. Specified Purpose Account

When the Round Table was created, a specified purpose account was established pursuant to section 21 of the *Financial Administration Act*, to record grants and donations received from third parties, and expenses incurred to do various studies related to the principles of sustainable development in Canada and internationally. This account is also used to reflect financial transactions of the Canadian chapter of the LEAD (Leadership for Environment and Development) International training program. These receipts and expenses are not included in the statement of operations of the Round Table. The unspent balance in this account is carried forward for future use.

	1999	1998
	\$	\$
Balance at beginning of year	246,199	43,957
Receipts	304,225	666,755
	550,424	710,712
Expenses	529,359	464,513
Balance at end of year	21,065	246,199

5. Inventory of Publications Intended for Sale

Effective May 28, 1996, the Round Table began a cost-recovery program for its publications. Canadian distribution is done through a distributor who is entitled to a 50 per cent commission fee on the sale price of each publication sold. Inventory of publications intended for sale is valued at net realizable value.

	1999	1998
	\$	\$
Inventory at beginning of year	251,366	140,243
Add: new publications produced	60,446	163,162
Less: sales	16,035	13,368
written-off	37,665	0
adjustments	11,128	38,671
Inventory at end of year	246,984	251,366

6. Capital Assets and Accumulated Amortization

Internal controls are maintained to safeguard capital assets. The following supplemental information reflects historical cost and amortization if the assets were amortized on a straight-line basis over their useful lives of five years.

Capital assets at cost	March 31, 1998	Acquisitions	Disposal	March 31, 1999
	\$	\$	\$	\$
Informatics equipment	229,986	27,434	—	257,420
Office furniture and equipment	112,693	18,187	1,401	129,479
	342,679	45,621	1,401	386,899
Accumulated amortization	March 31, 1998	Amortization	Disposal	March 31, 1999
	\$	\$	\$	\$
Informatics equipment	136,335	36,368	—	172,703
Office furniture and equipment	28,707	23,515	1,401	50,821
	165,042	59,883	1,401	223,524

7. Liabilities

As of March 31, liabilities are as follows:

	1999	1998
	\$	\$
a) Accounts payable and accrued charges		
Accounts payable	274,074	407,459
Accrued salaries	13,058	37,907
	<u>287,132</u>	<u>445,366</u>
b) Other liability		
Accrued vacation pay	45,579	44,889
Compensatory time-off	6,658	0
	<u>52,237</u>	<u>44,889</u>

8. Uncertainty Due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000 and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Round Table, including those related to the efforts of suppliers, the federal government, or other third parties, will be fully resolved.

Declaration

OF THE

NATIONAL FORUM ON CLIMATE CHANGE

We, the members of the National Forum on Climate Change, believe that climate change will touch the life of every Canadian. Decisions taken today on this complex and controversial issue will have implications for our communities, our children, and future generations. Climate change, caused by a buildup of greenhouse gases, could lead to dramatic changes in sea levels, storm patterns, and average temperatures. Every Canadian has a role to play in reducing greenhouse gas emissions. The time for action is now.

On the balance of evidence, and in the face of uncertainty, we have concluded that there are two compelling reasons to take immediate action on climate change:

- ◆ If the challenge is as serious as many scientists believe, an effective response will call for major shifts in North Americans' attitudes and lifestyle, and will lead to dramatic adjustments in the global economy. Early action will allow us to create momentum for the difficult adjustments that may be necessary in the years ahead.
- ◆ If concerns about climate change turn out to be premature or overstated, there will be time and opportunity to adjust our response. In the meantime, Canadians will have taken out a measure of insurance, and will reap important side-benefits as a result of early action. These benefits will include reduced pollution, better urban air quality, a more efficient economy, and job creation resulting from the introduction of new technologies.

Canadians have little to lose and everything to gain by taking action immediately. Each of us can and must make a difference.

About the National Forum

The National Forum on Climate Change was sponsored by the National Round Table on the Environment and the Economy to raise public awareness of the climate change issue and to bring a citizens' viewpoint to the debate. The Forum met in February, March and April 1998.

Most of us came to this process knowing little or nothing about climate change, beyond what we had learned from newspapers, radio or television. Our only obvious link to each other was that we had each received the Order of Canada (or, in one case, an equivalent honour). We came to the Forum from all parts of Canada.

Some of us suspected from the outset that climate change was a serious problem, while others were more sceptical. We all came with an open mind, a willingness to test the conventional wisdom, and a solid commitment to arriving at a responsible opinion on climate change. When we first met in February 1998, we all agreed that we had not come to the Forum to rubber stamp a predetermined policy. We believe this is the same attitude our fellow citizens would have brought to the issue.

The National Forum on Climate Change was a unique process, and we were all pleased and honoured to take part. Never before had Order of Canada recipients been called together to address a national policy issue in this way. We believe this Declaration captures the conclusions that other Canadians would have reached, if they had had the same opportunity to review the evidence. It is our hope that the Declaration will mark the beginning, not the end, of public discussion on this urgent issue.

National Round Table
on the Environment
and the Economy

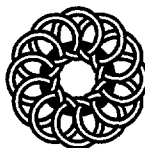


Table ronde nationale
sur l'environnement
et l'économie

June 3, 1998

What Is Climate Change?

Climate change science suggests that average temperatures around the world will fluctuate as a result of an increase in the greenhouse effect. This natural process has always been with us, trapping a portion of the sun's energy in the atmosphere. If not for the greenhouse effect, today's average temperatures would be lower by about 30°C, and the earth would be uninhabitable. The greenhouse effect is caused by greenhouse gases like carbon dioxide and methane, and by water vapour in the atmosphere, which act much like the glass that holds the heat inside a greenhouse.

The rate of climate change has recently accelerated, and many scientists believe that human activity is the cause. Human activity only accounts for 4% of all greenhouse gases in the atmosphere, but this total has been sufficient to raise the earth's average temperature by 0.3-0.6°C over the past century. Most of the increase has occurred in the past 40 years, and greenhouse gas concentrations are expected to double by the year 2100 unless there is a drastic change in world consumption patterns. The majority of scientists believe this doubling will lead to an increase in average temperatures of 1.5-4.5°C. Average temperature changes of this magnitude have been associated with major climatic changes such as the last Ice Age.

Since the Industrial Revolution in the early 19th century, the level of carbon dioxide in the atmosphere has increased by about 30%, largely because of the use of coal, oil, and natural gas – the fossil fuels. Clearcutting of forests has also had an impact, since trees and other vegetation absorb carbon dioxide that would otherwise stay in the atmosphere.

Climate change due to greenhouse gases should not be confused with the depletion of the ozone layer, acid rain, or smog problems in cities across Canada and around the world.

The Potential Impact

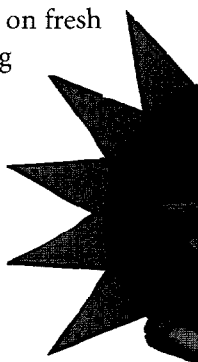
In some parts of Canada, climate change could bring local benefits, such as a longer growing season. However, most of the impacts are expected to be negative:

- ◆ Major storms might become more frequent and severe. There is no scientific evidence to link a specific weather event to increased greenhouse gas emissions. However, the 1996 flood of the Saguenay River in Quebec, the 1997 flood of the Red River in Manitoba, and the 1998 ice storm in Eastern Canada, are examples of what the future could hold.
- ◆ Studies indicate that the Mackenzie Basin has experienced a warming trend of 1.5°C this century. Communities in the North are already seeing environmental changes such as melting permafrost and lower lake levels. These changes will have an impact on the ecology of the region and the traditional way of life of Indigenous peoples.
- ◆ Summer heat waves might become longer and more severe. If they do, seniors, children, and people with respiratory problems will be at higher risk. Public health systems will have to adjust in order to cope with events of this type.
- ◆ Patterns of rainfall may shift across Canada. Changes in the distribution of snowfall in the Rocky Mountains may lead to droughts on the prairies, while water at the Lake St. Clair shoreline could recede by one to six kilometres, with serious impacts for wetlands and wildlife. Higher temperatures and evaporation rates would also reduce the amount of water available to dilute pollutants entering the Great Lakes.
- ◆ Since oceans will expand, low-lying coastal communities could be flooded and seawater could encroach on fresh water supplies. Outside Canada, more than 40 small island countries could disappear as a result of rising sea levels. Millions of people would become environmental refugees.

Action Has Its Costs...and Benefits

There is a great deal of debate about the costs and benefits of taking action on climate change.

- ◆ We have heard that in a worst-case scenario, reductions in fossil fuel consumption could have a serious impact on energy producers and users. Thousands of jobs could be lost, and some single-industry towns could shut down. Canada is a major producer, consumer, and exporter of fossil fuels.



- ◆ At the same time, climate change action could lead to a range of new economic opportunities. Canada could become a major exporter of renewable energy and energy efficiency technologies, many of which are already competitive with conventional energy forms.
- ◆ Sustainable forestry is an important focus, since forests play a key role in storing carbon dioxide from the atmosphere.
- ◆ Action on greenhouse gas emissions would mean better air quality and more green space for many citizens.

Coping with Uncertainty

There is considerable scientific agreement on the subject of climate change. Still, Canadians need to know that there are experts who disagree on the potential environmental implications of climate change, while economists disagree on the costs of addressing the problem. Forum members were concerned about limitations in the computer models that predict the seriousness of climate change and the cost of climate change action. Many of these questions may be answered over the next seven to 10 years, but we believe there are solid reasons to address the climate change challenge now, despite scientific and economic uncertainty:

- ◆ Scientific issues can be the subject of intense, prolonged controversy. Sceptical voices could be correct and must continue to be heard. However, ongoing debate is no excuse for inaction. At the moment, a large number of scientists believe that climate change will have a major impact on the global environment and economy.
- ◆ The developing world is expected to produce half of the human-generated greenhouse gases in the world by 2010. Emerging economies like China and India cannot be expected to reduce their emissions until they see industrialized countries take serious action on a problem that was caused, after all, by increased fossil fuel use in the industrialized nations.

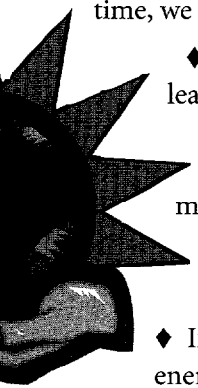
At the Kyoto Summit on Climate Change in December 1997, industrialized countries set targets for reducing their greenhouse gas emissions by 2010. Canada promised to cut greenhouse gases by 6% below 1990 levels. However, Canadian emissions have been rising since 1990, so the Kyoto commitment really means a 20-25% reduction in our expected output by 2010.

Although the Kyoto targets are ambitious, they may by themselves have little impact on the drastic problem predicted by the United Nations Intergovernmental Panel on Climate Change (IPCC) scientists. If the IPCC predictions are true, the Kyoto agreement is a crucial first effort to move the global economy in the right direction, encourage commitments on the part of developing countries, and capture the attention of every citizen on the planet. Many immediate steps can and should be taken to respond to our Kyoto commitment. However, action to fully meet the terms of the agreement should be taken after thorough economic cost analysis and should be coupled with policies that address any negative impacts on Canadian communities.

Taking Action

Canada's response to climate change will require urgent action on the part of governments and industry. At the same time, we must each make a personal commitment – to our communities, our children, and future generations.

- ◆ As citizens, we all have the ability and the obligation to address the issue in our day-to-day lives. We must learn to save energy at home and at work, use our cars less, ride bicycles or public transit, recycle materials, and reduce our consumption of fresh water. As consumers, we can think twice about buying things we don't really need, and look for local products that can be produced and shipped with less energy. As members of community associations, service clubs, or other voluntary groups, we can encourage friends and associates to learn more about climate change and take action in their own lives. In a spiritual sense, we can each find our own way of reconnecting with the earth.
- ◆ Industries must take every opportunity to reduce their greenhouse gas emissions and increase the energy efficiency of their day-to-day operations.



- ◆ Municipalities can provide the infrastructure for individual action by supporting public transit, building bike paths, funding blue box programs, planting trees, installing energy-efficient lighting, building energy efficiency into local building codes, and designing communities to reduce commuting distances. Municipal governments can also help build public awareness by distributing information on the simple things people can do to make a difference on climate change.
- ◆ The Forum was particularly impressed with initiatives like the Toronto Atmospheric Fund (TAF) and the Federation of Canadian Municipalities' 20% Club, both of which address the climate change challenge at the community level. Municipalities should learn more about TAF, which uses a revolving loan fund to finance community projects that reduce greenhouse gas emissions or promote the use of energy efficiency and renewable energy technologies.
- ◆ Federal, provincial and territorial governments must look beyond their own jurisdictional interests to find ways of collaborating on climate change. Governments can support local action by establishing a National Atmospheric Fund, to provide seed money for climate change research, education and action. Governments should use market-based measures, where possible, to encourage greenhouse gas reductions.
- ◆ At first, an effective response to climate change will likely mean higher energy costs for Canadians. Over time, we should all be prepared to adopt energy efficiency measures and increase our reliance on renewable energy sources, to help reduce the country's energy spending. If there is an increase in government revenue from higher energy costs, this revenue must be used to reduce the impact of climate change measures on affected communities, groups, and individuals, or to support the development of new energy technologies.

Action on climate change is beginning now. Members of the National Forum on Climate Change intend to remain informed and active on this vitally important issue. We hope every Canadian will join us.

Monique Aubry-Frize
Ottawa, Ontario

Naomi Bronstein
Val Morin, Quebec

Raymond Cyr
Montreal, Quebec

Ivan Hale
Alcove, Quebec

Rosemarie Kuptana
Ottawa, Ontario

Monique Marcil
Saint-Lambert, Quebec

H. Peter Oberlander
Vancouver, British Columbia

George Terry
Moose Jaw, Saskatchewan

Frank Augustyn
Toronto, Ontario

Anne Burrows
Edmonton, Alberta

Melvin Fitzgerald
St. John's, Newfoundland

Agnes Hall
Vancouver, British Columbia

Marie Lambert
Montreal, Quebec

Marion Ironquill Meadmore
Winnipeg, Manitoba

Barbara Seal
Hampstead, Quebec

Linda Thom
Ottawa, Ontario

Amy Williams
Lachine, Quebec

Ruth Marion Bell
Ottawa, Ontario

Michelle Cameron
Calgary, Alberta

Colin Franklin
Nepean, Ontario

Ronald Irving
Winsloe, Prince Edward Island

Virginie Larivière
Montreal, Quebec

Nancyruth
Toronto, Ontario

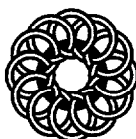
Hank Smith
Edmonton, Alberta

Vance Toner
Riverview, New Brunswick

For more information:

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

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



**Table ronde nationale
sur l'environnement
et l'économie**

344, rue Slater, bureau 200, Ottawa (Ontario) Canada K1R 7Y3

Tel./Tél. : (613) 992-7189 • Fax/Téléc. : (613) 992-7385
E-mail/Courriel : admin@nrtee-trnee.ca • Web : <http://www.nrtee-trnee.ca>