

GOVERNMENT OF ALBERTA

Annual Report

Environment and Parks

2019-2020

Alberta 

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Table of Contents

Preface	3
Minister’s Accountability Statement	4
Message from the Minister	5
Management’s Responsibility for Reporting	7
Results Analysis	8
Ministry Overview	9
Discussion and Analysis of Results	12
Red Tape Reduction	12
Outcome One: Environment and ecosystem health and integrity	14
Outcome Two: Sustainable economic development	27
Outcome Three: Public Well-being	34
Outcome Four: Public health and safety from environmental conditions and events.....	42
Performance Measure and Indicator Methodology	51
Financial Information	55
Reporting Entity and Method Consolidation	56
Ministry Financial Highlights	57
Supplemental Financial Information	62
Financial Statements of Other Reporting Entities	63
Technology Innovation and Emissions Reduction Fund	64
Land Stewardship Fund	82
Natural Resources Conservation Board	96
Energy Efficiency Alberta	117
Other Financial Information	136
Annual Report Extracts and Other Statutory Reports	144
Public Interest Disclosure (Whistleblower Protection) Act	144

Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Fiscal Planning and Transparency Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 21 ministries.

The annual report of the Government of Alberta contains ministers' accountability statements, the consolidated financial statements of the province and the *Measuring Up* report, which compares actual performance results to desired results set out in the government's strategic plan.

This annual report of the Ministry of Environment and Parks contains the minister's accountability statement, the financial information of the ministry and a comparison of actual performance results to desired results set out in the ministry business plan. This ministry annual report also includes:

- **the financial statements of entities making up the ministry including regulated funds and provincial agencies for which the minister is responsible;**
- **other financial information as required by the *Financial Administration Act* and *Fiscal Planning and Transparency Act*, as separate reports, to the extent that the ministry has anything to report; and**
- **financial information relating to trust funds.**

Minister's Accountability Statement

The ministry's annual report for the year ended March 31, 2020, was prepared under my direction in accordance with the *Fiscal Planning and Transparency Act* and the government's accounting policies. All of the government's policy decisions as at July 13, 2020 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

[Original signed by Jason Nixon]

Honourable Jason Nixon
Minister of Environment and Parks

Message from the Minister



It has been a great pleasure leading Environment and Parks over the past year as we balance sustainable resource development with preserving Alberta's precious air, land, water and biodiversity. We have many accomplishments to be proud of as a ministry, as a government, and as Albertans.

One of our first priorities was taking important steps to protect species at risk, including caribou. This involved a draft caribou conservation agreement with the federal government that will help recover woodland caribou, enable financial contributions from the Government of Canada, and represent Alberta's environmental and economic interests. Work is also underway to update species management plans and modernize the wildlife regulation. Our grizzly management plan efforts are already

working and the grizzly population is recovering thanks to the great work of Environment and Parks' wildlife professionals.

We modernized the grazing fee framework to keep our ranching industry strong, introduced new fishing guidelines that were the outcome of province-wide public engagement, and expanded the electronics recycling program which will recycle more than 24,000 tonnes of electronics that were not previously part of the program.

I am proud of the funding we provided to protect communities across Alberta from flooding, which will help keep families, property and infrastructure safer and more resilient. Budget 2019 includes more than \$22 million for 15 flood-resilience projects that support municipalities and Indigenous communities across Alberta. This will keep important projects on schedule, and create opportunities for municipal and First Nations partners to leverage additional federal funding.

We continue to work with Indigenous communities and organizations across Alberta on a path forward to ensure decisions made about the land and environment respect and honour their ability to practice rights, activities and traditional uses. We recognize that Alberta's Crown lands are important to all Albertans, including Indigenous peoples who have had strong ties to lands and waters throughout history and continue to have strong connections to these landscapes today. Alberta's Crown land is vital for Indigenous communities to exercise their constitutionally protected rights to hunt, fish, and trap for food.

We announced \$43 million in infrastructure funding to replace the Raven Creek Brood Trout Station and refurbish Sam Livingston Fish Hatchery and Allison Creek Brood Trout Station, which will support sustainable recreational fishing opportunities and a healthy aquatic ecosystem. Upgrading and modernizing filtration and water treatment systems that were at, or beyond, their expected service life will also help reduce energy and water consumption. Fishing is an important part of Alberta's cultural fabric and supports countless jobs across the province. About 300,000 anglers fish Alberta's lakes and rivers every year, and for every dollar invested in the province's fisheries, \$20 is generated for the economy. Overall, sport fishing contributes more than \$600 million annually to our economy. We are taking the right steps to ensure Alberta's fisheries are strong, healthy, vibrant and sustainable for future generations.

We remain committed to reducing emissions, which we know will play a major role in protecting our environment while restoring investor confidence in Alberta's energy sector. That's why we introduced the Technology Innovation and Emissions Reduction (TIER) system to manage industrial emissions, which account for more than 65 per cent of the province's total emissions. The

improved TIER system is cutting costs and keeping businesses competitive. In fact, oil and gas aggregate facilities under TIER are saving 90 per cent in costs – or about \$450 million – compared to what they would have paid under the federal carbon tax. The TIER fund is being reinvested into programs that will bring investment to Alberta and continue to build on Alberta’s strong record on environmental, social and governance matters.

We made good on our promises to repeal the carbon tax and cut regulatory red tape to help get the economy growing. Our preliminary methane emissions reduction equivalency agreement with the federal government, for example, is a major step toward ensuring Alberta’s oil and gas industry continues to achieve its world-class environmental outcomes in a way that is cost-effective and administratively simple. Alberta has been a leader on climate action and emissions management for more than two decades, and we will continue to build on that strong legacy through sensible and results-based approaches.

While it is clear that we have made great strides so far, there is still work to be done to strike the right balance between the needs of the environment, the needs of the economy, and the recreational needs of Albertans. The decisions we make now will solidify Alberta’s environmental stewardship and economic footing for generations to come – to the benefit of all Albertans.

The unprecedented COVID-19 pandemic and low oil prices created difficult and unforeseeable challenges for our province in 2020, but Alberta is a place of immense potential and prosperity and I am confident we will emerge from these challenging economic circumstances stronger than ever. An important part of our recovery is protecting the shared ecosystems and landscapes that define so much of our character as Albertans. As such, our government continues to make strategic decisions and investments that will drive emissions down while strengthening the health of our ecosystems, attracting investment, increasing opportunities for Albertans to interact with nature, and getting Albertans back to work.

We have great achievements to reflect on and a bright future to look forward to as we implement effective programs that continue to create positive change.

[Original signed by Jason Nixon]

Honourable Jason Nixon
Minister of Environment and Parks

Management's Responsibility for Reporting

The Ministry of Environment and Parks includes the Department of Environment and Parks and the other reporting entities listed in the ministry overview charts on pages nine and ten.

The executives of the individual entities within the ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and strategic plan, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the accompanying ministry financial information and performance results for the ministry rests with the Minister of Environment and Parks. Under the direction of the Minister, I oversee the preparation of the ministry's annual report, including the financial information and performance results. The financial information and performance results, of necessity, include amounts that are based on estimates and judgments. The financial information is prepared using the government's stated accounting policies, which are based on Canadian public sector accounting standards. The performance measures are prepared in accordance with the following criteria:

- **Reliability** – Information used in applying performance measure methodologies agrees with the underlying source data for the current and prior years' results.
- **Understandability** – the performance measure methodologies and results are presented clearly.
- **Comparability** – the methodologies for performance measure preparation are applied consistently for the current and prior years' results.
- **Completeness** – outcomes, performance measures and related targets match those included in the ministry's Budget 2019.

As Deputy Minister, in addition to program responsibilities, I am responsible for the ministry's financial administration and reporting functions. The ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- provide information to manage and report on performance;
- safeguard the assets and properties of the province under ministry administration;
- provide Executive Council, the President of Treasury Board and Minister of Finance, and the Minister of Environment and Parks the information needed to fulfill their responsibilities; and
- facilitate preparation of ministry business plans and annual reports required under the *Fiscal Planning and Transparency Act*.

In fulfilling my responsibilities for the ministry, I have relied, as necessary, on the executives of the individual entities within the ministry.

[Original signed by Deputy Minister Bev Yee]

Deputy Minister of Environment and Parks

July 13, 2020

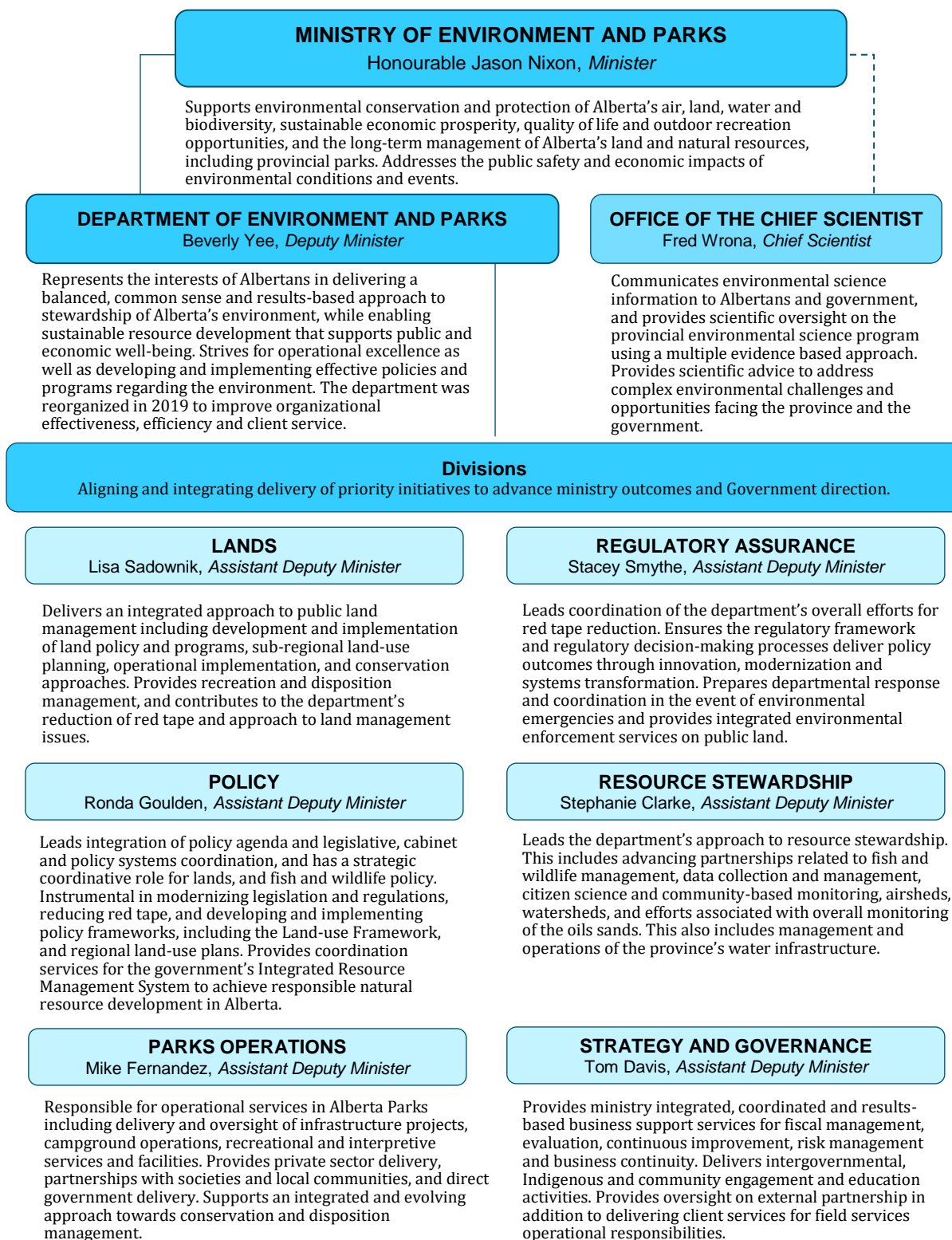
Results Analysis

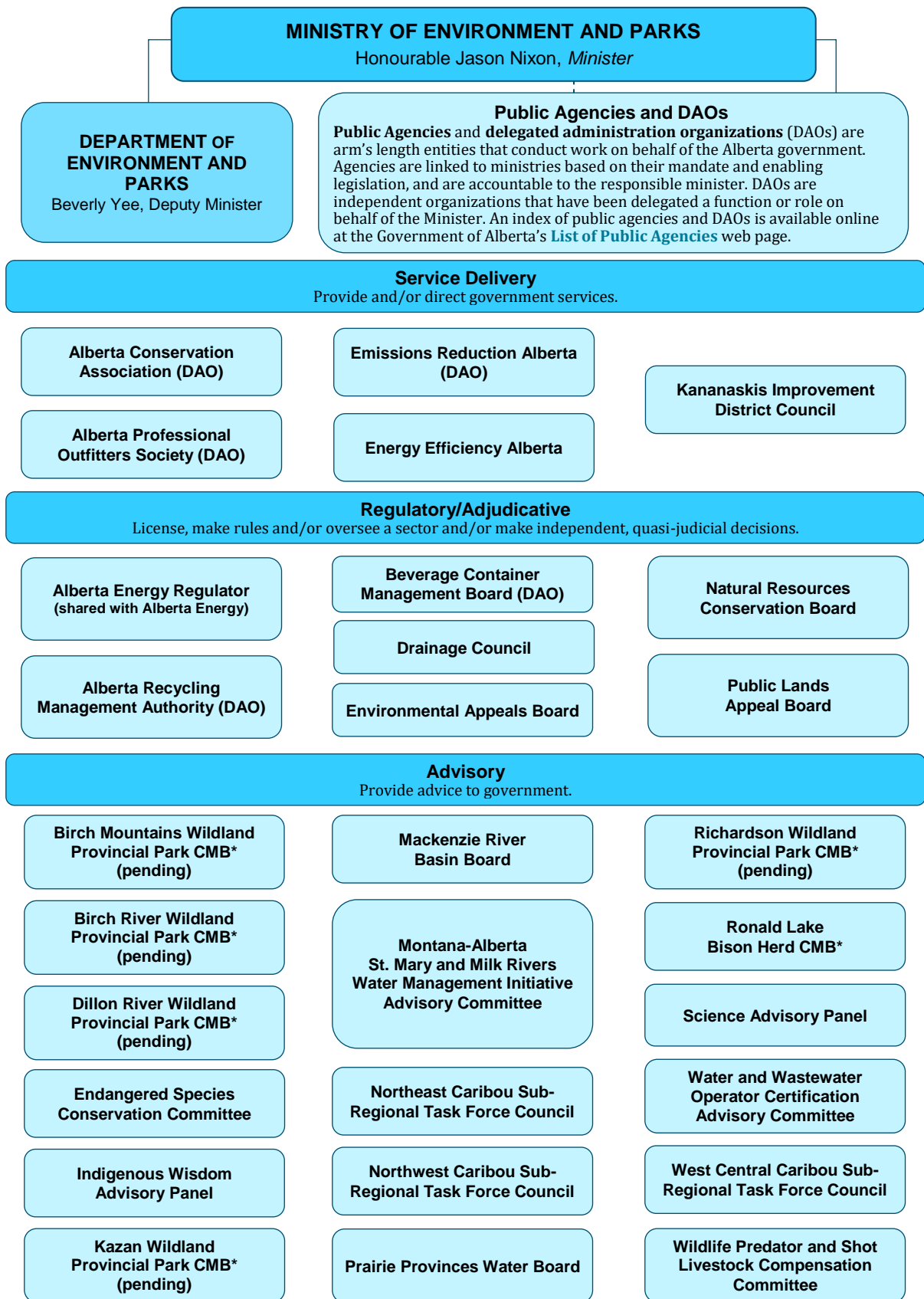
Table of Contents

Ministry Overview.....	9
Organizational Structure	9
Operational Overview.....	11
Discussion and Analysis of Results.....	12
Red Tape Reduction.....	12
Outcome One: Environment and ecosystem health and integrity.....	14
Outcome Two: Sustainable economic development.....	27
Outcome Three: Public Well-being	34
Outcome Four: Public health and safety from environmental conditions and events	42
Performance Measure and Indicator Methodology.....	51

Ministry Overview

Organizational Structure





* CMB - Cooperative Management Boards

Operational Overview

This annual report describes results achieved through delivery of key strategies, performance measurement and risk mitigation, and how they contributed to achieving outcomes as described in the [Environment and Parks Business Plan 2019-23](#). Department operations also included delivery of the:

- **Technology Innovation and Emissions Reduction Fund** (formerly the Climate Change and Emissions Management Fund): Collects monies from specified greenhouse gas emitting sources and other sources to support initiatives to reduce specified gas emissions or to increase Alberta's ability to adapt to climate change.
- **Land Stewardship Fund**: Receives proceeds from Alberta public land sales to be used for conservation purposes, either through purchasing private lands or through providing grants to registered land trust organizations for acquisition of conservation easements and conservation land management.

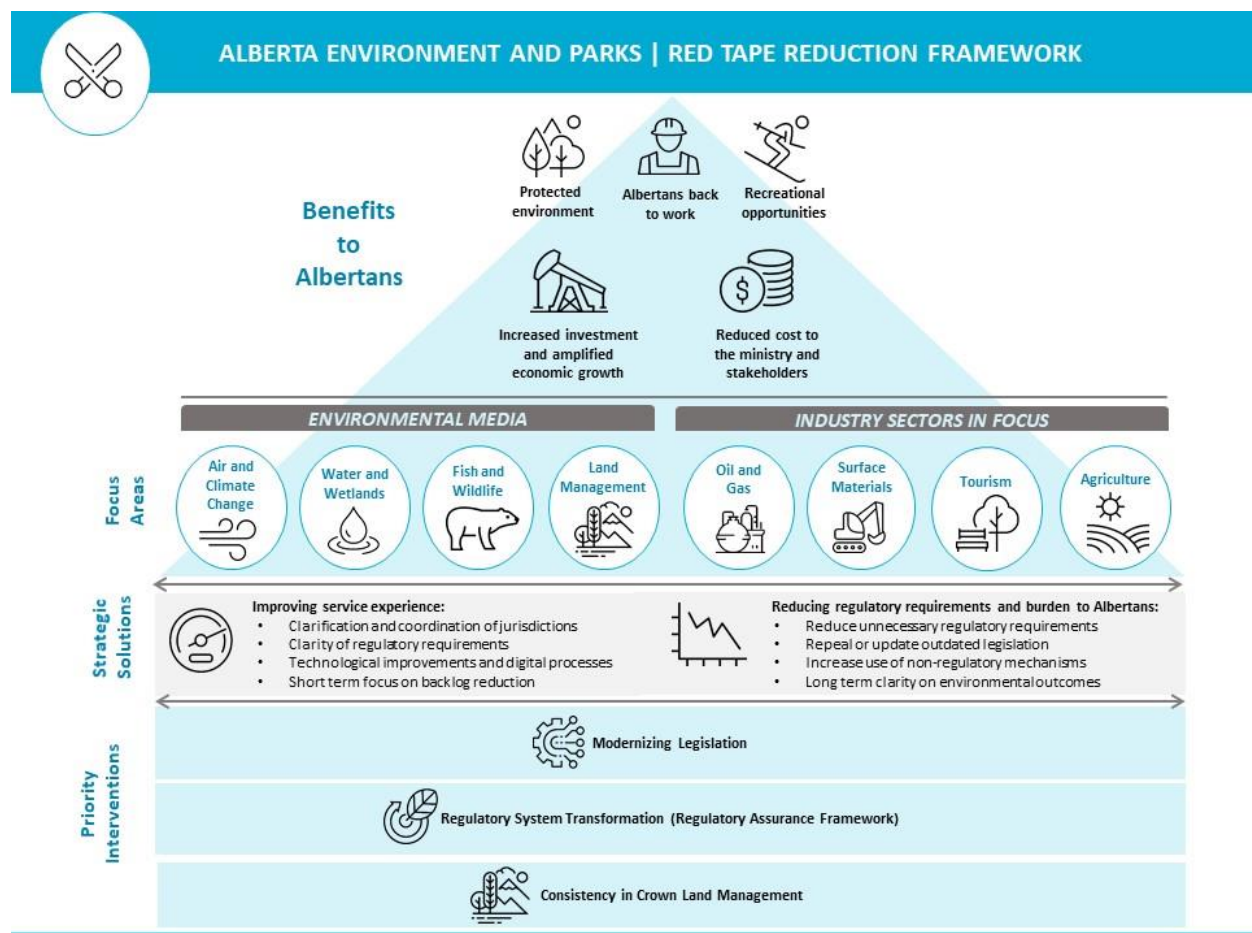
The outcomes and key strategies identified in this annual report are aligned with the strategic direction of the Government of Alberta as set out in 2019-20. The outcomes and key strategies identified in this annual report are aligned with the strategic direction of the Government of Alberta as set out in 2019-20. The results described in this annual report contributes to the ongoing evaluation of risk treatment activities.

Discussion and Analysis of Results

Red Tape Reduction

The Ministry of Environment and Parks is committed to the ongoing review of programs and services to ensure that the best possible outcomes are being achieved for Albertans. As part of this ongoing review, the ministry is committed to reducing red tape to make life easier for hard-working Albertans and businesses. This includes reducing regulatory burden and unnecessary processes to encourage economic growth and job creation; and make Alberta one of the freest, fastest moving yet environmentally respectful economies in the world.

Environment and Parks Red Tape Reduction Plan is taking a comprehensive and balanced approach to reducing red tape for both short-term and long-term while maintaining consumer, environmental, health and safety protections, and fiscal accountability. Legislation is being modernized for the 21st century and for current economic realities. Changes will improve overall client experience, address valid concerns for particular sectors and users of public land, and transform our regulatory system for the long term. Red tape reduction efforts target outdated or excessive regulations and administrative processes related to air, water, fish and wildlife, and public land management; as well as for sectors such as oil and gas, tourism, agriculture, and sand and gravel.



The ministry is committed to the March 31, 2023 target for reducing its regulatory count by one-third. In 2019-20, to establish a baseline count to guide its regulatory reduction efforts the ministry reviewed 28 acts, 61 regulations and approximately 1,100 policies, guides, directives and forms.

Within those the ministry identified 164,940 regulatory requirements as its baseline count and thereby established its one-third reduction target to be 56,000 by March 31, 2023. The ministry subsequently set its regulatory reduction target for 2019-20 at approximately 8,400 (5 per cent), but exceeded that by reducing the number by approximately 11,878 (7.2 per cent); while maintaining standards to ensure strong environmental management and human health.

Thirty-six red tape reduction initiatives were completed in 2019-20 ranging from changes to operational policies to helping reduce administrative burden to stakeholders, enhancing service delivery and streamlining internal processes. Additionally, developing codes of practice to reduce the number of environmental approval/authorizations required will replace both licence and approval requirements.

The following examples of completed Red Tape Reduction initiatives and projects illustrate positive changes in streamlining delivery:

- **Extended Tenure for Grazing Disposition Holders with Exemplary Stewardship** — To ensure Alberta's ranching industry remains successful and sustainable [operational policy was changed](#) to allow long term (20 year) tenure of leases, grazing permits and grazing reserves for those who provide exemplary stewardship of public lands under grazing disposition.
- **Developed Longer Tourism Tenure Limits and Improved Tourism Leasing Process on Public Lands** — Created a new disposition type for tourism and commercial recreation activities on public lands and increased the maximum disposition length to 60 years (from the current 25 years). The [leasing process was improved to reduce unnecessary steps](#) in the application process and to follow the existing public lands disposition application process.
- **Relaxed Liquor Constraints in Parks** — Within provincial parks, [the consumption of liquor was only permitted within registered campsites and groupcamps](#), or as part of a special event where it was specifically authorized through a liquor licence. In 2019, this prohibition was relaxed in eight campgrounds in Alberta for the May long-weekend and consumption of liquor with food at select day use picnic sites in Provincial Parks was permitted (see Key Objective 3.3).
- **Code of Practice for Powerline Works Impacting Wetlands** — Made under the *Water Act* and the Water (Ministerial) Regulation and released in December 2019 as part of the Government of Alberta's transformation of environmental approvals. Between releasing the [new code of practice](#) on December 23, 2019 and February 12, 2020, a total of 41 notices were submitted to [Environmental Approval Systems OneStop](#) system, replacing the same number of approvals which typically took several months to process versus the new 14-day turnaround for a notification.

Many aspects of the work Environment and Parks conducted under red tape reduction in 2019-20 were in response to submissions from stakeholders and the public. These submissions helped inform the overall red tape reduction plan. The ministry's red tape reduction work in 2020-21 is expected to contribute an additional 4.5 per cent (or 7,560) reduction in regulatory requirements by March 31, 2021. This includes completing, or making significant progress on 50 identified initiatives across a broad spectrum of work to reduce unnecessary regulatory requirements, improve administrative processes, improve client service experience and ensure clarity of policy direction.

Outcome One: Environment and ecosystem health and integrity

Environment and ecosystem health and integrity are indispensable to the well-being of Albertans. Part of achieving and sustaining this outcome includes leadership and effective consultation, collaboration and partnerships to develop and implement regional and sub-regional land use plans, environmental frameworks, and complementary strategies. The Office of the Chief Scientist continued to promote scientific excellence and integrity within the department, using a multiple evidence-based approach that is inclusive of Indigenous knowledge and providing scientific oversight on the provincial environmental science program to ensure credibility. Adherence to high scientific standards, improving data collection, and leveraging local and Indigenous knowledge through citizen science and community based monitoring initiatives contributes to informed and quality decision making. Legislation and regulation underpin the ministry's approach to implementing policies and programs, and they require periodic updates to address current and emergent issues. These efforts and commitments are reflected in the ministry's key objectives for the next three fiscal years.

Key Objectives and Supporting Initiatives

1.1 Collaborative and integrated regional and sub-regional land use planning and implementation effectively balances environmental, economic and social concerns.

Supporting Initiative:

- In 2019-20, \$20.9 million was allocated to regional and sub-regional land-use planning. The ministry is committed to returning to a comprehensive, collaborative and integrative approach in regional and sub-regional planning to manage cumulative effects and achieve desired economic, societal and environmental goals for a region, including the advancement of caribou management and recovery plans and implementation.

The Alberta Government is committed to jobs, building local economies and supporting strong communities. Government has also renewed its commitment to public involvement in land use planning. Through [Land-use Framework](#) regional plans, sub-regional plans and associated [Environmental Management Frameworks](#) government demonstrates progress towards achieving environment and ecosystem health and integrity in Alberta while concurrently contributing to desired social and economic outcomes.

Comprehensive sub-regional plans are being built on a foundation of environmental science and socio-economic assessments, which consider how sub-regional plans fit within the local and regional economies. Sub-regional plans shift Alberta away from single situation decision making processes and enable strategic land-use choices that increase clarity regarding economic opportunities and encourage investment. Sub-regional plans also can reduce regulatory red tape by creating certainty for operators in terms of access to lands and resources.

As part of the sub-regional planning process, the Alberta Government created three [Caribou Sub-Regional Task Forces](#) in 2019-20 to provide recommendations for a holistic approach to land-use planning that also supports woodland caribou populations in the Cold Lake, Bistcho Lake and Upper Smoky sub-regions while also taking economic, recreational, traditional and other societal factors into consideration.

Recommendations are expected in 2020 and will be checked for alignment with the region's biodiversity objectives and environmental, economic and social values.

Although development and implementation of regional plan content, sub-regional plans, and environmental management frameworks will continue for many years to come, in 2019-20 work focused on general *Land-use Framework* deliverables, and deliverables specific to the Lower Athabasca, South Saskatchewan and North Saskatchewan regions. These include:

Regionally Shared Land-use Framework or Work:

- Developed five short animated videos (Footprint: Episodes 1 to 5 found on YouTube) as part of modernizing existing communication tools and improving how information is shared on key concepts and approaches within land use planning and environmental management. Topics covered include cumulative effects, environmental management frameworks, the role of planning, and the importance of working together.
- Reviewed selected [Integrated Resource Plans](#) within established planning regions (e.g., Livingstone-Porcupine Hills – South Saskatchewan Region) to remove duplication of guidance for land-use decision makers.
- Partnered with municipalities and Watershed Stewardship Groups to implement several lake watershed management plans (e.g., Baptiste, Island, Pigeon, and Wabamun Lakes).

Region Specific Land-use Framework or Work:

Lower Athabasca Regional Planning

- Continued implementation of the Tailings Management Framework under the *Lower Athabasca Regional Plan*. Work over the past year focused on supporting progressive reclamation of oil sands mines by examining an Oil Sands Mine Water treatment technology and addressing science and knowledge gaps to support the development of regulatory requirements for the safe release of treated oil sands mine water to the environment.
- Government received comments and recommendations through the Lower Athabasca Regional Plan Review process. Consultation to improve the incorporation of Indigenous people's values and interests into the plan will continue in 2020 with First Nations and Métis communities.
- Continued development of the [Draft Moose Lake Access Management Plan](#), which focuses on a 10 kilometre zone around Moose Lake. Once complete it will set management requirements that contribute to maintaining Section 35 of the Constitution and opportunities for traditional use of Fort McKay First Nation and other Indigenous communities, ecosystem function and biodiversity, and continued opportunities for economic development.
- Continued implementation of the [Lower Athabasca Regional Air Quality Management Framework](#), [Lower Athabasca Region Groundwater Management Framework](#) and [Lower Athabasca Region Surface Water Quality Management Framework](#) includes the monitoring, reporting and response plans.
- Continued implementation of the [Lower Athabasca Regional Surface Water Quantity Management Framework](#) includes monitoring and reporting. A key focus in 2019-20 was on preliminary work with the First Nations and Métis organizations most directly involved in work and discussions on navigation in the Lower Athabasca River. This work will continue in 2020 and contributes to the province's commitments under the [Wood Buffalo National Park Action Plan](#).

South Saskatchewan Regional Planning

- Implementation of the [Livingstone-Porcupine Hills Land Footprint Management Plan](#) and the [Livingstone-Porcupine Hills Recreation Management Plan](#) (the province's first sub-regional plan, released in 2018). Ongoing work is proceeding through the Castle - Livingstone-Porcupine Hills Recreation Advisory Group, which is composed of recreation sectors, local

stakeholders and First Nations, regarding development of recommendations to the minister for a forward-looking regional trail system to support motorized and non-motorized recreation access and user experience. In 2019-20, the designated motorized trail system was managed within the limits set by the Land Footprint Management Plan. Associated Public Land Use Zone maps were adjusted to reflect input received from recreational sectors and individuals plus additional seasonal trails were opened in the fall to increase opportunities for hunters.

- Implementation of the [South Saskatchewan Region Air Quality Management Framework](#) and [South Saskatchewan Region Surface Water Quality Management Framework](#) including the monitoring, reporting and response plan.
- The Land Use Secretariat received 54 out of 75 (72 per cent) of [Compliance Declarations](#) from local government bodies for the South Saskatchewan Region. The *Alberta Land Stewardship Act* sets out the legal basis for regional land use planning in Alberta. Sections 20 and 21 of this act require decision-making bodies and local government bodies to review their regulatory instruments and make any necessary changes to ensure these instruments comply with the regional plan. These bodies are required to submit a compliance declaration – which is a statutory declaration – declaring that they have complied with the applicable regional plan before a set deadline. Work continues to improve compliance.
- The Ministry of Energy completed the compensation and cancellation process for Government of Alberta mineral agreements impacted by the creation of conservation areas in the South Saskatchewan Region.

North Saskatchewan Regional Planning

- Work advanced on a high level, initial phase of assessment to compare lakes and their watersheds within the North Saskatchewan and Red Deer region using a GIS-based assessment method. The project goal is to identify lakes and their watersheds that may be in need of active management and to prioritize management efforts.
- When completed this plan will address land-use planning decisions including how to deliver recreation and conservation within the environmental management frameworks. Ongoing engagement and with First Nations organizations and other key stakeholder is essential to this process and is anticipated to continue in 2020.

1.2 Leverage traditional and other effective conservation measures in collaboration with non-government partners to develop and advance conservation projects and programs.

Supporting Initiatives:

- In 2019-20, \$15 million was allocated to the Land Trust Grant Program and Land Purchase Program. Increased funding will support efforts aimed at conserving ecologically important lands to prevent habitat fragmentation, maintain biodiversity, and preserve native landscapes.
- In 2019-20, \$1.3 million (over the next four years) was allocated to Cows and Fish (Alberta Riparian Habitat Management Society), a non-profit society striving to foster a better understanding of how improvements in grazing and other management of riparian areas can enhance landscape health and productivity for the benefit of landowners, agricultural producers, communities and others who use and value riparian areas.

The [Land Trust Grant Program](#) works with partners to conserve landscapes representative of Alberta's natural regions and ecosystems to help address habitat fragmentation, maintain biodiversity (including species at risk) and preserve intact landscapes. The program also helps

preserve cultural and historical resources through the conservation of lands. The program's land conservation efforts also help achieve the landscape conservation goals of regional plans.

The program, since its inception in 2011-12, has awarded \$75 million in funding to nine land trusts to assist in the voluntary conservation of more than 147,000 acres of private land in Alberta. In 2019-20 the program issued 20 grants valued at \$10.2 million to seven land trust organizations to conserve 22,707 acres. The land trust organizations use the grant funding to support job creation in rural areas by hiring staff or contractors to assist with site assessments, baseline reporting, land appraisals, development of conservation easements, and project monitoring.

The **Alberta Land Stewardship Fund** was established under the *Public Lands Act* in 2010 and receives proceeds from the sale of public land in Alberta. The ministry accesses these funds to:

- provide grants to registered land trust organizations through the Land Trust Grant Program or,
- purchase private lands to achieve conservation objectives of the ministry.

No land purchases were made in 2019-20 under the Land Purchase Program.

For almost 30 years the ministry has partnered with and provided ongoing funding to the **Cows and Fish (Alberta Riparian Habitat Management Society)** to help successfully deliver a provincial riparian conservation and management program. The program creates awareness, monitors, evaluates, develops tools and promotes community based actions for riparian conservation and stewardship. It works with land managers to incorporate sustainable riparian practices that do not impede economic viability, and in some cases increases productivity. Good riparian health enables land managers to work sustainably within legislative limits.

In 2019-20, the ministry provided Cows and Fish core grant funding of \$310,000 to continue program delivery and to attract other funding and operational partnerships. This funding will continue annually until 2022-23. Cows and Fish main partners are the Alberta Beef Producers and Canadian Cattlemen's Association, both promoting good environmental stewardship within livestock practices which contributes to a sustainable economy.

In December 2019, the ministry and Cows and Fish signed a three-year (until 2023) Grant and Memorandum of Understanding for implementing the Eastern Slopes Riparian Management Initiative. This provided approximately \$447,200 for the first year of the agreement to set up capacity with systems, staff and to establish partnerships that the final three years of the agreement will build on. Subsequent funding will be determined based on Year 2-4 initiatives, this includes up to \$1 million per year based on matching funding from partnerships. First year accomplishments include:

- an Eastern Slopes Riparian Management strategic plan was developed;
- staff were hired and office locations secured in strategic locations throughout the Eastern Slopes (i.e., Lethbridge, Calgary, Rocky Mountain House); and
- systems and database were upgraded and an Eastern Slope communications plan with extension materials for the Eastern Slopes was developed..

Watershed Planning and Advisory Councils are important stewards of Alberta's major watersheds. They are independent, non-profit organizations designated by Alberta Environment and Parks to report on the health of our watersheds, lead collaborative planning, and facilitate education and stewardship activities. There are currently 11 watershed councils/alliances in Alberta. They were collectively granted \$2.7 million by the ministry in 2019-20. To support their ability to continue engaging Albertans in the shared stewardship of watershed resources they will also be granted \$2.7 million annually until 2022-23.

Alberta's Airsheds are multi-stakeholder and consensus driven groups that monitor and report on regional ambient air quality. Some Airshed organizations are contracted to operate air monitoring stations owned by the Government of Alberta. Airsheds may also operate air monitoring stations on behalf of industrial facilities. Alberta's has 10 airshed organizations and they were granted \$0.8 million by the ministry in 2019-20. They will also be granted \$0.8 million annual funding until 2022-23 to support their regional air monitoring and public awareness efforts.

1.3 Effective stewardship of Alberta's environmental resources was supported through development and implementation of targeted strategies and frameworks.

Environmental Frameworks and Regional Planning demonstrate progress towards achieving environment and ecosystem health and integrity in Alberta while concurrently contributing to desired social and economic outcomes.

The cycle of environmental monitoring, reporting, and response associated with the **environmental management frameworks and regional planning** is part of the Government of Alberta's commitment to managing cumulative effects, and it is also a ministry core business. These frameworks provide context for decisions about future activities and management of existing activities.

Currently environmental management frameworks are in place for the:

- Lower Athabasca Region: Air Quality, Surface Water Quality, Surface Water Quantity, Groundwater, and Tailings; and
- South Saskatchewan Region: Air Quality and Surface Water Quality.

In response to the **Review Panel Report 2015 – Lower Athabasca Regional Plan** recommendations, the department has improved the timeliness and transparency of reporting on environmental management frameworks. The report on the status of ambient environmental condition and management response is completed annually through the Lower Athabasca and South Saskatchewan Regions air and surface water management frameworks. These reports communicate environmental conditions in relation to thresholds (e.g., triggers and limits) and any actions undertaken in response to environmental conditions crossing thresholds.

The 2017 status of ambient condition reports were released in August 2019 after an unexpected delay. The associated status of management response reports are expected to be released in 2020. Report development for ambient environmental monitoring completed in 2018, including responding to threshold exceedances observed was completed in 2019-20. These reports will also be released in 2020.

A prototype of a Cumulative Effects-Decision Support Tool (CE-DST) was developed in 2019. The tool will enable **Integrated Resource Management System** decision-makers to consistently evaluate their resource allocation decisions within a cumulative effects context (e.g. applications with land disturbance activities within the context of a disturbance limit). Future versions of the tool will enable those who submit development plans for approval to better understand the effects of their project or development plan in relation to environmental thresholds and proactively adjust projects or plans before submission for approval.

Lower Athabasca Region — No triggers or limits were exceeded under the *Surface Water Quantity Management Framework for the Lower Athabasca River* in 2018. No limits were exceeded under the Surface Water Quality or Air Quality Management Frameworks in 2018 though some triggers were crossed. An investigation will continue to determine sources and patterns for surface water quality and air quality trigger exceedances. An engagement process was initiated to ensure stakeholders and Indigenous peoples are able to provide input into air quality management responses for the region.

South Saskatchewan Region — Annual reporting on air quality and surface water quality from 2018 showed no limits were exceeded for air quality and no limits were exceeded for eight of the nine surface water quality monitoring stations. The ninth station, Milk River highway 880, reported a limit exceedance for total dissolved solids and specific conductance in the winter of 2018. The limits are based on guidelines for irrigation, and an investigation is currently underway to better understand the source and any risks associated with this exceedance. Early results suggest the observed concentrations are consistent with historical concentrations and may be a natural occurrence, and irrigation is not known to occur in winter in this watershed. Therefore, the associated risk from the exceedance is low.

The **Watercourse Crossing Program** and associated **Roadway Watercourse Crossing Remediation Directive** guide work of all regulated parties within a watershed to coordinate remediation that addresses fish passage issues at a watershed level. The goal is to eliminate fish passage problems caused by poorly constructed and maintained watercourse crossings.

In 2019-20, the Watercourse Crossing Program was allocated \$170,000 in-kind/matching funds from the Department of Fisheries and Oceans' **Canada Nature Fund for Aquatic Species at Risk** to support program delivery in cooperation with regulators and crossing owners. In 2019-20, the program:

- revised the *Roadway Watercourse Crossing Inspection Manual* to evaluate fish passage concerns in the boreal region;
- ensured authorizations have conditions designed to manage watershed risk including self-inspection, maintenance and reporting for new, amended, renewed and existing dispositions plus the requirement for structures to be of higher standard within high-risk watersheds;
- submitted a proposal for red tape reduction and *Water Act* Code of Practice modernization pertaining to reducing paperwork, costs and time constraints to fish passage mitigation works without compromising environmental standards;
- advanced completing the integrated data management framework in support of the ministry using the Alberta Energy Regulator's Watercourse Crossing Tool. This will allow data gathered using this tool to create priority remediation lists for crossing owners;
- completed a free mobile application for both IOS and Android devices called the Alberta Watercourse Crossing Inventory App. This new application supports a data management system by capturing the spatial location and condition of crossings from the public/recreationists, roadway owners and regulators. Information collected will help more accurately define the extent of the watercourse crossing problems and assist in efforts to address them; and raised program awareness with targeted key audiences including industry, municipal governments, Alberta Government departments through individual engagement sessions, tradeshow participation, webinars and web-based content and videos.

1.4 Alberta's ambient environmental condition was monitored, evaluated and reported upon.

Supporting Initiatives:

- In 2019-20, \$21 million was allocated to Science and Environment Monitoring to provide scientifically sound environment monitoring, evaluation and transparent reporting to inform cumulative effects decision-making.
- In 2019-20, \$50 million was allocated to the Oil Sands Monitoring Program to deliver ambient environmental monitoring within the oil sands area to enhance understanding of the cumulative effects of oil sands development.

The Office of the Chief Scientist — Provides oversight to uphold the scientific credibility and integrity of the Environmental Monitoring and Science program and communicate environmental science information to Albertans and government. The office supports the independent Science Advisory Panel and Indigenous Wisdom Advisory Panel whose advice will continue to improve the quality, integrity and relevance of Alberta's Environmental Monitoring and Science program. The office is establishing a schedule for reporting to the public on the condition of the environment in Alberta on the basis of scientific evaluations and assessments of data collected by the environmental science program. The public reporting schedule will share the trend analysis of data collected over time through the long-term provincial monitoring networks to show Albertans how a set of environmental indicators are changing over time. The plan is to provide information in an online easy to access format through the environmentalmonitoring.alberta.ca website.

Provincial Environmental Monitoring and Science Program — The environmental monitoring and science program provides information and reports on different media (air, water, land, biodiversity) to support regional planning processes and environmental policies that also incorporate the information needs and concerns of stakeholders and Albertans. All long-term environmental monitoring programs are actively being reviewed and optimized through ongoing scientific assessment of historical and current data. This includes combining consensus-based priorities from multiple stakeholders to develop and fund environmental monitoring, evaluation and reporting programs. These programs will build on past and present monitoring, evaluation and reporting initiatives to enhance scientifically credible environmental monitoring and science in Alberta. Examples include:

- the implementation of the 2018 plan, *A five-year provincial water quality monitoring, evaluation and reporting plan for lotic systems*, resulted in a significant expansion of the monitoring network for water quality and quantity of surface water. A primary focus was on the North Saskatchewan River (NSR) watershed under the NSR Watershed Alliance - WaterSHED program. Development and delivery mechanisms of this monitoring program reflect consensus based priorities from multiple stakeholders in a collaborative partnership model; and
- leveraging expertise and capacity to plan, design and deliver community-based science and monitoring programs of mutual interest to place-based partners (including Indigenous communities) such as investments in the Indigenous Climate Change Observation Network (ICCON), and weaving Traditional Ecological Knowledge (TEK) and Indigenous wisdom into monitoring, evaluation and reporting activities.

Technical and Plain Language Reporting— The environmentalmonitoring.alberta.ca website provides members of the Alberta public, stakeholders groups, communities, industry and the scientific community with access to data, technical publications (including listings of peer-reviewed journal articles in scientific publications) and plain language summaries of information collected through the environmental monitoring and science program. In addition to published reports scientists and technical experts share their knowledge and connect to decision makers through seminar series, communities of practice workshops and webinars, and stakeholder information sessions. These interactive opportunities allow increased connections at the science-policy interface and serve to promote timely evidence-informed decision-making processes.

Full access to the stories, reports and data released in 2019 can be found at environmentalmonitoring.alberta.ca.

Some [Office of the Chief Scientist publications](#) on **Environmental science and monitoring** of note released in 2019-2020 include:

- *Knowledge for a changing environment: 2019-2024 science strategy*;

- *Characterization of air quality during the 2016 Horse River Wildfire using permanent and portable monitoring* (Nov 2019);
- *Lethbridge Air Quality Focused Study* (Sept 2019);
- *Methods and Procedures for Trend Analysis of Air Quality Data* (Aug 2019); and
- Multiple *Land Use Framework* state of ambient environmental condition reporting for surface water quality, surface water quantity and air quality for the South Saskatchewan and Lower Athabasca Regions in August 2019.

Oil Sands Monitoring (OSM) Program — The **OSM Program** monitors and assesses changes in environmental conditions in Alberta due to oil sands development. Operating since 2012, the program is one of the largest multi-media (air, water, land, and biodiversity) environmental monitoring programs in the world and it is funded by industry with up to \$50 million annually contributed through the Oil Sands Environmental Monitoring Program Regulation. The program is co-managed by the Governments of Alberta and Canada. Support is also provided by multiple stakeholder Technical Advisory Committees for Air, Water, Groundwater, Deposition, Wetlands, Biodiversity, and Cross-cutting. This commitment from both governments, coupled with the integration of multiple stakeholders, including industry and Indigenous communities under a governance structure established in 2018-19, ensures effective delivery of the OSM Program.

In 2019-20, a singular, integrated monitoring and assessment work plan was developed that considers cumulative effects and state of environment reporting, and integrates Indigenous community based monitoring. In 2020, the program made significant advances in improving administrative processes, increasing participation of Indigenous communities in both governance and monitoring, and providing increased access to OSM Program results and products via publically accessible data portals ([OSM Program Data Portal](#)). The OSM Program generates products including peer-reviewed papers, technical reports, program reports, presentations and workshop material and since 2012 generated over 500 products. The *Oil Sands Monitoring Program Annual Report for 2018-19* describing program accomplishments was released in November of 2019.

1.5 Environmental legislation and regulation was modernized to address current and emerging issues.

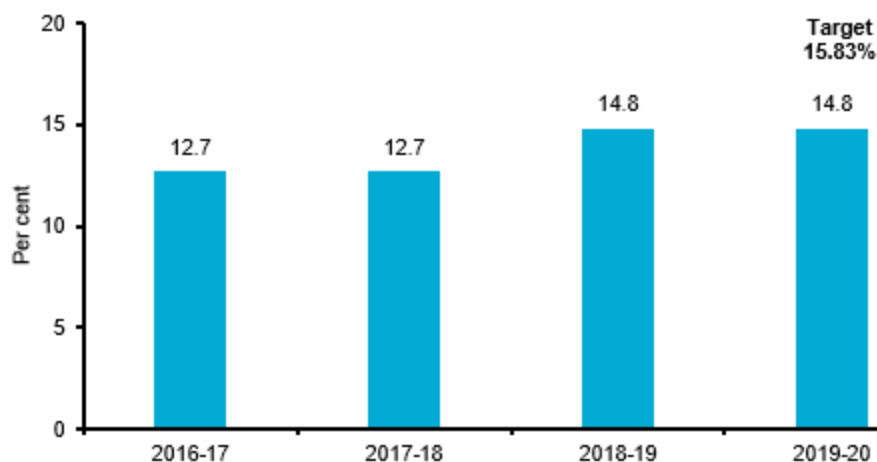
Environment and Parks has advanced work on the modernization of Alberta's approach to the management of public lands and improving legislation to increase efficiency and clarity in the system, reduce red tape and better support the needs of Albertans. In the past, Alberta's public lands including parks has been managed using many different approaches and tools that have contributed to duplication, and inefficiencies. Focus areas initiated or advanced in 2019-20, included:

- red tape reduction;
- regulatory approvals enhancement;
- enhancing recreation management;
- modernizing grazing tenure; and
- sub-regional planning.

This also included work on sub-regional and caribou range planning, (see Key Objective 1.1), and preliminary work began on an Alberta Trails Act and fee framework (see Key Objective 3.1). This work will begin in 2020-21, and Albertans will be included in the conversation.

Performance Metrics

1.a Performance Measure: Percentage of recognized protected and conserved areas



Source: Environment and Parks, Parks Canada, Environment and Climate Change Canada.

Note: This measure includes protected areas under federal, provincial and municipal jurisdiction that meet the International Union for Conservation of Nature definition. Previous years results have been restated due to a change in methodology.

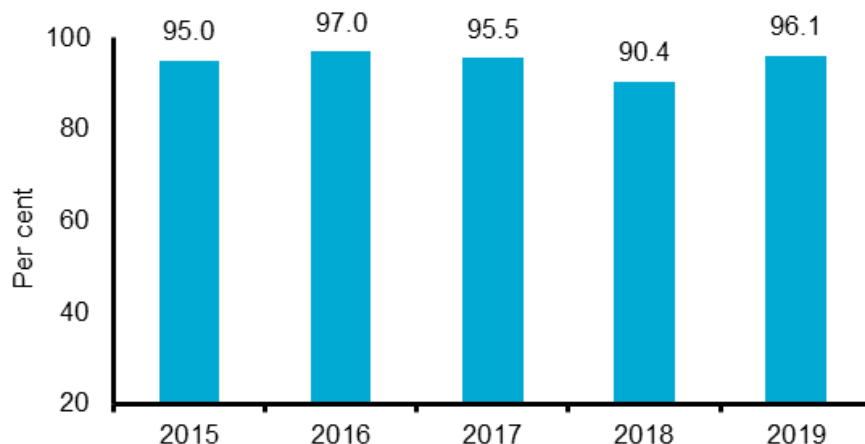
Protected and conserved areas contribute to biodiversity and provision of ecosystem services such as water quality and quantity, air purification, and nutrient recycling. Protected areas are recognized as essential mechanisms to improve biodiversity worldwide and are the cornerstone that governments rely on to achieve biodiversity conservation objectives.

Protected and conserved areas in Alberta have increased over time as a result of provincial protected area expansions or establishments. Results of 14.8 per cent in 2019-20 were relatively static, with addition of Alberta's first reported municipal protected area. The 2019-20 target of 15.83 per cent was not met due to timing of designations of Land-use Framework Regional Plan commitments and changes in government priorities.

As reported in Canada's Protected and Conserved Areas Database (CPCAD), December 2019, Alberta had the third highest percentage of protected and conserved areas in Canada behind British Columbia at 19.5 per cent and Northwest Territories at 15.8 per cent. Protected area establishments continue to be complex projects that include significant public, Indigenous and stakeholder consultation processes, and can face delays or changes in government priority. In future years, potential new or expanded provincial protected areas or Other Effective Area-based Conservation Measures (OECMs) will continue to be identified and established through Land-use Framework regional planning or other initiatives. Results are also expected to increase as a result of evaluation and inclusion of existing private and municipal protected areas, as well as OECMs. This will allow for a more comprehensive accounting of existing protected or conserved areas in Alberta that meet the intent criteria for the performance measure.

1.b Performance Indicator: Percentage of good air quality days in urban areas

The air quality index reflects the overall provincial air quality based on ambient air quality objectives and guidelines of five major pollutants: fine particulate matter, ozone, carbon monoxide, nitrogen dioxide and sulphur dioxide.



Source: Parkland Airshed Management Zone, Calgary Region Airshed Zone, Fort Air Partnership, Peace Airshed Zone Association, Palliser Airshed Society, Wood Buffalo Environmental Association, Lakeland Industry and Community Association, Alberta Capital Airshed, Environment and Parks.

Note: The Canadian Ambient Air Quality Standards focus on long-term ambient levels of fine particulate matter and ozone in the province's six air zones and complement the air quality index by guiding air quality management actions.

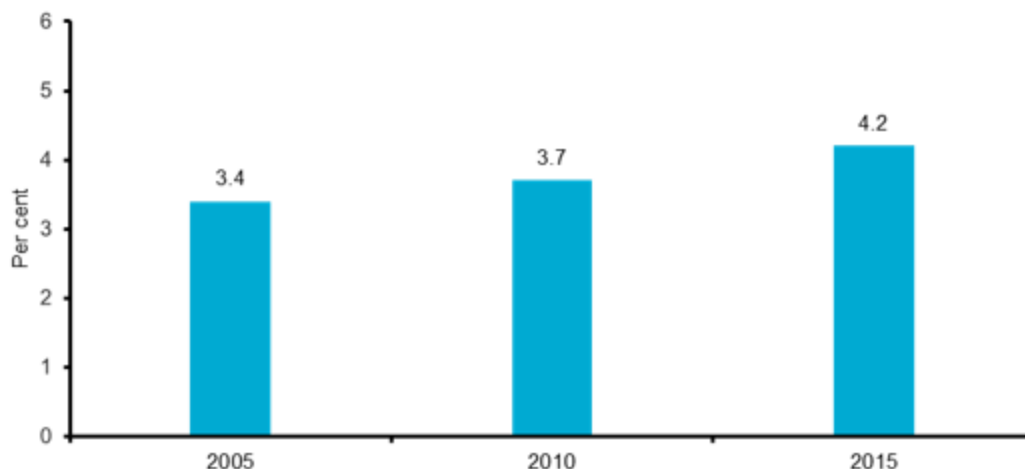
Good air quality is critical for both human and ecosystem health. The index tracks Alberta's air quality relative to provincial ambient air quality objectives and guidelines for pollutants linked to human respiratory health effects, particularly of more sensitive populations including young children and the elderly.

Over the last five years, air quality has been consistently high with an average of 94.8 per cent good air quality days. In 2019, there were 96.1 per cent good air quality days, up substantially from 90.4 per cent in 2018. This increase is mainly due to a return to more normal conditions in 2019 than were experienced in 2018, and is comparable to results from 2015 to 2017. The 2019 result was influenced by particulate matter and ozone from natural or potentially human sources in the late winter and spring. Management levels for Alberta air zones under the Canadian Ambient Air Quality Standards (CAAQS) will be assessed in the future to determine the impact people have on ozone and fine particulate matter levels, and guide air management actions. A smoke event from a number of large fires burning in northern Alberta in late May to early June 2019 affected most communities in the province, yet air quality remained relatively good through the summer, possibly due to frequent rainfall.

In 2019, the ministry implemented the Industrial Air Emissions Management Program to improve quantification of emissions by facilities and inform policy options and regulator decision making. Using a collaborative multi-stakeholder process through the Clean Air Strategic Alliance, Alberta is taking steps to manage non-point source emissions and is reviewing provincial Air Quality Objectives to ensure continued protection of human and environmental health. Based on the ministry's jurisdictional review of international policy approaches and regulatory tools for areas of

non-achievement, the Government of Alberta is identifying opportunities to ensure good air quality moving forward.

1.c Performance Indicator: Percentage of vertebrate species designated as 'at risk'



Source: Environment and Parks.

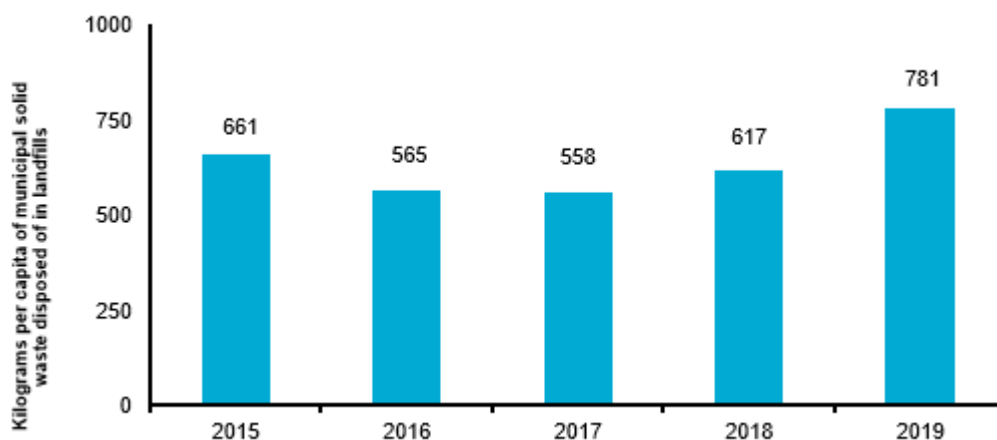
Note: Results are reported once every five years as committed to as a signatory of Canada's Accord for the Protection of Species at Risk.

The species at risk results provide an important indication of the state of ecological integrity, biodiversity on the landscape and ecosystem health. Species more sensitive to change can exhibit population decreases that can have cascading impacts on other species and ecosystem components and services, therefore signaling when special management and recovery actions are necessary.

In 2015, 25 species out of a total of 601 (4.2 per cent) were identified as at risk, an increase from of 3.7 per cent (22 out of 589 species) in 2010. The increase was attributed to three fish species being identified as at risk; pygmy whitefish, Athabasca rainbow trout, and bull trout. The western grebe (a bird species) was also identified as at risk, however this was balanced out by the trumpeter swan at risk declassification. The results reflect a reduction in classification backlog due to assessment work conducted by the Endangered Species Conservation Committee (ESCC) rather than a deteriorating status of species. This has impacted the increasing trend since 2005.

Once the ESCC clears the waiting list of high priority candidate species, results will likely remain relatively stable. In the long term, the percentage of at risk species is expected to increase due to growing pressures on the landscape. However, as recovery plans are implemented, it is anticipated that species will recover back to naturally sustainable populations. The ministry continues to work with other departments, partners and Albertans to manage multiple land uses in Alberta, improve habitat restoration, minimize habitat loss and fragmentation, and enhance populations of several at risk species.

1.d Performance Indicator: Kilograms per capita of municipal solid waste disposed of in landfills



Source: Alberta Environment and Parks.

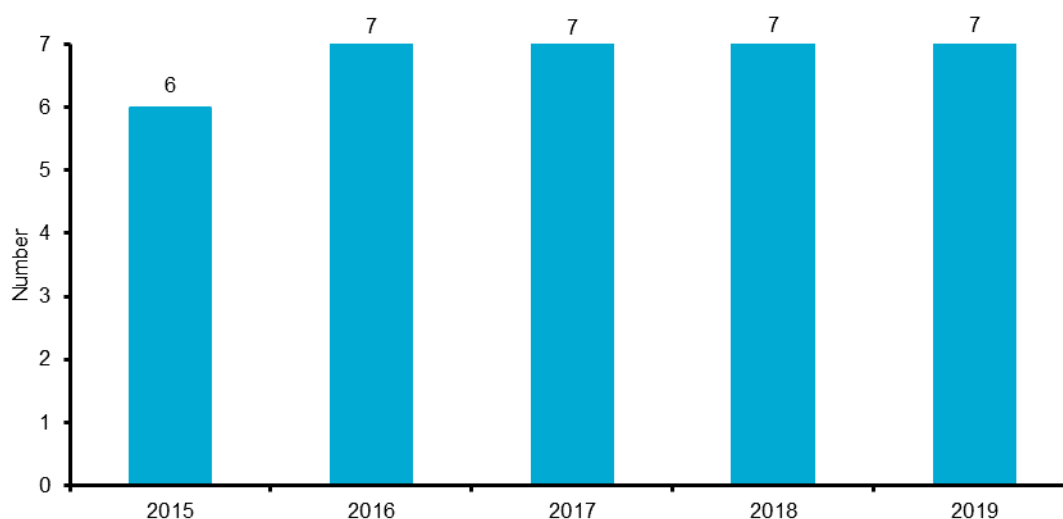
Note: Results for this year may not be comparable to previous years as data from more landfills was included in 2019. Results in coming years will help determine if this is an anomaly.

The quantity of waste disposed in landfills can affect landfill capacity, landfill lifespan, and land-use. Tracking per capita municipal solid waste disposed in landfills is used to monitor trends in Alberta's progress towards reducing the amount of municipal solid waste.

Municipal solid waste disposal is beginning to show an upward trend as shown by a result of 781 kg in 2019, up from 617 kg in 2018 and 558 kg in 2017. Factors behind the increase in 2019 include data from more facilities reported, producing more accurate results. Also, the 2019 results reflect more materials and organics going to landfills due to changes in recycling markets and how organic waste is handled. Waste generation and disposal is strongly linked to economic activity, the availability of recycling programs, markets for recycling materials and efforts by individual municipalities to provide waste diversion programs.

The ministry contributes to the reduction of municipal solid waste disposal through regulated recycling programs for paint, electronics, tires, used oil, beverage containers, and a non-regulated program for household hazardous waste. Programs are administered through delegated administrative organizations and through collaboration with local municipalities and landfill operators. The ministry is working towards modernizing Alberta's waste management strategy and tools to make them more effective in responding to present and future waste management needs. A new pilot program for recycling of additional electronics products was announced in 2020 and government is considering ideas for increasing plastics recycling to support waste reduction.

1.e Performance Indicator: Number of inter-provincial and international transboundary river water quantity outflow obligations met



Source: Prairie Provinces Water Board Secretariat and the International Joint Commission Accredited Officers.

Note: Interim data was used to populate 2016-2019 results for one river and 2018-2019 results for remaining rivers. Data is considered interim until published by the administrative bodies.

Alberta works in partnership with water users and inter-jurisdictional partners toward achieving sustainable water supplies and healthy aquatic ecosystems. Inter-jurisdictional agreements are based on the guiding principles of equitable utilization of available river flows. Alberta manages inter-jurisdictional water outflow obligations for Lodge Creek, Middle Creek, Battle Creek, South Saskatchewan River, North Saskatchewan River and Cold River flowing into Saskatchewan, and the Milk River entering Montana.

All seven transboundary waters outflow obligations have been consistently met over the last five years, with the exception of 2015, when Canada incurred a deficit to the United States (U.S.) on the Milk River. The U.S. also has outflow obligations to Canada on the St. Mary River, which are not included in this performance metric. The International Joint Commission (IJC) Accredited Officers (AOs) apportion the waters of the Milk River and the St. Mary River according to a set of administrative procedures including measuring, estimating or calculating flow, water uses, the total natural volume of flow, and bimonthly flow apportionment. The procedures also allow for periodic deficits in apportionment on one river to be offset with deficits in the other river, within the calendar year. In 2019, the AOs considered outflow obligations met, though the year-end deficit on each river was not exactly equal. Similar flexibility in procedures was exercised by the AOs in 2015 and 2018. In 2017, Alberta irrigators had to cease water use in August, to meet the obligation. The usual timing and/or quantity of spring and summer flows has changed in recent years, resulting in challenges for water apportionment, and availability for use.

In June 2019, the AOs submitted a proposal to the IJC for resources to investigate options for increased resilience in the shared waters, including changes to the administrative procedures, and structural (storage) options. The ministry will continue to engage in partnership with the AOs and staff to improve monitoring, operations and flow forecasting information to support decision making, and communication to water users.

Outcome Two: Sustainable economic development

Sustainable economic development offers Albertans opportunities for the economic well-being and quality of life they desire, within environmental capacity. Alberta, as a resource-based economy that contributes significantly to Canada's economic well-being, will continue to balance interrelated environment, economy, and social needs through responsible development of the province's natural resources. This includes actions to mitigate greenhouse emissions by working collaboratively with large emitters and investing in innovation and the practical application of technology. Enhanced economic development opportunities will also be supported through effective public land utilization and reduction of unnecessary regulatory and process burdens while still protecting environmental and social needs.

Key Objectives and Supporting Initiatives

2.1 An integrated regulatory assurance framework increases the effectiveness of Alberta's environmental approval and compliance processes

Supporting Initiative:

- In 2019-20, \$8 million was allocated to the Integrate Regulatory Business Process initiative to improve business process and efficiency through development of technology solutions leveraging cloud technology to allow for collaborative work in real-time by numerous experts who impact the regulatory process and decision makers. (Budget allocated and initiative delivered through Service Alberta.)

The **Regulatory Assurance Framework (RAF) implementation** balances the two key goals of ensuring environmental regulatory outcomes are being achieved, and providing clear, transparent requirements, processes and decisions for industry stakeholders. At the heart of the new strategy and design is an outcome-based regulatory framework that requires an understanding of all acts as well as the relationship between them to assist decision makers in a holistic way throughout the lifecycle of an activity or project.

To drive the implementation of the RAF, the new business strategy and operating model was established to:

- incorporate a common risk management framework into decision making;
- assure environmental outcome achievement and measurement to achieve policy intent;
- streamline business processes within the lifecycle of an activity;
- provide clear and transparent requirements for proponents; and
- improve the user experience in planning, applying for, and operating authorized activities in AEP's jurisdiction.

One of the major undertakings as part of the transformation will be to improve and streamline business processes within and across many acts, and to manage the full lifecycle of an activity, from application to closure. The impact of these improvements will be greater clarity and certainty to proponents around costs, timelines and requirements for environmental activities. The new processes and technology will assist in providing greater clarity on decisions, providing timeline improvements for authorizations, and in removing redundant requirements from legislation. The result will be better use of resources by the regulator and proponents through improved service to Albertans.

The RAF is a major business transformation effort over the next two to three years beginning in 2019-20. This past year, the transformation focused on developing the business strategy and

standup of a new business model to support the framework. A draft business strategy and conceptual operating model were completed in November 2019. The next step is to use the RAF and new business strategy (design) to build a process level end-to-end workflow for aggregate pit operations by April 2020. Testing, refinement and implementation of the process will continue in 2020 with full implementation expected along with the associated technology in January 2021. Work on other activities will continue in 2020-21 and will be implemented as completed. The intent is to have all regulatory processes on the new Digital Regulatory Assurance System by 2022.

2.2 Provincial policy encourages and increases the use of development credits and conservation offsets.

In 2019-20, the ministry met with numerous stakeholders representing sectors potentially affected by the use of development credits and conservation offsets to gather their input. The ministry subsequently drafted guiding documents for further engagement with stakeholders in 2020.

The oil sector reports some investors are requiring companies to produce biodiversity plans, which Government adoption of voluntary offsets will support. This suggests the work is still beneficial to long-term environmental management in Alberta.

The department is currently advancing a voluntary conservation offsets initiative which depends on industry interest to drive activity.

2.3 Climate change is addressed through the development and implementation of the Technology Innovation and Emissions Reduction (TIER) system and effective innovation and practical programming in collaboration with large final emitters and other stakeholders.

Supporting Initiative

- In 2019-20, \$231.2 million was allocated to Environment and Parks from funding that is derived from the [Technology Innovation and Emissions Reduction \(TIER\) system](#). The TIER system for Alberta's large final emitters will protect the competitiveness of Alberta's industry while achieving real emission reductions.
 - Emissions Management Programming: effective and practical investments in innovation and technology, and related emissions reduction programming, will support further reductions.
 - Oil Sands Innovation Fund: partnerships with Alberta's oil sands sector will support practical investments to help reduce greenhouse gas emissions at emission intensive facilities.

The [TIER System](#) includes the [Technology Innovation and Emissions Reduction Regulation](#) that came into force on January 1, 2020, replacing the Carbon Competitiveness Incentive Regulation (CCIR). The TIER regulation maintains a strong incentive to reduce emissions across Alberta industries while protecting international competitiveness. Within TIER a number of examples of **Modernizing of Legislation and Red Tape Reduction** occurred:

- Stakeholders in the conventional oil and gas sector indicated a strong desire for protection from federal carbon pricing by seeking voluntary regulatory coverage under the [Technology Innovation and Emissions Reduction Regulation](#).
- Stakeholders generally suggested that sector reporting, verification and compliance processes should be streamlined as much as possible. In response the ministry implemented red tape reduction measures within the regulation to allow multiple conventional oil and gas facilities to aggregate when submitting annual compliance reports,

thereby reducing reporting expectations on industry and easing the administrative burden within government.

- Interim compliance reporting was eliminated under the new regulation with overwhelming support from regulated facilities. Alignments have also been made in emissions quantification methodologies for federal and provincial reporting regulations. Verification requirements remain but these measures eased the reporting burden placed upon regulated facilities under the former regulatory regime, as well as within government. Ongoing improvements to the emissions offset system also reduced red tape for stakeholders.

TIER Fund — One compliance option under the TIER regulation is to purchase fund credits through payments into the TIER Fund, which is reinvested in further emissions reductions and provincial deficit reduction. These investments will increase Alberta's Gross Domestic Product (GDP), support jobs in high technology sectors, decrease future greenhouse gas (GHG) emissions, and increase resiliency to a changing climate. In 2019-20, Environment and Parks spent \$180.2 million from the TIER Fund to support initiatives in Environment and Parks. Investments were made in a range of projects and programs that supported the development and deployment of innovative technology that contributes to reducing Alberta's GHG emissions while creating and supporting jobs for Albertans. Investments were also made in projects that helped improve climate and economic resiliency by enabling Albertans and Alberta businesses to make informed decisions on the impacts of a changing climate. Initiatives supported in 2019-20 include competitive emissions innovation funding rounds administered by Emissions Reduction Alberta, the Oil Sands Innovation Fund and Bioenergy Producer Program.

Emissions Reductions Alberta (ERA) — In 2019-20, Environment and Parks allocated funding derived from TIER to ERA for investments in projects that will accelerate the development and adoption of innovative technologies to reduce greenhouse gas emissions (see Key Objective 2.3). In 2019-20 this included funding for:

- a Natural Gas Challenge to support clean technology projects that reduce greenhouse gas emissions across Alberta's natural gas value chain. The application deadline closed on December 19, 2019, and proposals are being assessed and it is anticipated successful applicants will be announced spring 2020;
- Lehigh Cement to support a feasibility study for capturing and storing emissions from the company's Edmonton cement plant. If the project is successful, Lehigh could avoid up to 90 per cent of its current emissions per year and create approximately 20 full-time jobs; and
- the two winners of ERA's Grand Challenge, Mangrove Water Technologies and CarbonCure Technologies. These two technologies could deliver emissions reductions of almost two million tonnes of CO₂e per year by 2030: equal to over 420,000 passenger vehicles driven for one year or over 30 million tree seedlings grown for 10 years.

Oil Sands Innovation Fund — In 2019-20, funding was allocated to the following projects during Grant Period 1 to support oil sands in situ emissions reductions:

- non-condensable gas (NCG) co-injection with steam to reduce energy demand and emissions intensity by decreasing bottom water pressure;
- developing new infill wells and well pads to reduce emissions intensity and steam-to-oil ratio; and
- new downhole pump technology that can reduce emissions intensity, improve energy efficiency, and demonstrate the use of a new technology.

Environment and Parks offered extensions of the Oil Sands Innovation Fund (OSIF) annual progress reporting by six months due to the COVID-19 pandemic.

Bioenergy Producer Program (BPP) — This program helps to maintain bioenergy operations in Alberta and retain benefits generated by the sector. The BPP supports innovative projects that can contribute to reducing greenhouse gas emissions while utilizing local resources and creating jobs in rural areas. In 2019-20, the BPP provided bioenergy electricity and liquid biofuel project supports to the following recipients: Dapp Power LP, Whitecourt Power LP, Lethbridge Biogas LP, Grow the Power Circle Ltd., Permolex Ltd., and ADM Agri-Industries Ltd.

Other Innovative and Practical Projects — Invested in numerous projects to support emissions reductions and increased climate resiliency, while creating and supporting jobs for Albertans. Projects focused on a variety of areas and economic sectors including:

- methane emission reduction projects to achieve immediate reductions from oil and gas operations;
- application of artificial intelligence and machine learning technologies in the industrial sector to enhance business efficiency and operation processes;
- research-oriented projects focused on new methane detection technologies, and new methane leak detection and mitigation tools; and
- capacity building and planning support for Alberta communities to increase their climate and economic resiliency.

2.4 Mandatory environmental impact assessments for major economic development proposals and social-economic impact assessments for environmental protection proposals support evidence based decision-making.

Environmental Impact Assessments and Economic Competitiveness — Environment and Parks continued to provide regulatory certainty and support the competitiveness of industry through delivery of robust environmental impact assessments (EIAs). Alberta's environmental assessment process is clear and predictable to industry, stakeholders, and indigenous peoples. The regulatory framework ensures that government policy and legislation is implemented as intended so that we achieve the environmental outcomes that Albertans expect and to ensure good projects proceed and contribute to the growth of the Canadian economy.

The Environmental Assessment process allows companies and government decision makers to examine the effects that a proposed project may have on the environment. The information gathered during the process helps the appropriate regulatory board determine if the project is in the public interest.

The Government of Alberta actively engaged the federal Impact Assessment Agency on the *Impact Assessment Act* and *Canadian Energy Regulator Act*, as they will harm Alberta's competitiveness and deter investments. The Premier, several Ministers and senior officials appeared at Senate Committee meetings to present Alberta's concerns with these acts and provided alternative approaches. Also, the Government of Alberta provided a series of written submissions to the federal government at a ministerial level outlining Alberta's deep concerns with these acts and their potential to erode investor confidence and severe negative impacts to the Canadian economy.

Environmental Impact Assessments — Throughout the 2019-20 fiscal period, Environment and Parks continued development of EIAs for the Castle Mountain Resort Future Development and Springbank Off-Stream Reservoir.

- **Castle Mountain Resort Future Development** — Castle Mountain Resort Inc. proposed an expansion of their winter ski and snowboard resort to include summer activities, increase winter activities and develop additional base area facilities to accommodate a larger

number of visitors. They were requested by government to prepare an EIA to support their proposal Plan and a response is anticipated in 2020-21.

- **Springbank Off-Stream Reservoir Project** – The Alberta Government proposed to divert extreme flood flow from the Elbow River into an off-stream reservoir where it would be temporarily contained and later released back into the Elbow River after the flood peak has passed. An EIA report for this proposal is in development.

2.5 Reclamation responsibilities are addressed through effective liability management policies and providing options to industry to pay adequate security.

Environment and Parks and Alberta Energy co-led changes to the province's upstream oil and gas liability management regime. The changes focused on reducing red tape, modernizing legislation, and were in direct response to public and industry input. The goal was to strengthen the ability of the Alberta Energy Regulator and Orphan Well Association to more effectively manage orphan wells and associated infrastructure, such as pipelines, while protecting landowners and ensuring environmental and public safety.

Environment and Parks consulted with the sand and gravel, and surety industries on options for paying reclamation securities through demand forfeiture bonds. The implementation of demand forfeiture bonds in 2020-21 as an option for the sand and gravel industry will enhance liquidity for sand and gravel operators.

Supporting Initiative:

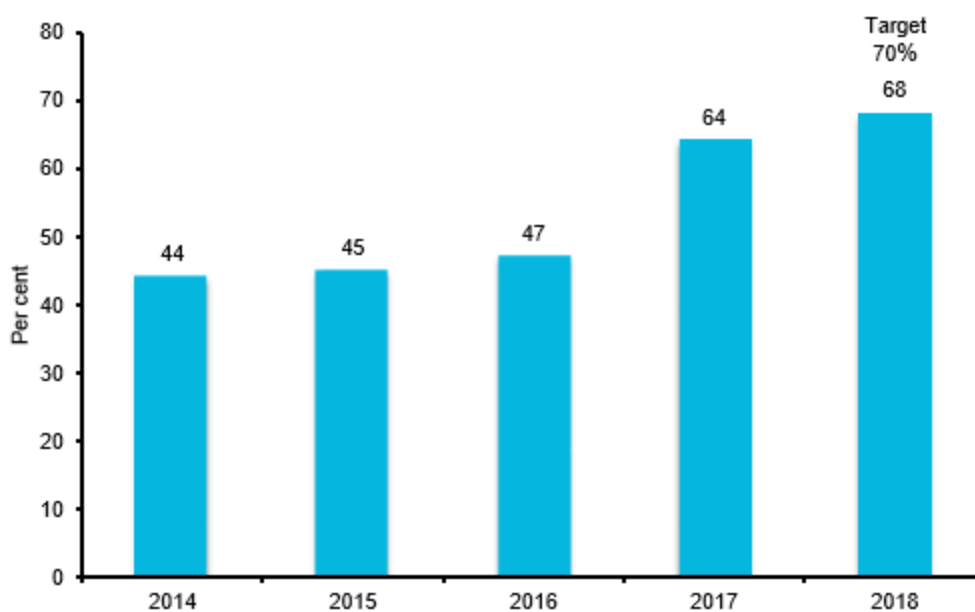
- **In 2019-20, \$4.0 million was allocated to the Wetland Restoration Program to enable the Government of Alberta to collect wetland replacement fees and expend them on wetland restoration projects in priority areas.**

The Wetland Restoration Program (WRP) operates under the [Alberta Wetland Policy](#) and [Alberta Wetland Mitigation Directive](#), and works with stewardship partners to conserve, restore, protect and manage Alberta's wetlands to, for example, support healthy watersheds, manage flooding, address water quality issues, provide habitat for biodiversity and offer recreational and educational opportunities.

Through the program the ministry empowered Ducks Unlimited Canada (DUC) to collect wetland replacement fees when development resulted in permanent loss of wetland area. DUC used these funds to annually reclaim or restore approximately 400 hectares of priority wetlands in Alberta. In September 2019 the ministry took back collection of these fees and finalized the transfer of \$18.9 million from DUC. In 2019-20, the ministry collected \$9.1 million in new wetland replacement fees.

Performance Metrics

2.a Performance Measure: Percentage of provincially priced greenhouse gas emissions



Source: Environment and Climate Change Canada, Treasury Board and Finance, Environment and Parks.

Note: Environment and Climate Change Canada greenhouse gas emissions results have an 18-month reporting lag, therefore the ministry 2017-20 business plan target is used for reporting. The 2014 and 2015 results have been corrected to account for updates to Alberta's emissions inventory in the National Inventory Report 1990-2017: Greenhouse Gas Sources and Sinks in Canada. The impact of the carbon tax on combustion of transportation and heating fuel emissions introduced in January 1, 2017 is demonstrated in the table below:

Priced Greenhouse Gas Emissions	2017	2018
With carbon tax	64%	68%
Without carbon tax	48%	52%

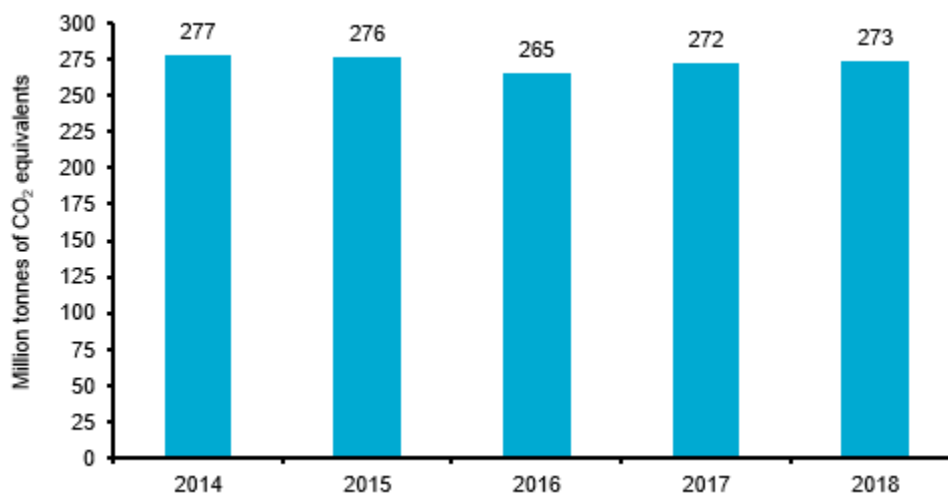
The pricing of greenhouse gas emissions through legislation extended from carbon pricing based on emissions intensity limits for large final emitters to include an economy-wide price on combustion fuels in 2017 and 2018 with carbon pricing for large final emitters based on performance standards starting in 2018.

Priced greenhouse gas emissions over the last three years have closely reflected priced emissions from large industrial emitters under the Specified Gas Emitters Regulation. In 2017, priced greenhouse gas emissions coverage was 64 per cent, a significant increase from previous years as a result of the introduction of the carbon tax in January 2017, broadening the carbon price to include emissions from the combustion of transportation and heating fuels. In 2018, the emissions coverage increased to 68 per cent, a four per cent increase from 2017 when the Carbon Competitiveness Incentive Regulation replaced the Specified Gas Emitters Regulation.

In May 30, 2019, Alberta discontinued the provincial carbon tax to help ease the financial burdens on Albertans. The Carbon Competitiveness Incentive Regulation was replaced with the Technology Innovation and Emissions Reduction system in January 1, 2020. The pricing of greenhouse gas

emissions through provincial legislation and regulation furthers responsible and sustainable economic development in Alberta by providing a financial incentive to lower greenhouse gas emissions that contribute to climate change.

2.b Performance Indicator: Total million tonnes of greenhouse gas emissions



Source: Environment and Climate Change Canada.

Note: Results for 2014 to 2017 have been restated due to a change in Environment and Climate Change Canada's methodology. Environment and Climate Change Canada's CO₂ equivalent greenhouse gas emissions results have an 18-month reporting lag

Greenhouse gas emissions from human activity contribute toward climate change and can have long-term adverse affects on biodiversity, and ecosystem health and services. The monitoring and assessment of greenhouse gas emission trends provides valuable information to inform climate change policy in Alberta.

Total greenhouse gas emissions increased to 273 million tonnes (MT) in 2018, from 272 MT in 2017. Although the total emissions were stable from year to year, individual sectors showed more considerable changes. Alberta's electricity greenhouse gas emissions were 32.8 MT of CO₂ equivalent (CO₂e), a 10.7 Mt CO₂e decrease (32.6 per cent) from 2017, and the lowest observed value in the 1990 to 2018 dataset. Alberta's oil sands greenhouse gas emissions were 81.0 Mt CO₂e, a 3.8 Mt (4.7 per cent) increase from 2017.

Historically Alberta has been one of the highest emitting provinces in Canada with an upward trend in greenhouse gas emissions that peaked in 2014 at 276 million tonnes. Emissions have remained relatively stable since then despite oil production and Alberta's population continuing to grow.

Outcome Three: Public Well-being

Alberta's natural environments offer educational and recreational experiences that positively contribute to human health and quality of life. These same experiences contribute to a diversified economy through sustainable recreation and tourism opportunities. The ministry provides Albertans, and visitors, opportunities to explore natural landscapes, engage in nature-based experiences or outdoor recreational activities, and learn about Alberta's natural heritage through access to Alberta Parks, public lands and educational, interpretative and experiential programs and services. The ministry works with Albertans, including Indigenous populations, using a common sense approach to integrate environmental stewardship with recreational access and conservation.

Key Objectives and Supporting Initiatives

3.1 Improve recreational access management through effective public lands management, introducing an Alberta Trails Act and establishing a trail fee to restore and create trails.

Supporting Initiative:

- In 2019-20, \$53.4 million was allocated to Alberta Parks Infrastructure for improvements and maintenance of Parks infrastructure to enhance recreational enjoyment and tourism opportunities through effective planning, maintenance, repair, renewal, expansion and new development.

Alberta Trails Act — Demand for recreation on provincial public land (including parks, protected areas and other public lands) was high and increasing as Alberta's population grew in 2019-20. This created opportunities to improve and promote responsible use of public lands amongst the various recreational users. Government made two key commitments relating to recreation on provincial public land: to introduce an Alberta Trails Act, and to establish mandatory fees for off highway vehicles (OHVs) and camping trailers.

In 2019-20, the ministry started planning for stakeholder engagement in 2020-21 regarding an Alberta Trails Act. This included policy analysis and identifying issues that need to be addressed by a potential new Alberta Trails Act and developing associated engagement materials. It is anticipated feedback gathered in 2020-21 will also inform potential implementation of annual fees for sustainable recreation on public lands. This work will also include recognizing and protecting the hard work trail stewardship groups undertake, and creation of a stable source of funding to support outdoor recreation. Taken collectively these changes will help improve the ability to designate trails, increase clarity around liability, and support tourism and commercial recreation.

Improving stakeholder partnerships — Enabling stakeholders to build and maintain recreation trails more efficiently required the ministry to work with them to create consistent standards for trails. In 2019-20, this resulted in the ministry releasing the *Trail Development Guidelines for Alberta's Public Land* that sets standards and best practices for recreational trail development.

Recreation management planning — This planning addresses the growing demand for quality outdoor recreation on public lands and the need to balance environmental impacts from recreation with public access. Environment and Parks leads development and delivery of collaborative regional, sub-regional and issue-specific plans that include recreation and access management planning. Recreation management planning may be initiated at the direction of a regional plan, such as the *Livingstone – Porcupine Hills Recreation Management Plan* under the *South Saskatchewan Regional Plan*, or by identification of opportunities and pressures by partners, such as the *Rocky to Nordegg Rail Trail Project* in the North Saskatchewan Region.

Initial recreational management planning and information gathering continued in 2019-20 for several project areas including Meadows and East-Kananaskis-Ghost in the South Saskatchewan Region. Initial planning also commenced for recreation management and boundary assessments for the three Public Land Use Zones located in the Eastern Slopes of the Upper Athabasca Region (Brule Lake, Coal Branch and Athabasca Ranch).

Environment and Parks is piloting a partnership approach in the Coal Branch area of the Upper Athabasca Region to enhance trail experience and environmental sustainability through the MacKenzie Creek Redevelopment Project. This initiative brings together a number of partners from various organizations to reach a common goal for sustainable recreation. To learn more about this initiative, visit letsgooutdoors.ca and read “[MacKenzie Creek – A model in conservation cooperation.](#)”

3.2 Local and issue-based land use planning ensures all Albertans can enjoy and appreciate parks and public lands, including through creation of the capital region Big Island Provincial Park and development of a public lands backcountry outdoor recreation, education and management plan.

Supporting Initiative:

- In 2019-20, \$52.1 million was allocated to Alberta Parks Operations and Visitor Services to support opportunities for outdoor recreation and nature-based tourism through effective operational management and quality visitor services of Alberta Parks.

Big Island Provincial Park — The Alberta Government committed to establish this park in southwest Edmonton. Once established, it will be a major addition to the City of Edmonton’s river valley parks system, providing local nature-based recreational and tourism opportunities in the highly urbanized Capital Region. In 2019-20, a preliminary site assessment was conducted, and engagement commenced with key stakeholders and Indigenous communities. Engagement will continue throughout 2020 until a formal park establishment proposal is developed. It is anticipated construction and ongoing operation of the park will provide job and economic opportunities for the Capital Region.

Backcountry Planning — The Alberta Government committed to implement a balanced back country land-use plan to ensure all Albertans can enjoy public lands and appreciate the wilderness. Regional and sub-regional plans in Alberta are developed with Albertans and provide a consistent direction for backcountry land-use planning and implementation.

In 2019-20, backcountry planning in priority areas was delivered to create safe, sustainable trail systems that support motorized and non-motorized recreational experiences. Management plans for the Castle Parks, and Livingstone and Porcupine Hills Public Land Use Zones (PLUZ), as directed under the South Saskatchewan Regional Plan were also completed. The group also established a new mandate, membership and scope in 2019-20 by expanding its work to include the Bob Creek Wildland Provincial Park and Black Creek Heritage Rangeland (see Key Objective 3.3).

Other Parks initiatives to support local and issues-based land-use planning — The ministry continued supporting opportunities for outdoor recreation and nature-based tourism through delivery of effective operational management and quality visitor services for the provincial parks system and, support for regional and sub-regional planning. Sustainable outdoor recreation management principles incorporated into these planning and delivery efforts help maintain environmental health while enabling commercial tourism opportunities and providing certainty to industry. Results for 2019-20 included:

- completed local-level planning guided by stakeholder engagement for a number of provincial park sites in Kananaskis Region, including: Grassi Lakes, Yamnuska, Troll Falls,

Bighill Springs, and Shark Mountain. These plans guide site refurbishment, maintenance and modernization to support visitor experience, public safety, and safeguarding ecologically sensitive areas;

- the ministry collaborated with commercial groups delivering canyoning guiding and instruction in the Kananaskis Region to find suitable locations within the parks for their activities with consideration of commercial viability. This supports job creation within the nature-based tourism sector;
- completed construction designs for the Lower Kananaskis River in Bow Valley Provincial Park. Local stakeholders were engaged in the planning and design process. This project enhances day use and overnight nature-based recreation, sport and tourism for visitors, stakeholders and businesses. This includes the commercial rafting industry, recreational and competitive white water paddlers and river surfers;
- developed a management, recreational and trails plan for Saskatoon Mountain Provincial Recreation Area in northwestern Alberta. Trail network expansion will enhance recreational experiences for a variety of users including off-highway vehicle users, hikers and mountain bikers;
- developed a trail and recreation management plan for Cooking Lake – Blackfoot Provincial Recreation to address regular trail flooding issues caused by beavers. This was a multi-stakeholder approach that involved municipalities, adjacent landowners, ministry staff and Elk Island National Park. As a keystone species, beavers play a key role in maintaining the healthy function of ecological systems in the park and in the [UNESCO Beaver Hills Biosphere Reserve](#). Through the project, an inventory of problem areas was made and environmentally sustainable management practices were recommended to resolve the flooding issues and maintain trails;
- provided planning support to the local Heritage Rangeland Advisory Committees at several southern Alberta sites: OH Ranch Heritage Rangeland, Pekisko Heritage Rangeland and Special Management Area, and Bob Creek Wildland / Black Creek Heritage Rangeland. These committees provide stakeholders a forum for discussing land management decisions that help balance recreation, grasslands conservation and economic needs; and
- completed cross-departmental work to assess tourism development potential in the Overlander Tourism Node in the Yellowhead Corridor.

3.3 Engagement and consultations with stakeholders and the public maintains or improves operations and visitor enjoyment of Alberta Parks and public lands.

Liquor Consumption in Parks — The Alberta Government committed to reduce restrictions on alcohol consumption in provincial parks. In response, engagement with multiple stakeholders and regulatory authorities was completed in 2019-20 regarding liquor licensing and alcohol service/consumption at provincial park registered campsites, select day-use area picnic sites, and at special events in parks and protected areas. Results included:

- the Special Events Directive being updated so staff have the guidance required to make more transparent, effective and efficient approval decisions on special event permits that request alcohol service/consumption; and
- a new online application form for a Special Events permit being produced.

Firearm discharge permit in Parks — Consultation was completed with the Sherwood Park Fish and Game Club and the Friends of Blackfoot Association as a sample population of regional stakeholders regarding transitioning the firearm discharge permit request form and orientation sessions from in person/paper to online for applicable parks and protected areas. Information gathered will help streamline the application process, reduce 'red tape,' improve process

transparency and ensure consistent use province wide. Release of the online permit system and associated communication plan is anticipated in 2020.

Cypress Hills Provincial Park - Recreational Trail Planning — Key stakeholder engagement was on implementation of the Trail Plans, including initial construction phases of trails and a mountain bike skills park. This also included First Nations consultation on the Cypress Hills Trail Plans.

Heritage Rangelands Advisory Committees provided a forum for stakeholder and ministry discussions about land management decisions that help balance recreation, conservation, and grasslands stewardship. In 2019-20 the committee's focused on the:

- Orville Hawkins Heritage Rangeland;
- Pekisko Heritage Rangeland and Special Management Area; and
- Bob Creek Wildland/Black Creek Heritage Rangeland.

Big Island Provincial Park — (See Key Objective 3.2).

Castle - Livingstone-Porcupine Hills Recreation Advisory Group continued to hear from recreation sectors, local stakeholders and First Nations regarding development of recommendations for a forward-looking regional trail system that supports motorized and non-motorized recreation access and user experience. The recommendations will also represent a range of views from industry, local municipalities, environmental organizations, landowners, and both motorized and non-motorized recreational stakeholders and users in the Livingstone and Porcupine Hills Public Land Use Zones (PLUZs). The group also established a new mandate, membership and scope in 2019-20 by expanding its work from the Livingstone-Porcupine Hills PLUZs and Castle Parks to include the Bob Creek Wildland Provincial Park and Black Creek Heritage Rangeland. The Livingstone-Porcupine Hills PLUZ maps continued to be adjusted to reflect input and recommendations received in 2019-20. Also, additional seasonal trails were opened in mid-summer for motorized single-track use and in the fall to increase opportunities for hunters.

Bighorn Standing Committee continued its work to manage the trail systems in the Bighorn Backcountry public land use zones west of Rocky Mountain House. The ministry will continue to work in partnership with this multi-stakeholder committee to assess trails for possible addition to the designated trail system, and to provide maintenance and other stewardship required in this area.

Mackenzie Creek Trail Redevelopment Project northeast of Cadomin Alberta is led by a multi-stakeholder team established by the ministry to reclaim portions of the Mackenzie creek trail that impact bull trout habitat. This team consists of West Fraser Hinton, Trout Unlimited, Alberta Off Highway Vehicle Association, and Environment and Parks. All members contributed time and funding to the effort. Over the last year portions of the trail impacting Mackenzie creek were reclaimed while new trail routing was being developed. This new routing is planned to be finalized and located with construction starting in 2020.

Supporting Initiative:

- **In 2019-20, \$13.9 million was allocated to the Fish Culture Program. This program raises fish in hatcheries to support Alberta's sports fishing industry and to meet numerous conservation goals including:**
 - **re-establishing fish where populations have collapsed;**
 - **establishing new populations in suitable lakes;**
 - **providing trout fishing in areas where few other angling opportunities exist; and**
 - **providing diversity in angling experiences.**

The budget allocation includes infrastructure improvements to the Allison Creek Fish Hatchery and Raven Creek Brood Trout Station.

In 2019-20, the fish culture program provided a boost to the municipalities where the stocked fisheries were located. It is estimated that for every dollar invested by government in the stocking program, \$20 is returned to the local economy.

The fish culture facilities provide fish for stocked lakes in Alberta so anglers have opportunities that would not be present in Alberta normally, and protect Alberta's native trout populations from angling pressures. This function is critical to ensuring the government is meeting their obligation to preserve and protect the province's biodiversity.

The four hatcheries - brood stations in operation across Alberta are the Cold Lake Fish Hatchery, the Sam Livingston Fish Hatchery near Calgary, the Raven Creek Brood Trout Station near Caroline, and the Allison Creek Brood Trout Hatchery Station in the Crowsnest Pass.

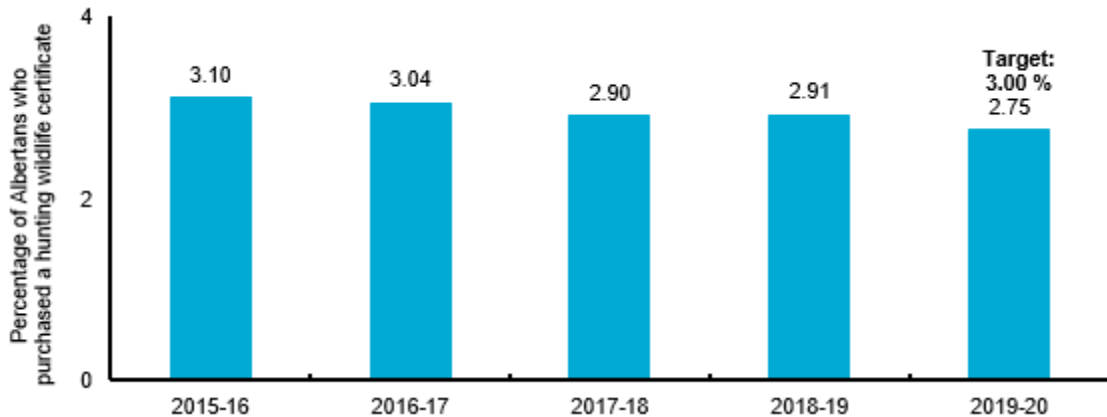
The fish stocking program includes five different trout species, rainbow, brook, brown, tiger and cutthroat. Throughout the 2019-20 fiscal year, approximately two million catchable trout were stocked in about 200 lakes and ponds across Alberta. The program continues to provide an alternative fishing experience to native fisheries in Alberta's lakes and rivers, and at quality stocked fishing locations.

Planning for the re-introduction of walleye in the stocking program began and it is anticipated walleye will be available for stocking in Alberta lakes and ponds as early as 2021.

In 2019-20, capital upgrades to each facility were completed or in progress with a major redevelopment of the Raven Creek Brood Trout Station initiated. Operational stocking targets were achieved by the end of March 2020 and program planning for 2021 has been completed. All facility capital upgrades are on track and are expected to be completed within targeted timelines.

Performance Metrics

3.a Performance Measure: Percentage of Albertans who purchased a hunting wildlife certificate



Source: Aspira, Treasury Board and Finance.

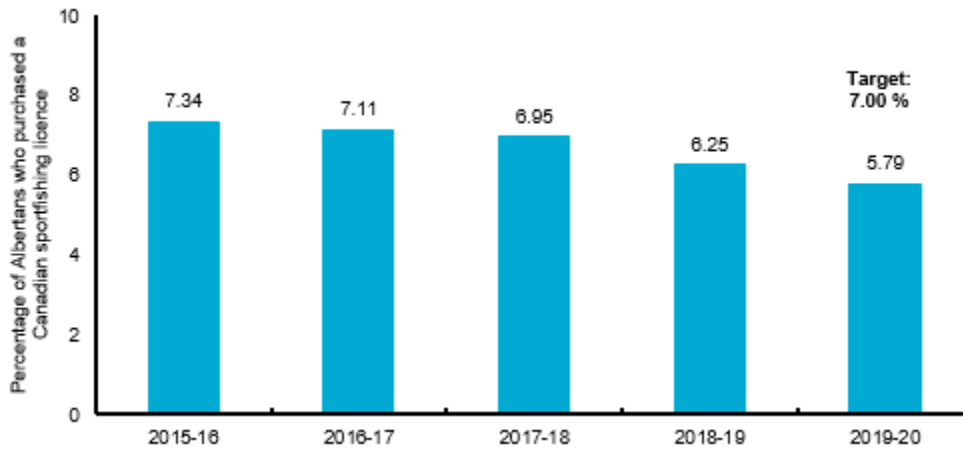
Note: Results for 2015-16 to 2018-19 have been restated based on the most current population estimates reported by Treasury Board and Finance.

Alberta Environment and Parks issues hunting wildlife certificates to provide Albertans opportunities to participate in nature-based recreational activities. Monitoring certificate sales helps assess the success of maintaining hunting at sustainable levels.

At 2.75 per cent, the 2019-20 hunting certificate sales were much lower than the 2018-19 results of 2.91 per cent and did not meet the target of 3.00 per cent. Specific rationale for this decline cannot be definitively stated however, it is consistent with trend information from throughout North America and may be influenced by changing demographics, socioeconomic factors, and dynamic social and cultural reasons that are related to broader cross-jurisdictional trends. The measure results indicate an inconsistency between enhanced service delivery and resource allocation opportunities with hunting participation. Despite the drop in participation rates, there have been increased licence opportunities and special harvest draws, including general licence opportunities available for resident hunters in addition to thousands of licences available through special licence draw applications. Harvest rates in Alberta are considerable and the number of applications to purchase draws are at all time highs.

In addition to service improvements including an updated AlbertaRELM App and introduction of a Virtual WiN Card, beginning in 2020-21, prospective hunters entering the special licence draw will have to pre-purchase their wildlife certificate. This change to the hunting regulations will reduce draw wait times and may significantly increase wildlife certificate sales for the 2020-21 year. Thus helping maintain hunting participation rates at current levels.

3.b Performance Measure: Percentage of Albertans who purchased a Canadian sportfishing licence



Source: Aspira, Treasury Board and Finance.

Note: Results for 2015-16 to 2018-19 have been restated based on the most current population estimates reported by Treasury Board and Finance.

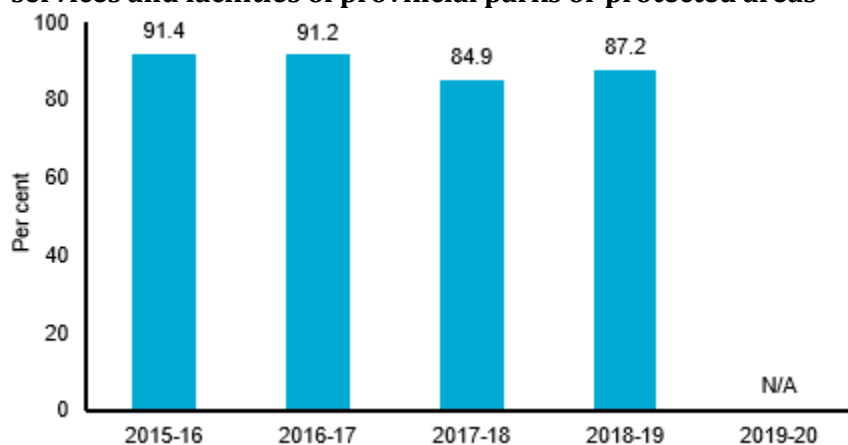
Alberta Environment and Parks issues sportfishing licences to provide Albertans opportunities to participate in nature-based recreational activities. Monitoring licence sales helps assess the success of maintaining fishing at sustainable levels.

At 5.79 per cent in 2019-20, sportfishing licence sales were much lower than the 6.25 per cent result from 2018-19 and did not meet the 7.00 per cent target. The decrease in sportfishing sales was present across all age groups, and is likely the result of a substantial number of anglers turning 65 and no longer requiring a sportfishing licence. In addition to a late spring, low water levels, warm water advisories and a wet and cool summer overall which may have impacted Albertans' desire to purchase licences and engage in sportfishing.

Albertans' perspectives about fisheries and fisheries management, with a particular focus on enhancing recreational fishing opportunities across the province, were collected during panel discussions and open houses held across the province in 2019-20.

To maintain angling participation rates at their current levels in 2020-21, service improvements including an updated AlbertaRELM App and a Virtual WiN Card were recently introduced. Increased stocking and stocking of new lakes, including the introduction of new species may result in stable sportfishing licence sales as new regulations allow for more catch and keep opportunities.

3.c Performance Measure: Percentage of Albertans that are satisfied with the quality of services and facilities of provincial parks or protected areas



Note: The 2018-19 result reported in the AEP 2018-19 annual report has been corrected from 86.6 percent to a last actual of 87.2 percent.

Alberta Parks manages land, facilities and services within the provincial parks and protected areas system to provide enjoyable visitor experiences, educational programs and recreational opportunities in nature. Measuring visitor satisfaction with the quality of facilities, campgrounds, day use areas and trails, as well as public education programs and tours, and reservation and public information services provides valuable feedback for future planning and continuous improvement.

Alberta Parks and Protected areas has a historically high satisfaction rate with a five year average of 88.7 per cent satisfaction, and has only dropped below 85 per cent in 2017-18 when there was an increase in neutral opinions about the quality of Alberta Parks services and facilities. Due to extenuating circumstances and the COVID-19 pandemic, the Province decided not to conduct a parks visitor satisfaction survey for 2019-20.

3.d Performance Indicator: Percentage of Albertans who visited provincial parks or protected areas

Alberta Parks provides access to provincial parks and protected areas for Albertans to reconnect with nature, and participate in outdoor recreational and cultural activities. Monitoring visitation helps assess the success of maintaining sustainable visitation levels across the Alberta Parks system.

In 2018-19, a new baseline was established as results are not comparable to previous years due to survey question design changes. The use of provincial parks and protected areas maps, lists of locations, and search features were added to the visitation question in an online survey to aid in respondent location recall and brand recognition. This improved methodology discovered visitation was 63.4 per cent (last actual) not 34.5 per cent as reported under the old methodology in the ministry's 2018-19 Annual Report.

As a result of the COVID-19 outbreak and direction from the Chief Medical Officer, provincial park sites were closed to vehicles and operational services, including washrooms and other park facilities on March 16, 2020. This is expected to have a direct impact on Parks visitation as well as capacity to improve visitation rates. Measures for park closures are for the health and safety of all Albertans, and when the measures are relaxed Alberta Parks will revisit ways to ways to improve measuring parks visitation for adoption in coming years.

Outcome Four: Public health and safety from environmental conditions and events

Albertans and visitors want to be safe when they live, work and play in Alberta's outdoors. Environment and Parks works with other ministries and agencies to protect Albertans from the adverse effects of environmental conditions and events and maintains access to safe drinking water and maintenance of dams and related water infrastructure. The ministry also works collaboratively with communities and municipalities to effectively respond to emergencies and, strengthen environmental resilience and adaptation through infrastructure changes and development of comprehensive response plans and programs.

Key Objectives and Supporting Initiatives

4.1 Impact of environmental conditions and events including floods, droughts and invasive species are anticipated, responded to and mitigated.

Supporting Initiative:

- In 2019-20, \$41.9 million was allocated to Flood Adaptation and Resilience to help communities adapt to and mitigate on-going flood risks through services including the provincial River Forecast Centre and programs such as the Alberta Community Resilience Program, Watershed Resiliency Restoration Program and Flood Hazard Mapping.

Environment and Parks is committed to reducing the impact of floods, droughts and invasive species on Albertans while reducing red tape through the ongoing review of its programs and services. Operational specialists have been assessing the feasibility of strategic reductions while continuing to minimize the risk of invasive species introductions. In 2019-20, Environment and Parks employed a number of strategies to monitor and protect the province's resources and Albertans, some of which are highlighted in the programs and initiatives listed below.

Flood and drought adaptation — The Conceptual Assessment of the Bow River Reservoir Options project was completed in 2019-20. This report will inform the Feasibility Study, which takes place over the next three fiscal years beginning in 2020-21. The work related to flood and drought adaptation will contribute to business development/prevention of business disruption; employment opportunities resulting from construction; and through reduced flood risk for the business, industry and agricultural communities protected by those projects.

Flood Mitigation Grant Programs — Throughout 2019-20, the [Alberta Community Resilience Program](#) (ACRP) and [Watershed Resiliency and Restoration Program](#) (WRRP) provided funding to 45 projects supporting community and watershed-level mitigation investments to help address future flood and drought events. Work on these projects will continue into 2020-21 and 2021-22.

- \$22.8 million allocated in budget 2019-20 for ACRP was paid out in 2019-20 through the execution of 15 capital grants to municipalities totaling over \$43 million (including payments due in 2020-21) for the design and construction of infrastructure projects to protect critical infrastructure and help ensure public safety is protected.
- \$3.5 million allocated in budget 2019-20 for the WRRP was paid out in 2019-20 through the execution of 30 capital grants to municipalities, stewardship groups and other not for profit associations, and First Nations totaling over \$3.6 million (including payments in 2020-21) for science and engineering consultants, restoration practitioners, educators and outreach specialists.

River Forecast System — In 2019-20, the Alberta River Forecast System - Flood Early Warning System (ARFS-FEWS) contract reached completion and the River Forecast Centre began using the mobile app that resulted from the project. Phase 1 of the contract to bring Sentinel 1 and 2 satellite river ice images into ARFS – FEWS was also completed.

Flood Model Assessment Project — A flood model review is in its final phase (Spring 2020), with the outcome of selecting a flood forecasting model best suited to keep Albertans and infrastructure safe. Initial project work was completed and Internal River Forecast Team work is set to commence in the fall of 2020.

Upgrades to the [Alberta Rivers Data and Advisories](#) mobile app were completed to ensure the Mobile App runs on both Android and iPhone operating systems.

Flood Hazard Mapping — Initial technical work on 21 new flood hazard mapping studies will be completed in April 2020 and engagement and communication efforts with municipalities will occur in 2020-21. Public release will occur after municipal and public feedback is processed. Sixteen of these projects were co-funded by the federal National Disaster Mitigation Program (NDMP). Development of the [Flood Hazard Map Application](#) (FAMA) was also completed. FAMA is a tool that will equip decision makers with accurate flood map information and the ability to show different sets of flood information to different groups of stakeholders. The FAMA will reduce red tape by giving stakeholders simple, web-based access to provincial flood mapping data that would otherwise require technical staff involvement.

Flood map products are continuously developed and maintained for use by all levels of government and the public to help inform development of flood fringe and floodway areas and to inform emergency response operations during flooding events. This key objective for delivering flood mapping was met through the technical completion of various flood map products and applications. Production of flood mapping is an ongoing process as conditions are constantly changing over time.

Invasive Species — Invasive species are non-native species that have been introduced, intentionally or unintentionally, into Alberta's ecosystems and biodiversity. Government, academics, industry, stewardship groups and the public all have a role to play in increasing awareness about invasive species. These sectors work together to prevent invasive species from establishing and spreading. This collaborative approach to invasive species management aims to improve awareness and preparedness, enhance communication and coordination, and improve resource allocation to decrease the risk of invasive species in Alberta.

Through creative partnerships and collaboration, Environment and Parks anticipated, responded to and mitigated invasive species in parks, aquatic areas, and on vacant public land in the White Area and Green Area ([Parks and Protected Areas map](#)). The following initiatives and projects showcase some of the work undertaken in 2019-20:

- Environment and Parks **White Area Weed Program** partnered with approximately 20 municipalities and counties on terrestrial invasive species control and monitoring projects. Projects focused on controlling invasive plant species legislated under the *Weed Control Act* located on vacant White Area public land. Approximately \$175,000 was spent on weed control projects. On vacant public land in the Green Area, a total of \$21,590 was spent helping the Municipal District of Ranchlands and the Kananaskis Improvement District control invasive plant species.
- The **Aquatic Invasive Species (AIS) program** posted the Early Detection, Rapid Response Plan for AIS; engaged with stakeholders to work on Flowering Rush control; and submitted Potash Molluscicide for registration with the Pest Management Regulatory Agency. Ongoing

response to new aquatic invasive species included reporting on Yellow Floating Heart and Chinese Mystery Snail.

- Year two of a three-year project **using goats for alternative weed control in sensitive areas** to remove ox-eye daisy along the lakeshore continued at Siebert Lake, Lakeland Provincial Recreation Area.
- As part of the provincial monitoring program there was also ongoing weed management to address known weed issues and municipal weed notices. This included surveys, spraying, pulling and invasive mussel veliger sampling in various lakes.

4.2 Visitors to Alberta's parks, protected areas and other public lands have a safe and pleasant experience.

The ministry recognizes and encourages responsible outdoor recreation that respects the environment, supports economic development opportunities and minimizes conflicts. These management principles are incorporated into ongoing regional and sub-regional plan development and delivery to ensure environmental health is maintained while providing commercial tourism opportunities and certainty to industry. Ongoing management, planning, maintenance, education and enforcement will be crucial components in providing quality and safe opportunities for use of these areas and managing pressures on the landscape. This includes the ministry partnering with local municipalities and recreation groups to build new regional trails on public land, such as the [Rocky to Nordegg Rail Trail](#) in the North Saskatchewan River watershed.

Development of an Alberta Trails Act will provide additional opportunities to streamline legislation and reduce barriers for volunteer organizations to plan, build, and maintain trails and recreation infrastructure on Alberta's public land. The intention is to bring forward policy options and potential legislation in fall 2020.

Parks and Protected Areas — In 2019-20, Alberta Parks continued its proud tradition of providing efficient high-quality outdoor recreation services to strengthen Alberta families and attract tourism:

- the website [AlbertaParks.ca](#) was used by 2.6 million users to plan their visits;
- the number of [Reserve.AlbertaParks.ca](#) (RAP) account holders grew 10 per cent to 650,000;
- campground reservations on RAP grew over 12 per cent to nearly 200,000 reservations. This service will operate year-round in 2020, allowing users to reserve camping throughout the year and process online payment on a first come - first served basis. RAP users will now be sent a reminder email a week before their reservation that also includes relevant advisories and special event/programming information;
- gross revenue from RAP sales grew over 7.5 per cent to more than \$23.1 million which will be invested back into Alberta parks;
- social media reach expanded to include more than 30,000 Facebook, 10,000 Twitter and 40,000 Instagram followers;
- public inquiry calls, emails and direct messages were consolidated and streamlined into the Alberta Parks Public Information contact centre which responds to more than 100,000 inquiries annually;
- 95,000 park visitors enjoyed public interpretative programming, tours and park special events;
- over 40,000 students and teachers participated in 1,000 curriculum-linked education programs and learned about Alberta's natural and cultural heritage. Always in high demand and fully-subscribed, more than 650 requests from schools and teachers for these services were unfortunately turned away;

- sites across the province served as venues for hundreds of special events, races, rallies, festivals and personal events like family reunions and weddings;
- nearly 100 non-profit organizations including the Eagle Point Blue Rapid Parks Council, the Friends of Kananaskis Country, and the Lesser Slave Lake Bird Observatory Society provided a wide range of services including trail maintenance, public programming and targeted services for their respective memberships and clients;
- hundreds of Albertans volunteered to help steward park sites and serve visitors, including Volunteer Hosts that welcomed and engaged visitors with tips and information at more than 30 locations. A new integrated online Volunteer Information Management system was developed for use by park volunteers to significantly improve and streamline administration; and
- Writing on Stone Provincial Park /Áísínai'pi was designated as a [UNESCO World Heritage Site](#) (2019) and was listed as a Top-20 list “Best Places to Travel in Canada for 2020” by Vacay.ca.

Public Land — In 2019-20, the ministry's public land compliance work focused on prevention, education and enforcement initiatives to ensure public lands were used responsibly and respectfully. The ministry also implemented the Recreational Literacy Strategy for Alberta Public Land, released [Trail Development Guidelines for Alberta's Public Land](#) that set standards and best practices for recreational trail development and the Trails Directive Procedural Guidelines for Issuing Dispositions that provide clarity on the issuing of dispositions for recreation trails.

Safety of visitors and workers is a priority for the Alberta Government. In 2019-20, this included the ministry's continued planning and delivery of safe, sustainable trail systems as described in regional and sub-regional land use plans. It also included developing clear and consistent Occupation Health and Safety policy, procedures and information to ensure voluntary sector workers in Alberta's parks, protected areas and other public lands are safe and in compliance with legislative requirements.

4.3 Albertans and Indigenous communities have safe and quality drinking water.

Alberta is one of the leaders in Canada for having adopted the federal government's revised [Guidelines for Canadian Drinking Water Quality – Guideline Technical Document - Lead](#) (published March 9, 2019). As of January 1, 2020, Environment and Parks adopted the new lead (Pb) maximum acceptable concentration (MAC) of five micrograms per litre (5 µg/L) with the point of sampling at the customer tap and subsequently updated its [AEP Guidance Document for Managing Lead in Municipal Drinking Water Systems in Alberta: Phase 1 tools for utilities to plan, assess and implement lead management plans for 2020-2024](#). The guidance document provides all the requirements for a water utility to adhere to when managing lead in drinking water. All drinking water systems with *Environmental Protection and Enhancement Act (EPEA)* authorizations received a formal notification letter regarding this new requirement. Supporting access to clean water in Alberta's Indigenous communities is a federal responsibility.

4.4 Alberta Government owned or operated water management and monitoring infrastructure is safe and effective.

Supporting Initiative:

- In 2019-20, \$19.4 million was allocated to Water Management Infrastructure Operations. The department operates and maintains approximately \$9.7 billion of provincially owned water management infrastructure that contributes to managing multi-purpose water supply in the face of potentially adverse impacts from flood and drought conditions. As

the single largest dam owner in the province, the department ensures compliance with Dam and Canal Safety Regulations and mitigates infrastructure risk related to public safety, environmental impacts and economic losses.

Infrastructure Operations — The effective and efficient delivery of water infrastructure operations contributes to water supply (quantity and quality) that addresses the adverse impacts of flood and drought, preserves healthy aquatic habitats, and ensures public health and safety.

In 2019-20, the ministry operated and maintained over 200 provincially owned water management systems throughout the province including 535 kilometers of main irrigation canals, 1.5 billion cubic meters of storage in over 120 dams, irrigation diversion works, lake control structures, and pump houses. This infrastructure helped supply safe and secure water for 50 municipalities and 554,000 hectares of irrigated land. Water supplied for irrigation generates approximately \$3.6 billion (2015 dollars) annually to Alberta's Gross Domestic Product (GDP) and approximately \$13.7 million (2015 dollars) from generation of about 82 mega-watts of hydroelectricity (as reported in [Economic Value of Irrigation in Alberta](#)).

Infrastructure Inspections and maintenance — The ministry is tasked with ensuring safe and operable water management infrastructure for effective management of floods, protecting communities and providing a safe and adequate water supply for Albertans.

In 2019-20, the ministry invested \$5 million to deliver over 1,200 infrastructure inspections, engineering investigations and dam safety assessments. Results showed 80 per cent of Alberta's water management infrastructure was in good condition (See performance metric 4.a), 17.7 per cent in fair condition and 4.3 per cent in poor condition. This informed prioritized and directed maintenance of approximately \$30 million in capital rehabilitation funding (administered through [Alberta Transportation's Environmental Management System](#)) primarily focused in 2019-20 on replacing gates at Dickson dam, low level outlet valves at St. Mary Dam, and finalizing the Women's Coulee diversion and pipeline rehabilitation. Capital maintenance plans are in place to ensure infrastructure elements in poor condition are a top priority when funding is allocated.

Dam and Canal Safety Regulatory Framework — The safety of dams and canals is administered through implementation of Part 6 of the [Water \(Ministerial\) Regulation](#) and the [Alberta Dam and Canal Safety Directive](#). This ensures that dams and canals are designed, constructed, operated, maintained and decommissioned/closed in a safe manner using best available technologies and best applicable practices.

Within the \$30 million capital rehabilitation funding received in 2019-20, the ministry monitored and reported on approximately 1,350 government and private dams, conducted approximately 150 audit inspections, conducted approximately 20 emergency or incident related inspections and ensured dam owners (including the Alberta Government) mitigated and managed risks until corrected to ensure public safety and to minimize potential environmental impacts.

4.5 Albertans are resilient to environmental impacts through increased awareness, skills and capacity for adaptation.

Environmental Educational Programs and Initiatives were used to deliver collaborative environmental education to enhance Albertans' stewardship of the province's air, land, water and biodiversity. This included the department's Information Centre and Bow Habitat Station responding to over 22,000 public inquiries, the Bow Habitat Station engaging with nearly 200,000 Albertans and showcasing Clean Air Day on June 5, 2019.

Public land recreation literacy activities included:

- the development of [Outdoor recreation resources](#) for deployment spring 2020 through [AlbertaParks.ca](#);
- a social media campaign on recreation on public land on the [Respect the Land of Alberta](#) Facebook page and the [@AB_Enviro](#) Twitter page taking place in August-September 2019. The campaign reached 2,875 engagements (the number of likes, comments, shares, retweets, etc.);
- Environment and Parks engaging with more than 6,300 Albertans at large-scale outreach events and trade shows across Alberta; and
- the department's information Centre responding to 320 enquiries about recreational access to public land.

The ministry's Air Literacy Strategy and Implementation Plan is being developed with approval and implementation anticipated in 2020-21.

Fisheries education activities focused on recovery efforts for species at risk, riparian habitat restoration and mitigating recreational impacts on fisheries. This included:

- increasing Albertans' awareness of the linkage between watercourse connectivity and fisheries habitat health as part of the [Watercourse Stream Crossing Program](#). Planning for a new online reporting application for use by industry and backcountry is underway;
- mitigating impacts on river and stream habitats through installation of educational signage and creation of an educational video under the [Southern Alberta Fisheries Habitat Enhancement and Sustainability \(FISHES\) Program](#); and
- providing fisheries management information during the department led public engagement sessions in January 2020 that collected Albertans' perspectives about fisheries and fisheries management, with a particular focus on enhancing recreational fishing opportunities across the province.

Water education activities:

- The [Respect our Lakes](#) program worked to address key issues around lakes such as aquatic vegetation removal, and responsible recreation. Environment and Parks also co-hosted the Alberta Lake Management Society conference held in Chestermere, Alberta in September 2019.
- The [Aquatic Invasive Species](#) program delivered new education resources, such as infographics and playing cards showcasing Alberta's 52 invasive species. Videos from a display at the Bow Habitat Station were moved online to reach a broader audience, and department staff provided invasive species awareness to over 3600 people across the province during targeted or public events including the 2020 Pet Expo, a workshop with Clearwater County and Safety Day in Rocky Mountain House.

Supporting Initiative:

- **In 2019-20, \$15.3 million was allocated to conservation officers and Alberta Environment and Parks Support and Emergency Response Team (ASERT) to ensure effective emergency response, public safety, security and lawful use of Alberta parks and public lands through the Alberta's Conservation Officer and seasonal Park Rangers programs, and ASERT.**

Alberta Environment and Parks Support and Emergency Response Team (ASERT) is accountable for environmental emergency management in the Government of Alberta and acts as

the central unit to communicate and coordinate department-wide environmental emergency planning and response capabilities. In 2019-20 ASERT:

- triaged and coordinated the department's response to over 600 emergency incident notifications, deploying regional department staff to provide on-site assistance at 29 of these incidents;
- collaborated with federal, provincial, territorial partners and Canadian Council of Ministers of the Environment (CCME) to establish a new non-binding Memorandum of Understanding (MOU) for Mutual Aid for Environmental Emergencies parties. The MOU establishes principles for sharing resources during an environmental emergency;
- completed a department Emergency Management Plan;
- coordinated a department flood planning exercise;
- provided emergency response training to staff from the department in collaboration with other provincial agencies and Environment and Climate Change Canada; and
- delivered emergency management plan exercises with key internal and external stakeholders to provide clarity around department's operations during emergencies and disasters such as the 2019 wildfires in northwest Alberta and the COVID-19 pandemic, and to ensure effective and safe emergency responses in the future.

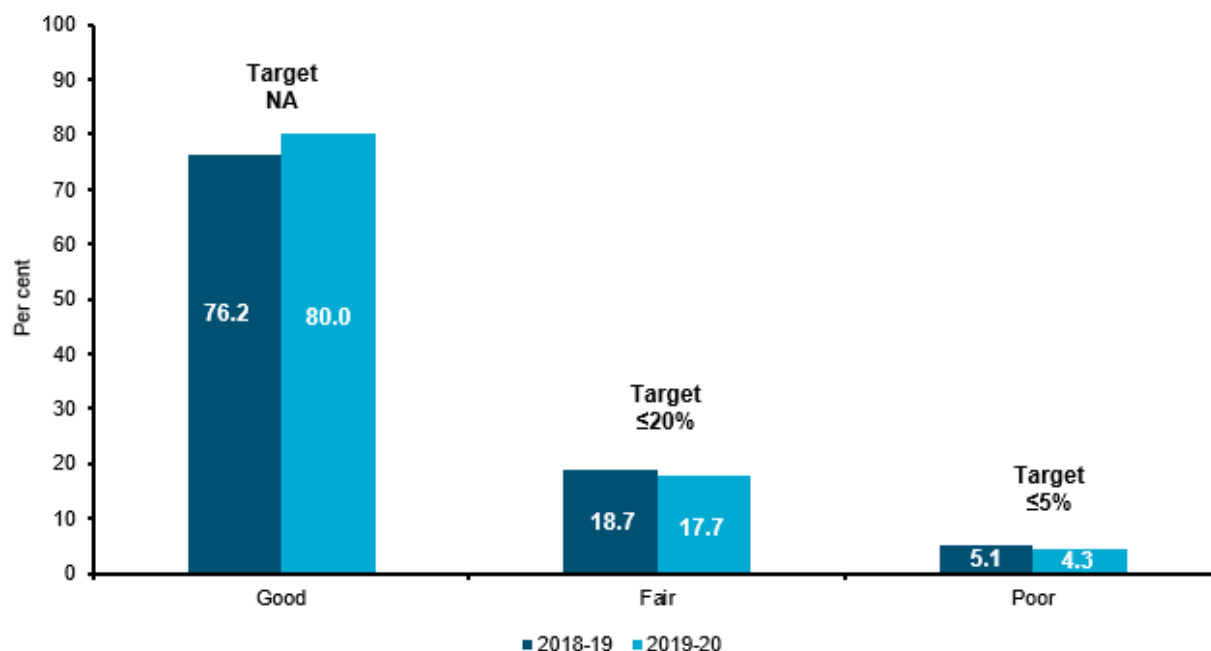
Conservation Enforcement — Officers, rangers and staff continued the long tradition of ensuring visitors to Alberta's parks, protected areas and public lands had a safe and pleasant visit and the use of these areas was effectively managed within environmental limits with precious natural resources, including flora and fauna, were protected through compliance education and regulatory enforcement.

Conservation activities and enforcement actions in 2019-20 included:

- delivery of the human-wildlife conflict prevention program in Alberta parks and protected areas;
- enforcement support for the department's aquatic invasive species program;
- responding to the COVID-19 pandemic by restricting motor vehicle access to provincial parks, recreation areas and public land, and enforcing social-distancing requirements of public health orders.
- checks vs enforcement actions that saw a total 248,817 parks and protected areas users checked versus 5,441 enforcement actions issued;
- enforcement actions issued in Alberta parks and protected areas that included traffic and off highway vehicles (28.5 per cent); parks (36.3 per cent); liquor-cannabis-tobacco (11.8 per cent); fisheries (11.7 per cent); public lands, (6.0 per cent); watercraft and boating (2.8 per cent); wildlife and hunting (2.2 per cent); and other (0.7 per cent); and
- occurrences involving officers in Alberta parks and protected areas included compliance checks involving patrols and inspections (35.4 per cent); illegal activities and complaints (30.1 per cent); public safety (20.6 per cent); wildlife complaints (10.2 per cent); assisting other agencies and divisions (2.2 per cent); and other (1.5 per cent).

Performance Metrics

4.a Performance Measure: Percentage of water management infrastructure in good, fair and poor status



Source: Environment and Parks.

Note: Water management infrastructure status is based on an aggregate assessment of physical condition, functional adequacy, utilization and consequence of failure, measured in current year replacement value dollars.

Good: Infrastructure requiring normal maintenance or operations, rated low or medium priority for rehabilitation and replacement.

Fair: Infrastructure requiring above normal maintenance and/or modified operations, rated elevated priority for rehabilitation or replacement.

Poor: Infrastructure requiring significantly above normal maintenance and/or significantly modified operations, rated high priority for rehabilitation or replacement with an action plan for implementation.

Environment and Parks is responsible for maintaining provincially-owned water management infrastructure that contributes to managing water supply and adverse impacts of flood and drought. The maintenance and rehabilitation of infrastructure ensures that the physical condition, functional adequacy and utilization of infrastructure meet service levels and standards. Consequences of infrastructure failure is factored into assessments to manage risks related to public safety, environmental impacts and economic losses.

In 2019-20, the service levels and standards for water management infrastructure were maintained; the results for all categories improved and exceeded the targets compared to the 2018-19 results. The results of 4.3 per cent of infrastructure in poor status, 17.7 per cent in fair status and 80 per cent in good status demonstrates improvements in the overall status of provincially-owned water management infrastructure as a result of investments in capital maintenance and

rehabilitation. The completion of projects on Janet, Woodrow, Bigelow, Payne Lake and South Heart Dams; the Western Headworks System in Calgary; Bullhorn Wasteway, Taylor Wasteways, and Waterton Dam Spillway Headworks near Lethbridge; and Women's Coulee Diversion System near High River particularly contributed to the improvement in infrastructure status.

Well-maintained infrastructure can reduce the impacts of flood and drought across the province, and provides reliable water supplies for the economy, environment, and recreational opportunities. Infrastructure age and environmental events such as floods can significantly impact the overall status of infrastructure. Regular monitoring and maintenance is critical to maintain service levels and standards. Alberta Environment and Parks will continue to identify and address critical infrastructure needs and maintain water management infrastructure operations as part of its robust infrastructure management system.

Performance Measure and Indicator Methodology

1.a Performance Measure: Percentage of recognized protected and conserved areas

The protected and conserved areas performance measure includes protected areas that meet the International Union for Conservation of Nature definition, and conserved areas that align with the Convention on Biological Diversity's definition of Other Effective Area-Based Conservation Measure (OECM), outlined in Canada's *One with Nature* report. Protected areas under provincial management are established through Order in Councils and under federal management are provided by Environment and Climate Change Canada, or Parks Canada. Municipal protected areas are established using tools under the *Municipal Government Act* and provided by the governing municipality. All protected and conserved areas are assessed using the national Decision Support Tool for screening to facilitate consistent reporting across Canada. The measure is calculated by dividing the hectares of protected and conserved areas by the total hectares of Alberta, which was officially revised in March 2020. The 2019-20 result is limited to federal, provincial and municipal protected areas and does not include OECMs or protected areas under private management that may meet the definition of a protected area as data is unavailable. A change in methodology in 2019-20 to how the total areas of contributing protected areas under federal jurisdiction are calculated was undertaken to improve the accuracy and consistency of the measure. This change resulted in restatement of previous actual results and a new baseline for this measure using the updated area of Alberta.

Source: Environment and Parks, Parks Canada, Environment and Climate Change Canada.

1.b Performance Indicator: Percentage of good air quality days in urban areas

Alberta's air quality index (AQI) is calculated based on a minimum of four and a maximum of five major pollutants: carbon monoxide, nitrogen dioxide, ozone, sulphur dioxide and fine particulate matter (PM_{2.5}), which are measured hourly. The pollutant that gives the highest AQI value for each hour determines the AQI for that hour. The hourly AQI number is compared to AQI ranges that represent good (0-25), fair (26-50), poor (51-100) and very poor (>100) air quality. These categories are based on Alberta's ambient air quality objectives and guidelines under the *Environmental Protection and Enhancement Act* and the National Ambient Air Quality Objectives. Stations with a valid AQI value for at least 75 per cent of hours in the year are included in the calculation. The air quality index reflects the total number of hours of good air quality divided by the total number of hours with an AQI value for all stations in the year. Using these values, the result is expressed as a percentage of good quality air days in the year. Environment and Parks and Airsheds monitor the pollutants and the results are stored on the Alberta Air Data Warehouse. New monitoring stations situated in urban centres are given consideration for proximity to industrial and nonindustrial sources.

Results from 2019 are based on data from 18 stations, located in Edmonton (three stations), Calgary (three stations), Fort McMurray (two stations), Red Deer (two stations), Airdrie, Grande Prairie, Cold Lake, Fort Saskatchewan, Sherwood Park, Medicine Hat, Lethbridge and St. Albert. The number of stations may change from year to year as stations are added, relocated, or if operational difficulties result in less than 75 per cent of AQI values being available.

Source: Parkland Airshed Management Zone, Calgary Region Airshed Zone, Fort Air Partnership, Peace Airshed Zone Association, Palliser Airshed Society, Wood Buffalo Environmental Association, Lakeland Industry and Community Association, Alberta Capital Airshed, Environment and Parks.

1.c Performance Indicator: Percentage of vertebrate species designated as ‘at risk’

Wildlife inventory data provided by universities, colleges, and expert biologist are reviewed by Environment and Parks through a general status assessment. Species are scored as “at risk”, “may be at risk”, “sensitive”, “secure”, “undetermined”, “not assessed”, “exotic/alien”, “extirpated/extinct” or “vagrant/accidental”.

Species scored as at risk or may be at risk undergo a detailed status assessment. The Scientific Subcommittee of the Endangered Species Conservation Committee provides species status and conservation action recommendations based on a review of the detailed status assessment report.

Species that are legally classified as “threatened” or “endangered” under the *Wildlife Act* are included in the species at risk performance indicator. The indicator is calculated by taking the number of at risk vertebrate species’ and dividing it by the total number of vertebrate species known in the province. Results are reported once every five years as committed to as a signatory of the Canada’s Accord for the Protection of Species at Risk.

Source: Environment and Parks.

1.d Performance Indicator: Kilograms per capita of municipal solid waste disposed of in landfills

Municipal solid waste includes waste from the residential sector; industrial, commercial and institutional sector; and the construction, renovation and demolition sectors. The indicator includes municipal waste disposed of in participating municipal and private landfills. Waste data is collected from landfills with weigh scales and in some cases is voluntarily provided. The calculation is based on the kilograms of municipal solid waste sent to landfills and the population served by each reporting landfill. The most up-to-date population statistics from either the Ministry of Municipal Affairs’ official provincial population list or Statistics Canada’s census data is used. In 2019, approximately 81 per cent of Alberta’s population had access to the service provided by reporting landfills. Estimates are used for the remaining population and are derived by multiplying the per capita disposal rate with the unmeasured population.

Source: Alberta Environment and Parks.

1.e Performance Indicator: Number of inter-provincial and international transboundary river water quantity outflow obligations met

The performance indicator tracks the delivery of Alberta’s inter-jurisdictional river outflow obligations on seven monitored rivers. The obligation for the Milk River is defined in the 1909 International Boundary Waters Treaty and the 1921 Order of the International Joint Commission (IJC) on the Division of the Waters of the St. Mary and Milk Rivers. For the remaining rivers, the obligations are defined in the 1969 Master Agreement on Apportionment. The Prairie Provinces Water Board Secretariat and the IJC Field Representatives provide transboundary outflow data used by Environment and Parks to determine whether outflow obligations are met. Interim data for the Milk River, Lodge Creek, Middle Creek, Cold River and the South Saskatchewan River were used for the 2018 and 2019 results. Results for Battle Creek and the North Saskatchewan River for 2019 were estimated based on historical use of apportioned flow of those rivers, historical water use, current water use, and professional judgement. Interim data was used to populate 2016 and 2017 results for the Milk River, while 2015 and preceding historical results are based on final published data.

Source: Prairie Provinces Water Board Secretariat and the International Joint Commission Accredited Officers.

2.a Performance Measure: Percentage of provincially priced greenhouse gas emissions

Priced tonnes of provincial CO₂ equivalent emissions includes priced tonnes of CO₂ equivalent emissions from large final emitters and emissions covered by the carbon levy starting 2017 onwards. Priced emissions from large final emitters include all total annual emissions reported from regulated facilities. Emissions priced under the carbon levy are calculated by taking the total carbon levy revenue and dividing by the carbon levy dollars per tonne (price). The priced emissions are compared as a percentage to total tonnes of provincial CO₂ equivalent emissions. The price of carbon is factored into the fuel rates calculated in the *Climate Leadership Act* when estimating tonnes covered by the levy. The values used were \$20 per tonne effective January 1, 2017 and \$30 per tonne effective January 1, 2018. The carbon levy excluded agriculture on farm fuel use, inter-jurisdictional flights, Indigenous use on reserves, the federal government, emissions at facilities subject to the Specified Gas Emitters Regulation and then Carbon Competitiveness Incentive Regulation, and a temporary exemption for fuel used in eligible upstream oil and gas production processes. Priced emissions excludes emissions priced through emissions offset protocols, methane emissions regulated under Alberta Energy Regulator Directive 060, and non-reported emissions. Total provincial greenhouse gas emissions are reported by Environment and Climate Change Canada through the National Inventory Report 1990-2018: Greenhouse Gas Sources and Sinks in Canada. Total tonnes of provincial CO₂ equivalent emissions includes emissions from agriculture, energy, industrial processes, solvent and other product use and waste source categories, but excludes CO₂ from biomass combustion, and emissions from land use, land-use change and forestry. Environment and Climate Change Canada has a rigorous quality control/quality assurance process following international best practices that results in a 18-month reporting lag time for the total provincial emissions.

Source: Environment and Climate Change Canada, Treasury Board and Finance, Environment and Parks (Specified Gas Emitters Regulation, Carbon Competitiveness Incentive Regulation (2018-fwd)).

2.b Performance Indicator: Total million tonnes of greenhouse gas emissions

As Canada is a signatory to the United Nations Framework Convention on Climate Change, Environment and Climate Change Canada prepares and submits an annual national greenhouse gas inventory covering anthropogenic emissions by sources and removals by sinks. Guidelines produced by the Intergovernmental Panel on Climate Change for countries reporting to the [United Nations Framework Convention on Climate Change](#) provide methods for calculating greenhouse gas emissions from a given human activity. Greenhouse gas emissions are reported in carbon dioxide equivalents, determined by multiplying the amount of emissions of a particular gas by the global warming potential of that gas. Results are reported annually with an 18-month reporting lag period. The total greenhouse gas (GHG) emissions indicator utilizes GHG emissions data from Environment and Climate Change Canada's National Inventory Report 1990-2018: Greenhouse Gas Sources and Sinks in Canada.

Source: Environment and Climate Change Canada.

3.a Performance Measure: Percentage of Albertans who purchased a hunting wildlife certificate

The measure includes residents who purchase hunting wildlife certificates within the fiscal year. Indigenous people are not included in the measure as they are exempt from licensing requirements. To produce the performance measure results the total certificate sales are divided by the population of Alberta using quarterly population estimates produced by Treasury Board and Finance. An update to Treasury Board and Finance population estimates apply to results from 2015-16 to 2018-19 which were recalculated to improve the accuracy and consistency of the

measure. This change resulted in restatement of previous actual results, and a new baseline is not established as results are comparable using updated population estimates.

Source: Aspira, Treasury Board and Finance.

3.b Performance Measure: Percentage of Albertans who purchased a Canadian sportfishing licence

The measure includes residents who purchase resident Canadian sportfishing licences within the fiscal year. Youth anglers under the age of 16, seniors aged 65 and older, and all Indigenous people are not included in the measure as they are exempt from licensing requirements. Sportfishing activities occurring within Alberta's national parks are administered by the federal government and are not captured. To produce the performance measure results the total licence sales are divided by the population of Alberta using quarterly population estimates produced by Treasury Board and Finance. An update to Treasury Board and Finance population estimates apply to results from 2015-16 to 2018-19 which were recalculated to improve the accuracy and consistency of the measure. This change resulted in restatement of previous actual results, and a new baseline is not established as results are comparable using updated population estimates.

Source: Aspira, Treasury Board and Finance.

3.c Performance Measure: Percentage of Albertans that are satisfied with the quality of services and facilities of provincial parks or protected areas

The Alberta Parks visitor satisfaction performance measure methodology is not applicable, as 2019-20 results were not produced for this year's annual report.

3.d Performance Indicator: Percentage of Albertans who visited provincial parks or protected areas

The Alberta Parks visitation performance indicator methodology is not applicable, as 2019-20 results were not produced for this year's annual report.

4.a Performance Measure: Percentage of water management infrastructure in good, fair and poor status

Water management infrastructure status reflects the percentage of water management infrastructure in good, fair and poor status based on an aggregate assessment of physical condition, functional adequacy, utilization and consequence of failure, measured in current year replacement value dollars. Good status refers to infrastructure rated as low or medium priority, fair status refers to infrastructure rated as elevated priority and poor status refers to infrastructure rated as high priority; for maintenance, rehabilitation or replacement based on an assessment physical condition, functional adequacy, utilization and consequence of failure. The result is measured in current year replacement value (dollars) by applying a cost adjustment factor to the actual cost. The total replacement value of infrastructure in good, fair, or poor status is divided by the total replacement value of all infrastructure and a then a percentage is calculated to produce the results for the measure.

Source: Environment and Parks.

Financial Information

Table of Contents

Reporting Entity and Method Consolidation.....	56
Ministry Financial Highlights.....	57
Statement of Revenues and Expenses (unaudited).....	57
Revenue and Expense Highlights.....	58
Breakdown of Revenues (unaudited).....	59
Expenses – Directly Incurred Detailed by Object (unaudited).....	61
Supplemental Financial Information.....	62
Ministry Tangible Capital Assets (unaudited).....	62
Financial Statements of Other Reporting Entities.....	63
Technology Innovation and Emissions Reduction Fund.....	64
Land Stewardship Fund.....	82
Natural Resources Conservation Board.....	96
Energy Efficiency Alberta.....	117
Other Financial Information.....	136
Department of Environment and Parks.....	136
Statement of Credit or Recovery (unaudited).....	137
Lapse/Encumbrance (unaudited).....	139
Statement of Remissions, Compromises, Write-offs (unaudited).....	143

Reporting Entity and Method Consolidation

The financial information is prepared in accordance with government's stated accounting policies, which are based on Canadian Public Sector Accounting Standards.

The reporting entity is the ministry for which the Minister is accountable. The accounts of the ministry, which includes the department and the entities making up the ministry, are fully consolidated using the line-by-line method, except for government business enterprises (GBEs).

Under this method, accounting policies of the consolidated entities are adjusted to conform to government accounting policies and the results of each line item in their financial statements (revenue, expense, assets and liabilities) are included in government's results. Revenue and expense, capital, investing and financing transactions and related assets and liability balances between the consolidated entities have been eliminated.

A list of the individual entities making up the ministry are shown on the "Management's Responsibility for Reporting" statement included in this annual report.

Ministry Financial Highlights

Statement of Revenues and Expenses (unaudited)

End of the year March 31, 2020

	2020		2019	Change from	
	Budget	Actual	Actual (Restated)	Budget	2019 Actual
<i>(in thousands)</i>					
Revenues					
Internal Government Transfers	\$ 35,011	\$ 32,173	\$ 127,486	\$ (2,838)	\$ (95,313)
Transfers from Government of Canada	34,408	38,200	4,610	3,792	33,590
Investment Income	11,554	14,696	12,548	3,142	2,148
Premiums, Fees and Licences	118,142	124,529	147,424	6,387	(22,895)
Technology Innovation and Emissions Reduction Fund	546,000	389,752	517,835	(156,248)	(128,083)
Other Revenue	78,208	82,837	89,257	4,629	(6,420)
Ministry Total	823,323	682,187	899,160	(141,136)	(216,973)
Inter-ministry Consolidation Adjustments	(49,649)	(42,235)	(138,073)	7,414	95,838
Adjusted Ministry Total	773,674	639,952	761,087	(133,722)	(121,135)
Expenses – Directly Incurred					
Programs					
Ministry Support Services	25,728	25,583	27,060	(145)	(1,477)
Air	20,011	19,670	21,613	(341)	(1,943)
Land	64,618	63,590	65,211	(1,028)	(1,621)
Water	129,882	124,922	107,281	(4,960)	17,641
Fish and Wildlife	38,473	34,647	42,731	(3,826)	(8,084)
Integrated Planning	31,100	32,133	51,216	1,033	(19,083)
Parks	112,140	104,744	110,281	(7,396)	(5,537)
Land Use Secretariat	5,232	3,268	6,080	(1,964)	(2,812)
Science and Monitoring	73,777	72,479	77,476	(1,298)	(4,997)
Emissions Management	231,226	180,257	238,719	(50,969)	(58,462)
Quasi-Judicial Bodies	7,154	16,337	14,223	9,183	2,114
2013 Alberta Flooding – Non DRP	1,100	-	10,327	(1,100)	(10,327)
Ministry Total	740,441	677,630	772,218	(62,811)	(94,588)
Inter-ministry Consolidation Adjustments	(15,983)	(17,536)	(24,440)	(1,553)	6,904
Adjusted Ministry Total	724,458	660,094	747,778	(64,364)	(87,684)
Annual Surplus (Deficit) – Before Inter- ministry Consolidation Adjustments	\$ 82,882	\$ 4,557	\$ 126,942	(78,325)	(122,385)
Inter-ministry Consolidation Adjustments	(33,666)	(24,699)	(113,633)	8,967	88,934
Annual Surplus (Deficit)	\$ 49,216	\$ (20,142)	\$ 13,309	\$ (69,358)	\$ (33,451)

Revenue and Expense Highlights

Revenues

- Revenues totaled \$682.2 million in 2019-20, a decrease of \$217.0 million from 2018-19. This was primarily due to decreased payments into the Technology Innovation and Emissions Reduction (TIER) Fund of \$128.1 million for the purchase of fund credits by industry.
- Internal government transfers totalled \$32.2 million, a decrease of \$95.3 million from the prior year due to a decrease in assets transferred from other ministries in 2019-20 than what was transferred in 2018-19.
- Transfers from the Government of Canada totalled \$38.2 million. This was an increase of \$33.6 million from prior year primarily resulting from increase for reimbursements from the Low Carbon Economy Leadership Fund.
- Premiums, fees and licences totalling \$124.5 million, a decrease of \$22.9 million from prior year due to a net decrease primarily resulting from a royalty audit assessment completed in 2018-19.

Expenses

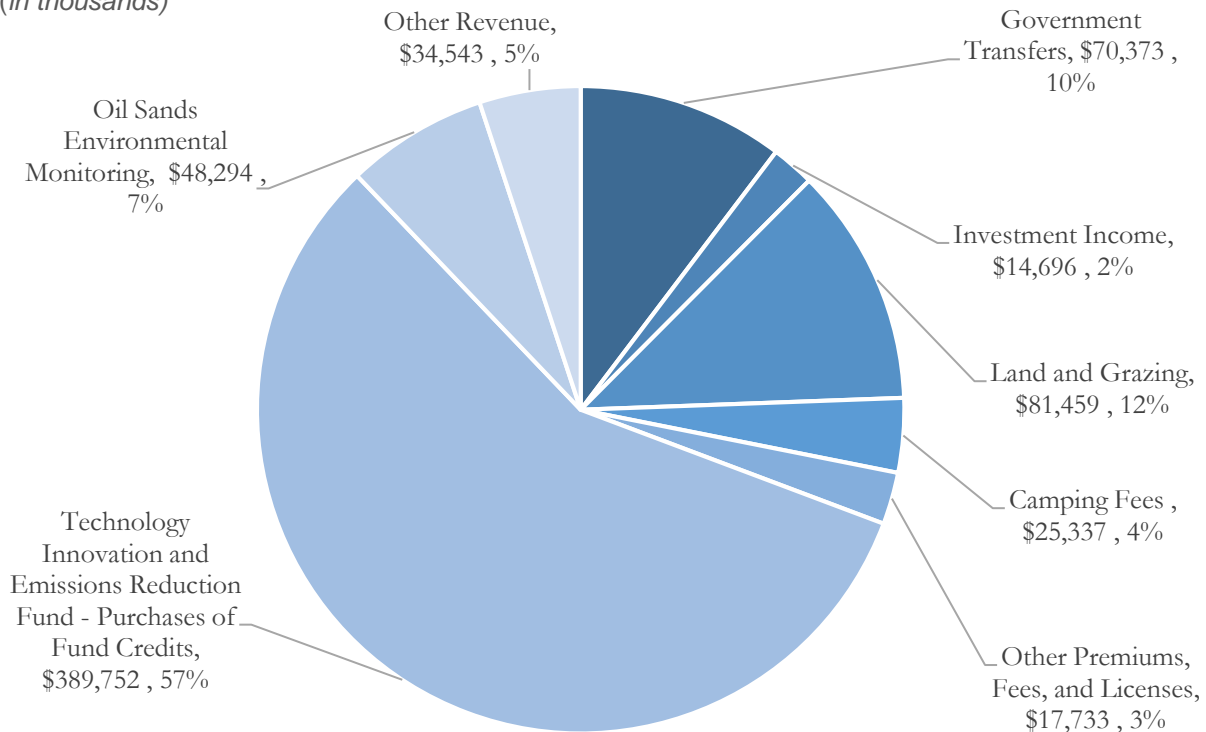
- Expenses totalled \$677.6 million, which is a decrease of \$62.8 million from budget and a decrease of \$94.6 million from 2018-19.
- Expenses for Water were \$17.6 million higher than 2018-19 primarily as a result of capital grants for the Alberta Community Resilience Program and increases in amortization in 2019-20.
- Expenses for Integrated Planning were \$19.1 million lower than 2018-19 primarily due to the recording of the Gas Plus site in Calgary and an abandoned gas station near Fort Chipewyan as contaminated site liabilities in 2018-19.
- Emissions Management expenses were \$51 million lower than budgeted and \$58.5 million lower than 2018-19:
 - The decrease from the budget primarily is due to shifts in expectations for offset credit usage, coal-fired electricity generation and updates to TIER policy and savings in TIER grant payments.
 - The decrease from prior year primarily is due to capital grant payments were only made in 2018-19 for the former Climate Leadership Plan program under the previous government.
- Quasi-Judicial Expenses were \$9.2 million higher than budgeted for the Surface Rights Board due to industry defaults resulting in compensation payments to landowners under the *Surface Rights Act*.
- Expenses for 2013 Alberta Flooding were \$10.3 million lower than previous year primarily due to a one-time grant for Bassano Dam in 2018-19 and the program coming to completion.

Breakdown of Revenues (unaudited)

The following information presents detailed revenues of the ministry. The objective of detailed revenues disclosure is to provide information that is useful in understanding and assessing the financial impact of government's revenue raising and for enhancing legislative control.

2020 Actual

(in thousands)



Technology Innovation and Emissions Reduction Fund

- Payments into the Technology Innovation and Emissions Reduction (TIER) Fund (\$389.8 million) from industry was the largest source of revenue for the ministry. In 2019-20, revenue was collected under the Carbon Competitiveness Incentive Regulation (CCIR). The CCIR has a minimum compliance through the fund of 50% of tonnes owed (i.e. maximum credit usage of 50%) and introduced credit usage limits. The CCIR remained in place for the 2019 compliance year.
- For the compliance year beginning January 1, 2020, the Technology Innovation and Emissions Reduction (TIER) Regulation replaced the CCIR and requires facilities to ensure that their net emission (emissions less compliance instruments provided) do not exceed their allowable emissions which are based on the facility production and the greater of the facility-specific benchmark or the high performance benchmark for each product of the facility. The new regulation also sets a maximum on the usage of emission offset credits or emission performance credits in calculating net emissions where usage of fund credits remains unlimited. Under TIER all compliance reporting is completed on an annual basis by June 30th of the year following the compliance year.

Premiums, Fees and Licences

- Land and Grazing revenue (\$81.5 million) collected 12% of the Ministry's revenue from public land dispositions, fees and permits. Revenues decreased compared to prior year resulting from a royalty audit assessment completed in 2018-19.
- Camping fees of \$25.3 million (4%) were collected for camping and day use in Alberta parks and reflects increased visitation for 2019-20.
- Other premiums, fees and licences of \$17.7 million (3%) were collected for fish and wildlife licences (\$12.9 million); wetland replacement program (\$1.5 million); parks visitor experiences and facility operations (\$1.2 million); digital integrated disposition and spatial data cadastral mapping (\$1.2 million); water power rentals (\$0.7 million) and other (\$0.2 million).

Government Transfers

- Internal government transfers totalling \$32.2 million included transfers from the Department of Transportation (\$32.1 million) and the Department of Infrastructure (\$0.1 million).
- Transfers from the Government of Canada totalling \$38.2 million included revenues from Low Carbon Economy Leadership Fund (\$32.5 million); the National Disaster Mitigation Program in support of flood resiliency (\$3.6 million); the Canada Nature Fund in support of Aquatic Species at Risk, specifically Alberta's Native Trout Recovery initiative aimed at recovering fish populations in the Eastern Slopes of Alberta (\$1.3 million), and other Government of Canada Support (\$0.8 million).

Other Revenue

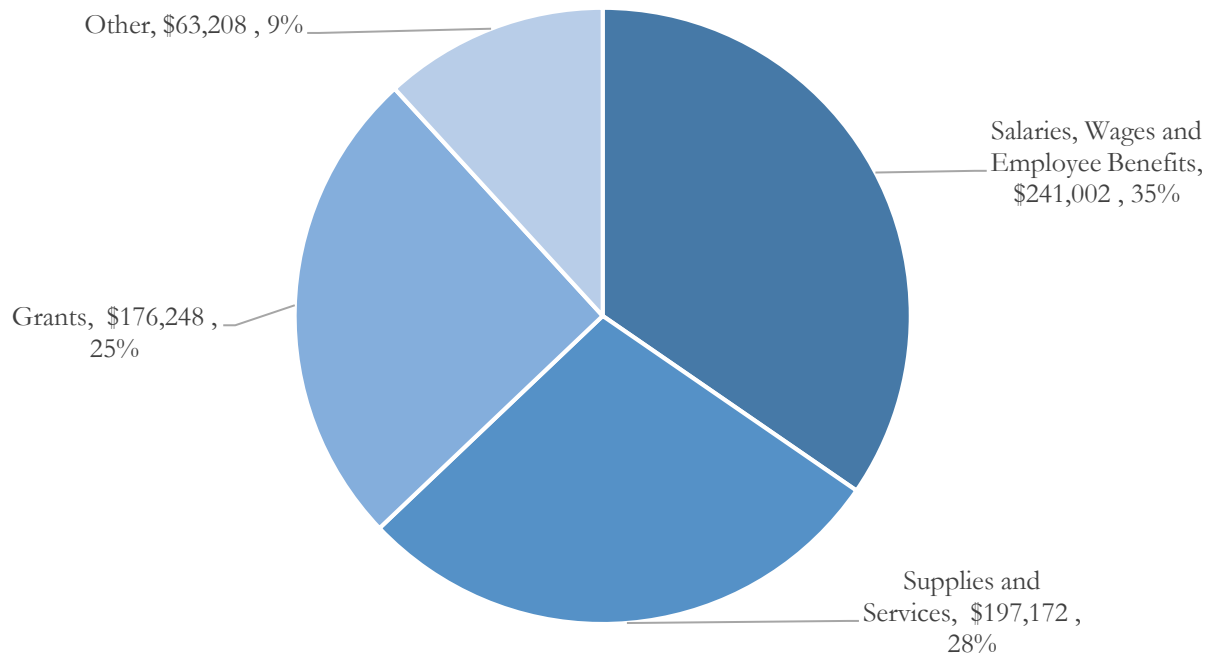
- Oil Sands Monitoring revenue of \$48.3 million (7%) represents industry contributions under the Oil Sands Environmental Monitoring Program Regulation supporting environmental monitoring within the oil sands area to enhance understanding of the cumulative effects of oil sands development. The program is jointly managed by the Department of Environment and Parks and Environment and Climate Change Canada.
- The remaining \$34.5 million (5%) is comprised of parks concessions and other miscellaneous revenue (\$12.2 million); shared service agreements with other departments (\$10 million); refunds of expenditures (\$7.2 million); land sales (\$3.0 million) and water resources (\$2.1 million).

Expenses – Directly Incurred Detailed by Object (unaudited)

The following information presents expense of the ministry that were directly incurred by object. The objective of disclosure of expenses by object is to provide information that is useful in evaluating the economic impact of government acquiring or consuming various types of resources.

2020 Actual

(in thousands)



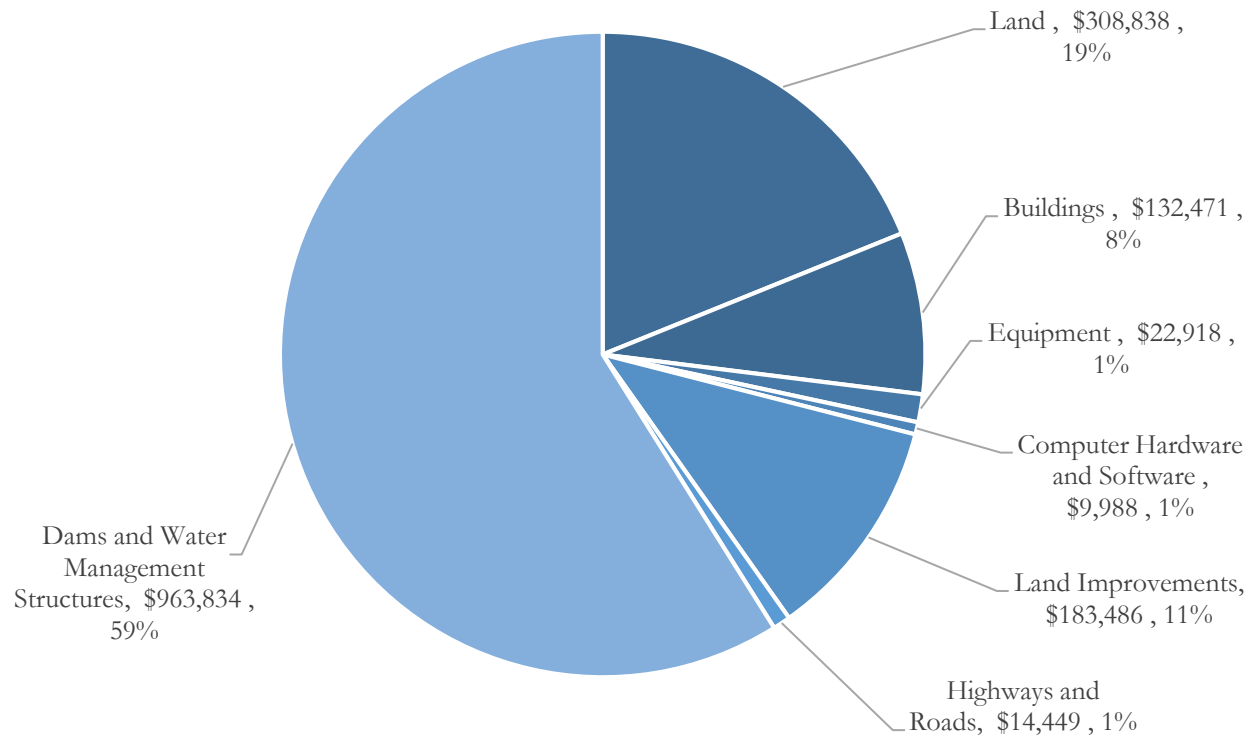
- The Ministry's largest operating expense was Salaries, Wages and Employee Benefits, which made up 35% of the total operating expense. In 2019-20, salaries, wage and employee benefits of \$241 million were primarily to manage air, land, water fish and wildlife, parks, emissions management and monitoring and science programs.
- Supplies and services totalled \$197.2 million (28%), which included contracts for protecting and enhancing Alberta's environment and ecosystems to ensure a sustainable future making live better for Albertans, in addition to ongoing operational requirements for the ministry such as shared services provided by Service Alberta; rentals; insurance; utilities and telecommunications; legal; and travel and support costs for field staff.
- Grants totalling \$176.2 million (25%) were provided to support organizations, communities and individuals through various grant programs.
- The remainder of the Ministry's expenses are comprised of amortization of tangible capital assets, totalling \$63.6 million and other expenses (\$0.4 million).

Supplemental Financial Information

Ministry Tangible Capital Assets (unaudited)

Net Book Value as of March 31, 2020

(in thousands)



- The ministry's largest category of tangible capital assets, Dams and Water Management Structures, represents 59% (\$964 million) of the Net Book Value (NBV). This category is comprised of dams, reservoirs, weirs, canals, dykes, ditches, channels, diversion, cut-offs, pump houses and erosion protection structures. Construction and oversight for these assets is performed by the Ministry of Transportation and transferred to the Ministry of Environment and Parks. For 2019-20, transfers totalled \$32.1 million.
- Land, with a value of \$308.8 million (19%) is the second largest category of tangible capital assets and includes land acquired for parks and recreation, building sites, infrastructure and other program use. Land acquired for conservation is purchased through the Land Stewardship Fund, which operates under the authority of the *Land Stewardship Act*.
- Land Improvements, representing 11% of total NBV (\$183.5 million), includes trails, campsites, parking lots and other site developments that increase the use and value of the land.
- Building, with a NBV of \$132.5 million (8%) include various support buildings and structures, primarily for public use, located in provincial parks, recreation areas and the backcountry.
- Smaller categories of tangible capital assets include Equipment (1%), Computer Hardware and Software (1%) and Highways and Roads (1%).

Financial Statements of Other Reporting Entities

Table of Contents

Index of Audited Financial Statements

Technology Innovation and Emissions Reduction Fund	64
Land Stewardship Fund	82
Natural Resources Conservation Board	96
Energy Efficiency Alberta	117

Technology Innovation and Emissions Reduction Fund

Financial Statements

Table of Contents

Independent Auditor’s Report 65

Statement of Operations 68

Statement of Financial Position 69

Statement of Change in Net Financial Assets 70

Statement of Cash Flows..... 71

Notes to the Financial Statements 72

Schedule 1 - Expense – Directly Incurred Detailed By Object..... 80

Schedule 2 - Related Party Transactions 81

Independent Auditor's Report

Report on the Financial Statements

Opinion

I have audited the financial statements of the Technology Innovation and Emissions Reduction Fund (the Fund), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, change in net financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2020, and the results of its operations, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

Management is responsible for the other information. The financial statements of the Fund are included in the *Annual Report Environment and Parks 2019-2020*. The other information comprises the information included in the *Annual Report Environment and Parks 2019-2020*, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

[Original signed by W. Doug Wylie FCPA, FCMA, ICD.D]

W. Doug Wylie FCPA, FCMA, ICD.D
Auditor General

July 28, 2020
Edmonton, Alberta

Technology Innovation and Emissions Reduction Fund

Statement of Operations

Year ended March 31, 2020

(in thousands)

	2020		2019
	Budget	Actual	Actual
Revenues (Note 2(a))			
Facility Purchases of Fund Credits by Sector			
Mining, Oil and Gas Extraction	\$ 180,180	\$ 128,151	\$ 169,571
Utilities	327,600	221,962	311,816
Manufacturing	16,380	21,145	13,911
Transportation and Warehousing	21,840	18,316	22,117
Waste Management and Remediation	-	178	420
Investment Income	10,000	12,864	10,446
Other Revenue	-	32,500	-
	<u>556,000</u>	<u>435,116</u>	<u>528,281</u>
Expenses – Directly Incurred (Note 2(a) and Schedule 1)			
Administration	-	72	497
Grants to Land Stewardship Fund	-	-	4,033
Innovation and Technology	379,822	316,453	38,150
Other Investments	228,000	145,126	359,549
	<u>607,822</u>	<u>461,651</u>	<u>402,229</u>
Annual (Deficit) Surplus	<u>\$ (51,822)</u>	<u>\$ (26,535)</u>	<u>\$ 126,052</u>
Accumulated Surplus at Beginning of Year	589,594	589,594	463,542
Accumulated Surplus at End of Year	<u>\$ 537,772</u>	<u>\$ 563,059</u>	<u>\$ 589,594</u>

The accompanying notes and schedules are part of these financial statements.

Technology Innovation and Emissions Reduction Fund

Statement of Financial Position

As at March 31, 2020
(in thousands)

	2020	2019
Financial Assets		
Cash and Cash Equivalents (Note 4)	\$ 771,621	\$ 767,219
Accounts Receivable (Note 5)	253,032	181,987
	<u>1,024,653</u>	<u>949,206</u>
Liabilities		
Accounts Payable and Accrued Liabilities (Note 6)	461,594	359,612
	<u>461,594</u>	<u>359,612</u>
Net Financial Assets	<u>563,059</u>	<u>589,594</u>
Net Assets	<u>563,059</u>	<u>589,594</u>
Net Assets at Beginning of Year	\$ 589,594	\$ 463,542
Annual (Deficit) Surplus	(26,535)	126,052
Net Assets at End of Year	<u>\$ 563,059</u>	<u>\$ 589,594</u>

Contractual Obligations (Note 7)

The accompanying notes and schedules are part of these financial statements.

Technology Innovation and Emissions Reduction Fund

Statement of Change in Net Financial Assets

Year ended March 31, 2020

(in thousands)

	2020		2019
	Budget	Actual	Actual
Annual (Deficit) Surplus	\$ (51,822)	\$ (26,535)	\$ 126,052
(Decrease) Increase in Net Financial Assets		\$ (26,535)	\$ 126,052
Net Financial Assets at Beginning of Year		589,594	463,542
Net Financial Assets at End of Year		\$ 563,059	\$ 589,594

The accompanying notes and schedules are part of these financial statements.

Technology Innovation and Emissions Reduction Fund

Statement of Cash Flows

Year ended March 31, 2020

(in thousands)

	2020	2019
Operating Transactions		
Annual (Deficit) Surplus	\$ (26,535)	\$ 126,052
(Increase) in Accounts Receivable	(71,045)	(2,266)
Increase in Accounts Payable and Accrued Liabilities	101,982	155,558
Cash Provided by Operating Transactions	<u>4,402</u>	<u>279,344</u>
Increase in Cash and Cash Equivalents	4,402	279,344
Cash and Cash Equivalents at Beginning of Year	767,219	487,875
Cash and Cash Equivalents at End of Year	<u>\$ 771,621</u>	<u>\$ 767,219</u>

The accompanying notes and schedules are part of these financial statements.

Technology Innovation and Emissions Reduction Fund

Notes to the Financial Statements

March 31, 2020

(in thousands)

NOTE 1 AUTHORITY AND PURPOSE

The Technology Innovation and Emissions Reduction (TIER) Fund operates under the authority of the *Emissions Management and Climate Resilience Act*, Chapter E-7.8 and the *Oil Sands Emissions Limit Act*, Chapter O-7.5.

During this statement period, the TIER Fund may be used only for purposes related to reducing emissions of specified gases or supporting Alberta's ability to adapt to climate change including, without limitation, energy conservation, energy efficiency, demonstration and use of new technologies that emphasize reductions in specific gas emissions, capture or removal of specific gases from the atmosphere, measurement of natural removal and storage of carbon, climate change adaptation programs, education and outreach initiatives, and Government of Alberta costs in respect of activities related to reducing emissions.

For the compliance year beginning January 1, 2018, the Carbon Competitiveness Incentive Regulation (CCIR) replaced the Specified Gas Emitters Regulation (SGER) and requires facilities to ensure that their net emissions (emissions less compliance instruments provided) do not exceed their output-based allocation which is based on the facility production and benchmarks established or assigned for those facility products. The regulation sets a maximum on the usage of emission offset credits or emissions performance credits in calculating net emissions where usage of fund credits remains unlimited.

The CCIR remained in place for the 2019 compliance year.

For the compliance year beginning January 1, 2020, the Technology Innovation and Emissions Reduction (TIER) Regulation replaced the CCIR and requires facilities to ensure that their net emissions (emissions less compliance instruments provided) do not exceed their allowable emissions which are based on the facility production and the greater of the facility-specific benchmark or the high performance benchmark for each product of the facility. The new regulation also sets a maximum on the usage of emission offset credits or emissions performance credits in calculating net emissions where usage of fund credits remains unlimited. Under TIER all compliance reporting is completed on an annual basis by June 30th of the year following the compliance year.

TIER Fund revenues operate as follows:

- Revenues to the TIER Fund include purchases of fund credits as a method of compliance under the CCIR for 2019, and estimates of credits attributable to January 1 to March 31, 2020 under TIER for the 2020 compliance year. These credits can be purchased at a rate of \$30 per tonne and may be used to ensure that the facility net emissions do not exceed the facility output-based allocation.

Technology Innovation and Emissions Reduction Fund

Notes to the Financial Statements

March 31, 2020

(in thousands)

NOTE 1 AUTHORITY AND PURPOSE (Cont'd)

- Under the CCIR, facilities, which have emitted over one million tonnes of carbon dioxide equivalent (CO₂e) in 2016 or a subsequent year, are required to submit annual forecasts, which include expected payments to the TIER Fund. These facilities were also required to submit interim compliance reports including fund payment, where applicable, on May 15, August 15 and November 15 for 2019.
- Under TIER, facilities which have emitted over one million tonnes of carbon dioxide equivalent (CO₂e) in 2016 or a subsequent year and which have not had a true-up obligation less than 50,000 tonnes in the two previous years are required to submit a forecasting report by November 30th which forecasts their emissions, production, true-up obligation and ratio of fund credits to other credits used to meet their true-up obligation for the coming year. This forecast is to be updated by March 31st of the year following.
- Emissions measurement at facilities involves the use of different methodologies including estimation techniques and use of emission factors. Such techniques can involve using equipment with varying degrees of precision. Use of different techniques and emission factors may produce different results.
- Management has provided guidance to facilities and verifiers in setting the quantification methodology, and the calculation and verification requirements of emissions and production. Every facility submitting a compliance report is required to have a third party verify the report. These verifications are required to be at a reasonable assurance level since January 1, 2012.

Under CCIR, facilities that demonstrate that emissions were less than output-based allocations and under TIER facilities that demonstrate that emissions are less than allowable emissions are eligible to request emission performance credits for the difference. These credits may be used for compliance in future periods.

Technology Innovation and Emissions Reduction Fund

Notes to the Financial Statements

March 31, 2020

(in thousands)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

(a) Basis of Financial Reporting

Revenue

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recognized as unearned revenue and recorded in accounts payable and other accrued liabilities.

Investment Income

Investment income includes the interest income earned on cash and cash equivalents and is recognized in the period in which the income is earned.

Facility Purchases of Fund credits

These revenues are measured from amounts assessed by management and from estimates of amounts not yet assessed based on cash and fund credit purchase information received from facilities that relates to compliance period ended December 31, 2019. Revenues also include adjustments resulting from reviews and audits of previous years' submissions.

Management has adopted a regulatory threshold on errors in emissions and production reported by facilities when calculating emissions intensity. This threshold requires facilities to correct and re-verify submissions where errors exceed the threshold. Management can require errors below the threshold to be corrected.

Completeness of Revenues from Facility Purchases of Fund Credits

Facilities submitting compliance reports are expected to understand and comply with the relevant legislation. This has an impact on the completeness of revenue when facilities do not fully meet the legislative requirements and, for example, report inaccurate or incomplete emissions or production data. Management has implemented systems and processes to detect and correct situations where facilities have not complied with the legislation. These systems and controls, based on areas of highest risk, include performing re-verifications of facility and offset project records.

Technology Innovation and Emissions Reduction Fund

Notes to the Financial Statements

March 31, 2020

(in thousands)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(a) Basis of Financial Reporting (Cont'd)

Measurement Uncertainty

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount.

The revenues and accounts receivable include an estimate \$75,600 for the period January 1 to March 31, 2020 (2019: \$19,200 – for non-forecasting facilities only)¹. There are uncertainties with the inputs used to calculate this forecast. Based on our estimate, the revenue for this period is expected to be between \$73,000 and \$79,600. Additional details on the forecast approach and accounting of uncertainty are provided below.

Under the TIER regulation revenue occurs when individual facilities make payments to cover all or part of their true up obligation². The Fund estimate is based on the sum of each regulated facility's estimated true-up obligation multiplied by a forecast fund contribution percentage³ multiplied by \$30 per tonne.

- The estimate of true-up obligation is based on the most recent available data, such as compliance or forecasting reports submitted under TIER, CCIR, and Petrinex data⁴.
- The sites emitting more than 1 million tonnes of carbon dioxide equivalent are defined under TIER as Forecasting Facilities. For Forecasting Facilities the Fund percentage is based on the values indicated in the forecasting report; for the non-forecasting facilities the Fund contribution percentage is based on the arithmetic average from the forecasting reports which is 48%. The Fund rate of \$30 per tonne of carbon dioxide equivalent is set by Ministerial Order 58/2019 for 2020 in accordance with section 21(2) of TIER.

¹ The entirety of the accounts receivable estimate for 2020 (which includes forecasting and non-forecasting facilities) is being compared to the non-forecasting facility portion of the estimate for 2019. For January 1 to March 31, 2019 there was measurement uncertainty for non-forecasting facilities only. Actuals for this period were received from forecasting facilities during 2019 due to quarterly reporting requirements for forecasting facilities last year under CCIR, therefore there was no measurement uncertainty for forecasting facilities.

² The true up obligation is the amount in tonnes of carbon dioxide equivalent by which the total regulated emissions exceeds the allowable emissions. Allowable emissions will depend on the benchmarks for products for the facility and the production in the year.

³ Fund contribution percentage is the share of a facility's true up obligation that is met through payment to the fund. This can range from 100% to 40%.

⁴ Petrinex is system used in Saskatchewan, Alberta and British Columbia for reporting data including data on production and fuel use.

Technology Innovation and Emissions Reduction Fund**Notes to the Financial Statements****March 31, 2020**

(in thousands)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)**(a) Basis of Financial Reporting (Cont'd)****Measurement Uncertainty (Cont'd)**

The estimate incorporates uncertainties associated with the recent COVID-19 impacts and differences between actual and forecast values in the following ways:

- A May 25th estimate of worst case COVID-19 impacts to production provided a basis for varying true-up obligation for oil and gas facilities. The aggregate impact of this adjustment reduced true-up obligation for these sectors by 13.1%.
- Actual year-to-date electricity generation from Alberta Electric System Operator metered volumes provided a basis for reducing true-up obligation for each coal-fired powerplant equivalent to -18% on weighted average basis.
- In preparing the estimate a Monte Carlo simulation was performed that independently varied the following parameters. The 25th percentile case was then selected as the estimate used.
 - Variability between actual and historic data was modeled by assuming uncertainty would increase by +/- 5% for each year between the last available data and 2020.
 - A preferential use of emission offsets and emissions performance credits was assumed as Facilities seek to minimize costs and cash expenditures in response to COVID-19. Use of fund credits were varied between +0/-20% for each facility while maintaining the minimum regulatory limit set out in TIER of 40% of true-up obligation.

For the 2019 compliance reporting, some of the regulated facilities are facing challenges to submit the compliance reports on time because of circumstances beyond their control caused by COVID-19 pandemic. Therefore, the Technology Innovation and Emissions Reduction Regulation has extended the deadline to submit compliance reports for 2019 from March 31, 2020 to June 30, 2020 (M.O. 15/2020).

Expenses

Expenses are those costs the TIER Fund has primary responsibility and accountability for, as reflected in the Government's budget documents.

Grants are recognized as expenses when authorized, eligibility criteria are met and a reasonable estimate of the amount can be made.

Technology Innovation and Emissions Reduction Fund

Notes to the Financial Statements

March 31, 2020

(in thousands)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(a) Basis of Financial Reporting (Cont'd)

Valuation of Financial Assets and Liabilities

The organization's financial assets and liabilities are generally measured as follows:

<u>Financial Statement Component</u>	<u>Measurement</u>
Cash and cash equivalents	Cost
Accounts receivable	Lower of cost or net recoverable value
Accounts payable and accrued liabilities	Cost

Financial Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

Financial assets of the TIER Fund are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals, as well as the below listed assets.

As the TIER Fund does not have any transactions involving financial instruments that are classified in the fair value category and has no foreign currency transactions, there are no remeasurement gains and losses and therefore a statement of remeasurement gains and losses has not been presented.

Accounts Receivable

Accounts receivable are recognized at the lower of cost or net recoverable value. A valuation allowance is recognized when recovery is uncertain.

Liabilities

Liabilities are present obligations of the TIER Fund to external organizations and individuals arising from past transactions or events occurring before the year end, the settlement of which is expected to result in the future sacrifice of economic benefits. They are recognized when there is an appropriate basis of measurement and management can reasonably estimate the amounts.

Technology Innovation and Emissions Reduction Fund

Notes to the Financial Statements

March 31, 2020

(in thousands)

NOTE 3 FUTURE ACCOUNTING CHANGES

The Public Sector Accounting Board issued the following accounting standards:

- PS 3280 Asset Retirement Obligations (effective April 1, 2022)**
 This standard provides guidance on how to account for and report liabilities for retirement of tangible capital assets.
- PS 3400 Revenue (effective April 1, 2022)**
 This standard provides guidance on how to account for and report on revenue, and specifically, addresses revenue arising from exchange transactions and unilateral transactions.

Management is currently assessing the impact of these standards on the financial statements.

NOTE 4 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents include deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term securities with a maximum term to maturity of three years. As at March 31, 2020, securities held by the Fund have a time-weighted return of 1.9% per annum (2019: 1.8% per annum). Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

NOTE 5 ACCOUNTS RECEIVABLE

Accounts receivable are unsecured and non-interest bearing.

	2020	2019
Facility Purchases of Fund Credits by Sector		
Mining, Oil and Gas Extraction	\$ 91,262	\$ 76,317
Utilities	110,892	92,448
Manufacturing	12,843	7,819
Transportation and Warehousing	5,257	4,983
Waste Management and Remediation	278	420
Accounts Receivable from the Department of Environment and Parks	32,500	-
	<u>\$ 253,032</u>	<u>\$ 181,987</u>

Technology Innovation and Emissions Reduction Fund

Notes to the Financial Statements

March 31, 2020

(in thousands)

NOTE 6 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020	2019
Accrued Grants	\$ 461,579	\$ 359,549
Accrued Liabilities	15	63
	<u>\$ 461,594</u>	<u>\$ 359,612</u>

NOTE 7 CONTRACTUAL OBLIGATIONS

Contractual obligations are obligations of the TIER Fund to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	2020	2019
Grants	\$ -	\$ 18,034
Contracts	27	-
	<u>\$ 27</u>	<u>\$ 18,034</u>

NOTE 8 APPROVAL OF FINANCIAL STATEMENTS

The deputy minister and senior financial officer approved these financial statements.

Technology Innovation and Emissions Reduction Fund

Schedule to Financial Statements
Expense – Directly Incurred Detailed By Object

Schedule 1

Year ended March 31, 2020

(in thousands)

	2020		2019
	Budget	Actual	Actual
Supplies and Services	\$ -	\$ 72	\$ 497
Grants	607,822	461,579	401,732
Total Expenses	\$ 607,822	\$ 461,651	\$ 402,229

Technology Innovation and Emissions Reduction Fund
 Schedule to Financial Statements
 Related Party Transactions

Schedule 2

Year ended March 31, 2020
 (in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Government of Alberta's Consolidated Financial Statements. Related parties also include key management personnel in the TIER Fund and their close family members. As a result of an assessment made by management there are no transactions to report.

The TIER Fund had the following transactions with related parties reported on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry	
	2020	2019
Revenues		
Grants from the Department of Environment and Parks	\$ 32,500	\$ -
Expenses – Directly Incurred		
Grants to Land Stewardship Fund	\$ -	\$ 4,033
Grants to the Department of Environment and Parks	436,579	359,549
	<u>436,579</u>	<u>363,582</u>
Receivable From the Department of Environment and Parks	\$ 32,500	-
Payable To the Department of Environment and Parks	\$ 436,579	\$ 359,549

Land Stewardship Fund

Financial Statements

Table of Contents

Independent Auditor’s Report 83

Statement of Operations 86

Statement of Change in Net Financial Assets 88

Statement of Cash Flows..... 89

Notes to the Financial Statements 90

Schedule 1 - Expenses – Directly Incurred Detailed By Object..... 94

Schedule 2 - Related Party Transactions 95

Independent Auditor's Report

To the Minister of Environment and Parks

Report on the Financial Statements

Opinion

I have audited the financial statements of the Land Stewardship Fund (the Fund), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2020, and the results of its operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

Management is responsible for the other information. The financial statements of the Fund are included in the *Annual Report Environment and Parks 2019-2020*. The other information comprises the information included in the *Annual Report Environment and Parks 2019-2020*, but does not include the financial statements and my auditor's report thereon. The *Annual Report Environment and Parks 2019-2020* is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I will perform on this other information, I conclude that there is a material misstatement of this other information, I am required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

[Original signed by W. Doug Wylie FCPA, FCMA, ICD.D]

W. Doug Wylie FCPA, FCMA, ICD.D
Auditor General

July 13, 2020
Edmonton, Alberta

Land Stewardship Fund
Statement of Operations

Year Ended March 31, 2020
(in thousands)

	2020		2019
	Budget	Actual	Actual
Revenues			
Internal Government Transfers (Note 2 and 6)			
Proceeds from Surplus Land Sales	\$ 5,000	\$ 2,985	\$ 1,532
Transfer from Technology Innovation and Emissions Reduction Fund	-	-	4,033
Investment Income	1,000	1,122	1,160
Other Revenue	-	1,614	471
	<u>6,000</u>	<u>5,721</u>	<u>7,196</u>
Expenses – Directly Incurred (Note 2 and Schedule 1)			
Grants to the Department of Environment and Parks to Acquire Land	5,000	-	3,600
Grants to Land Trusts	10,000	10,227	9,444
Land Transaction Expenses	-	46	165
	<u>15,000</u>	<u>10,273</u>	<u>13,209</u>
Annual Deficit	<u>\$ (9,000)</u>	<u>\$ (4,552)</u>	<u>\$ (6,013)</u>

The accompanying notes and schedules are part of these financial statements.

Land Stewardship Fund

Statement of Financial Position

As At March 31, 2020

(in thousands)

	2020	2019
Financial Assets		
Cash and Cash Equivalents (Note 4)	\$ 54,292	\$ 58,865
	<u>54,292</u>	<u>58,865</u>
Liabilities		
Accounts Payable and Accrued Liabilities	5	26
	<u>5</u>	<u>26</u>
Net Financial Assets	<u>54,287</u>	<u>58,839</u>
Net Assets	<u>\$ 54,287</u>	<u>\$ 58,839</u>
Net Assets at Beginning of Year	\$ 58,839	\$ 64,852
Annual Deficit	(4,552)	(6,013)
Net Assets at End of Year (Note 5)	<u>\$ 54,287</u>	<u>\$ 58,839</u>

The accompanying notes and schedules are part of these financial statements.

Land Stewardship Fund

Statement of Change in Net Financial Assets

Year Ended March 31, 2020

(in thousands)

	2020		2019
	Budget	Actual	Actual
Annual Deficit	\$ (9,000)	\$ (4,552)	\$ (6,013)
Decrease in Net Financial Assets		\$ (4,552)	\$ (6,013)
Net Financial Assets at Beginning of Year		58,839	(6,013)
Net Financial Assets at End of Year		\$ 54,287	\$ 58,839

The accompanying notes and schedules are part of these financial statements.

Land Stewardship Fund
Statement of Cash Flows

Year Ended March 31, 2020
(in thousands)

	2020	2019
Operating Transactions		
Annual Deficit	\$ (4,552)	\$ (6,013)
Decrease in Accounts Receivable	-	1,234
Decrease in Accounts Payable and Accrued Liabilities	(21)	(7,146)
Cash Applied to Operating Transactions	(4,573)	(11,925)
Decrease in Cash and Cash Equivalents	(4,573)	(11,925)
Cash and Cash Equivalents at Beginning of Year	58,865	70,790
Cash and Cash Equivalents at End of Year	\$ 54,292	\$ 58,865

The accompanying notes and schedules are part of these financial statements.

Land Stewardship Fund

Notes to the Financial Statements

March 31, 2020

(in thousands)

NOTE 1 AUTHORITY

The Land Stewardship Fund (the Fund) operates under the authority of the *Public Lands Act*, section 11.2(1) and was established effective April 1, 2010. The Fund has been set up to receive the proceeds from the sale of public land in Alberta. The funds can be used to purchase land for conservation and stewardship needs such as land for sensitive habitat, critical watersheds and conservation easements that better meet the ministry's mandate. Further, under the authority of the Alberta Regulation 31/2011 *Public Lands Act*, Land Stewardship Fund Regulation, the Fund may be used to provide grants made by the Minister under the Environment and Sustainable Resource Development Grant Regulation (AR 182/2000) to persons for the purchase of an estate or interest in land for conservation purposes.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

Basis of Financial Reporting

Revenue

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recognized as unearned revenue and recorded in accounts payable and other accrued liabilities.

Government transfers

Transfers from all levels of government are referred to as government transfers.

Government transfers are recognized as deferred revenue and/or deferred capital contributions if the eligibility criteria of the transfer or the stipulations together with the Fund's actions and communications as to the use of transfers create a liability. These transfers are recognized as revenues as the stipulations are met and, when applicable, the Fund complies with its communicated uses of these transfers.

All other government transfers, without stipulations for the use of the transfer, are recognized as revenue when the transfer is authorized and the Fund meets the eligibility criteria (if any).

Land Stewardship Fund

Notes to the Financial Statements

March 31, 2020
(in thousands)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

Basis of Financial Reporting (Cont'd)

Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year are expensed.

Grants and transfers are recognized as expenses when the transfer is authorized and eligibility criteria have been met by the recipient.

Valuation of Financial Assets and Liabilities

The organization's financial assets and liabilities are generally measured as follows:

<u>Financial Statement Component</u>	<u>Measurement</u>
Cash and cash equivalents	Cost
Accounts receivable	Lower of cost or net recoverable value
Accounts payable and accrued liabilities	Cost

Financial Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

Financial assets of the Fund are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals, as well as the below listed assets.

As the Fund does not have any transactions involving financial instruments that are classified in the fair value category and has no foreign currency transactions, there are no remeasurement gains and losses and therefore a statement of remeasurement gains and losses has not been presented.

Cash and Cash Equivalents

Cash comprises of cash on hand and demand deposits. Cash equivalents are short-term, highly liquid, investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term commitments rather than for investment purposes.

Accounts Receivable

Accounts receivable are recognized at the lower of cost or net recoverable value. A valuation allowance is recognized when recovery is uncertain.

Land Stewardship Fund

Notes to the Financial Statements

March 31, 2020

(in thousands)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

Basis of Financial Reporting (Cont'd)

Liabilities

Liabilities are present obligations of the Fund to external organizations and individuals arising from past transactions or events occurring before the year end, the settlement of which is expected to result in the future sacrifice of economic benefits. They are recognized when there is an appropriate basis of measurement and management can reasonably estimate the amounts.

NOTE 3 FUTURE ACCOUNTING CHANGES

The Public Sector Accounting Board issued the following accounting standards:

- **PS 3280 Asset Retirement Obligations (effective April 1, 2022)**
Effective April 1, 2022, this standard provides guidance on how to account for and report liabilities for retirement of tangible capital assets.
- **PS 3400 Revenue (effective April 1, 2022)**
This standard provides guidance on how to account for and report on revenue, and specifically, it addresses revenue arising from exchange transactions and unilateral transactions.

Management is currently assessing the impact of these standards on the financial statements.

NOTE 4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2020, securities held by the Fund have a time-weighted return of 1.9% per annum (2019: 1.8% per annum).

NOTE 5 NET ASSETS

The Net Assets for the Fund are capped at \$150,000 in accordance with the Land Stewardship Fund Regulation.

Land Stewardship Fund**Notes to the Financial Statements****March 31, 2020****(in thousands)****NOTE 6 TRANSFER FROM THE DEPARTMENT OF ENVIRONMENT AND PARKS**

Revenue received by the Department of Environment and Parks (the department) in payment for the sale of land inventory was transferred to the Fund according to the Land Stewardship Fund Regulation.

NOTE 7 APPROVAL OF FINANCIAL STATEMENTS

The deputy minister and senior financial officer approved these financial statements.

Land Stewardship Fund

Schedule to Financial Statements
 Expenses – Directly Incurred Detailed By Object

Schedule 1

Year ended March 31, 2020

(in thousands)

	2020		2019
	Budget	Actual	Actual
Supplies and Services	\$ -	\$ 46	\$ 165
Grants	15,000	10,227	13,044
Total Expenses	\$ 15,000	\$ 10,273	\$ 13,209

Land Stewardship FundSchedule to Financial Statements
Related Party Transactions

Schedule 2

Year Ended March 31, 2020**(in thousands)**

Related parties are those entities consolidated or accounted for on a modified equity basis in the Government of Alberta Consolidated Financial Statements. Related parties also include key management personnel in the Fund and their close family members. As a result of an assessment made by management, there are no transactions to report.

The Fund had the following transactions with related parties reported on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry	
	2020	2019
Revenues		
Internal Government Transfers – Proceeds from Surplus Land Sales (Note 2 and 6)	\$ 2,985	\$ 1,532
Internal Government Transfers – Proceeds from Technology Innovation and Emissions Reduction Fund	-	4,033
	<u>\$ 2,985</u>	<u>\$ 5,565</u>
Expenses – Directly Incurred		
Grants to the Department of Environment and Parks to Acquire Land	<u>\$ -</u>	<u>\$ 3,600</u>

Natural Resources Conservation Board

Financial Statements

Table of Contents

Management’s Responsibility for Financial Reporting	97
Independent Auditor’s Report	98
Statement of Operations	101
Statement of Financial Position	102
Statement of Change in Net Financial Assets	103
Statement of Cash Flows.....	104
Notes to the Financial Statements	105
Schedule 1 - Expenses – Directly Incurred Detailed By Object.....	113
Schedule 2 - Salary and Benefits Disclosure.....	114
Schedule 3 - Related Party Transactions	115
Schedule 4 - Allocated Costs.....	116

Management's Responsibility for Financial Reporting

The accompanying NRCB financial statements have been prepared and presented by management, who is responsible for the integrity and fair presentation of the information.

These financial statements are prepared in accordance with Canadian public sector accounting standards. The financial statements necessarily include certain amounts based on the informed judgments and best estimates of management.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the NRCB has developed and maintains systems of internal controls to produce reliable information for reporting requirements. The systems are designed to provide reasonable assurance that NRCB transactions are properly authorized, assets are safeguarded from loss and the accounting records are a reliable basis for the preparation of the financial statements.

The Auditor General of Alberta, the NRCB's external auditor appointed under the *Auditor General Act*, performed an independent external audit of these financial statements in accordance with Canadian generally accepted auditing standards and has expressed his opinion in the accompanying Independent Auditor's Report.

NRCB's board is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. In both the presence and absence of management, the NRCB's board meets with the external auditors to discuss the audit, including any findings as to the integrity of financial reporting processes and the adequacy of our systems of internal controls. The external auditors have full and unrestricted access to the NRCB's board.

[Original signed by John Brown]

John Brown
Chief Executive Officer

June 24, 2020

Independent Auditor's Report

To the Members of the Natural Resources Conservation Board

Report on the Financial Statements

Opinion

I have audited the financial statements of the Natural Resources Conservation Board, which comprise the statement of financial position as at March 31, 2020, and the statements of operations, change in net financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Natural Resources Conservation Board as at March 31, 2020, and the results of its operations, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Natural Resources Conservation Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

Management is responsible for the other information. The other information comprises the information included in the *Annual Report*, but does not include the financial statements and my auditor's report thereon. The *Annual Report* is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I will perform on this other information, I conclude that there is a material misstatement of this other information, I am required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Natural Resources Conservation Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Natural Resources Conservation Board's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Natural Resources Conservation Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Natural Resources Conservation Board's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Natural Resources Conservation Board to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

[Original signed by W. Doug Wylie FCPA, FCMA, ICD.D]

W. Doug Wylie FCPA, FCMA, ICD.D
Auditor General

June 24, 2020
Edmonton, Alberta

Natural Resources Conservation Board

Statement of Operations

Year Ended March 31, 2020

	2020		2019
	Budget	Actual	Actual
Revenues			
Government Transfers			
Transfer from the Department of Environment and Parks (Note 4)	\$ 5,397,000	\$ 5,397,000	\$ 5,133,000
Investment Income	70,000	86,195	89,973
Other Revenue	1,000	2,565	2,977
	<u>5,468,000</u>	<u>5,485,760</u>	<u>5,225,950</u>
Expenses - Directly Incurred (Note 2(a) and Schedules 1 and 4)			
Board Reviews and Hearings	1,151,000	1,152,655	1,034,099
Regulating Confined Feeding Operations	4,287,000	4,235,107	4,049,863
	<u>5,438,000</u>	<u>5,387,762</u>	<u>5,083,962</u>
Annual Operating Surplus	30,000	97,998	141,988
Accumulated Surplus at Beginning of Year	<u>3,900,524</u>	<u>3,900,524</u>	<u>3,758,536</u>
Accumulated Surplus at End of the Year	<u>\$ 3,930,524</u>	<u>\$ 3,998,522</u>	<u>\$ 3,900,524</u>

The accompanying notes and schedules are part of these financial statements.

Natural Resources Conservation Board
Statement of Financial Position

As At March 31, 2020

	2020	2019
Financial Assets		
Cash and Cash Equivalents (Note 5)	\$ 4,218,142	\$ 4,113,567
Accounts Receivable	4,449	1,735
	<u>4,222,591</u>	<u>4,115,302</u>
Liabilities		
Accounts Payable and Accrued Liabilities (Note 7)	275,999	283,425
	<u>3,946,592</u>	<u>3,831,877</u>
Net Financial Assets		
Non-Financial Assets		
Tangible Capital Assets (Note 8)	51,775	67,647
Prepaid Expenses	155	1,000
	<u>51,930</u>	<u>68,647</u>
Net Assets	<u>\$ 3,998,522</u>	<u>\$ 3,900,524</u>
Net Assets		
Accumulated Surplus (Note 10)	<u>\$ 3,998,522</u>	<u>\$ 3,900,524</u>

Contractual Obligations (Note 11)

The accompanying notes and schedules are part of these financial statements.

Natural Resources Conservation Board
Statement of Change in Net Financial Assets

Year Ended March 31, 2020

	2020		2019
	Budget	Actual	Actual
Annual Operating Surplus	\$ 30,000	\$ 97,998	\$ 141,988
Acquisition of Tangible Capital Assets (Note 8)	(17,000)	(22,900)	-
Amortization of Tangible Capital Assets (Note 8)	42,000	38,772	41,823
Decrease (Increase) in Prepaid Expenses		845	(1,000)
Increase in Net Financial Assets	55,000	114,715	182,811
Net Financial Assets at Beginning of Year	3,831,877	3,831,877	3,649,066
Net Financial Assets at End of Year	\$ 3,886,877	\$ 3,946,592	\$ 3,831,877

The accompanying notes and schedules are part of these financial statements.

Natural Resources Conservation Board

Statement of Cash Flows

Year Ended March 31, 2020

	2020	2019
Operating Transactions		
Annual Operating Surplus	\$ 97,998	\$ 141,988
Non-Cash Item Included in Annual Operating Surplus:		
Amortization of Tangible Capital Assets (Note 8)	38,772	41,823
	<u>136,770</u>	<u>183,811</u>
Increase in Accounts Receivable	(2,714)	(56)
Decrease (Increase) in Prepaid Expenses	845	(1,000)
Decrease in Accounts Payable and Accrued Liabilities	(7,426)	(62,764)
Cash Provided by Operating Transactions	<u>127,475</u>	<u>119,991</u>
Capital Transactions		
Acquisition of Tangible Capital Assets (Note 8)	<u>(22,900)</u>	-
Cash Applied to Capital Transactions	<u>(22,900)</u>	-
Increase in Cash and Cash Equivalents	104,575	119,991
Cash and Cash Equivalents at Beginning of Year	4,113,567	3,993,576
Cash and Cash Equivalents at End of Year	<u>\$ 4,218,142</u>	<u>\$ 4,113,567</u>

The accompanying notes and schedules are part of these financial statements.

Natural Resources Conservation Board

Notes to the Financial Statements

March 31, 2020

NOTE 1 AUTHORITY AND PURPOSE

The Natural Resources Conservation Board (NRCB) operates under the authority of the *Natural Resources Conservation Board Act*, Chapter N-3, RSA 2000 (NRCBA). NRCB's mandate is to provide for an impartial process to review projects that will or may affect the natural resources of the Province of Alberta. Included in this mandate are reviewable projects described in the NRCBA as well as the regulatory responsibilities set out in Part 2 of the *Agricultural Operation Practices Act*, Chapter A-7, RSA 2000 (AOPA) for the approval, monitoring and compliance of livestock confined feeding operations. The NRCB is exempt from income taxes under the *Income Tax Act*.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

(a) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting.

Government transfers

Transfers from the Government of Alberta are recognized as revenue when the transfer is authorized and the NRCB meets the eligibility criteria.

Government transfers and the associated externally restricted investment income are recognized as deferred contributions if the eligibility criteria for use of the transfer, or the stipulations together with NRCB's actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the stipulations are met and, when applicable, NRCB complies with its communicated use of these transfers.

Investment Income

Investment income includes interest income and is recognized when earned.

Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year are expensed.

Directly Incurred

Directly Incurred expenses are those costs the NRCB has primary responsibility and accountability for, as reflected in the government's budget documents.

Incurred by Others

Services contributed by other related entities in support of NRCB's operations are not recognized but disclosed in Schedule 4.

Natural Resources Conservation Board

Notes to the Financial Statements

March 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(a) Basis of Financial Reporting (Cont'd)

Expenses (Cont'd)

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act.

The NRCB's financial assets and liabilities are generally measured as follows:

<u>Financial Statement Components</u>	<u>Measurement</u>
Cash and Cash Equivalents	Cost
Accounts Receivable	Lower of Cost or Net Recoverable Value
Accounts Payable and Accrued Liabilities	Cost

The NRCB does not hold equities traded in an active market, nor does it engage in derivative contracts or foreign currency transactions. The NRCB is not exposed to remeasurement gains and losses and, consequently, a statement of remeasurement gains and losses is not presented.

Financial Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

Financial assets are NRCB's financial claims on external organizations and individuals at the year end.

Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term commitments rather than for investment purposes.

Accounts Receivable

Accounts receivable are recognized at the lower of cost or net recoverable value.

Natural Resources Conservation Board

Notes to the Financial Statements

March 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(a) Basis of Financial Reporting (Cont'd)

Liabilities

Liabilities are present obligations of the NRCB to external organizations and individuals arising from past transactions or events occurring before the year end, the settlement of which is expected to result in the future sacrifice of economic benefits. They are recognized when there is an appropriate basis of measurement and management can reasonably estimate the amounts.

Liabilities also include:

- all financial claims payable by the NRCB at the year end; and
- accrued employee vacation entitlements.

Environmental Liabilities

Contaminated sites are a result of contamination of a chemical, organic or radioactive material or live organism that exceeds an environmental standard, being introduced into soil, water or sediment. Management has reviewed the accounting standards PS3200 and PS 3260 and has concluded that the NRCB does not have any environmental liabilities.

Non-Financial Assets

Non-financial assets are acquired, constructed, or developed assets that do not normally provide resources to discharge existing liabilities, but instead:

- (a) are normally employed to deliver government services;
- (b) may be consumed in the normal course of operations; and
- (c) are not for sale in the normal course of operations.

Non-financial assets include tangible capital assets and prepaid expenses.

Tangible Capital Assets

Tangible capital assets are recognized at cost less accumulated amortization. The threshold for capitalizing new tangible capital assets is \$5,000. These assets are amortized over their estimated useful lives commencing in the month following acquisition, using the following annual rates and methods:

Computer Hardware	Straight line – 3 years
Computer Software	Straight line – 2 to 3 years
Office Equipment	Declining balance – 20% per year
Office Furniture	Declining balance – 20% per year

Natural Resources Conservation Board

Notes to the Financial Statements

March 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(a) Basis of Financial Reporting (Cont'd)

Tangible Capital Assets (Cont'd)

Tangible capital assets are written down when conditions indicate that they no longer contribute to the NRCB's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the Statement of Operations.

Prepaid Expenses

Prepaid expenses are recognized at cost and amortized based on the terms of the agreement.

Measurement Uncertainty

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount, whenever estimates are used. The amounts recognized for amortization of tangible capital assets are based on estimates of the useful life of the related assets. The resulting estimates are within reasonable limits of materiality and are in accordance with the NRCB's significant accounting policies.

NOTE 3 FUTURE ACCOUNTING CHANGES

The Public Sector Accounting Board approved the following accounting standards:

- **PS 3280 Asset Retirement Obligations (effective April 1, 2022)**
Effective April 1, 2022, this standard provides guidance on how to account for and report liabilities for retirement of tangible capital assets.
- **PS 3400 Revenue (effective April 1, 2022)**
This standard provides guidance on how to account for and report on revenue, and specifically, it addresses revenue arising from exchange transactions and unilateral transactions.

Management is currently assessing the impact of these standards on the financial statements.

Natural Resources Conservation Board

Notes to the Financial Statements

March 31, 2020

NOTE 4 GOVERNMENT TRANSFERS

	2020	2019
Original transfer from the Department of Environment and Parks	\$ 5,397,000	\$ 6,433,000
Transfer amounts returned to the Department of Environment and Parks	-	(1,300,00)
Adjusted transfer from the Department of Environment and Parks	\$ 5,397,000	\$ 5,133,000

NOTE 5 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents consist of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high quality, short-term securities with a maximum term to maturity of three years. As at March 31, 2020, securities held by the fund have a time-weighted return of 1.9% (2019 - 1.8%) per annum. Due to the short-term nature of the CCITF investments, the carrying value approximates fair value.

NOTE 6 FINANCIAL INSTRUMENTS

The NRCB has the following financial instruments: cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities.

The NRCB has exposure to the following risks from its use of financial instruments:

(a) Liquidity Risk

Liquidity risk is the risk that the NRCB will encounter difficulty in meeting obligations associated with its financial liabilities. The NRCB does not consider this to be a significant risk as the NRCB collects government transfers quarterly to meet all obligations that arise during the year.

(b) Credit Risk

The NRCB is exposed to credit risk from potential non-payment of accounts receivable. As at March 31, 2020, there were no uncollectible receivable balances.

Natural Resources Conservation Board

Notes to the Financial Statements

March 31, 2020

NOTE 7 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020	2019
Accounts Payable	\$ 77,898	\$ 51,635
Accrued Liabilities - Employee Benefits	198,101	231,790
	<u>\$ 275,999</u>	<u>\$ 283,425</u>

NOTE 8 TANGIBLE CAPITAL ASSETS

	Computer Hardware	Computer Software	Office Equipment	Office Furniture	2020 Total	2019 Total
Historical Costs						
Beginning of year	\$ 233,374	\$ 19,884	\$ 71,568	\$ 187,166	\$ 511,992	\$ 520,097
Additions	-	-	22,900	-	22,900	-
Disposals, including write-downs	-	-	-	-	-	(8,105)
	<u>233,374</u>	<u>19,884</u>	<u>94,468</u>	<u>187,166</u>	<u>534,892</u>	<u>511,992</u>
Accumulated Amortization						
Beginning of year	198,368	13,256	50,102	182,619	444,345	410,627
Amortization expense	26,942	6,628	4,293	909	38,772	41,823
Effects of disposals including write- downs	-	-	-	-	-	(8,105)
	<u>225,310</u>	<u>19,884</u>	<u>54,395</u>	<u>183,528</u>	<u>483,117</u>	<u>444,345</u>
Net Book Value at March 31, 2020	<u>\$ 8,064</u>	<u>\$ -</u>	<u>\$ 40,073</u>	<u>\$ 3,638</u>	<u>\$ 51,775</u>	
Net Book Value at March 31, 2019	<u>\$ 35,006</u>		<u>\$ 6,628</u>	<u>\$ 21,466</u>	<u>\$ 4,547</u>	<u>\$ 67,647</u>

Natural Resources Conservation Board

Notes to the Financial Statements

March 31, 2020

NOTE 9 BENEFIT PLANS

The NRCB participates in the multi-employer pension plans: Management Employees Pension Plan (MEPP) and Supplementary Retirement Plan for Public Service Managers (SRP). The expense for these pension plans is equivalent to the annual contribution of \$32,964 for the year ended March 31, 2020 (2019 - \$16,127). The NRCB is not responsible for future funding of the plan deficit other than through contribution increases.

The NRCB does not have sufficient plan information on the Government of Alberta multi-employer defined benefit pension plans to follow the standards for defined benefit accounting, and therefore follows the standards for defined contribution accounting. Accordingly, pension expense recognized for the Government of Alberta multi-employer defined benefit pension plans is comprised of employer contributions to the plans that are required for its employees during the year, which are calculated based on actuarially pre-determined amounts that are expected to provide the plans' future benefits.

At December 31, 2019, the MEPP reported a surplus of \$1,008,135,000 (2018 – surplus of \$670,700,000), and the SRP reported a deficiency of \$44,698,000 (2018 – deficiency of \$70,310,000).

The fair value of the Government of Alberta multi-employer defined benefit pension plans are subject to significant market volatility due to the economic crisis stemming from the global pandemic COVID-19 virus. To the extent that the pension plans may not recover market-losses during the remainder of 2020, the funded status of the plans would experience a correlated decline. The financial market impact of the outbreak has been rapidly evolving, which precludes a reasonable estimate of the impact.

In addition, the NRCB sponsors a defined contribution pension plan for employees who are not eligible to participate in the government sponsored pension plans. The expense for this pension plan is \$234,835 for the year ended March 31, 2020 (2019 - \$228,678). Pension expense comprises the cost of employer contributions during the year.

Natural Resources Conservation Board

Notes to the Financial Statements

March 31, 2020

NOTE 10 ACCUMULATED SURPLUS

Accumulated surplus is comprised of the following:

	Investment in		2020	2019
	Tangible	Unrestricted	Total	Total
	Capital Assets	Surplus		
Balance at Beginning of Year	\$ 67,647	\$ 3,832,877	\$3,900,524	\$ 3,758,536
Annual Operating Surplus	-	97,998	97,998	141,988
Net Investment in Capital Assets	(15,872)	15,872	-	-
Balance at End of Year	\$ 51,775	\$ 3,946,747	\$3,998,522	\$ 3,900,524

NOTE 11 CONTRACTUAL OBLIGATIONS

Contractual obligations are obligations of the NRCB to others that will become liabilities in the future when the terms of those contracts or agreements are met.

As at March 31, 2020, the NRCB had contractual obligations under operating leases and contracts totalling \$330,027 (2019 – \$490,647).

Estimated payment requirements for obligations under operating leases and contracts for each of the next three years are as follows:

2020-21	\$	193,199
2021-22		135,456
2022-23		1,372
	\$	330,027

NOTE 12 BUDGET

The budget was included in the 2019-20 Government Estimates under the Ministry of Environment and Parks. The budget was approved by the Board on December 3, 2019.

NOTE 13 APPROVAL OF FINANCIAL STATEMENTS

The Board approved the financial statements of the NRCB.

Natural Resources Conservation Board
 Schedule to Financial Statements
 Expenses – Directly Incurred Detailed By Object

Schedule 1

Year Ended March 31, 2020

	2020		2019
	Budget	Actual	Actual
Salaries, Wages and Employee Benefits	\$ 4,618,861	\$ 4,611,984	\$ 4,349,965
Supplies and Services	777,139	737,006	692,174
Amortization of Tangible Capital Assets (Note 8)	42,000	38,772	41,823
Total Expenses	\$ 5,438,000	\$ 5,387,762	\$ 5,083,962

Natural Resources Conservation Board

Schedule to Financial Statements Salary and Benefits Disclosure

Schedule 2

Year Ended March 31, 2020

	2020			2019	
	Base Salary ⁽¹⁾	Other Cash Benefits ⁽²⁾	Other Non-cash Benefits ⁽³⁾	Total	Total
Chair ⁽⁴⁾⁽⁶⁾	\$ 173,520	\$ 53,034	\$ 13,757	\$ 240,311	\$ 220,440
Board Member A ⁽⁶⁾	104,108	31,519	16,379	152,006	120,555
Board Member B ⁽⁵⁾⁽⁶⁾⁽⁷⁾	96,928	49,271	31,487	177,686	131,567
Chief Executive Officer ⁽⁸⁾	100,431	-	30,823	131,254	-
Acting Chief Executive Officer ⁽⁹⁾	88,842	2,442	14,864	106,148	226,763

(1) Base salary includes regular salary.

(2) Other cash benefits include health benefits pay in lieu, pension pay in lieu and vacation payouts. There were no bonuses paid in 2020 and 2019.

(3) Other non-cash benefits include employer's share of all employee benefits and contributions or payments made on behalf of employees including Employment Insurance, Canada Pension Plan, Government of Alberta pension plan, health benefits, professional memberships, parking and WCB premiums. The NRCB is a participant in the Alberta Energy Regulator (AER) flexible health benefit plan.

(4) Automobile allowance included in other cash benefits.

(5) Included in other cash benefits is \$27,869 in severance paid as a result of a termination agreement.

(6) The position is 80% permanent part-time.

(7) The position became vacant on March 6, 2020.

(8) The position commenced on October 1, 2019.

(9) The appointment of the Acting Chief Executive Officer ended on September 30, 2019.

Natural Resources Conservation Board
 Schedule to Financial Statements
 Related Party Transactions

Schedule 3

Year Ended March 31, 2020

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's Consolidated Financial Statements. Related parties also include key management personnel and close family members of those individuals in the NRCB. The NRCB and its employees paid certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The NRCB had the following transactions with related parties reported on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	2020	2019
Revenues	\$ 5,397,000	\$ 5,133,000
Expenses – Directly Incurred	\$ 27,984	\$ 25,539
Payable To	\$ 4,650	\$ 1,000

The NRCB also had transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not reported in the financial statements and are included in Schedule 4.

The NRCB has a Memorandum of Understanding (MOU) with the AER and an MOU with the Alberta Utilities Commission (AUC) to share resources on an on-going basis. Under the MOU's, the NRCB is both a service provider and a service recipient.

Natural Resources Conservation Board
 Schedule to Financial Statements
 Allocated Costs

Schedule 4

Year Ended March 31, 2020

	2020		2019	
	Expenses incurred by others			
	Accommodation		Total	
AOPA and NRCBA Mandates	Expenses ⁽¹⁾	Costs ⁽²⁾	Total Expenses	Expenses
Board Reviews and Hearings ⁽³⁾	\$ 1,152,655	\$ 91,809	\$ 1,244,464	\$1,131,785
Regulating Confined Feeding Operations ⁽⁴⁾	4,235,107	337,325	4,572,432	4,432,434
	\$ 5,387,762	\$ 429,134	\$ 5,816,896	\$5,564,219

- (1) Expenses – Directly Incurred as per Statement of Operations.
- (2) Accommodation Costs, including grants in lieu of taxes, allocated by square footage.
- (3) Board reviews and hearings comprise expenses related to AOPA appeals and NRCBA reviews.
- (4) Regulating confined feeding operations comprise expenses related to (a) the approval, monitoring and compliance activities under AOPA and (b) science and technical activities in support of AOPA and NRCBA mandates.

Energy Efficiency Alberta

Financial Statements

Table of Contents

Management’s Responsibility for Financial Reporting	118
Independent Auditor’s Report	119
Statement of Operations	122
Statement of Financial Position	123
Statement of Change in Net Financial Assets	124
Statement of Cash Flows.....	125
Notes to the Financial Statements	126
Schedule 1 - Expenses – Directly Incurred Detailed By Object.....	133
Schedule 2 - Salary and Benefits Disclosure.....	134
Schedule 3 - Related Party Transactions	135

Management's Responsibility for Financial Reporting

The accompanying Energy Efficiency Alberta financial statements have been prepared and presented by management, who is responsible for the integrity and fair presentation of the information.

These financial statements are prepared in accordance with Canadian public sector accounting standards. The financial statements necessarily include certain amounts based on the informed judgments and best estimates of management.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the EEA has developed and maintains a system of internal control to produce reliable information for reporting requirements. The systems are designed to provide reasonable assurance that EEA transactions are properly authorized, assets are safeguarded from loss and the accounting records are a reliable basis for the preparation of the financial statements.

The Auditor General of Alberta, the EEA's external auditor appointed under the *Auditor General Act*, performed an independent external audit of these financial statements in accordance with Canadian generally accepted auditing standards and has expressed his opinion in the accompanying Independent Auditor's Report.

EEA's Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The Board exercise this responsibility through the Audit and Finance Committee. In both the presence and absence of management, the Audit and Finance Committee meets with the external auditors to discuss the audit, including any findings as to the integrity of financial reporting processes and the adequacy of our systems of internal controls. The external auditors have full and unrestricted access to the members of the Audit and Finance Committee.

[Original signed by Monica Curtis]

Monica Curtis
Chief Executive Officer
June 25, 2020

[Original signed by Stephen Appleton]

Stephen Appleton
Vice President, Corporate Services
June 25, 2020

Independent Auditor's Report

To the Board of Directors of Energy Efficiency Alberta

Report on the Financial Statements

Opinion

I have audited the financial statements of Energy Efficiency Alberta, which comprise the statement of financial position as at March 31, 2020, and the statements of operations, change in net financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Energy Efficiency Alberta as at March 31, 2020, and the results of its operations, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of Energy Efficiency Alberta in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material uncertainty related to going concern due to pending legislation

I draw attention to note 2 of the financial statements, which describes the effects of *Bill 22 - Red Tape Reduction Implementation Act, 2020 (Bill 22)* on Energy Efficiency Alberta. Note 2 of the financial statements indicates that *Bill 22* is expected to dissolve Energy Efficiency Alberta. My opinion is not modified in respect to this matter.

Other information

Management is responsible for the other information. The other information comprises the information included in the *2019-2020 Annual Report*, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing Energy Efficiency Alberta's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Energy Efficiency Alberta's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Energy Efficiency Alberta's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Energy Efficiency Alberta's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause Energy Efficiency Alberta to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

[Original signed by W. Doug Wylie FCPA, FCMA, ICD.D]

W. Doug Wylie FCPA, FCMA, ICD.D
Auditor General

June 25, 2020
Edmonton, Alberta

Energy Efficiency Alberta
 Statement of Operations

 Year Ended March 31, 2020
 (in thousands)

	2020		2019
	Budget	Actual	Actual
Revenues			
Government Transfers			
Government of Alberta Grants	\$ 67,000	\$ 64,800	\$ 113,491
Federal and Other Municipal Grants	-	1,990	471
Investment Income	300	439	448
	<u>67,300</u>	<u>67,229</u>	<u>114,410</u>
Expenses (Schedule 1)			
Energy Efficiency Initiatives	67,000	66,908	116,199
	<u>67,000</u>	<u>66,908</u>	<u>116,199</u>
Annual Surplus (Deficit)	300	321	(1,789)
Accumulated Surplus at Beginning of Year	7,395	7,395	9,184
Accumulated Surplus at End of Year	<u>\$ 7,695</u>	<u>\$ 7,716</u>	<u>\$ 7,395</u>

The accompanying notes and schedules are part of these financial statements.

Energy Efficiency Alberta
Statement of Financial Position

Year Ended March 31, 2020

(in thousands)

	2020	2019
Financial Assets		
Cash and Cash Equivalents (Note 6)	\$ 14,112	\$ 31,564
Accounts Receivable (Note 7)	541	1,303
	<u>14,653</u>	<u>32,867</u>
Liabilities		
Accounts Payable and Accrued Liabilities (Note 9)	7,027	24,915
Deferred Contributions (Note 10)	150	779
	<u>7,177</u>	<u>25,694</u>
Net Financial Assets	<u>7,476</u>	<u>7,173</u>
Non-Financial Assets		
Prepaid Expenses	240	222
	<u>240</u>	<u>222</u>
Net Assets	<u>7,716</u>	<u>7,395</u>
Net Assets		
Net Assets at Beginning of Year	7,395	9,184
Accumulated Surplus (Deficit)	321	(1,789)
Accumulated Surplus	<u>\$ 7,716</u>	<u>\$ 7,395</u>

Contingent liabilities (Note 11)
Contractual obligations (Note 12)

The accompanying notes and schedules are part of these financial statements.

Energy Efficiency Alberta
Statement of Change in Net Financial Assets

Year Ended March 31, 2020
(in thousands)

	2020		2019
	Budget	Actual	Actual
Annual Surplus (Deficit)	\$ 300	\$ 321	\$ (1,789)
(Increase) in Prepaid Expenses		(18)	(121)
Increase (Decrease) in Net Financial Assets		303	(1,910)
Net Financial Assets at Beginning of Year		7,173	9,083
Net Financial Assets at End of Year		\$ 7,746	\$ 7,173

The accompanying notes and schedules are part of these financial statements.

Energy Efficiency Alberta

Statement of Cash Flows

Year Ended March 31, 2020
(in thousands)

	2020	2019
Operating Transactions		
Annual Surplus (Deficit)	\$ 321	\$ (1,789)
Decrease (Increase) in Accounts Receivable	762	(1,260)
(Decrease) in Accounts Payable and Accrued Liabilities	(17,888)	(4,280)
(Increase) in Prepaid Expenses	(18)	(121)
Deferred Contributions Recognized as Revenue (Note 10)	(629)	(412)
Cash Applied to Operating Transactions	<u>(17,452)</u>	<u>(7,862)</u>
(Decrease) in Cash and Cash Equivalents	(17,452)	(7,862)
Cash and Cash Equivalents at Beginning of Year	31,564	39,426
Cash and Cash Equivalents at End of Year	\$ 14,112	\$ 31,564

The accompanying notes and schedules are part of these financial statements.

Energy Efficiency Alberta

Notes to the Financial Statements

March 31, 2020

(in thousands)

NOTE 1 AUTHORITY AND PURPOSE

Energy Efficiency Alberta (EEA) is a provincial corporation established on October 27, 2016 and operates under the authority of the *Energy Efficiency Alberta Act (the EEA Act)*, Chapter E-9.7 of the Statutes of Alberta, 2016.

The mandate of EEA is:

- to raise awareness among energy consumers of energy use and the associated economic and environmental consequences,
- to promote, design and deliver programs and carry out other activities related to energy efficiency,
- to promote energy conservation and the development of micro-generation and small scale energy systems in Alberta, and
- to promote the development of an energy efficiency services industry.

EEA is exempt from income taxes under the *Income Tax Act*.

NOTE 2 PENDING LEGISLATION

On June 11th, 2020, the Government of Alberta tabled *Bill 22 - Red Tape Reduction Implementation Act, 2020*, which, if passed, would repeal *the EEA Act* and result in the dissolution of EEA on September 30th, 2020. As a result, the property, assets, rights, obligations, liabilities, powers, duties and functions of EEA would become the property, assets, rights, obligations, liabilities, powers, duties and functions of the Crown in right of Alberta. As of the date of approval of these financial statements, the legislation has not been passed. Although the intention of Bill 22 is the dissolution of EEA, these financial statements have been prepared on a going concern basis as all the assets and liabilities of EEA would be transferred to the Government of Alberta and the Government of Alberta has the intention to transfer EEA's programs and services. Accordingly, the amounts in the financial statements are recorded at carrying value in accordance with the accounting policies further described below.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian public sector accounting standards.

(a) Basis of Financial Reporting

Revenue

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recognized as unearned revenue and recorded in accounts payable and other accrued liabilities.

Government transfers

Transfers from all governments are referred to as government transfers.

Energy Efficiency Alberta

Notes to the Financial Statements

March 31, 2020

(in thousands)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(a) Basis of Financial Reporting (Cont'd)

Revenue (Cont'd)

Government transfers (Cont'd)

Government transfers are recognized as deferred contributions if the eligibility criteria for use of the transfer, or the stipulations together with EEA's actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the stipulations are met and, when applicable, EEA complies with its communicated use of the transfer.

All other government transfers, without stipulations for use of the transfer, are recognized as revenue when the transfer is authorized and EEA meets the eligibility criteria (if any).

Investment Income

Investment income accrues on cash and deposits held with financial institutions and is recognized in the period in which the income is earned.

Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year are expensed. Foreign exchange gains and losses are reflected within the cost of goods and services.

Grants are recognized as expenses when authorized and, eligibility criteria, if any, are met and a reasonable estimate of the amount can be made.

Valuation of Financial Assets and Liabilities

EEA's financial assets and financial liabilities are generally measured as follows:

Financial Statement Component	Measurement
Cash and cash equivalents	Cost
Accounts receivable	Lower of cost or net recoverable value
Accounts payable and accrued liabilities	Cost

EEA does not carry any financial assets or liabilities at fair value and has no derivatives or unsettled exchange gains or losses therefore the statement of remeasurement gains or losses is not included in these financial statements.

Energy Efficiency Alberta

Notes to the Financial Statements

March 31, 2020

(in thousands)

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

(a) Basis of Financial Reporting (Cont'd)

Financial Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

Financial assets are EEA's financial claims on external organizations and individuals, at the year end.

Cash and Cash Equivalents

Cash is comprised of cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term commitments rather than for investment purposes.

Accounts Receivable

Accounts receivable are recognized at the lower of cost or net recoverable value. A valuation allowance is recognized when recovery is uncertain.

Liabilities

Liabilities are present obligations of EEA to external organizations and individuals arising from past transactions or events occurring before the year end, the settlement of which is expected to result in the future sacrifice of economic benefits. They are recognized when there is an appropriate basis of measurement and management can reasonably estimate the amounts.

Non-Financial Assets

Non-financial assets are acquired, constructed, or developed assets that do not normally provide resources to discharge existing liabilities, but instead:

- (a) are normally employed to deliver EEA services;
- (b) may be consumed in the normal course of operations; and
- (c) are not for sale in the normal course of operations.

Prepaid Expenses

Prepaid expenses are recognized at cost and amortized based on the terms of the agreement.

Energy Efficiency Alberta

Notes to the Financial Statements

March 31, 2020

(in thousands)

NOTE 4 FUTURE ACCOUNTING CHANGES

The Public Sector Accounting Board issued the following accounting standards:

- **PS 3280 Asset Retirement Obligations (effective April 1, 2022)**

Effective April 1, 2022, this standard provides guidance on how to account for and report liabilities for retirement of tangible capital assets.

- **PS 3400 Revenue (effective April 1, 2022)**

This standard provides guidance on how to account for and report on revenue, and specifically, it addresses revenue arising from exchange transactions and unilateral transactions.

Management is currently assessing the impact of these standards on the financial statements.

NOTE 5 BUDGET

The budget of \$67 million was included in the 2019-20 Government Estimates under the Ministry of Environment and Parks. Subsequent to the submission of the EEA business plan, EEA and the Ministry of Environment and Parks amended EEA's grant agreement. This resulted in a decrease in the budget from \$67 million to \$64.8 million.

NOTE 6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist primarily of cash on hand and demand deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta and cash and deposits with ATB Financial (ATB). The CCITF is managed while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high-quality, short-term and mid-term fixed income securities with a maximum term of maturity of three years. For the year ended March 31, 2020, securities held by the CCITF had a time-weighted yield of 1.9% (2019 – 1.8%) per annum. Due to the short-term nature of CCITF and ATB investments, the carrying value approximates fair value. During the time the securities were held by ATB, a time-weighted return of 1.7% (2019 – 1.8%) was realized.

	2020	2019
Cash - ATB	\$ 3,938	\$ 11,200
Cash Equivalents	10,174	20,364
	<u>\$ 14,112</u>	<u>\$ 31,564</u>

Energy Efficiency Alberta

Notes to the Financial Statements

March 31, 2020

(in thousands)

NOTE 7 ACCOUNTS RECEIVABLE

Accounts receivable are unsecured and non-interest bearing.

	2020	2019
Accounts Receivable	\$ 529	\$ 1,298
GST Receivable	12	5
	<u>\$ 541</u>	<u>\$ 1,303</u>

NOTE 8 FINANCIAL RISK MANAGEMENT

EEA has the following financial instruments: accounts receivable, accounts payable and accrued expenses. EEA has exposure to the following risks from use of financial instruments:

(a) Credit Risk

Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. EEA conducts a significant amount of business through contracts. In order to mitigate this risk, EEA requires surety bonds to be posted by contractors in favour of EEA. At March 31, 2020, EEA was a beneficiary under surety arrangements in the amount of \$3,758 (2019 – \$7,202) as security for performance commitments by contractors executing programs on behalf of EEA. Credit risk on accounts receivable is considered low as amounts owing by third parties are usually immaterial and significant amounts owing are due from related parties.

(b) Liquidity Risk

Liquidity risk is the risk that EEA will not be able to meet its obligations as they fall due. Liquidity risk is associated with EEA's financial liabilities. EEA's exposure to liquidity risk arises due to its cash flow requirements to fulfill payment of its account payable and accrued liabilities. EEA manages this risk by obtaining adequate funding from the Department of Environment and Parks. EEA also manages the liquidity risk by managing forecasting to ensure there is sufficient cash to meet the obligations.

NOTE 9 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020	2019
Accounts Payable General	\$ 4,971	\$ 24,396
Accrued Liabilities	2,056	519
	<u>\$ 7,027</u>	<u>\$ 24,915</u>

Energy Efficiency Alberta

Notes to the Financial Statements

March 31, 2020

(in thousands)

NOTE 10 DEFERRED CONTRIBUTIONS

(a) Deferred Operating Contributions

	2020			2019
	Government of Alberta	Other Sources	Total	Total
Balance at Beginning of Year	\$ -	\$ 779	\$ 779	\$ 1,191
Add: cash contributions received/receivable during year	64,800	1,491	66,291	109,871
Less: amounts recognized as revenue	(64,800)	(1,990)	(66,790)	(110,283)
Less: amounts repaid pursuant to funding agreements	-	(130)	(130)	-
Balance at End of Year	\$ -	\$ 150	\$ 150	\$ 779

NOTE 11 CONTINGENT LIABILITIES

At March 31, 2020, EEA was not named as defendant in any specific legal actions.

NOTE 12 CONTRACTUAL OBLIGATIONS

Contractual obligations are obligations of EEA to others that will become liabilities in the future when the terms of the contracts or agreements are met. The obligations noted below give consideration to amounts existing under contracts adjusted for anticipated spending based on funding agreements negotiated or under negotiation.

	2020		2019	
Obligations Under Operating Leases, Contracts and Programs	\$	10,687	\$	99,121
	\$	10,687	\$	99,121

Estimated payment requirements for each of the next five years and thereafter are as follows:

	2020	
Obligations Under Operating Leases, Contracts and Programs:		
2020-21	\$	7,544
2021-22		1,803
2022-23		435
2023-24		436
2024-25		436
Thereafter		33
	\$	10,687

Energy Efficiency Alberta

Notes to the Financial Statements

March 31, 2020

(in thousands)

NOTE 13 BENEFIT PLAN

EEA also provides benefits whereby it makes available contributions for Registered Retirement Savings Plans (RRSP) on behalf of employees of EEA. The contributions are calculated based on a fixed percentage of the employee's salary to a maximum of the RRSP contribution limit as specified in the *Income Tax Act (Canada)*. The expense of \$445 (2019 - \$491) included in these financial statements represents the current contributions made on behalf of these employees.

NOTE 14 APPROVAL OF FINANCIAL STATEMENTS

The Board approved the financial statements of EEA.

Energy Efficiency Alberta
 Schedule to Financial Statements
 Expenses – Directly Incurred Detailed By Object

Schedule 1

Year Ended March 31, 2020

(in thousands)

	2020		2019
	Budget	Actual	Actual
Salaries, Wages and Employee Benefits	\$ 5,857	\$ 4,760	\$ 4,892
Supplies and Services ⁽¹⁾	61,143	62,144	101,391
Grants	-	-	9,899
Financial Transactions and Other	-	4	17
	<u>\$ 67,000</u>	<u>\$ 66,908</u>	<u>\$ 116,199</u>

(1) Incentives, rebates and other benefits received by recipients of EEA's program services are included in supplies and services expenses. Amounts of these benefits are \$43,886 (2019 - \$71,639).

Energy Efficiency Alberta
 Schedule to Financial Statements
 Salary and Benefits Disclosure

Schedule 2

Year Ended March 31, 2020

(in thousands)

	2020			2019	
	Base Salary ⁽¹⁾	Other Cash Benefits ⁽²⁾	Other Non-cash Benefits ⁽³⁾	Total	Total
Board of Directors					
Chair ⁽⁴⁾	\$ -	\$ 14	\$ 1	\$ 15	\$ 22
Board Members ⁽⁴⁾	-	80	3	83	109
Executive					
Chief Executive Officer ⁽⁵⁾	181	-	50	231	225
Vice President of Corporate Services	161	-	46	207	206
Vice President of Marketing and Communications ⁽⁶⁾	155	8	52	215	205
Vice President of Corporate Performance	158	-	45	203	203
Vice President of Performance Design and Delivery ⁽⁷⁾	128	62	32	222	200
	<u>\$ 783</u>	<u>\$ 164</u>	<u>\$ 229</u>	<u>\$ 1,176</u>	<u>\$ 1,170</u>

(1) Base salary includes regular salary.

(2) Other cash benefits include severance, vacation payouts, honoraria payments and other lump sum payments. There were no bonuses paid in 2020.

(3) Other non-cash benefits include employer's share of all employee benefits and contributions or payments made on behalf of employees including RRSP, health care, dental coverage, group life insurance, short and long term disability plans, and fair market value of parking.

(4) Remuneration and expenses of the Board are prescribed as that specified in Schedule 1, Part A of the Committee Remuneration Order.

(5) Automobile provided, no dollar amount included in other non-cash benefits.

(6) The position was initially filled effective September 5, 2017. Effective September 6, 2019, the position was occupied by a new person. Accordingly, the position was occupied by two individuals at different times during the year.

(7) The position was filled effective January 15, 2018. Effective January 15, 2020, the position was eliminated and the Vice President of Corporate Performance assumed any remaining duties previously associated with the position. A severance payment of \$42 in excess of the statutory requirement is included in other cash benefits.

Energy Efficiency Alberta
 Schedule to Financial Statements
 Related Party Transactions

Schedule 3

Year Ended March 31, 2020

(in thousands)

Related Parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties also include key management personnel and close family members of those individuals in EEA. There were no transactions between EEA and its key management personnel or close family members during the year.

EEA had the following transactions with related parties reported in the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties.

	2020		2019	
	Entities in the Ministry	Other Entities	Entities in the Ministry	Other Entities (Restated)
Revenues				
Grants from the Department of Environment and Parks	\$ 64,800	\$ -	\$ 113,491	\$ -
Expenses				
Other Services ⁽¹⁾	-	158	-	2,709
	\$ 64,800	\$ 158	\$ 113,491	\$ 2,709
Payable to				
Other Entities ⁽¹⁾	\$ -	\$ 51	\$ -	\$ 499
	\$ -	\$ 51	\$ -	\$ 499

(1) Included in this amount is \$98 (2019 - \$1,575) of other services provided to related parties but contracted through third parties implementing EEA's energy efficiency programs. As of March 31, 2020, nil (2019 - \$91) is payable to related parties through third parties implementing EEA's energy efficiency programs.

Other Financial Information

Department of Environment and Parks

Table of Contents

Statement of Credit or Recovery (unaudited).....	137
Lapse/Encumbrance (unaudited)	139
Statement of Remissions, Compromises, Write-offs (unaudited)	143

Department of Environment and Parks

Statement of Credit or Recovery (unaudited)

For the Year Ended March 31, 2020
(in thousands)

The following has been prepared pursuant to Section 24(3) of the *Financial Administration Act*.

	2020				
	Authorized ⁽¹⁾	Actual Revenue Recognized	Unearned Revenue/Deferred Contributions	Actual Cash/Donation Received/	(Shortfall)/Excess
Parks Operations	\$ 27,117	\$ 30,860	\$ 1,856	\$ 32,716	\$ 5,599
Parks Infrastructure Management	3,800	4,333	411	4,744	944
Provincial Mapping Data	1,250	1,292	111	1,403	153
Remediation Certificates	25	7	-	7	(18)
Water Management Infrastructure	1,200	1,752	241	1,993	793
Bow Habitat Station	200	306	50	356	156
Fish and Wildlife	8,200	7,819	313	8,132	(68)
Air Quality Health Index	101	98	8	106	5
	<u>\$ 41,893</u>	<u>\$ 46,468</u>	<u>\$ 2,989</u>	<u>\$ 49,457</u>	<u>\$ 7,564</u>

⁽¹⁾The authorized budget for credits or recoveries includes Adjustments appearing on Schedule 4. Treasury Board approval is pursuant to Section 24 (2) of the *Financial Administration Act*. Only expenditures are authorized.

Parks Operations – Parks collects various fees and other revenues through the *Provincial Parks Act* that are used to partially offset the cost of providing services. These include fees for the use of campgrounds, park facilities and lands, heritage appreciation services (e.g. interpretive bus tours), as well as contributions, sponsorships, donations, grants and payments by corporations, private sector operators, foundations, individuals and others. Element 7.1, 7.2, 7.3 and 7.4

Parks Infrastructure Management – Parks collects a levy for facility redevelopment within the fees charged for use of campgrounds and park facilities through the *Provincial Parks Act*, as well as; contributions, sponsorships, donations, grants and payments by corporations, private sector operators, foundations, individuals and others. This revenue is then used to manage infrastructure within provincial parks. Element 7.5

Provincial Mapping Data – Revenue for maintenance activities for this initiative is from filing fees for cadastral and disposition mapping collected at the time of registration. Elements 1.4 and 3.2

Remediation Certificate – Fees are collected to offset the costs of conducting site audits under the program. Element 3.2

Department of Environment and Parks

Statement of Credit or Recovery (unaudited)

(Cont'd)

For the Year Ended March 31, 2020

(in thousands)

Water Management Infrastructure – Revenue from annual fees collected from developers through the Use of Works Agreements is used to offset costs of maintenance and upgrading of provincial water management infrastructure systems. Element 4.3

Bow Habitat Station– Admission fees collected for an aquatic ecosystem visitor centre focusing on public education and outreach offset the cost of operating the centre. Element 4.2

Fish and Wildlife – Contributions from stakeholders and revenue from the sale of recreational fishing and hunting licences are used to fund the costs related to the delivery and management of those licences and associated resources, game surveys, and the promotion of industry stewardship and investment in this provincial resource. This amount includes an agreement Agriculture Financial Services for Wildlife Predator Compensation in which Alberta Environment and Parks received \$122 in 2019-20 for work on this program. Elements 5.1 and 5.3

Air Quality Health Index – Funding from the federal government is used to support the implementation of the national Air Quality Health Index in the province. Element 2.1

Note:The credits or recoveries presented in this schedule are included in the Ministry's Statement of Operations.

Department of Environment and Parks Lapse/Encumbrance (unaudited)

For the Year Ended March 31, 2020

(in thousands)

	Voted Estimate ⁽¹⁾	Supplementary Estimate ⁽²⁾	Adjustments ⁽³⁾	Adjusted Voted Estimate	Voted Actuals ⁽⁴⁾	Unexpended (Over Expended)
Program Operating						
Ministry Support Services						
1.1 Minister's Office	\$ 980	\$ -	\$ -	\$ 980	\$ 968	\$ 12
1.2 Deputy Minister's Office	673	-	-	673	671	2
1.3 Legal Services	327	-	-	327	305	22
1.4 Corporate Services	20,630	-	(1,000)	19,630	24,024	(4,394)
	22,610	-	(1,000)	21,610	25,968	(4,358)
Air						
2.1 Air Policy	6,800	-	-	6,800	6,262	538
2.2 Air Partners and Stewardship	6,613	-	-	6,613	6,308	305
2.3 Air Quality Management	6,590	-	-	6,590	7,103	(513)
	20,003	-	-	20,003	19,673	330
Land						
3.1 Land Policy	7,906	-	-	7,906	8,475	(569)
3.2 Public Land Management	37,322	-	289	37,611	34,310	3,301
3.3 Rangeland Management	4,245	-	-	4,245	3,900	345
3.4 Rangeland Programs and Stewardship	3,615	-	-	3,615	3,403	212
	53,088	-	289	53,377	50,088	3,289
Water						
4.1 Water Policy	5,043	-	-	5,043	3,379	1,664
4.2 Water Partners and Stewardship	3,833	-	25	3,858	5,308	(1,450)
4.3 Water Management	40,269	-	(2,022)	38,247	41,416	(3,169)
4.4 Flood Adaptation	41,924	-	(115)	41,809	39,055	2,754
	91,069	-	(2,112)	88,957	89,158	(201)
Fish and Wildlife						
5.1 Fish and Wildlife Policy	6,374	-	(51)	6,323	5,048	1,275
5.2 Fisheries Management	7,713	-	(142)	7,571	8,623	(1,052)
5.3 Wildlife Management	22,043	-	(86)	21,957	20,645	1,312
	36,130	-	(279)	35,851	34,316	1,535
Integrated Planning						
6.1 Resource Management	22,725	-	-	22,725	22,675	50
6.2 Regional Cumulative Effects Management	4,580	-	-	4,580	6,992	(2,412)
6.3 Environmental Emergency Response	3,691	-	-	3,691	2,278	1,413
	30,996	-	-	30,996	31,945	(949)

Department of Environment and Parks

Lapse/Encumbrance (unaudited)

(Cont'd)

For the Year Ended March 31, 2020

(in thousands)

	Voted Estimate ⁽¹⁾	Supplementary Estimate ⁽²⁾	Adjustments ⁽³⁾	Adjusted Voted Estimate	Voted Actuals ⁽⁴⁾	Unexpended (Over Expended)
Parks						
7.1 Parks Operations	43,800	-	1,332	45,132	46,933	(1,801)
7.2 Parks Visitor Experience	8,293	-	-	8,293	7,972	321
7.3 Parks Conservation Management	5,857	-	-	5,857	5,391	466
7.4 Parks Public Safety and Security	13,593	-	-	13,593	13,159	434
7.5 Parks Infrastructure Management	10,131	-	-	10,131	7,428	2,703
	81,674	-	1,332	83,006	80,883	2,123
Land Use Secretariat	5,227	-	-	5,227	3,272	1,955
Science and Monitoring						
9.1 Environmental Science, Monitoring, Evaluation and Reporting	20,976	-	-	20,976	21,863	(887)
9.2 Oil Sands Environmental Monitoring	50,000	-	(1,107)	48,893	48,063	830
	70,976	-	(1,107)	69,869	69,926	(57)
Emissions Management						
10.1 Regulatory and Operations	11,104	-	(61)	11,043	9,212	1,831
10.2 Technology Innovation and Emissions Reduction	100,000	-	(38,000)	62,000	27,550	34,450
10.3 Oil Sands Innovation	39,122	-	-	39,122	38,571	551
10.4 Other Investments	81,000	-	(2,200)	78,800	110,244	(31,444)
	231,226	-	(40,261)	190,965	185,577	5,388
Quasi-Judicial Bodies						
11.1 Natural Resources Conservation Board	5,397	-	-	5,397	5,397	-
11.2 Surface Rights and Land Compensation Boards	100	-	-	100	51	49
11.3 Environmental and Public Lands Appeal Board	1,613	-	-	1,613	1,530	83
	7,110	-	-	7,110	6,978	132
2013 Alberta Flooding						
12.1 Infrastructure Recovery	-	-	-	-	-	-
12.2 Parks Flood Recovery	-	-	-	-	-	-
12.3 Community Stabilization	1,100	-	(1,100)	-	-	-
	1,100	-	(1,100)	-	-	-
Total	\$ 651,209	\$ -	\$ (44,238)	\$ 606,971	\$ 597,784	\$ 9,187
Lapse/(Encumbrance)						\$ 9,187

Department of Environment and Parks

Lapse/Encumbrance (unaudited)

(Cont'd)

For the Year Ended March 31, 2020

(in thousands)

	Voted Estimate ⁽¹⁾	Supplementary Estimate ⁽²⁾	Adjustments ⁽³⁾	Adjusted Voted Estimate	Voted Actuals ⁽⁴⁾	Unexpended (Over Expended)
Program - Capital Acquisitions						
Ministry Support Services						
1.5 Corporate Services	568	-	-	568	50	518
Air						
2.3 Air Quality Management	-	-	-	-	27	(27)
Land						
3.2 Public Land Management	6,031	-	-	6,031	71	5,960
3.3 Rangeland Management	200	-	-	200	-	200
Water						
4.2 Water Partners and Stewardship	-	-	-	-	93	(93)
4.3 Water Management	-	-	-	-	93	(93)
4.4 Flood Adaptation	-	-	-	-	699	(699)
Fish and Wildlife						
5.2 Fisheries Management	13,405	-	142	13,547	10,718	2,829
5.3 Wildlife Management	5,974	-	(5,589)	385	121	264
Integrated Planning						
6.1 Resource Management	-	-	-	-	585	(585)
6.3 Environmental	-	-	-	-	29	(29)
Emergency Response						
Parks						
7.1 Parks Operations	-	-	-	-	11	(11)
7.5 Parks Infrastructure Management	43,306	-	-	43,306	16,202	27,104
Science and Monitoring						
9.1 Environmental Science, Monitoring, Evaluation and Reporting	1,000	-	-	1,000	418	582
9.2 Oil Sands Environmental Monitoring	248	-	407	655	231	424
2013 Alberta Flooding						
12.1 Infrastructure Recovery	443	-	-	443	410	33
12.3 Parks Flood Recovery	935	-	-	935	919	16
12.4 Community Stabilization	-	-	699	699	-	699
Total	\$ 72,110	\$ -	\$ (4,341)	\$ 67,769	\$ 30,677	\$ 37,092
Lapse/(Encumbrance)						\$ 37,092

Department of Environment and Parks

Lapse/Encumbrance (unaudited)

(Cont'd)

For the Year Ended March 31, 2020

(in thousands)

	Voted Estimate ⁽¹⁾	Supplementary Estimate ⁽²⁾	Adjustments ⁽³⁾	Adjusted Voted Estimate	Voted Actuals ⁽⁴⁾	Unexpended (Over Expended)
Financial Transaction						
Environmental Site Liability Retirement						
Water						
4.3 Water Management Integrated Planning	100	-	-	100	-	100
6.3 Environmental Emergency Response	3,919	-	-	3,919	-	3,919
Total	\$ 4,019	\$ -	\$ -	\$ 4,019	\$ -	\$ 4,019
Lapse/(Encumbrance)						\$ 4,019

(1) As per “Expense Vote by Program,” “Capital Investment Vote by Program” and “Financial Transaction Vote by Program” page 97 to 100 of 2019-20 Government Estimates.

(2) No Supplementary Estimate.

(3) Adjustments include encumbrances, capital carry forward amounts, transfers between votes and credit or recovery increases approved by Treasury Board and credit or recovery shortfalls (Schedule 2). An encumbrance is incurred when, on a vote-by-vote basis, the total of actual disbursements in the prior year exceed the total adjusted estimate. All calculated encumbrances from the prior year are reflected as an adjustment to reduce the corresponding voted estimate in the current year.

(4) Actuals exclude non-voted amounts such as amortization and valuation adjustments.

Department of Environment and Parks
Statement of Remissions, Compromises, Write-offs (unaudited)

(in thousands)

The following statement has been prepared pursuant to Section 23 of the *Financial Administration Act*. The statement includes all remissions, compromises and write-offs made or approved during the fiscal year.

Remissions under Section 21 of the <i>Financial Administration Act</i>	\$	-
Compromises under Section 22 of the <i>Financial Administration Act</i>		-
Write-offs:		
Department Accounts Receivable	91	
Department Accounts Payable Credits	-	
Total Write-offs	<u>91</u>	<u>91</u>
Total Remissions, Compromises and Write-offs	\$	<u>91</u>

Annual Report Extracts and Other Statutory Reports

Public Interest Disclosure (Whistleblower Protection) Act

Section 32 of the *Public Interest Disclosure (Whistleblower Protection) Act* reads:

- 32(1) Every chief officer must prepare a report annually on all disclosures that have been made to the designated officer of the department, public entity or office of the Legislature for which the chief officer is responsible.
- (2) The report under subsection (1) must include the following information:
- (a) the number of disclosures received by the designated officer, the number of disclosures acted on and the number of disclosures not acted on by the designated officer;
 - (b) the number of investigations commenced by the designated officer as a result of disclosures;
 - (c) in the case of an investigation that results in a finding of wrongdoing, a description of the wrongdoing and any recommendations made or corrective measures taken in relation to the wrongdoing or the reasons why no corrective measure was taken.
- (3) The report under subsection (1) must be included in the annual report of the department, public entity or office of the Legislature if the annual report is made publicly available.

There were no disclosures of wrongdoing filed with my office for your department between April 1, 2019 and March 31, 2020.