

GOVERNMENT OF ALBERTA

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# Annual Report

## Environment and Parks

### 2021-2022

Alberta

Environment and Parks, Government of Alberta | Environment and Parks 2021–2022 Annual Report

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Note to Readers: Copies of the annual report are available on the Alberta Open Government Portal website [www.alberta.ca](http://www.alberta.ca)

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## **Introduction**

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## 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 20 ministries.

The Annual Report of the Government of Alberta contains Budget 2021 Key Results, the audited Consolidated Financial Statements and Performance Results, 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 ministry's Financial Information and Results Analysis, 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 the regulated funds, and the 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.

**Each Ministry Annual Report should be considered along with the Government of Alberta Annual Report to provide a complete overview of government's commitment to openness, accountability and fiscal transparency.**

## **Minister's Accountability Statement**

The ministry's annual report for the year ended March 31, 2022, 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 June 2, 2022 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

Original signed by the Honourable Jason Nixon  
Minister of Environment and Parks

## Message from the Minister

As Albertans, we are fortunate to live in a province where prairie landscapes, boreal forests and mountain ranges are within our reach. It's up to all of us to continue working together to protect our diverse ecosystems while balancing recreation and sustainable resource development.

As we continue to lay the critical groundwork for healthy economic recovery, Alberta Environment and Parks has led the way in conservation efforts and proactive initiatives. More Albertans than ever before are taking the opportunity to experience wild outdoor spaces in this great province. Our government introduced the Trails Act, enabling improved trail planning and protection by designating them as a Crown resource, allowing Albertans and visitors to experience the outdoors while contributing to conservation, tourism and well-being.



Since its introduction, the Kananaskis Conservation Pass has generated over \$12 million, with every dollar reinvested in the region. These revenues support hiring additional staff, operation of subsidized recreation facilities, in trail grooming, and many other conservation and public safety projects in beloved natural areas. In its first year, the Public Lands Camping Pass generated \$1.5 million to support additional staffing, updating signage and trail maps, enhanced garbage clean up, new information kiosks and other operations.

We finalized the expansion of the Kitaskino Nuwenëné Wildland Provincial Park, adding over 151,000 hectares to the world's largest contiguous area of protected boreal forest. The expansion also supports Indigenous peoples' traditional activities and protects the landscape, watersheds and area wildlife, including bison and caribou. Reconciliation is a priority for Alberta's government, and true reconciliation can only come through close collaboration with Indigenous communities.

In collaboration with the Government of Saskatchewan and the Alberta Conservation Association, we also announced funding for vaccine research to prevent chronic wasting disease. Vaccinating wild cervid populations, such as deer, protects a natural resource of considerable economic, ecological and social importance.

The past summer brought many parts of Alberta the challenge of an extended period of hot, dry weather affecting water availability. Environment and Parks stepped up its drought response to actively manage the shortage, working directly with livestock producers in hard-hit areas to find alternative water sources and providing real-time online reporting to keep water users informed. The ministry continues to work with stakeholders to improve drought resiliency, so Alberta is well prepared for the possibility of water shortages in the future.

Our commitment to responsible environmental planning means that Alberta's robust climate policy has resulted in emissions reductions, including \$700 million from the Technology Innovation and Emissions Reduction (TIER) Fund invested over three years forward, for programs and projects that diversify the economy and get Albertans back to work. These projects are expected to cut an estimated 42.3 million tonnes of emissions by 2030. By retiring and converting coal plants to natural gas, Alberta is set to phase out coal-fired electricity generation, and a suite of regulatory, incentive and program support tools will reduce methane emissions in the oil and gas sector to meet or surpass our reduction goals.

Further to these goals, Alberta's Renewable Electricity Act outlines Alberta's commitment to increasing renewable electricity generation. The province has seen more than \$2 billion worth of utility-scale projects announced since 2019 that are market-driven and do not require government subsidies. We have established a clear path forward for geothermal while ensuring the resource is developed responsibly and in the best interest of Albertans. Our strategy to establish an integrated hydrogen economy will help make Alberta a world leader in the innovative production and use of hydrogen. In addition to these industry advances, and after more than a year of planning with key stakeholders, we implemented the Designated Industrial Zone, providing a unique regulatory framework to help attract new investment to Alberta's industrial heartland while ensuring strong environmental outcomes and supporting the creation of thousands of direct and indirect jobs.

Right now, and for too long, municipalities and taxpayers have been shouldering the burden of collecting, sorting, processing and recycling waste. Thanks to the passage of the Environmental Protection and Enhancement Amendment Act, we're moving Alberta toward extended producer responsibility to make producers of waste responsible for the system in a way that will transition Alberta to a plastics circular economy. Growing markets and attracting investment in plastics recycling, circular economy is a vital part of Alberta's Natural Gas Vision and Strategy and positively contributes to Alberta's recovery.

These are only a few of our accomplishments from this past year. I look forward to continuing my work with the ministry, balancing environmental stewardship with economic innovation and creating good jobs for Albertans.

Original signed by the 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 other reporting entities listed in the ministry overview.

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, which includes the financial information, performance results on all objectives and initiatives identified in the Ministry Business Plan, and performance results for all ministry-supported commitments that were included in the 2021-24 Government of Alberta Strategic Plan. The financial information and performance results, out 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:

- Reliable – information used in applying performance measure methodologies agrees with the underlying source data for the current and prior years' results.
- Understandable – the performance measure methodologies and results are presented clearly.
- Comparable – the methodologies for performance measure preparation are applied consistently for the current and prior years' results.
- Complete – outcomes, performance measures and related targets match those included in the ministry's *Budget 2021*.

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*.

## **Introduction**

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

Original signed by Bev Yee  
Deputy Minister of Environment and Parks

June 2, 2022

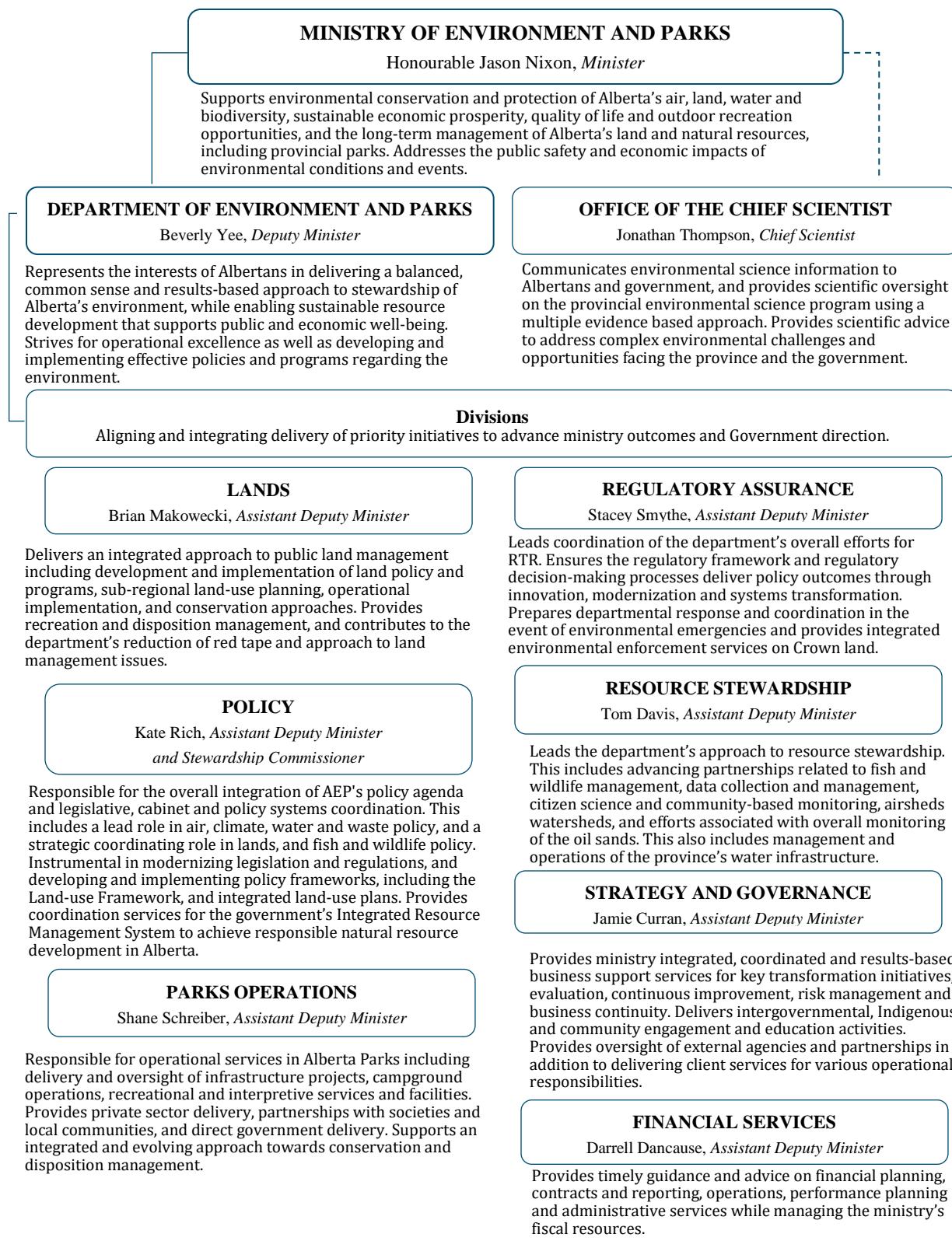
# Results Analysis

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# Ministry Overview

## Organizational Structure



## MINISTRY OF ENVIRONMENT AND PARKS

Honourable Jason Nixon, *Minister*

### DEPARTMENT OF ENVIRONMENT AND PARKS

Beverly Yee, *Deputy Minister*

**Public Agencies** and **delegated administration organizations** (DAOs) are arm's length entities that conduct work on behalf of the Alberta government. Agencies are linked to ministries based on their mandate and enabling legislation, and are accountable to the responsible minister. DAOs are independent organizations that have been delegated a function or role on behalf of the Minister. An index of public agencies and DAOs is available online at the Government of Alberta [List of Public Agencies](#) web page.

#### Service Delivery

Provide and/or direct government services.

**Alberta Conservation Association  
(DAO)**

**Emissions Reduction Alberta  
(DAO)**

**Kananaskis Improvement  
District Council**

#### Regulatory/Adjudicative

License, make rules and/or oversee a sector and/or make independent, quasi-judicial decisions.

**Alberta Energy Regulator**  
(shared with Alberta Energy)

**Beverage Container Management  
Board (DAO)**

**Natural Resources Conservation  
Board**

**Alberta Recycling Management  
Authority (DAO)**

**Drainage Council**

**Public Lands  
Appeal Board**

**Environmental Appeals Board**

**Alberta Professional Outfitters  
Society (DAO)**

#### Advisory

Provide advice to government.

**Birch River Wildland Provincial  
Park CMB\***

**Montana-Alberta  
St. Mary and Milk Rivers Water  
Management Initiative Advisory  
Committee\*\***

**Water and Wastewater Operator  
Certification Advisory  
Committee**

**Dillon River Wildland Provincial  
Park CMB\***

**Caribou Sub-Regional Council**

**Birch Mountains Wildland  
Provincial Park CMB\***

**Endangered Species  
Conservation Committee**

**Prairie Provinces Water Board**

**Science Advisory Panel**

**Indigenous Wisdom  
Advisory Panel**

**Richardson Wildland Provincial  
Park CMB\***

**Mackenzie River  
Basin Board**

**Kazan Wildland  
Provincial Park CMB\***

**Ronald Lake  
Bison Herd CMB\***

\*CMB - Cooperative Management Boards  
to be amalgamated into one entity

\*\*Northeast Wildland Parks Cooperative  
Management Initiative by December 2022.

\*\* Inactive since 2019. Pending dissolution.

## Operational Overview

Information provided in this annual report is aligned with the Government of Alberta 2021-22 strategic direction. This annual report highlights results achieved from delivery of key strategies and performance measurement, how they contributed to achieving outcomes described in the Environment and Parks (AEP) Business Plan 2021-24 and key factors that influenced those results. This included AEP taking additional operational measures to ensure the safety of department staff, Albertans and visitors in response to the COVID-19 pandemic.

Results described considered identification and potential impact of risks facing the organization and their ongoing management through risk management activities.

Department operations also included delivery of the:

- **Technology Innovation and Emissions Reduction (TIER) Fund:** Collects monies from specified greenhouse gas emitting sources to support initiatives to reduce greenhouse gas emissions or to increase Alberta's ability to adapt to climate change. A portion of the monies are transferred to the General Revenue Fund to support deficit reduction.
- **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.

## Key Highlights in the Past Year

- Implementation of TIER in 2021 captured approximately 155 megatonnes of total regulated emissions and included over 470 facilities, more than doubling the number of facilities captured in 2019.
- The Government of Alberta demonstrated continued commitment for TIER, with \$205.1 million spent in 2021-22, of which \$126.8 million was directly spent by AEP. Projects included Baseline Reduction Opportunity Assessment (BROA) \$5 million, Emissions Reduction Alberta (ERA) \$64 million, Industrial Energy Efficiency Carbon Capture Utilization and Storage (IEE CCUS) \$32 million, Municipal Climate Change Action Centre (MCCAC) \$13 million, Regulatory and Operations within AEP \$7.6 million, and Watershed Resiliency and Restoration Program \$3.5 million.
- TIER Fund investments were also provided to other Ministries which included Jobs, Economy and Innovation \$24.8 million for Alberta Innovates and Climate Change Innovation & Technology, \$43 million to Ministry of Energy for Carbon Capture and Storage Capital Projects, and \$10.9 million to Ministry of Labour for Coal Workforce Transition.
- Continued development of the Digital Regulatory Assurance System (DRAS) which is a collaboration between AEP and Service Alberta, and is supported by \$19 million in funding over three years. Following the launch of the DRAS, the *Water Act* application process was streamlined by approximately 60 per cent. \$6 million was spent in 2021-22 for enhancement to DRAS capabilities.
- Introduction of The Alberta Crown Land Vision, which guides a modern approach to managing provincial Crown land that better meets the needs of Alberta communities, Indigenous Peoples and job creators without compromising conservation values and recreation opportunities.
- Proclamation of the *Trails Act* to improve Alberta's approach to trail management and land conservation while providing more recreational experiences for Albertans.
- Caribou recovery planning continued with the submission of draft sub-regional plans for Bistcho Lake and Cold Lake for Cabinet approval; drafting of the Upper Smoky sub-regional plan; and the establishment of Wandering River and Berland task forces in summer 2021.
- Addressed the continued pressures of unprecedented use of parks and public lands for recreation through initiatives such as the Kananaskis Conservation Pass and Public Lands Camping Pass. Revenue was reinvested directly back into conservation, services and facilities, and public safety. Enhanced the "boots on the ground" with an additional 50 full time equivalent staffing positions for recreation management to better protect and manage provincial parks and public lands. Of these new staff, 30 new seasonal positions were hired in Kananaskis Country from Kananaskis Conservation Pass revenues. Additionally, 19 new highly trained conservation officers were hired across the province to conserve and protect Alberta's Crown lands through education, prevention and enforcement. \$1.5 million of Kananaskis Conservation Pass revenues are funding the hiring and support of conservation officers directly in K-Country.
- Continued delivery of the joint provincial and federal Oil Sands Monitoring Program to assess and understand the long-term cumulative effects of oil sands development on the environment.
- Development and release of the Alberta Environmental Science Program website through the Office of the Chief Scientist to report on the condition of Alberta's environment

including air, water, fish, wildlife, terrestrial and aquatic ecosystems, and climate to help support an evidence-based approach to current and future policies, programs, and regulatory decisions.

- Continued red tape reduction (RTR) initiatives with a reduction of approximately 34,536 regulatory requirements (exceeding the 2021-22 target of 29,831) that were either duplicative, outdated, or redundant, while maintaining standards to ensure strong environmental management and human health. These efforts help reduce administrative burden on stakeholders enhancing service delivery, eliminating backlog in approvals, and streamlining processes.
- Completed the Bragg Creek Flood Mitigation Project, the Highwood Project, the William Watson Lodge investment project, the Castle Provincial Park investment program and the Parks South Saskatchewan Regional Plan - Recreation Partnership Initiative.

## Discussion and Analysis of Results

### COVID-19/Economic Recovery

In 2021-22, Alberta's provincial parks and public lands continued to see a surge of Albertans and visitors, an influx in volume that began with the COVID-19 pandemic. During this time, AEP also remained committed to the development and implementation of programs and initiatives that support a healthy environment balanced with economic and social goals. Funding was allocated to various areas of the department to ensure compliance with additional health and safety protocols and restrictions while encouraging continued recreational activities and performing engagement and consultation with Indigenous communities, stakeholders, and the public.

Across AEP, front counter services were modified to continue providing Albertans safe access to support through:

- In-person assistance by appointment only;
- Expanding telephone, email, and online assistance;
- Maintaining staff in the office to prevent removing or fully closing services; and
- Utilizing the Government of Alberta Payment Application Service (GPAS) to accommodate client payments via internet.

Public engagement related activities and stakeholder consultation were also adjusted by:

- Offering in-person and virtual education programs throughout the fiscal year, responding and adapting to evolving public health measures throughout the fall and winter. For example, Bow Habitat Station reopened to the public on June 15, 2021. Nearly 100,000 visitors were welcomed to the site in Calgary with another 25,000 engaged in online content related to Alberta's fish, water, wildlife and aquatic ecosystems.
- Pivoting to online forums to enable barrier-free access to stakeholder and Indigenous consultation and engagement related to the development of AEP programs, policies, regulations and legislation (e.g. conducted 30 formal engagements online with stakeholder and Indigenous communities).

Parks visitation continued to rise throughout the pandemic. In 2021, the online reservation system processed over 467,000 transactions, an increase of more than 178,000 since 2019. Alberta Parks hosted over 2.5 million camper nights, and annual visitation to Kananaskis Country exceeded five million reflecting the increased parks visitation. Focusing operations and resources on enhancing safety and management of client volume; AEP responded by:

- Expanding staff roles including park recreation and resource officers and Conservation Officers (COs) to include COVID-19 safety practices;
- Addressing increased operating costs including search and rescue, trail grooming, and waste management; and
- Continued deployment of the online permit portal for Albertans to apply for and receive permits during front-counter closures due to the pandemic.

This work was undertaken to support campers, encourage visitation to Alberta Parks, and minimize risk. The Parks expenditures for direct and preventative activities in response to COVID-19 amounted to \$30,000.

The department performed other operations and acquired resources to maintain safe facilities for Albertans and ensure compliance with public health orders, including:

- Obtaining reciprocal agreements with community certified operators to complete an inventory of all Drinking Water and Wastewater Operators in the province to ensure that all facilities could remain operational;
- Working with other municipalities to establish reciprocal agreements for staffing support to ensure Albertans had uninterrupted waste management services; and
- Utilizing a ministerial order to enforce public health orders and educating and enforcing restrictions in provincial parks and on public lands. Many new users to Alberta Crown lands were new to recreating on these landbases and COs took a heightened educational approach to not only educating on the public health orders, but also on the rules and regulations associated with recreating on Crown lands.

Alberta's TIER Economic Stimulus spending announced in fall 2020 included nearly \$100 million leveraged from Canada's Low Carbon Economy Leadership Fund (LCELF). These provincial and federal funds were allocated to programs delivered by Emissions Reduction Alberta (ERA) to be implemented over several years to help unlock the development and deployment of the technologies needed to stimulate the economy and lower-emissions. The following programs continued to be implemented in 2021-22:

#### Shovel-Ready Challenge

- This program committed up to \$176 million in TIER and federal LCELF funding to support proposals for leading-edge technologies at large industrial sites to reduce emissions and create jobs.
- The successful applicants for this program were announced in November 2021 and the projects continue to be implemented.

#### Energy Savings for Business Program

- This program will use up to \$55 million in TIER and federal LCELF funding to help Alberta's small and medium-sized facilities benefit from industrial and commercial projects that can be installed quickly to cut emissions, support jobs and add an estimated \$300 million to Alberta's economy. Projects could include heating and insulation upgrades in a variety of sectors like food processing and waste management, or in office buildings.

#### Partnership Intake Program

- This program will use up to \$75 million in TIER and federal LCELF funding to continue supporting emissions reduction projects that stimulate Alberta's economy. The program strengthens financial support for new technologies by helping applicants leverage funding from both ERA and trusted partner organizations, which also cuts red tape. This program will create opportunities for energy efficiency, hydrogen, geothermal, natural gas and nature-based solutions. This program accepts applications on an ongoing basis.

## Red Tape Reduction (RTR)

The Ministry of AEP continues to remove regulatory barriers and reduce costs for Alberta's job creators, modernize our regulatory systems, and improve the delivery of government services while ensuring effective regulatory oversight over vital consumer, environmental, health and safety protections, and fiscal accountability. The Government of Alberta's ongoing commitment to reduce red tape by one third by 2023 is helping to make our province the most attractive destination for investment and job creation in North America, while strengthening Alberta's competitive advantage.

The Department is taking a comprehensive and balanced approach to reducing red tape in both short-term and long-term. Legislation is continuing to be modernized to improve overall client experience, address valid concerns for particular sectors and users of Crown land, and transform our regulatory system for the long term. These efforts target outdated or redundant regulations and administrative processes related to air, water, fish and wildlife, and Crown land management; as well as for sectors such as oil and gas, tourism, agriculture, and sand and gravel.

In 2021-22, the AEP baseline count that guides the regulatory reduction was approximately 149,000 regulatory requirements within its legislation, regulation, policies and forms. Regulatory reduction target for 2021-22 was set at approximately 29,831 (20 per cent), but was exceeded with a reduction of approximately 34,536 (23.15 per cent) by March 31, 2022, while maintaining standards to ensure strong environmental management and human health. The ministry's RTR work also includes completion of 89 RTR initiatives since 2019-20, ranging from changes to operational policies in order to help reduce administrative burden on stakeholders, enhancing service delivery, eliminating backlog in approvals and streamlining processes.

During 2021-22, AEP completed 12 RTR initiatives to ensure its continued commitment to reducing red tape and saving Albertans and industry time and money. Details about the impact of each initiative can be found below.

Initiative Name	Impact
<b>Grazing Lease Renewals Backlog Elimination Project</b>	<p>497 Grazing Lease renewals processed between April 1, 2021 and March 31, 2022.</p> <p>Business process streamlining was initiated as part of the regulatory transformation underway at AEP. The next DRAS milestone is Release 3: Sand and Gravel, Commercial and Industrial, in late summer/fall. Agriculture Grazing release will be added in winter 2024. By March 2024 these processes will be fully transformed through work underway to ensure efficient processing of renewals.</p>
<b>Delivery Standard for Water Act Approvals for Aquatic Vegetation Cutting in Lakes</b>	<p>Effective June 21, 2021, the Digital Regulatory Assurance System (DRAS) enabled a streamlined approach for aquatic vegetation cutting in lakes <i>Water Act</i> approvals, saving time and funds. Automation through DRAS will result in a more timely pursuit of this activity for stakeholders and will also relieve regulatory backlog and is anticipated to reduce approval timelines overall.</p>
<b>Free Access to Environmental Enforcement Records</b>	<p>On September 1, 2021, the department launched the Environmental Historical Enforcement Search, a new web-based service to give the public free access to environmental enforcement history records.</p> <p>Previously, the service was provided at a cost by the Environmental Law Centre (Alberta) Society. Search requests completed in past years were 4,238 and higher and ranged</p>

	<p>from \$75 to \$150 depending on search complexity taking up to three business days to complete. Now, Albertans have access to these records free and receive real-time information. This provides a minimum savings to the public/industry of \$300,000 annually.</p>
<b>Mooring Disturbance Standard</b>	<p>This standard creates a general permission for waterfront owners and eliminates the need for an approval for seasonal docks if the standard is followed.</p> <p>Eliminated significant administrative burden for the department to process thousands of applications each year, and saves time for Albertans who own seasonal docks.</p>
<b>Fisheries Information Web Application</b>	<p>In the summer of 2021, this Government of Alberta web application was launched to provide Albertans with one source for fisheries engagement and fisheries management information.</p> <p>Improved Albertans' access to fisheries information and aims to improve the overall quality of the recreational fisheries experience.</p>
<b>Master Schedule of Standards and Conditions – Phase 2</b>	<p>Completion of Phase 1, streamlined the process for energy resource conditions and standards and removed the Enhanced Approval Process Manual reducing time required. This responds to recommendations made by the Oil and Gas Industry Panel.</p>
<b>Bitumen in Contact with Non-Saline Groundwater Directive</b>	<p>The revised directive replaced a more onerous interim directive used by the Alberta Energy Regulator. With fewer required groundwater monitoring wells and annual monitoring reporting requirements, industry cost savings are anticipated.</p>
<b>Remediation Regulation – Regulatory Implementation</b>	<p>The Remediation Regulation was amended in January 2019, and to ensure comprehensive implementation, the Alberta Energy Regulator developed guidance to clarify how the new requirement to either remediate a site within two years or submit a Remedial Action Plan would be implemented. The Alberta Energy Regulator released this guidance in fall 2021.</p>
<b>Integrated Decision Approach (IDA) Implementation</b>	<p>The Alberta Energy Regulator continues to work on implementing OneStop, its digital application portal, and resolving barriers to fully implementing IDA and OneStop to ensure a streamlined and efficient process for industry stakeholders regulated by the Alberta Energy Regulator.</p>
<b>Code of Practice for Compost Facilities</b>	<p>In collaboration with the Recycling Council of Alberta, an update to the Code of Practice for dealing with recycling waste reduction issues to strengthen and modernize Alberta's composting regulatory framework was completed. This Code of Practice is anticipated to reduce labour and administrative burden and reduce costs to industry.</p>
<b>Hydrovac Guidance</b>	<p>The new Code of Practice for Hydrovac Facilities offers an alternative option for hydrovac facilities to apply under a registration instead of an approval.</p>

	The Code of Practice sets clear design, construction and environmental monitoring expectations and enables the reuse of suitable wastewaters and solids that are free of contaminants. It is anticipated to result in time and cost savings for industry.
<b>Drilling Waste Management</b>	The Alberta Energy Regulator revised Directive 50 to align with policy established under the <i>Environmental Protection and Enhancement Act</i> and the Waste Control Regulation. This responds to recommendations made by the Oil and Gas Industry Panel.

## **Outcome One: Environment and ecosystem health and integrity support Albertans' well-being.**

### **Key Objectives and Supporting Initiatives**

#### **1.1 Effectively balance environmental, economic and social concerns through collaborative and integrated regional and sub-regional land use planning and implementation.**

##### **Supporting Initiative**

- Combined operating and capital for caribou recovery planning and actions are allocated \$34.8 million in 2021-22.

For 2021-22, \$13.3 million was allocated to regional and sub-regional land-use planning. The ministry is committed to advancing a comprehensive, collaborative and integrative approach in regional and sub-regional planning to manage cumulative effects and achieve desired economic, social and environmental goals for a region. Land-use planning supports coordinated and efficient land use by identifying environmental, social and economic outcomes and approaches for meeting the outcomes while improving efficiency and transparency in regulatory processes. Environmental Management Frameworks (EMFs) monitor and report trends and, as needed, require management responses to ensure regional environmental outcomes are achieved.

#### **Caribou Recovery Planning**

Caribou recovery planning is occurring through holistic sub-regional planning processes to ensure a practical and balanced approach that supports a sustainable economy while demonstrating leadership in environmental stewardship.

Since 2019, five caribou sub-regional task forces, consisting of a broad range of stakeholders have been established to provide recommendations to inform the development of sub-regional plans.

Task forces are made up of representatives from local municipalities, Indigenous peoples and communities, the energy sector, the forestry sector, trappers, recreational users, environmental non-government organizations, and other local stakeholders.

Progress continued on the Cold Lake, Bistcho Lake, and Upper Smoky sub-regional plans that began in fall 2019.

- Cold Lake and Bistcho Lake task forces provided recommendations to government in spring 2021, which informed the draft sub-regional plans; while recommendations from the Upper Smoky task force were received by government in fall 2021.
- Detailed socio-economic assessments were completed to inform the sub-regional plans.
- The draft sub-regional plans for Bistcho Lake and Cold Lake were presented to Cabinet in February 2022 for final approval and are expected to be implemented in 2022, while drafting of the Upper Smoky sub-regional plan is still underway.

The Wandering River and Berland Task Forces were established in summer 2021 and continue their work on providing recommendations that address caribou conservation for the East-Side-Athabasca and Little Smoky/A La Peche caribou ranges, respectively.

- Both task forces are expected to complete their work in early fiscal 2022-23.

- Interested First Nations communities have received approximately \$24,000 through capacity funding to support their participation in the Wandering River and Berland sub-regional planning processes.

### **Conservation Area Planning**

Kitaskino Nuwenéné Wildland, a wildland provincial park in the Lower Athabasca Region, was expanded to more than 370,000 acres (over 151,000 hectares), which is part of the largest area of protected boreal forest in the world.

### **Cooperative Management of Northeast Wildland Parks**

With the participation of 22 Indigenous communities in northeast Alberta, the Government of Alberta advanced a cooperative management planning initiative to develop management plans for five northeast wildland parks. A Terms of Reference is nearing completion, and Indigenous communities received \$46,000 in grant funding to support their participation.

### **Environmental Management Frameworks (EMFs)**

EMFs for the Lower Athabasca and South Saskatchewan regions were implemented in 2021-22. Status reporting for air quality and surface water quality management frameworks for these regions were completed, together with reporting on the surface water quantity management framework for the Lower Athabasca Region.

In 2021-22, the ministry advanced new surface water quality management frameworks for the North Saskatchewan Region and Upper Athabasca Region. These frameworks have been initiated ahead of regional plans that will allow for additional protections of water quality in the Eastern slopes, and enhance surface water quality management more broadly in these regions. These are anticipated to be approved and implemented in 2022-23.

### **North Saskatchewan Region**

The North Saskatchewan Regional Plan is not complete. However, through implementation of the Land-use Framework, stakeholders were supported in effective land management through initiatives like the Edmonton Metropolitan Region Growth Plan and piloting a designated industrial zone (DIZ) in Alberta's Industrial Heartland. The pilot includes assessing regulatory performance, environmental outcomes, and cluster infrastructure. *See Key Objectives 1.5 and 2.2 for related results on DIZ.*

AEP also supported the Wabamun Lake Watershed Management Plan, which was finalized in 2021.

### **Lower Athabasca Region**

The Alberta Government remains committed to implementation of the Lower Athabasca Regional Plan (LARP) by working together with stakeholders and Indigenous Peoples. The following actions were completed:

- Implemented the Lower Athabasca Region EMF in 2021-22.
- Advanced sub-regional planning including recreation management areas and caribou range area, reflecting the principles of working landscapes with multiple uses and resource values (e.g. habitat conservation and restoration, access management, energy, forest harvest, etc.).

- Worked with Indigenous groups and stakeholders to complete the Moose Lake Access Management Plan in February 2021, providing land use resource development direction for industry and regulators for the 10 kilometer Moose Lake planning area or zone. The plan includes management actions to support achievement of three outcomes – ecological integrity, exercise of Section 35 rights and traditional land uses, and well-managed development of resources.
- Implementation of the Moose Lake Access Management Plan has resulted in preliminary work to restore legacy seismic disturbance in the planning area. Up to \$8.5 million is allocated over the next four years to restoration efforts that will reduce habitat fragmentation and support traditional use and ecosystem outcomes.
- Preliminary work to establish a Technical Advisory Committee and the development of a groundwater/surface water model are underway and involve Indigenous communities and resource development stakeholders.
- Continued to support outdoor recreation and tourism development including development of the Lakeland Country Destination Development Strategy and Tourism Opportunity Plan, and implementation of outcomes and actions identified in existing tourism strategies and destination development plans for the Regional Municipality of Wood Buffalo, Lac La Biche County and the Municipal District of Bonnyville.
- Continued to support implementation of the Wood Buffalo National Park Action Plan and advancing EMFs.
- Supported environmentally sustainable and responsible development through continued implementation of the Lower Athabasca Region Tailings Management Framework for the Mineable Athabasca Oil Sands. This included managing long-term liability and environmental risk associated with fluid tailings, process-affected water and pit lakes. The ministry continued working with representatives of Indigenous communities, stakeholders, Environment and Climate Change Canada and external experts to develop and implement plans to address scientific gaps to inform policy on the safe treatment and potential future release of treated oil sands mine water.

## **South Saskatchewan Region**

The South Saskatchewan Region EMF was implemented in 2021-22.

As well, the Government of Alberta continues to implement the Livingstone-Porcupine Hills footprint and recreation management plans. The ministry is advancing some of the key recommendations from the Castle-Livingstone-Porcupine Hills Recreation Advisory Groups, such as:

- Initiating a motorized hunting pilot in the Porcupine Hills in September 2021;
- Assessing motorized trails to maintain an OHV trail system in north Castle;
- Working to complete designations for several conservation and recreation areas in the region, including Chinook Provincial Recreation Area;
- Making progress on a mountain bike trail master plan in the Crowsnest Pass; and
- Preparing to designate select non-motorized trails on public lands.

The ministry initiated a land-use planning process for the Springbank Off-Stream Reservoir (SR1) Project. This included setting up advisory committees to support First Nation, Indigenous, stakeholder and local landowner involvement in the development of a plan.

Flood mitigation will be the primary use of the reservoir lands, followed by First Nation access for the exercise of Treaty rights. The land use plan may permit additional activities such as non-motorized recreation and grazing.

An initial commitment of \$100,000 has been made for capacity funding to ensure Treaty 6 and Treaty 7 First Nations are appropriately able to contribute to the planning process and to ensure the exercise of Treaty rights and traditional uses are supported.

### **Upper Athabasca Region**

In 2021-22, the ministry initiated and engaged on the development of a new surface water quality management framework for the Upper Athabasca Region. The framework is anticipated to be approved for implementation in 2022-23.

#### **1.2 Attain a balanced, sustainable approach to manage the cumulative effects of development through collaboration with other ministries, governments, Indigenous communities and other stakeholders combined with leveraging of traditional and other effective conservation measures.**

The Government of Alberta continues to implement the [Lower Athabasca Regional Plan](#) and the amended (2018) [South Saskatchewan Regional Plan](#) (SSRP) by working together with stakeholders and Indigenous Peoples and making decisions in alignment with those regional plans.

Environmental Management Frameworks (EMFs) for the [Lower Athabasca](#) and [South Saskatchewan](#) regions continued in 2021-22. Ambient air quality and surface water quality monitoring informed reporting on the status of condition in relation to management thresholds. Surface water quantity monitoring and reporting also continued. The cause of any changes in status of condition was investigated, and appropriate management actions developed and implemented.

The Government of Alberta continues to advance EMFs. Engagement on Surface Water Quality Management Frameworks (SWQMF) for the North Saskatchewan Region and the Upper Athabasca Region occurred in 2021-22.

### **Lower Athabasca Region**

The Government of Alberta continues to implement the Air Quality Management Framework, the Surface Water Quality Management Framework, the Surface Water Quantity Framework and the Groundwater Management Framework for the Lower Athabasca Region.

No limits were exceeded under the Air Quality Management Framework for 2021-22, which means the air quality objectives identified in the Lower Athabasca Regional Plan (LARP) were met. However, some triggers were crossed. As a result, the required management response is underway, which is focused on improving knowledge and understanding of what is contributing to the observed air quality and proactively maintaining air quality below the limit. Work underway includes supporting the Alberta Energy Regulator (AER) with investigative focus studies and operator engagement, collaborating across the Government of Alberta on provincial management actions.

Under the Surface Water Quality Management Framework, no water quality indicator limits were crossed in 2021-22; however, several trigger exceedances were identified. AEP is leading the required management response focused on understanding trends in water quality data, exploring seasonality in identified trends, and determining the contribution, prevalence, and timing of sources. Regular stakeholder engagement continues in an effort to inform and plan for mitigation management actions. To assess the impacts of municipal wastewater and industrial effluent on waterbodies in the province, work is underway to improve regulatory data capture and electronic reporting capabilities.

No management triggers or withdrawal limits were exceeded in this reporting period under the Surface Water Quantity Management Framework. Work continues to proactively manage water use in the Lower Athabasca River.

### **South Saskatchewan Region**

The Government of Alberta continues to implement the Air Quality Management Framework and the Surface Water Quality Management Framework for the South Saskatchewan Region.

For the 2021-22 year, no limits were exceeded under the Air Quality Management Framework, which means the air quality objectives identified in the SSRP were met. However, some triggers were crossed. As a result, the required management responses are focused on improving knowledge and understanding of what is contributing to the observed air quality and proactively maintaining air quality below the limit.

Work underway includes completing several investigative focus studies, such as participating in the multi-stakeholder Clean Air Strategic Alliance (CASA) Approaches and Solutions for the Canadian Ambient Air Quality Standards (CAAQS) Achievement in Alberta project and collaborating within AEP on provincial management actions. Additionally, Government of Alberta is continuing to compile an inventory of possible management actions and identifying effective reasonable implementation actions in the management response is underway.

Under the Surface Water Quality Management Framework, limits were exceeded for total dissolved solids (TDS) and specific conductance in the Milk River during the winter period for the 2021-22 period and previous years. An investigation identified the causes of these exceedances was likely from groundwater input, followed by a determination of risk and urgency and an evaluation of possible management actions was undertaken. Possible management actions were discussed with the Milk River Watershed Council of Canada and are planned for implementation during 2022-23.

An investigation in the Bow River was initiated to address trigger exceedances for TDS, specific conductance, sulphate, chloride, pH, nitrate and total nitrogen that were observed in 2021-22 and previous years.

### **1.3 Support Alberta's environmental resource stewardship by targeted strategies and frameworks including a water management strategy and, plastics diversion and recycling strategy**

#### **Water management strategy**

A shared stewardship approach for developing and achieving water management system outcomes, implementation actions, and accountabilities across sectors, stakeholders, and communities, is a priority for AEP. Building on *Alberta's Water for Life* strategy, the department and the Alberta Water Council initiated a project in February 2022 to develop an updated Water for Life Action Plan to

advance water management outcomes across Alberta over the next 10 years. The updated Action Plan is anticipated to be completed in fall 2022.

Actions will be undertaken across the Alberta Water Council member sectors, participating Indigenous communities, and the Government of Alberta, to further the implementation and achievement of the Water for Life goals and key directions. AEP, having the lead accountability for water resource management and stewardship on behalf of all Albertans, is a key contributor to the development of the strategy and in supporting the policy and regulatory alignment of shared actions and outcomes.

### **Plastics diversion and recycling strategy**

AEP engaged with the Albertans and stakeholders on an Extended Producer Responsibility framework and systems for single-use plastics, packaging and paper products, and household and special products throughout 2021. A *What We Heard* report was released in November 2021 with the results of that engagement. Amendments to the *Environmental Protection and Enhancement Act* (Bill 83) came into force on December 2, 2021 to enable the creation of an Extended Producer Responsibility framework, which is currently being developed.

#### **1.4 Deliver effective ambient environmental condition monitoring, evaluation and reporting through Alberta's strong environmental policies using an Environmental, Social and Governance**

##### **Supporting Initiatives**

- \$22.4 million in combined operating and capital is allocated in 2021-22 for environmental science and monitoring.
- Operating and capital funding for the Oil Sands Monitoring Program is allocated up to \$50 million in 2021-22.

##### **Oil Sands Monitoring Program**

In 2020-21, approximately \$50 million in combined operating and capital was allocated to the [\*\*Oil Sands Monitoring Program\*\*](#) to deliver ambient environmental monitoring specific to the oil sands region to enhance understanding of the cumulative effects of oil sands management, implementation of regional plan EMFs, and inform future regulatory decisions and plans. Oil Sands Monitoring Program development and implementation is a collaborative process inclusive of industry, Indigenous communities, federal and provincial governments, academic institutions, environmental nongovernment organizations and various monitoring agencies.

The Oil Sands Monitoring Program supported a record number of Community Based Monitoring projects in 2021-22. Nearly \$4 million for stand-alone and integrated projects was provided and the program worked with numerous Indigenous and Métis communities to expand community based monitoring in the oil sands region.

## Environmental Monitoring and Science Program

The Environmental Monitoring and Science Program provides key monitoring, evaluation and reporting on different media (air, water, land, and biodiversity) to support emergency response, regional planning processes and environmental policies that incorporate the information needs and concerns of stakeholders and Albertans.

As part of the department's commitment to continuous improvement, all long-term environmental monitoring programs continue to be reviewed and optimized. This is achieved through ongoing scientific assessment of historical and current data using modern analytical approaches to improve our understanding of environmental condition and environmental outcomes. Activities included continued implementation of the five-year provincial water quality monitoring, evaluation and reporting plan for lotic systems. Implementation of this plan resulted in continued refinement of the monitoring network for surface water quality (and quantity) in Alberta, including a comprehensive assessment of the quality of the data collected under the department's surface water quality programs.

Monitoring, evaluation and reporting programs were successfully implemented for groundwater, lakes and water quantity by AEP and in partnership with other organizations, such as the [Alberta Lake Management Society](#). Other active collaborations include academic partners in Alberta and across Canada in the delivery of key surface and groundwater related evaluation and reporting leveraging monitoring data from AEP's networks.

On October 21, 2021, the department released [a five-year provincial air quality and deposition monitoring, evaluation and reporting plan \(2021-2025\)](#). This five-year plan provides a roadmap to improve Alberta's air quality and deposition monitoring program to meet the needs of Albertans over the next five years. The department will lead implementation in partnership with stakeholder organizations such as Airsheds.

A key focus in 2021-22 was the development and ongoing testing of geospatial tools to provide a province wide mechanism to improve data collection on environmental outcomes relating specifically to parks and public lands to meet Albertan's needs in an environmentally sustainable way. These tools provide a consistent, objective and robust method to characterize relative environmental pressures at multiple scales across Alberta. Implementation supports ongoing optimization of monitoring programs, regional planning, and management activities across AEP.

The department continued to release publically accessible environmental information including: environmental data, peer reviewed papers on various aspects of environmental condition, reporting on EMFs, and technical and plain language summaries of information collected through the Environmental Monitoring and Science Program. In addition to published reports, scientists and technical experts shared their knowledge and connected to decision makers through Office of the Chief Scientist seminars, communities of practice workshops and webinars, and stakeholder information sessions. These interactive opportunities allowed for increased connections at the science-policy interface and promoted timely evidence-informed decision-making processes.

The Office of the Chief Scientist [Alberta Environmental Science Program](#) (AESP) website was released on January 26, 2022. This program and website coordinate reporting of scientifically

credible data and information about the condition of Alberta's environment as required under section 15.1 (1) of the *Environmental Protection and Enhancement Act*. Condition of environment reporting for air and water are currently included on the website with anticipated inclusion of indicators for fish, wildlife, terrestrial and aquatic ecosystems, and climate in 2022 and 2023.

Environmental stewardship in Alberta demands the best available knowledge rooted in multiple ways of knowing – scientific, Indigenous, and local. AEP works collaboratively with Indigenous and local communities and their partners across Alberta to advance place-based environmental stewardship through community-based monitoring, knowledge coproduction, and citizen science. In 2021-22, the following advancements took place:

- The State of Indigenous Community-Based Monitoring (2015-2018) in Alberta State of Indigenous Community-Based Monitoring in Alberta (2015-2018) report was publicly released on December 16, 2021.
- The Citizen Science Principles of Good Practice (2020) continue to serve as a foundation and catalyst for ongoing dialogue and collaboration in the application of citizen science to address information and knowledge gaps across Alberta. In 2021-22, the Alberta Citizen Science Community of Practice was established and began to develop an online Citizen Science Collaboration Hub.
- The Indigenous Climate Change Observation Network (ICCON) was initiated in 2018 to enable Alberta's Indigenous knowledge holders and scientists to coproduce the best available knowledge of climate change. In 2021-22, the project focused on enhancing First Nations' capacity to document, mobilize and apply Indigenous knowledge of fire to cultural burning practices.
- The Indigenous Lake Monitoring Program (ILMP) was developed in response to Indigenous communities concerns about the quality of lakes of local importance. In the long term, ILMP aims to support and enable stewardship and management of Alberta's lakes that is based on the best available Indigenous and scientific knowledge. A total of seven lake monitoring reports have been produced in collaboration with four ILMP First Nation partners. In 2021-22, an evaluation exercise was initiated to assess how ILMP has met the needs and interests of participating Indigenous communities, while contributing to meeting evolving programmatic and departmental priorities (e.g. advancing department understanding of working with Indigenous knowledge and Indigenous knowledge holders, strengthening the connection between ILMP and the provincial Lentic Program). Evaluation will continue in 2022-23.
- As part of Alberta's commitment to the Bilateral Water Management Agreement (BWMA) with the Northwest Territories for jointly managing transboundary water, there are provisions outlined for inclusion of Indigenous and local knowledge. In 2021-2022, an Indigenous community based monitoring pilot project in the Hay River basin region continued to build collaborative partnerships with Indigenous communities, support the prioritization of Indigenous knowledge, bridge with western science if applicable; and, mobilize credible information to inform local and transboundary communities.
- An Indigenous Community Based Monitoring (ICBM) project studying freshwater mussels as a sentinel species in the Athabasca and Clearwater rivers was successfully implemented in 2016 as part of the Innovation Funding Program and the Oil Sands Monitoring Program (OSMP). To

support the co-dissemination phase of this work, in November 2021, a co-created presentation was given at the Society of Environmental Toxicology and Chemistry (SETAC) outlining the results. In support of this work over the past few years, four public facing presentations about methodology and one peer-reviewed paper have been completed. However, this is the first presentation focusing on results based on Indigenous knowledge and western science and shared internationally.

## 1.5 Use updated environmental legislation and regulation to address current and emerging issues, such as RTR (e.g., Regulatory Transformation Project) while maintaining robust environmental standards and safety

The *Portable Water Regulation* under the *Environmental Protection and Enhancement Act* has been updated with a new right-sized regulatory approach specific to micro waterworks systems (i.e. non-municipal waterworks serving fewer than 300 people) to effectively provide safe drinking water and safeguard public health, while managing resource challenges. Stakeholder engagement on the proposed approach began in early 2022.

AEP's Regulatory Transformation Project (RTP) is modernizing the department's environmental regulatory system. The RTP will reduce regulatory burden and red tape by simplifying the system to provide for a more efficient approvals process, increase transparency and decrease information requests for applications. AEP's work on the DRAS is a key component of this project.

- The first information technology release of DRAS was on June 21, 2021. It included functionality to accept, review and track *Water Act* approvals, applications, amendments and codes of practice notices.
- Effective November 15, 2021, new surface water and groundwater applications, amendments, amalgamations, transfers and renewals for *Water Act* licences must be submitted through DRAS.
- Automation through DRAS's risk-based approach resulted in an estimated average savings of 44 days through the application process while reducing backlogs.
- Future releases will address approvals related to sand and gravel, agricultural grazing, and facility registrations and will continue rolling out in stages. This will include *Water Act* temporary diversion licenses, Public Lands Act dispositions for commercial and industrial activities, and drinking water management and the remaining host of activities AEP regulates.

### Actions that Support the Priorities of the Government of Alberta Strategic Plan

#### Key Priority Two: Protecting livelihoods

#### Objective Two: Reducing red tape

- AEP continued to eliminate redundant, outdated and/or unnecessary requirements, resulting in a 23.15 per cent red tape reduction. This exceeds the 20 per cent target for the 2021-22 fiscal year.
- AEP renewed the Alberta's Regulatory Assurance Framework (RAF) in November 2021 with an increased focus on delivering clear and consistent regulatory processes, risk-based environmental management, and the use of digital technology. The Digital Regulatory Assurance System (DRAS) was launched enabling clear, expedient decision-making and straightforward environmental monitoring.

The *Environmental Protection and Enhancement Act* was amended by Bill 83 on December 2, 2021, to enable a made-in-Alberta solution to keep more waste out of landfills while shifting the cost of recycling away from taxpayers – resulting in RTR savings for Albertans. These amendments set the foundation for an Extended Producer Responsibility (EPR) framework that will shift physical and financial responsibility of recycling waste – including single-use plastics, packaging and paper producers, and household and special products – to industry and away from local government and taxpayers.

Regulatory transformation has been a central focus of the Industrial Heartland Designated Industrial Zone (DIZ) pilot project. Significant work has been done to reduce duplication in regulatory requirements between municipal and provincial governments, streamline regulatory applications and renewals processes, and improve regulatory clarity and consistency for facilities operating in the Industrial Heartland DIZ. Additionally, operational policies are being prepared that will implement management systems for establishing cluster infrastructure and minimizing cumulative effects to air and water quality. This is expected to retain and attract investment and jobs to Alberta, minimize the impacts of industrial growth, and realize better integration of economic development and environmental quality in the DIZ. *See Key Objectives 2.1 and 2.2 for results on DIZ.*

AEP is taking a balanced approach to removing red tape and saving time and money for Albertans, industry, and government, while ensuring environmental outcomes are maintained. Some examples of completed changes to regulation and legislation include:

In December 2021, AEP released a Code of Practice for hydrovac facilities, which provides operators an option to apply under a registration instead of an *Environmental Protection and Enhancement Act* (EPEA) approval. A registration under the Code of Practice is a regulatory tool that sets very specific and detailed design, construction and environmental monitoring requirements under specific situations. This change was supported by industry because registration takes significantly less time than an EPEA approval and is a less burdensome process overall compared to an approval. Both approaches uphold the same standard of environmental protection.

In January 2022, AEP updated its Code of Practice for compost facilities to address longstanding compost facility compliance issues. The changes are expected to reduce the number of complaints related to nuisance issues, such as odours and litter. In addition, AEP established a consistent process and guidance for the collection of financial security for compost facilities.

## Crown Land Vision

Alberta's Crown Land Vision, introduced in November 2020, is guiding a modern approach to managing provincial Crown land that better meets the needs of Alberta communities, Indigenous Peoples and job creators without compromising conservation values and/or recreation opportunities. The three themes of the vision are to: 1) make the land-use system clear and understandable; 2) support sustainable funding and partnerships for recreations; and, 3) focus on outcomes and reducing red tape.

Bill 64 was introduced in spring 2021, and enabled amendments to the *Public Lands Act*, which enabled government to introduce fees for recreational activities on public land including the Public Lands Camping Pass and the Kananaskis Conservation Pass. Fees generated, \$1.5 million and \$12.3 million respectively, from both passes were re-invested in the Eastern Slopes and Kananaskis Country to improve visitor experience, and conserve and protect wilderness areas – a key component of Alberta's Crown Land Vision.

## Trails Act

In alignment with the Crown Land Vision, Alberta is modernizing the trails framework through implementation of the new *Trails Act*, Bill 79 passed by government in November 2021, which will balance conservation, recreation, and economic use while respecting the needs of communities and Indigenous peoples.

The *Trails Act* and associated amendments to the *Public Lands Act*, which were proclaimed on February 23, 2022, will improve Alberta's approach to trail management and land conservation while providing more recreational experiences for Albertans by:

- establishing the legislative structure for a sustainable trail management system on public land;
- enabling trails to be designated for specific uses such as hiking or riding an OHV;
- enabling improved trail planning that also considers other land-uses and values;
- strengthening protection of trails so that Albertans can enjoy them for years to come;
- strengthening enforcement tools to prevent environmental damage and promote environmental stewardship of public land; and,
- enabling formal agreements with partners for efficient maintenance of trails.

Regulatory changes made to implement the *Trails Act* in 2021-22 will:

- enhance compliance tools that encourage users to be respectful of the environment and reduce impacts on the land;
- provide additional tools to more effectively manage how visitors use the land and to protect the environment while supporting public safety; and
- support the protection of trails and infrastructure, manage the impacts of random camping more effectively, and be more responsive and timely in managing trail areas in emergency situations

These updated tools to manage trails and protect our public land will help the government respond to a recent surge in trail use. The *Trails Act* will also enable better management and improvement of existing trails, such as those in public land use zones, which will have a positive effect on the environment overall.

## Eastern Slopes Policy

AEP initiated a review of the Eastern Slopes policy (*A policy for resource management of the Eastern Slopes. Revised 1984*) to include coal categories to ensure coal activities are integrated into regional and sub-regional land use planning processes in the future.

## Performance Metrics

### 1.a: Performance Metric under development

## Outcome Two: Sustainable economic development is achieved within environmental capacity

### Key Objectives and Supporting Initiatives

#### 2.1 Initiate an effective and integrated regulatory assurance framework to enhance Alberta's environmental approval and compliance processes while reducing the administrative, regulatory and process burdens

The Regulatory Assurance Framework (RAF) was refreshed and renewed in November 2021. RAF describes AEP's approach to enabling development activity while maintaining environmental standards. The framework will see increased focus on delivering clear and consistent regulatory processes, risk-based environmental management, and the use of digital technology.

The DRAS launched on June 21, 2021 is the technological backbone of the transformed regulatory system, enabling clear, expedient decision making and straightforward environmental monitoring. DRAS will replace multiple systems and consolidate applications, approvals, long-term monitoring, and reporting. Once fully developed, regulatory transformation and DRAS will contribute to RTR objectives of time and cost savings. See Key Objective 1.5 for additional results.

The DIZ *Environmental Protection and Enhancement Act (EPEA)* renewal guide was released on February 1, 2022 to significantly reduce the administrative burden for industry; reduce the time for processing the renewal application by the department; and create a competitive advantage for the Industrial Heartland region.

AEP representatives on the DIZ Steering Committee initiated training with approvals staff to support regulatory transformation and the move to spending more time in the operations and discovery phases of the regulatory approvals cycle. This supports enhanced relationships with the regulated community through a better understanding of our regulatory requirements, efficient approval application development, and faster decision-making. See Key Objectives 2.2 for additional key accomplishments on DIZ.

#### 2.2 Enhance provincial policy to increase the use of industrial zones, economic corridors/nodes, development credits and conservation offsets

The Government of Alberta has committed to increase the use of development credits and conservation offsets in provincial policy to support regulatory certainty and resolve land-use conflicts. In 2021-22, this included continued delivery of the Land-use Framework, particularly as it relates to existing regional plans and other land stewardship tools.

AEP is considering options to advance the use of voluntary conservation offsets, aiming to complete this work by the end of 2022. Conservation offsets are a market-based environmental policy tool used to engage price mechanisms to motivate behaviour toward an environmental objective. The following are market-based tools that have been used in Alberta.

**Emissions offsets** - Since 2007, the *Technology Innovation and Emissions Reduction Regulation* and its predecessors have required 195 million tonnes of cumulative compliance through use of emission performance credits, investing in Alberta-based emission offsets and fund payments; a total of 50 million tonnes of emission offsets have been used to meet this compliance. Alberta has eighteen approved quantification protocols that extend greenhouse gas pricing incentives to all sectors of the economy including agriculture, forestry, waste, small oil and gas, and renewable energy. In 2021, Alberta published the Vent Gas Reduction protocol to incent methane reductions

from the conventional oil and gas sector. In January 2022, Alberta published the revised Enhanced Oil Recovery protocol to incent sequestration of carbon dioxide in oil reservoirs.

**Conservation offset** - Decisions, regarding requirements in Alberta are being made and implemented on a project-by-project basis. The Alberta government is working to support regulatory certainty with transparent and clear policy to enable the use of offsets in resolving land-use conflicts. A first area of focus could be large-scale industrial projects on public land.

Another opportunity is to increase communications on the benefits of conservation offsets as a tool to support environmental management, and to provide information on how offsets are already being used on Alberta's landscapes.

The Industrial Heartland Designated Industrial Zone (DIZ) pilot project was successfully delivered in 2021-22 and phased implementation will continue through 2022-23. AEP continues to work with representatives from five municipalities, more than 10 industrial facility representatives, Alberta's Industrial Heartland Association, the Northeast Capital Industrial Association and the Alberta Environmental Network to streamline and coordinate municipal development permitting, reduce redundancy and stacking of timelines between regulators, realize efficiencies in provincial regulatory processes and work towards enhanced cumulative effects management. This pilot is on track for full implementation in September 2022-23, longer lead components will continue to be developed during implementation and an operational structure will be developed to sustain continued management and adaptation in the zone.

Key accomplishments in 2021-22 include:

- Development of an operational definition and criteria for Designated Industrial Zones.
- Development of an Industrial Heartland DIZ specific Guide to Content for EPEA renewal applications.
- Development of a DIZ Applicant Advisory Service to support applicants through the approval process to ensure less re-work and improved transparency.
- Development of a DIZ specific topsoil management guideline to reduce the cost and industrial footprint for topsoil storage while meeting conservation intent and enabling beneficial uses of topsoil.
- Completion of a Regional Water Systems Feasibility Study to inform the optimal locations for new process water intakes in the DIZ and explore options for wastewater treatment. The results of the feasibility study are being considered during the development of an operational policy to provide guidance on the processing of *Water Act* applications.
- Completion of an Air Pollution Abatement Equipment Feasibility Study that will inform the air emissions limits and options for abatement equipment that will be necessary to achieve the Canadian Ambient Air Quality Standards under future industrial growth scenarios.

## 2.3 Mitigate climate change through collaborative implementation of the Technology Innovation and Emissions Reduction (TIER) system and effective and innovative program delivery

### Supporting Initiatives

- In 2021-22, \$126.8 million derived from the Technology Innovation and Emissions Reduction (TIER) system is allocated to AEP to support investments in innovation and technology in Alberta.

### Climate Change Highlights

Alberta's government continues to tackle climate change and emissions management through practical solutions with tangible results, with policies and programs tailored to Alberta's unique economy and communities.

In spring 2021, AEP engaged approximately 350 stakeholder across multiple industrial sectors including oil and gas, chemical, fertilizer, mining, bioenergy, agricultural, forestry, electricity, municipalities and Indigenous communities. Feedback is being incorporated into policies, programs and partnerships to support even more emissions reductions, increased economic diversification and job creation in 2022 and beyond.

AEP is working with the federal government to communicate Alberta's interests and negotiate for federal funding that aligns with Alberta's emission reduction and resilience priorities.

A number of energy strategies released in 2021 position Alberta to address domestic and global emissions.

The Hydrogen Roadmap was released in November 2021 with the potential to help lower Alberta's carbon emissions by integrating clean hydrogen across the economy and support broader climate objectives by supplying clean energy to the world. Alberta's Natural Gas Vision and Strategy lays out a plan for Alberta to become a global supplier of clean, responsibly sourced natural gas and related products, including hydrogen, petrochemicals and recycled plastics. It establishes a goal for Alberta to become a center of excellence for plastics diversion and recycling by 2030, moving towards a plastics circular economy that uses the full value of plastic products.

The Natural Gas Vision also includes objectives to get Alberta's natural gas to Asian and European markets where they can displace energy production from coal. Renewal of Alberta's Minerals Strategy and Action plan provide a roadmap for Alberta to meet growing worldwide demand for metals and critical minerals essential to producing the technologies and products that support a low-carbon economy.

In early 2022, Alberta released its first annual methane emissions progress report. The report demonstrates that oil and gas methane emissions went down by 34 per cent between 2014 and 2020. Alberta is on track to meet or surpass its target to reduce methane emissions from the oil and gas section by 45 per cent from 2014 levels by 2025.

The Renewable Fuel Standard requires blending of renewable fuels into gasoline and diesel sold in Alberta. Minimum blend rates are 5 per cent for gasoline and 2 per cent for diesel. The 2020 calendar year saw blending of 5.43 per cent in gasoline and 2.06 per cent in diesel.

## TIER Highlights

Alberta's TIER Regulation system continued to be implemented, driving emission reductions at regulated facilities, in other sectors of the economy covered by Alberta carbon offsets, and through investments of the TIER Fund in innovation and technology.

The TIER system and electricity market continue to drive innovation and enable a continued trend of emission reductions, with benefits to local air quality. Based on TIER forecast data, coal fired power plants have reduced emissions to the lowest level on records dating back 20 years, representing less than half the emissions reported in 2016.

As part of the TIER regulatory review to be completed by the end of 2022, AEP plans to conduct engagement in 2022 with stakeholders, Indigenous organizations, and Albertans. Alberta intends to maintain TIER and jurisdiction over industrial carbon pricing in the province, which it has had in place since 2007.

Implementation of TIER in 2021 captured approximately 155 megatonnes of total regulated emissions and included over 470 facilities, more than doubling the number of facilities captured in 2019. This includes:

- more than 80 opted-in facilities from various sectors; and
- approximately 240 aggregate facilities comprising of approximately 57,000 conventional oil and gas sites with first ever greenhouse gas (GHG) compliance reporting against the 2020 calendar year.

Under TIER, regulated facilities are subject to either a facility-specific benchmark or high performance benchmark. Facility-specific benchmarks have been assigned for approximately 55 different products produced by regulated facilities in Alberta. Facilities regulated under TIER can achieve their benchmark requirements by reducing emissions onsite, using emission performance credits from facilities that exceed their reduction targets, using Alberta carbon offsets, and/or making payment to the TIER Fund at the carbon price set by the province.

### **Actions that Support the Priorities of the Government of Alberta Strategic Plan**

#### **Key Priority Two: Protecting livelihoods**

#### **Objective Five:**

Making Alberta more dynamic, innovative and sustainable

- AEP continued to implement Technology Innovation and Emissions Reduction. In 2021 TIER captured approximately 155 megatonnes of total regulated emissions and included over 470 facilities, more than doubling the number of facilities captured in 2019. This includes:
- more than 80 opted-in facilities from various sectors; and
- approximately 240 aggregate facilities comprising of approximately 57,000 conventional oil and gas sites with first ever greenhouse gas compliance reporting against the 2020 calendar year.

Changes to TIER for 2021 included:

- The carbon price increased from \$40 per tonne of carbon dioxide equivalent to \$50 per tonne on January 1, 2022. By increasing the price per tonne of carbon dioxide equivalent under TIER, Alberta's carbon emissions pricing system meets federal regulatory requirements and Alberta is maintaining jurisdiction in this policy area.
- All facility-specific benchmarks for large emitters and opted-in facilities are tightened by 1 per cent from the previous years to promote continuous emissions management improvement. Facility-specific benchmarks for aggregate facilities are not currently subject to tightening.
- AEP updated and increased the stringency of the facility-specific benchmarks and high performance benchmarks for oil sands mining and upgrading to re-calibrate the obligations for the sector.

Approximately 2.1 megatonnes were registered as emission offsets in 2021. Project developers may still be working to register emission offsets achieved in 2021. In addition, the following offset protocols were developed or revised:

- The Vent Gas Reduction Protocol was released, combining two previous protocols and reducing red tape.
- An updated Enhanced Oil Recovery Protocol was published.
- Revisions related to landfill bio-cover and improved forest management on private lands are in the pre-protocol development stage and are ongoing.
- A Memorandum of Understanding with Environment and Climate Change Canada remains in place, allowing credits from five Alberta protocols to be realized as recognized units for federal output-based pricing system compliance outside Alberta.

## TIER Fund Investment Program Highlights and Results

In 2021-22, Alberta's government committed up to \$271 million from the TIER Fund and other public funding for climate programming. An additional \$312 million of TIER funding was allocated to reducing Alberta's deficit.

- These programs support technology development and deployment for priority areas including carbon capture, utilization and storage; methane emission management; industrial energy efficiency; and clean energy development.
- Investments in innovative projects for small, medium and large industries across all sectors in Alberta are helping facilities lower emissions, create investment opportunities, and cut costs.
- The investments will support over 3,900 jobs when investments from industry and other funding sources are included.
- Funding programs are delivered by AEP; partnerships such as Emissions Reduction Alberta and the Municipal Climate Change Action Centre; other provincial departments including Alberta Energy, Alberta Jobs, Economy and Innovation, and Alberta Labour and Immigration.

AEP invested \$126.8 million in programming from the TIER Fund in 2021-22. Examples of key programming include:

- Emissions Reduction Alberta (ERA) programs: \$64 million for ERA, including \$30 million to fund the Carbon Capture Kickstart Challenge program to accelerate development of industrial-scale carbon capture and transportation technology solutions in Alberta.
- Industrial Energy Efficiency/Carbon Capture Utilization and Storage (IEE CCUS) program: An additional \$31 million was invested in Alberta's IEE CCUS program, bringing the total investment in IEE CCUS to \$131 million over the last two years. This program helps industry save money and cut emissions through technology and equipment upgrades. Eleven projects were funded which had a total project value of over \$380 million, supporting over 2,300 jobs during the program implementation and resulting in GHG emission reductions of over 4.1 megatonnes of CO<sub>2</sub>e by 2030.
- Methane Emissions Reduction programs: In 2021-22, an additional \$5 million was invested in the Baseline Reduction Opportunity Assessment program to support small and medium-sized oil and gas operators to conduct detailed assessments of methane reduction opportunities and fugitive emissions. Over the last three years, \$57 million was invested in methane emissions reduction programs that will support over 200 jobs in the oil and gas sector and cut about 1.5 megatonnes of emissions right away, while also setting the stage for future job growth and reduced emissions after projects are complete.
- AEP continued its support for climate adaptation initiatives to ensure Alberta communities are better prepared for and more resilient to climate change. Highlights in 2021-22 include:
  - The department worked with the Municipal Climate Change Action Centre (MCCAC) to develop and launch the Climate Resilience Capacity Building Program. This program is enabled through \$4.5 million in TIER funding (from 2020-21) and supports municipalities and Indigenous communities in assessing climate change risks and vulnerabilities, developing climate adaptation plans, and working towards implementation of resilience measures.
  - The department continued to implement its Watershed Resiliency and Restoration Program, providing \$3.5 million additional funding in 2021-22. A total of \$36 million has been invested since the program started, funding 68 organizations for 142 projects to improve the natural ability of Alberta's watersheds to mitigate the impact of flood and drought.

The department, along with funding support from Natural Resources Canada, supported the development and delivery of an online Adaptation Resilience Training (ART) program to help working professionals and planners learn about how Alberta's climate is changing and how to integrate adaptation into their professional practice. Funding also supported the University of Alberta's ART project assistants program, which opened its second cohort in fall 2021, providing opportunities for recent graduates to gain work experience and mentorship from organizations in undertaking adaptation initiatives.

## **2.4 Complete mandatory social-economic impact assessments for major environmental protection proposals to strike the appropriate balance between economic growth and environmental protection**

Socio-economic assessments have been completed for all major environmental proposals brought forward this mandate. This project is being developed to ensure consistency in approach and communication of future assessments.

Comprehensive socio-economic assessments were completed for the Bistcho Lake and Cold Lake sub-regions to understand potential impacts and opportunities presented by the sub-regional plans to optimize plans and ensure decisions are fully informed.

A comprehensive socio-economic assessment was completed as part of environmental, social, and economic analysis done to support the Kitaskino Nuwenéné Wildland (KNW) expansion. The expansion of the Wildland Park, completed in 2021-22, adds more than 375,000 acres to the KNW and was made possible through collaboration between the Alberta government, federal government, Indigenous communities and industry.

A socio-economic assessment was completed in 2022 to support the development of the Surface Water Quality Management Frameworks for the North Saskatchewan and Upper Athabasca rivers and understand potential implications of future management responses.

## **2.5 Address reclamation responsibilities through effective liability management policies and providing options to industry to pay adequate security.**

### **Contaminated Sites Management**

AEP is implementing Alberta's Regulatory Assurance Framework (RAF) by ensuring requirements are outcomes-focused, making data-driven decisions in a timely and coordinated manner.

AEP is streamlining the regulatory system and modernizing information collection and storage by developing and implementing the DRAS.

Implementing DRAS will support responsible parties to understand and fulfill regulatory requirements, enhance data collection and storage, and simplify analysis and performance reporting. Contaminated sites are expected to be incorporated into DRAS within the next two years.

Alberta is making improvements to contaminated site guidance to ensure that the regulatory system is easier to navigate for stakeholders and supports effective and efficient remediation.

- For example, AEP supported the Alberta Energy Regulator (AER) as they worked to finalize and publish their Contaminated Sites Manual (October 2021), which will help the energy sector fulfill regulatory requirements and streamline reporting.

### **Liability Management Framework**

As part of the Alberta government's ongoing efforts to manage Oil and Gas Liabilities in 2021-22, AEP and Energy introduced a new Liability Management Framework aimed at reducing the province's inventory of orphan and inactive well sites.

The new framework includes a suite of improvements to enable oil and gas companies to better manage their cleanup obligations at every step of the well lifecycle.

AEP is supporting AER's implementation of operational aspects of the Liability Management Framework, which was announced in July 30, 2020.

The new framework is being implemented in stages to provide producers the necessary time to plan moving forward. For example, spending targets were released in June 2021 and took effect in January 2022.

- In June 2021, the AER announced mandatory closure spend targets for industry. The 2022 industry-wide mandatory target is \$422 million, and increases to \$443 million in 2023.
- The AER published the new Directive 088: Licensee Lifecycle Management and Manual 023: Licensee Lifecycle Management in December 1, 2021.

The process for landowners and communities to nominate sites for closure work, the closure opt-in program, is currently in development and expected to be operational in fall 2022.

### **Mine Financial Security Program (MFSP)**

The MFSP is enabled under the *Conservation and Reclamation Regulation* and helps manage coal and oil sands mine reclamation liabilities, in order to protect the public from financial liabilities associated with project closure.

This program helps manage coal and oil sands liabilities by collecting financial security from mine owners and protects the public from paying for project closure costs. As of June 30, 2021, \$33 million was held in security under the program with \$1.5 million for oil sands and coal.

The formula to determine payment into the Mine Financial Security Program includes an operator's revenue, operating cost and sales volume. Under the program, coal companies pay their security up front, while oil sands mines use their reserves as collateral for financial security.

Extremely low oil prices in 2020 identified challenges with the program's formula. As a result, the Government of Alberta made an interim change to the formula calculation while engaging in a program review to ensure security amounts align with the intent of the program while ensuring positive environmental outcomes.

The MFSP review is focusing on the program asset calculation, information reporting, and timing of security payments, and is targeted for completion by the end of 2022.

Mine operators and Indigenous communities and organizations are engaged in the program review. An engagement kick-off meeting occurred on January 13, 2022.

### **Reclamation Surety Bonds**

In 2021, AEP worked with the AER, Treasury Board and Finance, and the surety sector to refine a demand forfeiture bond for posting reclamation security for activities regulated by AEP.

Operators have been asking for another option to provide reclamation security, and bonds free capital for other investments.

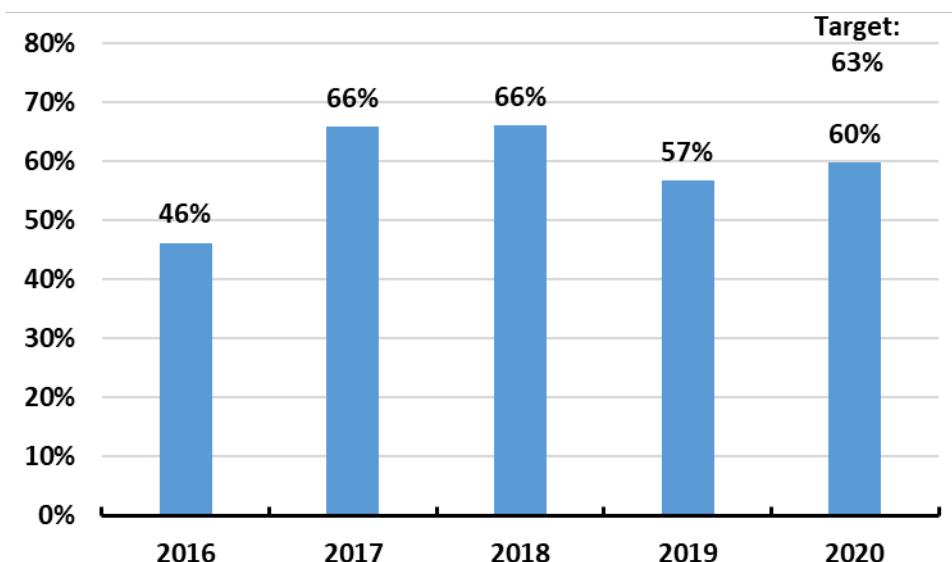
Currently, reclamation security can be submitted using letters of credit, cash, and in some cases, performance bonds.

The surety sector and legal and risk management experts provided input to the Government of Alberta and AER on the draft bond form, and the form is now in final review stages.

Introducing/implementing surety bonds in 2022-23 as an option for operators will increase liquidity for industry (i.e., sand and gravel pit operators) while ensuring there is adequate security in place to address reclamation obligations.

## 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 2020-23 business plan target is used for reporting. Prior year results have been corrected to account for updates to Alberta's emissions inventory in the National Inventory Report 1990-2020: Greenhouse Gas Sources and Sinks and provincial carbon levy revenues reported in Treasury Board and Finance annual reports.

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.

Priced greenhouse gas emissions in 2016 closely reflected priced emissions from large industrial emitters under the Specified Gas Emitters Regulation. In 2017, priced greenhouse gas emissions coverage was 66 per cent, a 20% increase from previous years as a result of the introduction of the provincial carbon levy in January 2017, broadening the carbon price to include emissions from the combustion of transportation and heating fuels. In 2018, the emissions coverage remained at 66 per cent.

On May 30, 2019, Alberta discontinued the provincial carbon levy to help ease the financial burdens on Albertans. This resulted in a 9 percentage point decrease in provincially priced greenhouse gas emissions, with the percentage of priced emissions dropping to 57 per cent. In April 2019, the Federal Government implemented its Federal Fuel Charge at a rate of \$20 per tonne, rising by \$10 per tonne annually to \$50 per tonne in 2022. Implementing the Federal Fuel Charge did not impact the percentage of provincially priced emissions.

When the *Carbon Competitiveness Incentive Regulation* was replaced by the *Technology Innovation and Emissions Reduction Regulation* in January 2020, a provision was made for aggregated facilities to opt-in to allow emitters to avoid paying the Federal Fuel Charge on the entirety of their emissions. This resulted in an increase in the percentage of provincially-priced emissions to 60% in 2020.

## Outcome Three: Albertans and visitors have enjoyable and safe experiences where they live, work and play in Alberta's outdoor

### Key Objectives and Supporting Initiatives

#### 3.1 Improve recreational access management through effective engagement and a modern and integrated approach to Crown lands management (including public lands and parks), implementation of the *Alberta Trails Act* and establishment of a sustainable recreation funding framework.

##### Supporting Initiatives

- \$79.4 million in combined operating and capital funding is allocated in 2021-22 for various capital programs to refurbish and enhance outdoor recreational opportunities, natural features and buildings in provincial parks.
- Environmental enforcement to ensure public safety and lawful use of Crown lands is allocated \$15.4 million in 2021-22.

Unprecedented use of parks and public lands for recreation by Albertans continued in 2021-22. Challenges associated with the heavy use arose, including garbage and waste management, and other environmental and human safety impacts. To address these impacts a number of measures were implemented including managing partnerships and maintaining public lands and signage. Some additional measures included:

- Additional staff were hired to engage with and educate Albertans to support responsible land-use;
- Crown Land Recreation guide was updated;
- Targeted social media campaign on AEP's "Respect the Land" Facebook page continued; and
- Additional garbage bins and portable toilets were installed in high-use areas.

### Kananaskis Conservation Pass and Public Lands Camping Pass

Kananaskis Country offers premier recreation experiences in Alberta's Rocky Mountains. Since 2019, visitation to the region has increased significantly (approximately 32 per cent) and, as part of the sustainable recreation funding framework, the Kananaskis Conservation Pass was introduced to support conservation, recreation, public safety and visitor services. The success of the Kananaskis Conservation Pass and high levels of observed compliance are helping to keep the region beautiful, accessible and safe today and for generations to come.

In its first fiscal year (June 1, 2021 to March 31, 2022), the Kananaskis Conservation Pass generated \$12.3 million, with every dollar being reinvested in the region. Year One revenues were reinvested to support:

- Staffing, including more than 30 new seasonal positions (\$3.5 million)
- Hiring and supporting conservation officers in K-Country (\$1.5 million)
- Running the Kananaskis Country Public Safety Program (\$1.5 million)
- Operating subsidized facilities including the Canmore Nordic Centre (\$1 million) and William Watson Lodge (\$750,000)
- Planning infrastructure upgrades to the Canmore Nordic Centre (\$1 million)

- Regional transit initiative with the Town of Canmore (\$994,000)
- Investing in local volunteer trail organizations (\$550,000)
- Supporting visitor services and information centres (\$500,000)
- Contracting traffic management services (\$350,000)
- Grooming winter trails (\$250,000)
- Increasing support for search and rescue operations (\$100,000)

More Albertans than ever before are exploring our great province and experiencing all that Kananaskis Country has to offer. Revenues from the conservation pass will continue to be reinvested in the region to ensure it can be enjoyed by generations to come.

The Public Land Camping Pass was also initiated in June 2021 to implement a fee for random camping along the Eastern Slopes from Blairmore to Grande Prairie. To date approximately 50,000 passes have been sold generating \$1.5 million to reinvest back into initiatives related to improving random camping for Albertans. This includes hiring 18 additional recreation engagement officers and six trail crew members.

### **Recreation Management Planning and Sustainable Recreation Initiatives**

In 2021-22 AEP established the provincial Trails Act, which supports trails on public lands to the adapt to the growing demand for outdoor recreation and support local tourism and provides a framework for trail managers and trail planning to build a robust trail system for the future. Work continued to improve recreational amenities utilizing capital investment projects through partnerships aimed at improving recreation across Crown lands (Parks and Public Lands).

Work with outdoor recreation partners continued to improve capital recreation infrastructure. Key capital recreation partnership investments in 2021-22 included\*:

- Equestrian trail development in Blue Rapids Provincial Recreation Area with the Eagle Point-Blue Rapids Parks Council (\$24,500)
- Equestrian campground development in Castle Provincial Park with the Alberta Equestrian Federation (\$130,000)
- Mountain bike trail improvements in Cypress Hills Provincial Park with the 670 Mountain Bike collective (\$350,000)
- Support for the Ed Gregor Stewardship Days with the Crowsnest Forest Stewardship Society (\$20,000)
- Improving trails and staging areas in the Grande Cache region with the MD of Greenview and the Rocky Mountain Wilderness Society (\$400,000)
- Improving the Great Divide Trail with the Great Divide Trail Association (\$25,000)
- Remediate and improve trails in the Kakwa Falls with the MD of Greenview (\$150,000)
- Peppers Creek Trail Remediation and re-routing with Trouts Unlimited (\$150,000)
- Support motorized trail improvements with the Alberta Off Highway Vehicle Association (\$375,000)
- Support the Rail Trail project with Clearwater County (\$920,000)
- Snowmobile trail improvements with the Alberta Snowmobile Association (\$230,000)
- Various recreation upgrades in the Wapiti region, with the County of Grande Prairie, Swan City Snowmobile Club, and Nitehawk Ski Hill (\$214,100)

*\*Dollar amounts are 2021-22 contributions only.*

Several operational outdoor recreation initiatives and partnerships were funded in 2021-22, including:

- Collaborated with over 22 active volunteer/stewardship groups on Crown lands and supported over 20,000 volunteer hours on recreation through trail work, site maintenance and clean up events.
- Completed new partner trail plan for the Moose Mountain Bike Trail Society.
- Improved garbage clean up (over five tonnes collected) and deployed/maintained 25 outhouse in key busy areas on public lands.
- Worked with the Friends of Eastern Slopes Association to support the Eagle Lake Public Land Recreation Area improvements and provincial campground operations in the West Country.
- With the new Public Land Camping fee funding, the department is staffing 20 new full-time equivalencies to support the groups augmented by approximately 20 seasonal wage staff to support boots on the groundwork with partners.
- Supported the Friends of Kananaskis, Bragg Creek Trails, Canmore Areas Mountain Bike Trail Alliance and Moose Mountain Bike Trail Society with a total of \$550,000 in grants funded by the Kananaskis Conservation Pass.
- Supported Alberta Search and Rescue volunteer efforts through a \$250,000 grant.

## **Capital Program**

This element includes the staff allocation required to deliver the following Capital Program areas in 2021-22:

- \$45.1 million capital funding for Crown land infrastructure Capital Maintenance and Renewal Program for major and minor maintenance projects to refurbish, upgrade, replace and redevelop outdoor recreational infrastructure assets. This funding was to address the significant number of Alberta Parks assets in poor condition.
- \$6.4 million capital funding for implementation of Lower Athabasca Regional Plan commitments for major upgrades, expansions and new infrastructure developments within the Lower Athabasca Region.
- \$13.8 million capital funding for implementation of South Saskatchewan Regional Plan commitments for major upgrades, expansions and new infrastructure developments within the South Saskatchewan Region.
- \$1.3 million capital funding for the newly established Castle Provincial Park investing in new park facilities, trails, campsites and renewing existing assets.
- \$0.7 million for the completion of capital funding for building upgrades to William Watson Lodge in Peter Lougheed Provincial Park.
- \$1.4 million capital funding for David Thompson Corridor Infrastructure Upgrades project to address Crown land sites along highway 11 for access upgrades, parking expansions,

staging formalization, trail refurbishments, rustic camping development and placement of washroom facilities.

## **Environmental Enforcement**

The department substantially strengthened its support of recreation access in 2021-22 with the training and deployment of 19 additional COs deployed across various regions. COs within AEP and Fish and Wildlife Enforcement Services in Justice and Solicitor General work collaboratively under the guidance of the joint Conservation Enforcement Steering Committee (CESC) to plan, prioritize and deliver a coordinated conservation enforcement program for Albertans.

The CESC priorities have provided areas of focus for communication, education, and proactive patrol.

- For the 2021-22 fiscal year, the CESC identified 42 conservation enforcement priorities to deliver three core elements: Operational, Public Safety, and Compliance (Regulatory and Statutory). AEP COs and Fish and Wildlife Enforcement Services (FWES) have been working collaboratively on achieving these priorities.

Over the past year, COs performed the following actions to ensure public safety and lawful use of crown lands:

- 70,053 interactions/user checks across Alberta's Crown lands. These interactions with the public are both educational and ensure users comply with relevant legislation and regulations.
- 16,932 hours of proactive patrols and 3,889 hours of patrols responding to complaints.
- Approximately 3,500 enforcement actions on Crown lands this year. 41.8 per cent of enforcement actions resulted in a warning and 49.9 per cent resulted in a prosecution. This balance of enforcement actions with a high degree of warnings demonstrates the importance placed on education and prevention of unlawful activities.

### **3.2 Provide angling and hunting opportunities through effective fish and wildlife management**

#### **Supporting Initiatives**

- The provincial fish stocking program to improve angling opportunities including capital investment in the Cold Lake Fish Hatchery and Raven Creek Brood Trout Station is allocated \$20.8 million in 2021-22.

Cold Lake Fish Hatchery improvements will significantly lower the usage of fresh water from the lake and the natural gas water heating consumption driving the cost of rearing a trout lower. Cold Lake Fish Hatchery Capital Project will start construction in the spring of 2022 with completion in 2023. The upgrades will also facilitate revival of the walleye program for stocking in Alberta lakes to create put-grow-take fisheries similar to the existing trout stocking program. A successful pilot for the walleye program was conducted in 2021.

The new Raven Creek hatchery will expand the ability to rear grayling, west slope cutthroat trout and bull trout along with our strains of rainbow trout for recreational and restorative stockings. The new Raven Creek facility is in the detailed design stage with construction scheduled to begin fall 2022.

In 2021-22, \$28.5 million in revenue was collected from the sale of fishing and hunting licenses, hunting draw applications and WiN (Wildlife Identification Number) cards.

In Alberta, there are two Associations, under delegation, which receive funding from these sales:

- The Alberta Conservation Association (ACA) with a mission to conserve, protect and enhance fish, wildlife and habitat for all Albertans to enjoy, value and use; and
- The Alberta Professional Outfitters Society (APOS) delegated functions to support commercial outfitter hunting and tourism in Alberta.
- Approximately \$15 million was provided to the ACA ([www.ab-conservation.com](http://www.ab-conservation.com)).
- Approximately \$3.9 thousand was provided to APOS ([www.apos.ab.ca](http://www.apos.ab.ca)).
- Approximately \$5.5 million supports the licensing system, vendors and retail suppliers.
- The remaining value was retained by the AEP to support delivery of programs such as surveys, assessments and monitoring programs associated with fish and wildlife and species at risk.

### **3.3 Effectively manage Alberta government owned or operated water management and monitoring infrastructure**

#### **Supporting Initiative**

- Water management infrastructure operations is allocated \$18.6 million in 2021-22.

The department is responsible for the comprehensive operation and maintenance of provincially-owned water management infrastructure and administration of the Provincial Dam Safety program under the *Water Act*.

Informed operation of this infrastructure is critical to ensure reliable water supplies for agriculture, municipalities and industrial users across the province; public safety; and reduce the risk and impacts of flood and drought across the province including ability to respond adequately to a dam safety emergency. Additionally, the infrastructure provides water for hydro-power production, fisheries habitat, recreational opportunities and to improve water quality.

The department operates and maintains 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 helps 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*.

The department continues to monitor and report on the status of infrastructure to ensure it is safe and operates efficiently. Operational efficiency and effectiveness is continually investigated and forms a key aspect of rehabilitation projects. This Infrastructure contributes to managing multi-purpose water supply in the face of potentially adverse impacts from flood and drought conditions.

In 2021-22, the ministry invested approximately \$5 million to deliver over 1,200 infrastructure inspections, engineering investigations and dam safety assessments. Results showed that 78.8 percent of Alberta's water management infrastructure was in good status (see performance metric 3a), 16.1 percent in fair status and 5.1 percent in poor status. This informed, prioritized and directed maintenance of approximately \$16 million in capital rehabilitation funding administered through Alberta Transportation's Environmental Management System. There are capital maintenance plans in place to ensure infrastructure elements in poor condition are a top priority when funding is allocated.

The Dam Safety Program monitors and reports on the status of regulated dams (non-energy related) in the province, including provincially owned and private structures. This program ensures that the dams in Alberta are operated and maintained properly and that the owners are taking appropriate actions to address dam safety related issues and concerns to help ensure that the risks of a dam or canal failures in Alberta are managed/ mitigated.

In 2021-22 the ministry monitored and reported on approximately 1,350 government and private dams, conducted approximately 180 audit inspections, conducted multiple emergency or incident related inspections of dam and canal structures (including Government owned structures) in order to ensure that the owners mitigated and managed identified risks.

Sessions with dam owners continued towards the development of collaborative plans to bring all owners into compliance with the updated 2018 Dam Safety regulations.

The web-based Dam Safety Portal launched in 2019 continued to be utilized by dam owners to review dam safety requirements, upload regulatory submissions, review and update project and contact information.

### **3.4 Anticipate, respond to and mitigate the impact of environmental conditions and events including floods, droughts and invasive species**

#### **Supporting Initiatives**

- The environmental emergency response and management program is allocated \$3.6 million in 2021-22.
- Flood adaptation and resilience is allocated \$60.7 million in combined operating and capital funding in 2021-22.

The Environmental Emergency Management Branch is accountable for environmental emergency management in the Government of Alberta, communicating and coordinating department-wide environmental emergency planning and response capabilities. In 2021-22, this included:

- maintaining the department's 24/7 emergency response program through its Alberta Support and Emergency Response Team (ASERT), which triaged and coordinated response to emergency incident notifications and deployed department staff to provide on-site assistance;
- activation of the Department Coordination Centre from August 6 to September 16, 2021 to respond to 2021 drought conditions in Alberta, and the creation of a Drought and Water Shortage Recommendations Report with recommendations towards building water literacy,

enhancing drought and water shortage preparedness, improving access to data and information, assessing and managing risks, and supporting water users.

- activation of the Department Coordination Centre and deployment of personnel to support the province of British Columbia during the 2021 Atmospheric River flood disaster;
- conducting engagement sessions and training with Parks Canada staff from Banff, Lake Louise, Yoho, Kootenay, and Jasper National Parks, to improve outcomes during environmental emergencies in the mountain parks; and
- updating and exercising AEP flood plans, which outline how the department mitigates, prepares for, responds to and recovers from floods.

In fiscal 2021-22, \$31 million was budgeted to advance the federal Investing in Canada's Infrastructure Program (ICIP) eligible expenses for eleven flood adaptation projects. These projects are aimed at reducing flooding by increasing or creating new capacity to manage stormwater, building permanent barriers to protect against a 1:100 flood and relocating water/wastewater infrastructure out of the flood hazard zone. The projects will increase the safety of Albertans while significantly reducing future costs from extreme weather events. Many projects have deferred costs due to supply chain delays or pandemic-related issues while others have not yet met Impact Assessment Agency of Canada requirements.

In May 2021, the Bow River Reservoir Options (BRRO) feasibility assessment (phase two) to mitigate flood and drought risk upstream of Calgary began. The Bow River Working Group is providing technical water-manager stakeholder expertise with significant progress made on the "Glenbow East" and "Relocated Ghost Dam" concepts and Round One of public, stakeholder and Indigenous engagement was completed.

\$892,000 was leveraged from Public Safety Canada under the National Disaster Mitigation Program to complete new and updated flood maps and community financial flood risk assessments. Primary technical work on 27 new flood map studies has been completed – 21 of which replace, combine, and expand on older studies with six covering new areas.

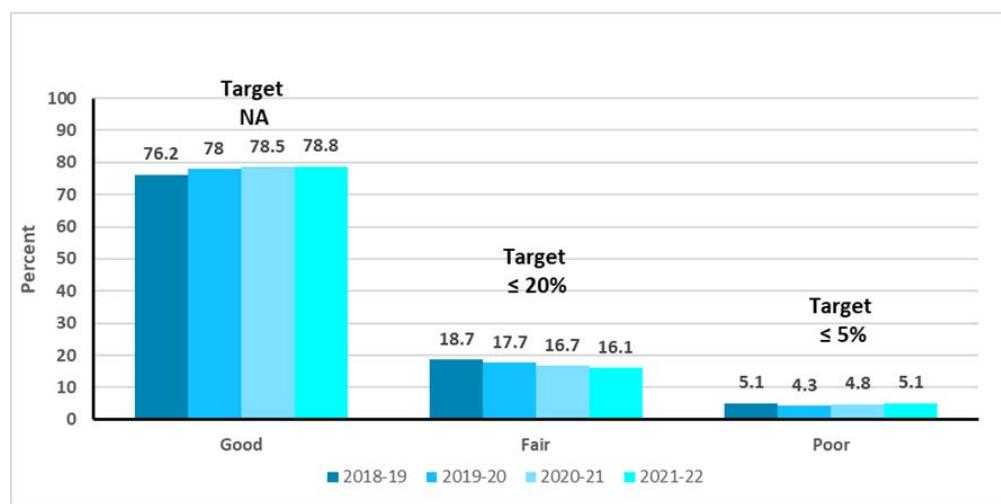
The River Forecast Centre maintained 24/7 situational awareness of river conditions across the province and provided information and advisories to internal and external stakeholders and the public as warranted. The River Forecast Centre also achieved a major milestone with the rollout of the Alberta River Forecast System in 2021-22. This centralized system allows river forecasters to view measured precipitation, river conditions, weather forecasts, and satellite imagery all at once in a single platform. It is estimated that the new system will enable river forecasters to produce flow forecasts 30 per cent faster than before, allowing Albertans more time to respond to and mitigate the impact of floods.

The 2021-22 Aquatic Invasive Species program season focused on key species including Quagga and Zebra mussels, flowering rush, Eurasian water milfoil and Chinese mystery snail. Over the course of the season, thousands of boats were inspected with the highest risk boats entering the province from our eastern border with 22 mussel fouled boats intercepted. In addition, over 60 waterbodies across the province were monitored for invasive mussels. Application of aquatic herbicide was used to control extensive flowering rush impacts on Lake Isle, however the effectiveness can only be illustrated during subsequent growing seasons. The Chinese mystery snail was contained within McGregor Reservoir largely through the actions of Albertans ensuring their equipment was cleaned after leaving the waterbody.

Widespread drought conditions were experienced in 2021-22, and action taken to manage and alleviate drought and water shortage impacts to water users and aquatic ecosystems, including the formation of the Water Shortage Management Committee (WSMC) in Spring 2021. The Committee managed water shortages by evaluating real time flows, advising on management actions, issuing advisories, imposing licensing restrictions, and exchanging information with other agencies. The WSMC was operational until the end of October 2021.

## Performance Metrics

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



**Source:** Environment and Parks

**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.

AEP 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 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 2021-22, the service levels and standards for water management infrastructure were generally maintained. The 16.1 per cent results for the Fair category remained in alignment with the target of less or equal to 20 per cent and showed a slight improvement compared with the 2021-21 results.

The results of 5.1 per cent of infrastructure in the Poor category is slightly higher than the 5% target, and is slightly higher than in 2020-21. The increase is due to the recent inspection downgrading the Irrigation Outlet gates at St. Mary Dam from Fair to Poor status. The 78.8 percent of provincially-owned water management infrastructure in Good status is an improvement from last year and a result of investments in capital maintenance and rehabilitation at a number of sites.

Well-maintained infrastructure can reduce the impacts of flood and drought across the province, and provide 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. AEP 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 Metric under development

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

Priced tonnes of provincial CO<sub>2</sub> equivalent emissions includes priced tonnes of CO<sub>2</sub> equivalent emissions from large final emitters and emissions covered by the provincial carbon levy during its existence between January 2017 and May 2019. Priced emissions from large final emitters include all total annual emissions reported from regulated facilities. Emissions subject to the provincial carbon levy were calculated by taking the carbon levy revenue (obtained from the respective year's Treasury Board and Finance Annual Report) and dividing this by the compliance cost per tonne (carbon price). The priced emissions are compared as a percentage of total tonnes of provincial CO<sub>2</sub> equivalent emissions. The carbon levy in Alberta started at \$20 per tonne in 2017 and increased to \$30 per tonne in 2018, and was discontinued in May 2019. Priced emissions excludes emissions priced through emissions offset protocols, methane emissions regulated under Alberta Energy Regulator Directive 060, federally-priced emissions and non-reported emissions.

Total provincial greenhouse gas emissions are reported by Environment and Climate Change Canada through the National Inventory Report 1990-2020: Greenhouse Gas Sources and Sinks in Canada. Total tonnes of provincial CO<sub>2</sub> equivalent emissions includes emissions from agriculture, energy, industrial processes, solvent and other product use and waste source categories, but excludes CO<sub>2</sub> 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 (2018-2020), Technology Innovation and Emissions Reduction Regulation (2020)).

### 3.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. Replacement costs do not factor in required enhancements to bring structures to current standards. 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.

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## 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 consolidated using the line-by-line method.

Under this method, accounting policies of the consolidated entities are adjusted to conform to those of the government 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 asset and liability balances between the consolidated entities have been eliminated.

The reporting entity is the ministry of Environment and Parks for which the Minister of Environment and Parks is accountable. The accounts of the ministry are fully consolidated and include the Technology Innovation Emissions Reduction Fund, Land Stewardship Fund and Natural Resources Conservation Board, on a line-by-line basis.

## Ministry Financial Highlights

### Statement of Revenues and Expenses (unaudited)

Year Ended March 31, 2022

	2022		2021	Change from	
	Budget <sup>(1)</sup>	Actual <sup>(4)</sup>	Actual	Budget	2021 Actual
<b>Revenues</b>					
<b>Government Transfers</b>					
Internal Government transfers	29,132	13,959	52,521	(15,173)	(38,562)
Federal government transfers	91,256	49,432	2,484	(41,824)	46,948
Investment income	1,687	858	4,668	(829)	(3,810)
Premiums, fees and licences <sup>(2)</sup>	142,477	145,234	133,566	2,757	11,668
Technology Innovation and Emissions Reduction Fund	352,000	704,932	458,798	352,932	246,134
Other revenue <sup>(3)</sup>	90,872	75,526	65,734	(15,346)	9,792
Ministry total	707,424	989,941	717,771	282,517	272,170
Inter-ministry consolidation adjustments <sup>(6)</sup>	(40,996)	(24,340)	(61,615)	16,656	37,275
Adjusted Ministry Total <sup>(6)</sup>	666,428	965,601	656,156	299,173	309,445
<b>Expenses - directly incurred Programs<sup>(4)</sup></b>					
Ministry Support Services	22,488	26,547	28,539	4,059	(1,992)
Air	18,984	14,258	14,072	(4,726)	186
Land	85,488	79,457	78,721	(6,031)	736
Water	145,502	108,071	157,228	(37,431)	(49,157)
Fish & Wildlife	54,789	48,938	57,501	(5,851)	(8,563)
Integrated Planning	30,093	30,094	32,507	1	(2,413)
Parks	112,157	96,108	90,328	(16,049)	5,780
Land Use Secretariat	5,133	976	1,467	(4,157)	(491)
Science and Monitoring	73,085	64,735	56,442	(8,350)	8,293
Emissions Management	107,126	163,438	418,439	56,312	(255,001)
Quasi-Judicial Bodies	6,998	27,397	36,337	20,399	(8,940)
2013 Alberta Flooding	42	10	374	(32)	(364)
AB Fires	-	31	-	31	31
Ministry Total	661,885	660,060	971,955	(1,825)	(311,895)
Inter-ministry Consolidation Adjustments <sup>(5) (6)</sup>	(13,209)	(15,272)	(26,742)	(2,063)	11,470
Adjusted ministry total <sup>(6)</sup>	648,676	644,788	945,213	(3,888)	(300,425)
<b>Annual surplus (deficit)</b>	\$17,752	320,813	\$(289,057)	\$303,061	\$609,870

 These numbers agree to the Government of Alberta CFS Schedule of Revenues by Source by Ministry.

 These numbers agree to the Government of Alberta CFS Schedule of Expenses by Object by Ministry.

 This number agrees to the 2020-23 Fiscal Plan - Expense by Object.

- (1) The Parks and Wildlife Ventures program was transferred from Culture, Multiculturalism and Status of Women to AEP. This transfer contained 11 parcels of land and associated funds.
- (2) Premiums, fees and licences include Land & Grazing \$76.8M; Camping Fees \$38.7M; Fish & Wildlife \$13.8M; \$8.7M Conservation Pass and \$7.2M various other premiums fees and licenses.
- (3) Other revenue includes \$0.05M Land Sales; \$6.6M Refunds of Expenditures; \$5.9M Water Resources; \$45.5M Oil Sands Monitoring; and Other Shared Service Revenue of \$8.7M.

- (4) Programs are presented on the same program structure as the Ministry Statement of Operations on the 2020-21 Government Estimates. The amount of a ministry's program activity for the year includes voted amounts and amounts not required to be voted.
- (5) Losses and write-downs for tangible capital assets amounted to \$1.5M consisting of equipment \$0.9M, Buildings \$0.4M and Land Improvement of \$0.2M.
- (6) Inter-Ministry consolidation Revenue of \$24.3M includes \$8.7M Agriculture, Forestry and Rural Economic Development (AFRED); \$1.2M Culture, Multiculturalism and Status of Women, Parks West Ventures program; \$14.4M Transportation, dams and water structures. This is offset by \$15.3M expense inter-ministry adjustment \$8.9M AFRED; \$2.9M Infrastructure and miscellaneous other Ministry amounts \$3.5M.

## Revenue and Expense Highlights

### Revenues

- Increased \$272 million from prior year. This variance was mostly due to increased transfers from Government of Canada of \$47 million and increase of \$246 million from the Technology Innovation and Emissions Reduction (TIER) Fund.
- Internal Government Transfers of \$15.2 million were lower than budget due to asset transfers from AB Transportation relating to Water management infrastructure. This was offset by \$1.5 million increase for the Parks Wildlife Venture program transfer from Culture, Multiculturalism and Status of Women.
- Transfers from Government of Canada were \$41.8 million lower than budget, primarily due to \$58 million shortfall for the Low Carbon Emissions Leadership Fund revenue reimbursed by the Federal Government based on submitted expenditures. Also contributing is a shortfall of \$23.9 million for Investing in Canada's Infrastructure program due to a change in the approved cash flow, profiling funding into future years. This was offset by increases of \$1 million each for flood mitigation funding and Species at Risk Alberta Native Trout programs.
- Investment Income was \$1 million lower than budget due to \$0.8 million shortfall in investment income received on entity funds, primarily for the Land Stewardship Fund as the budget estimate was not reduced through Budget 2021 based on the reduced interest rates at that time.
- Premiums, Fees and Licence revenue was \$2.8 million higher than prior year primarily due to \$19.1 million increase in camping fees due to continued increase in general occupancy in Alberta Parks. This was offset by \$6.5 million shortfall for revenue to be received from Coffey Lake gravel pit due to a judicial review being used by Fort McKay First Nations preventing sales from Coffey Lake. Additionally, a shortfall of \$5.9 million from Parks other dedicated revenue primarily resulting from reduced revenues collected from the Kananaskis access pass as this was the first year.
- TIERF increase over budget was an increase of \$361.7 million, primarily due to a significant portion of the carry forward in revenue received from the 2020 compliance period recognized in 2021-22, and changing expectations of future fund prices due to announcements by the Federal government that have led to increased offset credit banking behavior.
- Other Revenue was \$15.3 million lower than budget, primarily as a result of revenue for Caribou habitat restoration due to ongoing negotiations with the federal government; Budget was allocated to Other Revenue in 2020-21 and has since been corrected in Budget 2022 to align with the correct category of Transfers from Government of Canada (GoC).

### Expenses

- Ministry expenses totaled \$660 million before the inter-ministry consolidation, which is a decrease of \$1.8 million from budget and a decrease of \$311.8 million from 2020-21.
- Ministry support services showed an increase of \$4.1million from budget. The provision for doubtful accounts resulted in an increase of \$3.3 million. IT System maintenance services was higher than budget by \$1.1 million.

- Expenses for Air were \$4.7 million lower than the budget as a result of savings from manpower expenses and supplies and services.
- Land program expenses were \$6 million lower than budget. This decrease is primarily due to the Regulatory Assurance System and funding being held in Lands, but the offset expenses held in Integrated Planning. Other decreases in Public Lands Camping Pass, manpower vacancies, amortization, reduced discretionary spending, is partially offset by increased spending for Land Trust Grants and operating expenses in the Land Stewardship Fund.
- Expenses for Water were lower than 2020-21 by \$37.4 million which includes a \$23.9 million decrease for the Investing in Canada's Infrastructure Program and a decrease in amortization costs.
- Fish & Wildlife decreased spending from 2020-21 of \$8.6 million is due to decrease for Caribou dedicated revenue initiative due to ongoing negotiations of \$10.8 million, which is partially offset by \$4.0 million increased Forest Resource Improvement Association of Alberta grants.
- Parks expenses were \$16.0 million lower than the budget. A decrease of \$22.0 million was due to lower amortization as assets were not put into service as anticipated. Additionally, \$2.0 million decrease for Kananaskis Conservation Pass, where the offset expenses being held in Lands. This is partially offset by \$9.0 million increase for visitation to parks campgrounds and the operation of Hidden Valley ski hill.
- Ministry expenditures for Land Use Secretariat were lower than budget by \$4.2 million primarily due to a \$2.3 million decrease due to cross ministry indigenous engagement projects not being moved forward as the contracts weren't supported by Deputy Ministers of various ministries. A decrease of \$0.9 million for the Elevate contract due to engagement sessions being deferred to next fiscal year.
- Science and Monitoring expenditures were lower than budget by \$8.4 million and relate to \$6.2 million decrease for Oil Sands Monitoring (OSEM) dedicated revenue initiatives due to project delays. A decrease of \$1.0 million due to re-profiling the capital grant funding for the Designated Industrial Zone pilot project to capital investment funding. The OSEM operating funding being re-profiled to capital investment for improvements to monitoring infrastructure resulted in a decrease of \$0.9 million and other decreases related to manpower vacancies.
- Emissions management expenses were higher than budget by \$56.3 million as a result of \$73.7 million increase for TIER programming approved by Treasury Board. This is partially offset by a decrease of \$12.2 million for Low Carbon Economy Leadership Fund (LCELF) due to lower than anticipated LCELF expenses from ERA's program recipients. Other decreases include \$2.8 million decrease for the Oil Sands Innovation Fund (OSIF) grant due to recipients not having enough compliance costs to qualify for the grant.
- Quasi-Judicial Expenses were \$20.4 million higher than budgeted spending due to compensation payments to landowners as per section 36 of the Surface Right Act. An increase of \$20.7 million for Surface Rights compensation grants due to defaults to Surface Rights compensation payments by industry to land owners. This is partially offset by \$0.3 million decrease due to the NRCB grant refund.

**Breakdown of Revenues (unaudited)**

**2022 Actual**  
**(In thousands)**

	<b>2022</b>	<b>2021</b>
	<b>Budget<sup>(1)</sup></b>	<b>Actual<sup>(1)</sup></b>
Government transfers		
Internal Government Transfers <sup>(2)</sup>	29,132	13,959
Transfers from Government of Canada <sup>(3)</sup>	91,256	49,432
	<b>\$120,388</b>	<b>\$55,005</b>
Net investment income <sup>(4)</sup>	1,687	858
Premiums, fees and licences <sup>(5)</sup>	142,477	145,234
Technology Innovation and Emissions Reduction Fund	352,000	704,932
Other revenue <sup>(6)</sup>	90,872	75,526
	<b>587,036</b>	<b>926,550</b>
Total ministry revenues	<b>\$707,424</b>	<b>\$989,941</b>
	<b>\$717,771</b>	

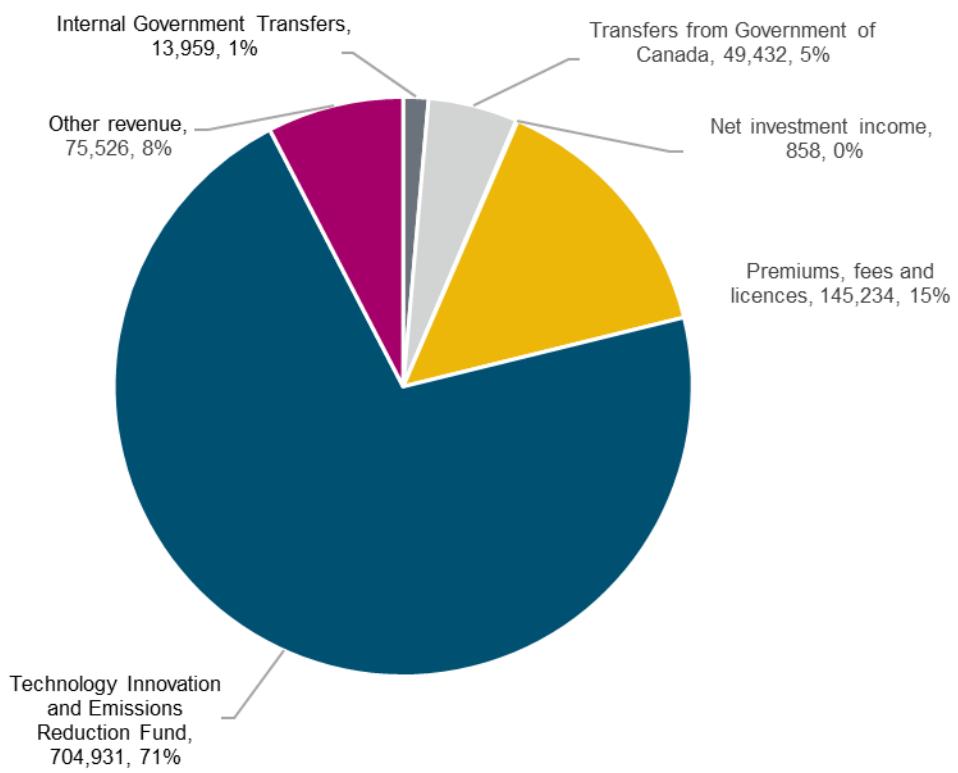
 This number agrees to the Statement of Revenues and Expenses (before consolidation adjustments).

- (1) The Parks and Wildlife Ventures program was transferred from Culture, Multiculturalism and Status of Women (CMSW).
- (2) Transfers included \$12.5M from Transportation; and \$0.3M from Infrastructure; the program transfer from CMSW was \$1.2M and contained 11 parcels of land and associated funds.
- (3) Transfers from Government of Canada included \$40M Air Quality Health Index; \$282M Air Weapons Range; \$200M Wildlife Predator; and various other program transfers of \$48.6M such as OSM, NRCAN, AFSC, and Fisheries & Oceans. The largest component of other is \$38.8M for LCELF.
- (4) Investment Income includes Interest Income of \$0.2M; CCITF investment income \$0.6M.
- (5) Premiums, fees and licences include \$76.9M Lands and Grazing; \$38.7M Camping Fees; \$13.8M Fish and Wildlife; \$0.8M Water power rentals and \$15M various other premiums fees and licenses.
- (6) Other revenue includes \$0.05M Land Sales; \$6.6M Refunds of Expenditures; \$5.9 Water Resources; \$45.5M Oil Sands Monitoring; and Other Shared Service Revenue of \$8.7M.

## Breakdown of Revenues (unaudited) (cont'd.)

The following information presents detailed revenues of the ministry.

**2022 Actual**  
**(In thousands)**



**Expenses – Directly Incurred Detailed by Object (unaudited)**

**2022 Actual**  
(In thousands)

	<b>2022</b>	<b>2021</b>
	<b>Budget<sup>(1)</sup></b>	<b>Actual<sup>(2)</sup></b>
Salaries, wages and employee benefits	\$230,289	211,811
Supplies and services	173,626	141,689
Grants	163,536	247,098
Amortization of tangible capital assets	93,341	52,581
Other <sup>(2)</sup>	1,093	6,881
<b>Total Ministry Expenses</b>	<b>\$661,885</b>	<b>\$660,060</b>
		<b>\$971,955</b>

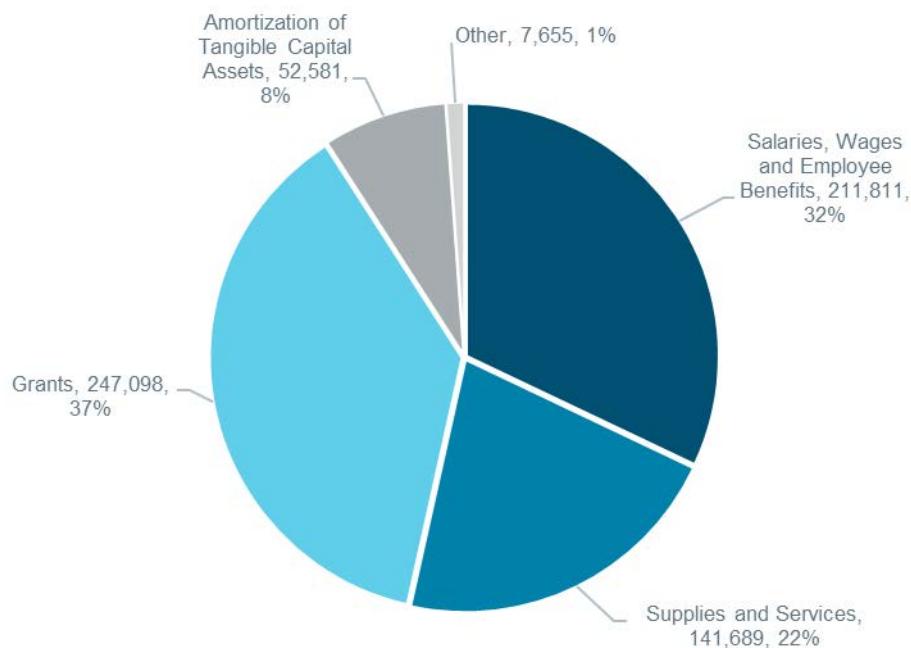
■ This number agrees to the Statement of Revenues and Expenses (before consolidation adjustments).

(1) No restatement was required for fiscal 2021-22.

(2) Other expenses incurred include Transfers of TCA to other Departments of \$3.2M; Valuation adjustment for contaminated site of \$1.7M; Provision for doubtful account of \$3M; Write down of capital assets \$0.2M; and various other expenses of \$1.2M for items such as interest expense, tariffs on supplies, loss on disposal of capital assets, other provisions and bad debts.

**Expenses – Directly Incurred Detailed by Object (unaudited) (Cont'd)**

**2022 Actual**  
(In thousands)



- The ministry's largest operating expense object was Grants which amounted to \$247.1 million (37%) provided to support individuals, organizations and communities through grant programs.
- Salaries, wages and employee benefit expenses totaled \$211.8 million (32%) and were primarily to manage heritage facilities, support community groups and administer grant programs.
- Supplies and services of \$141.7 million (22%) included contracts for the development of Alberta as a tourism destination and related tourism products and marketing through Travel Alberta, in addition to ongoing supply requirements for the ministry (i.e. contracts and contract services, materials and supplies, and shared services provided by the Ministry of Service Alberta).
- The remainder of ministry expenses were classified as amortization of tangible capital assets \$52.6 million (8%) and other expenses \$7.7 million (1%).

## Supplemental Financial Information

### Other Ministry Level Disclosures

Additional disclosures that remain relevant to the users of ministry annual reports and includes financial reporting figures/discussion on:

1. 2021-22 COVID-19 costs amounted to \$0.04 million in contrast to 2020-21 COVID-19 costs of \$1 million. Direct costs for 2021-22 include salaries, wages benefits and other materials and supplies. Prevention costs for COVID-19 which relate to disinfecting solutions, general contracted services and other materials and supplies of \$0.3 million.
2. Contractual obligations and commitments are \$471.9 million in contrast to the prior year 2020-21 of \$530.4 million. This difference relates to the Infrastructure Canada (ICIP) initiatives and contractual obligation associated with Oil Sands Innovation Fund (OSIF).
3. The Department has identified various sites where contamination exists and the level of contamination is either known or unknown at this time and totals \$11.0 million. As at March 31, 2022, \$4.7 million has been recognized as liabilities for contaminated sites, as compared to \$7.6 million in prior year. Additionally, certain contingent liabilities exist for site remediation and reclamation which will likely be the responsibility of the Department. The potential costs relate to future site remediation works associated with various properties owned or acquired by the Province as a result of abandonment of contaminated properties. The preliminary estimate of the amount of such contingent liabilities is \$6.3 million and remains the same as the prior year.

**Tangible Capital Assets (unaudited)**

(In thousands)

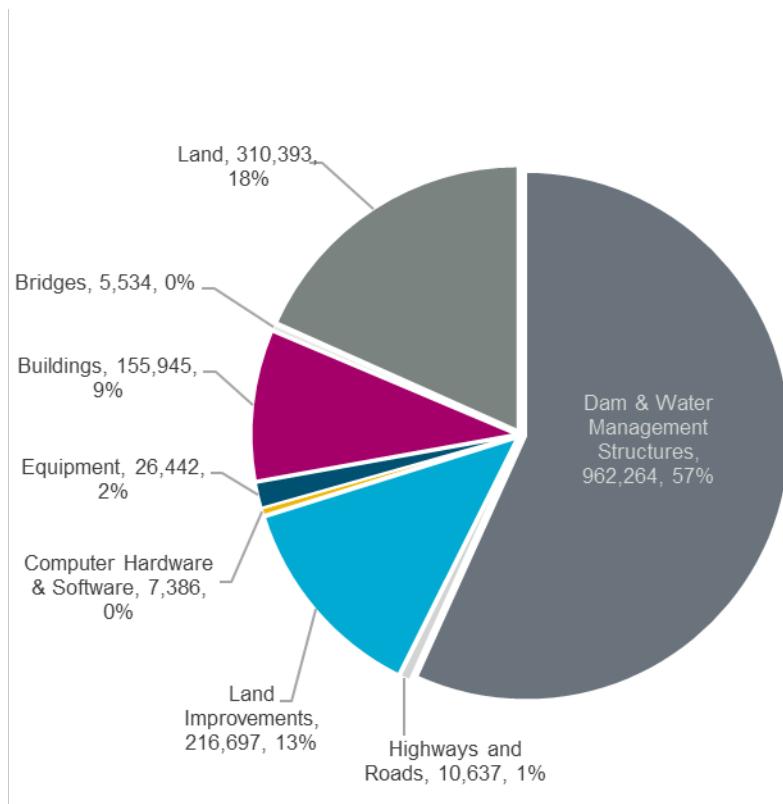
	General Capital Assets					Infrastructure Assets				2022 Total	2021 Total
	Land (a)	Buildings	Equipment (b) (c)	Computer hardware and software	Other (d)	Land Improvements (e)	Provincial highways, roads and airstrips (f)	Bridges	Dams and water management structures(g)		
Estimated Useful Life	Indefinite	10-50 yrs	3-25 yrs	3-15 yrs	3-50 yrs	5-40 yrs	20-50 yrs	50 yrs	25-80 yrs		
<b>Historical cost</b>											
Beginning of year <sup>(h) (l)</sup>	\$309,601	\$ 298,851	\$ 111,586	\$ 74,578	\$ -	\$ 468,472	\$ 12,623	\$ 7,587	\$ 1,549,031	\$ 2,832,329	\$ 2,746,173
Additions <sup>(j)</sup>	-	24,284	4,675	800	188	29,849	(263)	-	955	60,482	51,818
Transfers to/from Profit Centers	792	(1,915)	64	-	-	(29)	-	-	12,467	11,379	39,969
Adjustments	-	(2,640)	2,326	20	-	267	-	27	-	-	131
Disposals including write-downs	-	(420)	(923)	(28)	-	(168)	-	-	-	(1,511)	(5,762)
	310,393	318,154	117,728	75,586	188	498,391	12,360	7,614	1,562,453	2,902,679	2,832,329
<b>Accumulated amortization</b>											
Beginning of year Amortization expense	\$ -	\$ 153,608	\$ 86,299	\$ 67,192	\$ -	\$ 207,787	\$ 1,234	\$ 1,905	\$ 575,702	\$ 1,156,727	\$(1,110,189)
Transfers to/from Profit Centers	-	8,458	5,706	2,366	-	10,899	489	175	24,487	52,580	(50,898)
Adjustments	-	555	63	-	-	11	-	-	-	629	(97)
Disposals including write-downs	-	-	-	-	-	-	-	-	-	-	(90)
	-	(412)	(782)	-	-	(3)	-	-	-	(1,197)	4,547
	-	162,209	91,286	69,558	-	281,694	1,723	2,080	600,189	1,208,739	1,156,727
<b>Net book value (NBV) at March 31, 2022</b>	\$310,393	\$ 155,945	\$ 26,442	\$ 6,028	\$ -	\$ 216,697	10,637	\$ 5,534	\$ 962,264	\$ 1,693,940	\$ 1,675,602
<b>NBV at March 31, 2021</b>	\$309,601	\$ 145,243	\$ 25,288	\$ 7,386	\$ -	\$ 197,685	11,389	\$ 5,682	\$ 973,329	\$ 1,675,602	

**Tangible Capital Assets (unaudited) (Cont'd)**  
**(In thousands)**

- (a) Land includes land acquired for parks and recreation, building sites, infrastructure and other program use.
- (b) There is no leased equipment included.
- (c) Equipment includes vehicles, heavy and mobile equipment, office equipment and furniture, laboratory equipment.
- (d) Other includes improvements on a parking lot.
- (e) Land Improvements include parks development and grazing reserves.
- (f) Provincial highways and roads consist of original pavement, roadbed, drainage works and traffic control devices, and include secondary highways and bridges.
- (g) Dams and water management structures include dams, reservoirs, weirs, canals, dikes, ditches, channels, diversions, cut-offs, pump houses and erosion protection structures.
- (h) Historical costs include \$134,721 (2021 - \$91,023) in construction in progress which are not amortized until the tangible capital assets are completed and in use. This is comprised of: buildings \$36,812 (2021 - \$14,026); equipment \$4,970 (2021 - \$3,467); computer hardware and software \$1,482 (2021 - \$978); land improvement \$47,392 (2021 - \$29,127; Other/Leasehold Improvements \$188 (2021 - \$0); highways and roads \$ 1,027 (2021 - \$1,291); bridges \$440 (2021 - \$679); dam and water management \$42,409 (2021 - \$41,454) and land \$1 (2021 - \$1).
- (i) FY22 opening balances for Buildings and Land Improvements have been adjusted from FY21 closing balances due to an asset reclassification. 1GX adjusted the asset opening balances for the category change instead of processing as a reclassification. This was specifically due to the Asset Under Construction (AuC) assets. Buildings increased by \$5,093 (2021 - \$293,758) and Land Improvements decreased by \$5,093 (2021 - \$473,565)
- (j) The department received \$18 in Equipment donated by a non-Government entity.

**Tangible Capital Assets (unaudited) (Cont'd)****Net Book Value as of March 31, 2022**

(In thousands)



- The ministry's largest category of tangible capital assets, Dams and Water Management Structures, represents costs of \$962,264 (57%) 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 oversight for these assets is performed by the Ministry of Transportation and transferred to the Ministry of Environment and Parks. For 2021-22, net transfers totaled \$10,750.
- Land, with a cost of \$310,393 (18%) of NBV, 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 improvements, representing total costs of \$216,697 (13%), includes trails, campsites, parking lots and other site developments that increase the use and public safety for Alberta provincial parks.
- Buildings with a cost of \$155,945 (9%) includes various support buildings and structures, primarily for public use, located in provincial parks, recreation areas and the backcountry.

## Financial Statements of Other Reporting Entities

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**TECHNOLOGY INNOVATION AND EMISSIONS REDUCTION FUND  
FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2022**

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# Auditor General

OF ALBERTA

## 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 Technology Innovation and Emissions Reduction Fund (the Fund), which comprise the statement of financial position as at March 31, 2022, and the statements of operations, changes 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, 2022, 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 of the Ministry of Environment and Parks*. The other information comprises the information included in the *Annual Report of the Ministry of Environment and Parks* relating to the Fund, but does not include the financial statements of the Fund and my auditor's report thereon. The *Annual Report of the Ministry of Environment and Parks* 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  
Auditor General

June 2, 2022  
Edmonton, Alberta

**TECHNOLOGY INNOVATION AND EMISSIONS REDUCTION FUND  
STATEMENT OF OPERATIONS  
YEAR ENDED MARCH 31, 2022**

	<b>2022</b>		<b>2021</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	<i>(in thousands)</i>		
<b>Revenues (Note 2)</b>			
Facility purchases of fund credits by sector			
Mining, oil and gas extraction	\$ 76,438	\$ 247,450	\$ 99,759
Utilities	256,791	388,583	335,138
Manufacturing	4,037	51,645	5,269
Transportation and warehousing	14,734	17,254	19,230
Waste management and remediation (refund)	-	-	(598)
Investment income	600	529	4,116
Other revenue	-	3,987	13
	<b>352,600</b>	<b>709,448</b>	<b>462,927</b>
<b>Expenses – Directly Incurred (Note 2 and Schedule 1)</b>			
Administration	-	552	131
Innovation and technology	153,680	205,137	708,622
Transfers to the General Revenue Fund	125,300	311,949	172,238
	<b>278,980</b>	<b>517,638</b>	<b>880,991</b>
<b>Annual surplus (deficit)</b>	<b>73,620</b>	<b>191,810</b>	<b>(418,064)</b>
Accumulated surplus at beginning of year	144,995	144,995	563,059
Accumulated surplus at end of year	<b>\$ 218,615</b>	<b>\$ 336,805</b>	<b>\$ 144,995</b>

The accompanying notes and schedules are part of these financial statements 2021-2022.

**TECHNOLOGY INNOVATION AND EMISSIONS REDUCTION FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2022**

	<b>2022</b>	<b>2021</b>
	<i>(in thousands)</i>	
<b>Financial assets</b>		
Cash and cash equivalents (Note 4)	\$ 168,877	\$ 487,467
Accounts receivable (Note 5)	685,189	541,433
	<hr/> 854,066	<hr/> 1,028,900
<b>Liabilities</b>		
Accounts payable and other accrued liabilities (Note 6)	517,261	883,905
	<hr/> 517,261	<hr/> 883,905
<b>Net financial assets</b>	<hr/> 336,805	<hr/> 144,995
<b>Net assets</b>	<hr/> <hr/> \$ 336,805	<hr/> <hr/> \$ 144,995
<b>Net assets</b>	<hr/> <hr/> \$ 336,805	<hr/> <hr/> \$ 144,995
Accumulated surplus	<hr/> <hr/> \$ 336,805	<hr/> <hr/> \$ 144,995
	<hr/> <hr/> \$ 336,805	<hr/> <hr/> \$ 144,995

Contractual obligations (Note 7)

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

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Original signed by Bev Yee  
 Deputy Minister  
 June 2, 2022

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Original signed by Darrell Dancause  
 Assistant Deputy Minister, Senior Financial Officer  
 June 2, 2022

**TECHNOLOGY INNOVATION AND EMISSIONS REDUCTION FUND  
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS  
YEAR ENDED MARCH 31, 2022**

	<b>2022</b>		<b>2021</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
<i>(in thousands)</i>			
<b>Annual surplus (deficit)</b>	\$ 73,620	\$ 191,810	\$ (418,064)
<b>Increase (Decrease) in net financial assets</b>	73,620	191,810	(418,064)
<b>Net financial assets at beginning of year</b>	144,995	144,995	563,059
<b>Net financial assets at end of year</b>	\$ 218,615	\$ 336,805	\$ 144,995

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, 2022**

	<b>2022</b>	<b>2021</b>
	<i>(in thousands)</i>	
<b>Operating transactions</b>		
Annual surplus (deficit)	\$ 191,810	\$ (418,064)
(Increase) in accounts receivable	(143,756)	(288,401)
(Decrease)/Increase in accounts payable and other accrued liabilities	(366,644)	422,311
Cash (applied to) operating transactions	<hr/> <hr/> (318,590)	<hr/> <hr/> (284,154)
<b>(Decrease) in cash and cash equivalents</b>	(318,590)	(284,154)
<b>Cash and cash equivalents at beginning of year</b>	487,467	771,621
<b>Cash and cash equivalents at end of year</b>	<hr/> <hr/> \$ 168,877	<hr/> <hr/> \$ 487,467

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

**TECHNOLOGY INNOVATION AND EMISSIONS REDUCTION FUND  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2022**

**Note 1 AUTHORITY**

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. The Technology Innovation and Emissions Reduction (TIER) Fund is exempt from income taxes under the *Income Tax act*.

For the compliance year beginning January 1, 2020, the *Technology Innovation and Emissions Reduction (TIER) Regulation* replaced the *Carbon Competitiveness Incentive Regulation (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 regulation all compliance reporting is completed on an annual basis by June 30th of the year following the compliance year.

**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**

**Revenues**

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.

TIER Fund revenues operate as follows:

- Revenues to the TIER Fund include forecasted purchases of fund credits as a method of compliance under TIER regulation for April 1, 2021, to March 31, 2022, covering portions of the 2021 and 2022 compliance years which are based on the calendar year. These credits can be purchased at a rate of \$40 per tonne for the 2021 compliance year and \$50 per tonne for the 2022 compliance year and may be used to ensure that the facility net emissions do not exceed the facility allowable emissions.

**TECHNOLOGY INNOVATION AND EMISSIONS REDUCTION FUND  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2022**

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

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

- Under TIER regulation, facilities which have emitted over one million tonnes of carbon dioxide equivalent (CO<sub>2</sub>e) 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 30<sup>th</sup> 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 compliance year. This forecast is to be updated by March 31<sup>st</sup> of the year following the year being forecast.
- 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 TIER regulation, 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.

**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 from estimates of amounts not yet assessed by management based on cash and fund credit purchase information received from facilities that relates to compliance periods ending December 31, 2021 and December 31, 2022. Revenues also include adjustments resulting from reviews and audits of previous years' submissions and include adjustments resulting from the difference between prior year's estimate and current year's payments received.

**TECHNOLOGY INNOVATION AND EMISSIONS REDUCTION FUND  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2022**

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

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

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. The materiality threshold for facilities with total regulated emissions and allowed emissions less than 500,000 tonnes is 5%. The materiality threshold for facilities with total regulated emissions or allowed emissions over 500,000 tonnes is 2%.

**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 selected facility and offset project records.

**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 of \$560 million for the period April 1, 2021 to March 31, 2022 (2021: \$458 million). 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 \$498 million and \$751 million based on the full range of Monte Carlo samples that were run. The minimum revenue that could occur if credits are fully utilized is \$253 million while if fund credit payment is used exclusively revenue could be \$1,053 million. 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 obligation<sup>1</sup>. The TIER Fund estimate is based on the sum of each regulated facility's estimated true-up obligation multiplied by a forecast fund contribution percentage<sup>2</sup> multiplied by \$40 per tonne for 2021 and \$50 per tonne for 2022.

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<sup>1</sup> 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.

<sup>2</sup> Fund contribution percentage is the share of a facility's true up obligation that is met through payment to the TIER fund. This can range from 40 per cent to 100 per cent.

**TECHNOLOGY INNOVATION AND EMISSIONS REDUCTION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2022**

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

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

**Measurement Uncertainty (Cont'd)**

- The estimate of true-up obligation is based on the most recent available data, such as compliance or forecasting reports submitted under TIER regulation, CCIR, *Specified Gas Emitters Regulation* (SGER), and from public data sources included Petrinex data<sup>3</sup>, Alberta Energy Regulator, and Alberta Electric System Operator.
- For forecasting facilities the TIER Fund percentage is based on the values indicated in the forecasting report. For the non-forecasting facilities in the TIER Fund 2021 Final Estimate and 2022 Forecasts, the TIER Fund contribution percentage is varied according to historic observations as set out in the section regarding Monte Carlo simulation. The TIER Fund rates of \$40 per tonne of carbon dioxide equivalent and \$50 per tonne of carbon equivalent is set by Ministerial Order 87/2021 for 2021 and 2022, respectively, in accordance with section 21(2) of TIER regulation.

The forecast accounts for differences between actual and forecast values by varying inputs according to previously observed statistical distributions. The tables below describe how inputs are varied.

<b>True-Up</b>	
<b>April 1 to Dec 31, 2021</b>	<b>Jan 1 to Mar 31, 2022</b>
<ul style="list-style-type: none"> <li>• Forecasting facilities— based on observed ratios of compliance report true-up to forecast report true-up from 2020.</li> </ul>	
<ul style="list-style-type: none"> <li>• Non-forecasting electricity, in situ, and gas plants uncertainty ranges were established by comparing an estimate for the full year and actual values for the last 12 months of activity data. Since the year and the full year is equal to the last 12 months, no uncertainty remains and the bounds tend to 0%.</li> </ul>	<ul style="list-style-type: none"> <li>• Non-forecasting facilities from electricity, in situ and gas plants sectors adjusted based on comparing an estimate for the full year and actual values for the last 12 months of activity data. Since the year is incomplete at the time of forecasting, some remaining uncertainty results. These ranges of uncertainty at the time of forecasting 2022 data are:</li> </ul>

<sup>3</sup> Petrinex is a 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, 2022**

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

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

**Measurement Uncertainty (Cont'd)**

<b>True-Up (Cont'd)</b>	
<b>April 1 to Dec 31, 2021</b>	<b>Jan 1 to Mar 31, 2022</b>
<ul style="list-style-type: none"> <li>• Aggregate true-up varied by factor of 0.98 to 1.00 to reflect variability possible with benchmark applications.</li> <li>• All others except aggregates – based on the range of uncertainty from prior year actual to forecast true-up. The uncertainty ranges are established based on facility-level variability within a sector.</li> </ul>	<ul style="list-style-type: none"> <li>○ Mean of 7% with a standard deviation of 28% for electricity.</li> <li>○ Mean of 3% with a standard deviation of 22% for coal-fired powerplants.</li> <li>○ Mean of 1% with a standard deviation of 9% for in situ.</li> <li>○ Mean of -5% with a standard deviation of 22% for gas plants.</li> <li>○ Mean of -5% with standard deviation of 16% for oil sands.</li> <li>• Aggregate true-up varied by factor of 0.98 to 1.00 to reflect variability possible with benchmark applications.</li> <li>• All others except aggregates – based on the range of uncertainty from prior year actual to forecast true-up. The uncertainty ranges are established based on facility-level variability within a sector.</li> </ul>

**TECHNOLOGY INNOVATION AND EMISSIONS REDUCTION FUND  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2022**

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

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

**Measurement Uncertainty (Cont'd)**

<b>Fund Credits</b>	
<b>April 1 to Dec 31, 2021</b>	<b>Jan 1 to Mar 31, 2022</b>
<ul style="list-style-type: none"> <li>For forecasting facilities, fund credit ratios varied based on observed ratios of compliance report to forecast report values from 2018-2020.</li> <li>For non-forecasting facilities, fund credit ratios varied randomly and uniformly between the lowest and highest observed values for each facility from 2018-2020.</li> <li>For facilities with no historic data, the fund credit ratios are varied randomly and uniformly between the low (40%) and high (100%) ranges allowed in TIER Fund.</li> </ul>	
<b>Monte Carlo</b>	
Run 100 times, varying within the distributions described above. For the period from January 1st to December 31st, 2021, the forecast is based on the 50th percentile case as the most likely estimate. For the period from January 1st to March 31st, 2022, the forecast is based on the 25th percentile case for conservatism.	

Under TIER regulation, facility-specific benchmarks may be updated based on management review or application by facilities. High-performance benchmarks may also be created or updated by Ministerial Order. Updates to benchmarks subsequent to forecast being prepared have not been incorporated which creates an un-estimated uncertainty in forecast values.

The publicly available data from Petrinex, AER and AESO are used to estimate TIER Fund revenue; however, updates to the data subsequent to forecasting being prepared have not been incorporated which creates an un-estimated uncertainty in forecast values

**TECHNOLOGY INNOVATION AND EMISSIONS REDUCTION FUND  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2022**

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

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

**Expenses**

Expenses are those costs the TIER Fund has primary responsibility and accountability for, as reflected in the Government's budget documents. Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year are expensed.

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

**Transfers to the General Revenue Fund**

Out of a total of \$709,448 recorded as TIER Fund revenue, \$205,137 was used for new and cleaner Alberta-based technologies that reduce greenhouse gas emissions or support Alberta's ability to adapt to climate change and \$311,949 was recognized as a transfer to the General Revenue Fund in accordance with Section 10(4.1) of the *Emissions Management and Climate Resilience Act*. The remaining \$191,810 will be retained as assets in the TIER Fund. As TIER Fund revenue is subject to measurement uncertainty, a change in estimate that impacts the transfer amount would be accounted for in the following year. Transfers to General Revenue Fund was not paid as at March 31, 2022 so it creates measurement uncertainty to accounts payable as well.

**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 other accrued liabilities	Cost

**TECHNOLOGY INNOVATION AND EMISSIONS REDUCTION FUND  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2022**

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

**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 the TIER Fund's financial claims on external organizations and individuals, as well as cash and inventories for resale at year end.

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.

**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.

**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.

**Accounts payable and other accrued liabilities**

Accounts payable and other accrued liabilities are recorded on an accrual basis.

**TECHNOLOGY INNOVATION AND EMISSIONS REDUCTION FUND  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2022**

**Note 3 FUTURE CHANGES IN ACCOUNTING STANDARDS**

During the fiscal year 2022-23, the TIER Fund will adopt the following new accounting standard of the Public Sector Accounting Board:

- **PS 3280 Asset Retirement Obligations**

This accounting standard provides guidance on how to account for and report liabilities for retirement of tangible capital assets. The TIER Fund plans to adopt this accounting standard on a modified retroactive basis, consistent with the transitional provisions in PS 3280, and information presented for comparative purposes will be restated. The impact of the adoption of this accounting standard on the financial statements is currently being analyzed.

In addition to the above, the Public Sector Accounting Board has approved the following accounting standards, which are effective for fiscal years starting on or after April 1, 2023:

- **PS 3400 Revenue**

This accounting standard provides guidance on how to account for and report on revenue, and specifically, it differentiates between revenue arising from exchange and non-exchange transactions.

- **PS 3160 Public Private Partnerships**

This accounting standard provides guidance on how to account for public private partnerships between public and private sector entities, where the public sector entity procures infrastructure using a private sector partner.

The TIER Fund has not yet adopted these two accounting standards. 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, 2022, securities held by the Fund have a time-weighted return of 0.2 percent per annum (2021: 0.4 per cent per annum). Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

**TECHNOLOGY INNOVATION AND EMISSIONS REDUCTION FUND  
EXPENSES – DETAILED BY OBJECT  
MARCH 31, 2022**

**Note 5 ACCOUNTS RECEIVABLE**  
(*in thousands*)

	<b>2022</b>	<b>2021</b>
Facility purchases of fund credits by sector		
Mining, oil and gas extraction	\$ 228,092	\$ 131,005
Utilities	384,804	375,654
Manufacturing	49,664	11,228
Transportation and warehousing	21,987	22,960
Accounts receivable from the Department of Environment and Parks	586	586
Other	56	-
	\$ 685,189	\$ 541,433

Accounts receivable are unsecured and non-interest bearing.

**Note 6 ACCOUNTS PAYABLE AND OTHER ACCRUED LIABILITIES**

(in thousands)	<b>2022</b>	<b>2021</b>
Accrued grants	\$ 205,137	\$ 528,622
Transfer to the General Revenue Fund	311,949	172,238
Accrued liabilities	175	183,045
	\$ 517,261	\$ 883,905

**Note 7 CONTRACTUAL OBLIGATIONS**  
(*in thousands*)

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.

	<b>2022</b>	<b>2021</b>
Obligations under contracts	178	-
	\$ 178	\$ -

**Note 8 COMPARATIVE FIGURES**

Certain 2021 figures have been reclassified, where necessary, to conform to the 2022 presentation.

**Note 9 APPROVAL OF FINANCIAL STATEMENTS**

The Deputy Minister and the Assistant Deputy Minister/Senior Financial Officer of Environment and Parks approved the financial statements of the TIER Fund.

**Schedule 1**

**TECHNOLOGY INNOVATION AND EMISSIONS REDUCTION FUND**  
**EXPENSES – DETAILED BY OBJECT**  
**MARCH 31, 2022**

	<b>2022</b>		<b>2021</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	<i>(in thousands)</i>		
Supplies and services	\$ -	\$ 552	\$ 131
Grants - Innovation and technology	153,680	205,137	708,622
Transfers to the General Revenue Fund	125,300	311,949	172,238
<b>Total expenses</b>	<b>\$ 278,980</b>	<b>\$ 517,638</b>	<b>\$ 880,991</b>

**Schedule 2**

**TECHNOLOGY INNOVATION AND EMISSIONS REDUCTION FUND  
RELATED PARTY TRANSACTIONS  
MARCH 31, 2022**

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 and close family members of those individuals in the TIER Fund. 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:

	<b>2022</b>	<b>2021</b>
	<i>(in thousands)</i>	
<b>Revenues</b>		
Grants from the Department of Environment and Parks	\$	\$ 13
<b>Expenses – Directly Incurred</b>		
Environment and Parks - grants	\$ 205,137	\$ 528,622
Treasury Board & Finance – transfer to General Revenue Fund	311,949	172,238
Total	<u>\$ 517,086</u>	<u>\$ 700,860</u>
 <b>Receivable From</b>		
	<u>\$ 586</u>	<u>\$ 586</u>
 <b>Payable To</b>		
	<u>\$ 517,086</u>	<u>\$ 883,884</u>

**LAND STEWARDSHIP FUND**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2022**

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## Independent Auditor's Report

To the Minister of Environment and Parks



**Auditor  
General**  
OF ALBERTA

**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, 2022, and the statements of operations, changes 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, 2022, 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 of the Ministry of Environment and Parks*. The other information comprises the information included in the *Annual Report of the Ministry of Environment and Parks* relating to the Fund, but does not include the financial statements of the Fund and my auditor's report thereon. The *Annual Report of the Ministry of Environment and Parks* 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  
Auditor General

June 2, 2022  
Edmonton, Alberta

**LAND STEWARDSHIP FUND**  
**STATEMENT OF OPERATIONS**  
**YEAR ENDED MARCH 31, 2022**

	<b>2022</b>		<b>2021</b>			
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>			
	<i>(in thousands)</i>					
<b>Revenues</b>						
Internal government transfers (Note 2 and 8)						
proceeds from surplus land sales	\$ 5,000	\$ 53	\$ 4,745			
Investment income	800	108	278			
Other revenue	-	10	1,460			
	<b>5,800</b>	<b>171</b>	<b>6,483</b>			
<b>Expenses – Directly Incurred (Note 2 and Schedule 1)</b>						
Habitat rehabilitation	-	-	13,136			
Grants to the Department of Environment and Parks to acquire land	5,000	-	-			
Grants to land trusts	10,000	14,500	4,743			
Land transaction expenses	-	55	45			
	<b>15,000</b>	<b>14,555</b>	<b>17,924</b>			
<b>Annual deficit</b>	<b>\$ (9,200)</b>	<b>\$ (14,384)</b>	<b>\$ (11,441)</b>			
Accumulated surplus at beginning of year	42,846	42,846	54,287			
Accumulated surplus at end of year	<b>\$ 33,646</b>	<b>\$ 28,462</b>	<b>\$ 42,846</b>			

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

**LAND STEWARDSHIP FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2022**

	<b>2022</b>	<b>2021</b>
	<i>(in thousands)</i>	
<b>Financial assets</b>		
Cash and cash equivalents (Note 4)	\$ 42,996	\$ 50,009
Accounts receivable (Note 5)	14	4,285
	<hr/>	<hr/>
	43,010	54,294
<b>Liabilities</b>		
Accounts payable and other accrued liabilities (Note 6)	14,548	11,448
	<hr/>	<hr/>
	14,548	11,448
<b>Net financial assets</b>		
	<hr/>	<hr/>
	28,462	42,846
<b>Net assets</b>		
	<hr/>	<hr/>
	\$ 28,462	\$ 42,846
<b>Net assets (Note 7)</b>		
<b>Accumulated surplus</b>		
	<hr/>	<hr/>
	28,462	42,846
	<hr/>	<hr/>
	\$ 28,462	\$ 42,846

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

---

Original signed by Bev Yee  
 Deputy Minister  
 June 2, 2022

---

Original signed by Darrell Dancause  
 Assistant Deputy Minister, Senior Financial Officer  
 June 2, 2022

**LAND STEWARDSHIP FUND**  
**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
**YEAR ENDED MARCH 31, 2022**

	<b>2022</b>		<b>2021</b>	
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>	
	<i>(in thousands)</i>			
<b>Annual deficit</b>	\$ (9,200)	\$ (14,384)	\$ (11,441)	
<b>Decrease in net financial assets</b>	(9,200)	(14,384)	(11,441)	
<b>Net financial assets at beginning of year</b>		42,846	42,846	54,287
<b>Net financial assets at end of year</b>	\$ 33,646	\$ 28,462	\$ 42,846	

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

**LAND STEWARDSHIP FUND**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED MARCH 31, 2022**

	<b>2022</b>	<b>2021</b>
	<i>(in thousands)</i>	
<b>Operating transactions</b>		
Annual deficit	\$ (14,384)	\$ (11,441)
Decrease (Increase) in accounts receivable	4,271	(4,285)
Increase in accounts payable and other accrued liabilities	3,100	11,443
Cash applied to operating transactions	<hr/> <hr/> (7,013)	<hr/> <hr/> (4,283)
<b>Decrease in cash and cash equivalents</b>	<b>(7,013)</b>	<b>(4,283)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>50,009</b>	<b>54,292</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 42,996</b>	<b>\$ 50,009</b>

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

**LAND STEWARDSHIP FUND  
NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2022**

**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. The Fund is exempt from Income Tax 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.

**Basis of Financial Reporting**

**Revenues**

All revenues are reported on the accrual basis of accounting.

**Government transfers**

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

Government transfers and associated externally restricted investment income are recognized as deferred revenue and/or deferred contributions if the eligibility criteria for use of the transfer, or the stipulations together with the Fund's actions and communications as to the use of transfer, 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).

**Grants and donations for land**

The Fund records transfers and donations for the purchase of the land as a liability when received and as revenue when the Fund is used to purchase the land.

**LAND STEWARDSHIP FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2022**

**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.

Transfers include entitlements, grants and transfers under shared cost agreements. 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 Fund'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 other accrued liabilities	Cost
Debt	Amortized 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 cash and cash equivalents, accounts receivable from related parties and other external organizations, 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 re-measurement gains and losses and therefore a statement of re-measurement gains and losses has not been presented.

**LAND STEWARDSHIP FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2022**

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

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

**Cash and Cash Equivalents**

Cash comprises of cash on hand and demand deposits. Cash equivalents are short-term, 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 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**

During the fiscal year 2022-23, the Fund will adopt the following new accounting standard of the Public Sector Accounting Board:

**• PS 3280 Asset Retirement Obligations**

This accounting standard provides guidance on how to account for and report liabilities for retirement of tangible capital assets. The Fund plans to adopt this accounting standard on a modified retrospective basis, consistent with the transitional provisions in PS 3280, and information presented for comparative purposes will be restated. The impact of the adoption of this accounting standard on the financial statements is currently being analyzed.

In addition to the above, the Public Sector Accounting Board has approved the following accounting standards, which are effective for fiscal years starting on or after April 1, 2023:

**• PS 3400 Revenue**

This accounting standard provides guidance on how to account for and report on revenue, and specifically, it differentiates between revenue arising from exchange and non-exchange transactions.

**• PS 3160 Public Private Partnerships**

This accounting standard provides guidance on how to account for public private partnerships between public and private sector entities, where the public sector entity procures infrastructure using a private sector partner.

The Fund has not yet adopted these two accounting standards. Management is currently assessing the impact of these standards on the financial statements.

**LAND STEWARDSHIP FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2022**

**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, 2022, securities held by the Fund have a time-weighted return of 0.2 per cent per annum (2021: 0.4 per cent per annum). Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

**Note 5 ACCOUNTS RECEIVABLE**  
*(in thousands)*

Accounts receivable are unsecured and non-interest bearing.

	<b>2022</b>	<b>2021</b>
Land sales	\$ 14	\$ 4,285

**Note 6 ACCOUNTS PAYABLE AND OTHER ACCRUED LIABILITIES**  
*(in thousands)*

	<b>2022</b>	<b>2021</b>
Grants	\$ 14,500	\$ 11,415
Supplies and services	55	33
	<hr/> <b>\$ 14,555</b>	<hr/> <b>\$ 11,448</b>

**Note 7 NET ASSETS**  
*(in thousands)*

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

**Note 8 TRANSFER FROM THE DEPARTMENT OF ENVIRONMENT AND PARKS**

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

**Note 9 APPROVAL OF FINANCIAL STATEMENTS**

The Deputy Minister and Senior Financial Officer approved the financial statements of the Land Stewardship Fund.

**Schedule 1****LAND STEWARDSHIP FUND  
EXPENSES – DETAILED BY OBJECT  
MARCH 31, 2022**

	2022		2021	
	Budget	Actual	Actual	Actual
<i>(in thousands)</i>				
Supplies and Services	\$ -	\$ 55	\$ 45	
Grants	15,000	14,500	17,879	
Total Expenses	\$ 15,000	\$ 14,555	\$ 17,924	

**Schedule 2**

**LAND STEWARDSHIP FUND**  
**RELATED PARTY TRANSACTIONS**  
**MARCH 31, 2022**

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:

	<b>2022</b>	<b>2021</b>
	<i>(in thousands)</i>	
<b>Revenues</b>		
Internal government transfers – proceeds from surplus land sales (note 2 and 5)	\$ 53	\$ 4,745
<b>Expenses</b>		
Grants to the Department of Environment and Parks to acquire land	\$ -	\$ 10,136
<b>Receivable From</b>		
	<u>\$ 14</u>	<u>\$ 4,285</u>
<b>Payable To</b>		
	<u>\$ -</u>	<u>\$ 10,136</u>

## NATURAL RESOURCES CONSERVATION BOARD

### FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2022

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## 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 Sean Royer  
Chief Executive Officer

June 2, 2022



## 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 (the Board), which comprise the statement of financial position as at March 31, 2022, 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 Board as at March 31, 2022, 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 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 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 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 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 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 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  
Auditor General

June 2, 2022  
Edmonton, Alberta

**NATURAL RESOURCES CONSERVATION BOARD**  
**STATEMENT OF OPERATIONS**  
**YEAR ENDED MARCH 31, 2022**

	2022	2021
	Budget	Actual
<b>Revenues</b>		
Government transfers		
Transfer from the Department of Environment and Parks (Note 4)	\$ 5,397,000	\$ 5,397,000
Investment income	70,000	5,605
Other revenue	1,000	1,060
	<hr/> 5,468,000	<hr/> 5,403,665
		2,718,528
<b>Expenses – directly incurred (Note 2(a) and Schedules 1 and 4)</b>		
Board reviews and hearings	1,154,000	1,113,376
Regulating confined feeding operations	<hr/> 4,270,000	<hr/> 3,876,982
	<hr/> 5,424,000	<hr/> 4,990,358
<b>Annual operating surplus (deficit)</b>	44,000	413,307
Transfer amount returned to the Department of Environment and Parks (Note 4)	-	(250,000)
<b>Annual surplus (deficit)</b>	<hr/> 44,000	<hr/> 163,307
<b>Accumulated surplus at beginning of year</b>	1,587,245	3,998,522
<b>Accumulated surplus at end of year</b>	<hr/> \$ 1,631,245	<hr/> \$ 1,750,552
		\$ 1,587,245

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

**NATURAL RESOURCES CONSERVATION BOARD**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2022**

	<b>2022</b>	<b>2021</b>
<b>Financial assets</b>		
Cash and cash equivalents (Note 5)	\$ 1,998,557	\$ 1,885,583
Accounts receivable	1,359	2,134
	1,999,916	1,887,717
<b>Liabilities</b>		
Accounts payable and other accrued liabilities (Note 7)	302,442	341,274
<b>Net financial assets</b>	1,697,474	1,546,443
<b>Non-financial assets</b>		
Tangible capital assets (Note 8)	31,078	40,802
Prepaid expenses	22,000	-
	53,078	40,802
<b>Net assets</b>		
Accumulated surplus (Note 10)	\$ 1,750,552	\$ 1,587,245
Contractual obligations (Note 11)		

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

Approved:

Approved:

Original signed by Peter Woloshyn  
Chair

Original signed by Sean Royer  
Chief Executive Officer

Edmonton, Alberta  
June 2, 2022

**NATURAL RESOURCES CONSERVATION BOARD**  
**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**YEAR ENDED MARCH 31, 2022**

	<b>2022</b>		<b>2021</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>Annual surplus (deficit)</b>			
Acquisition of tangible capital assets (Note 8)	\$ 44,000	\$ 163,307	\$ (2,411,277)
Amortization of tangible capital assets (Note 8)	(17,000)	-	(6,000)
(Increase)/Decrease in prepaid expenses	30,000	9,724	16,973
		(22,000)	155
<b>Increase/(Decrease) in net financial assets</b>	57,000	151,031	(2,400,149)
<b>Net financial assets at beginning of year</b>	1,546,443	1,546,443	3,946,592
<b>Net financial assets at end of year</b>	<u>\$ 1,603,443</u>	<u>\$ 1,697,474</u>	<u>\$ 1,546,443</u>

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

**NATURAL RESOURCES CONSERVATION BOARD**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED MARCH 31, 2022**

	<b>2022</b>	<b>2021</b>
<b>Operating transactions</b>		
Annual surplus (deficit)	\$ 163,307	\$ (2,411,277)
Non-cash item included in annual surplus (deficit):		
Amortization of tangible capital assets (Note 8)	9,724	16,973
	<u>173,031</u>	<u>(2,394,304)</u>
Decrease in accounts receivable	775	2,315
(Increase)/Decrease in prepaid expenses	(22,000)	155
(Decrease)/Increase in accounts payable and other accrued liabilities	(38,832)	65,275
Cash provided by (applied to) operating transactions	<u>112,974</u>	<u>(2,326,559)</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets (Note 8)	-	(6,000)
Cash applied to capital transactions	-	(6,000)
<b>Increase/(Decrease) in cash and cash equivalents</b>	<b>112,974</b>	<b>(2,332,559)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>1,885,583</b>	<b>4,218,142</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 1,998,557</b>	<b>\$ 1,885,583</b>

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

**NATURAL RESOURCES CONSERVATION BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2022**

**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 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.

**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.

**NATURAL RESOURCES CONSERVATION BOARD****NOTES TO THE FINANCIAL STATEMENTS****MARCH 31, 2022****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 (Cont'd)**

The NRCB'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 other 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 as well as cash at 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.

**Liabilities**

Liabilities are present obligations of the NRCB to external organizations and individuals arising from past transactions or events occurring before 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. A liability for remediation of a contaminated site may arise from an operation that is either in productive use or no longer in productive use and may also arise from an unexpected event resulting in contamination. Management has reviewed the accounting standards PS 3200 and PS 3260 and has concluded that the NRCB does not have any environmental liabilities.

**NATURAL RESOURCES CONSERVATION BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2022**

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

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

**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 7 years
Office equipment	Declining balance – 20% per year
Office furniture	Declining balance – 20% per year

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 CHANGES IN ACCOUNTING STANDARDS**

The Public Sector Accounting Board has approved 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.

**NATURAL RESOURCES CONSERVATION BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2022**

**NOTE 3 FUTURE CHANGES IN ACCOUNTING STANDARDS (Cont'd)**

- **PS 3400 Revenue (effective April 1, 2023)**  
This standard provides guidance on how to account for and report on revenue, and specifically, it differentiates between revenue arising from exchange and non-exchange transactions.
- **PS 3160 Public Private Partnerships (effective April 1, 2023)**  
This standard provides guidance on how to account for public private partnerships between public and private sector entities, where the public sector entity procures infrastructure using a private sector partner.

The NRCB has not yet adopted these standards. Management is currently assessing the impact of these standards on the financial statements.

**NOTE 4 GOVERNMENT TRANSFERS**

	<b>2022</b>	<b>2021</b>
Budgeted transfer from the Department of Environment and Parks	\$ 5,397,000	\$ 5,397,000
Transfer amount returned to the Department of Environment and Parks	(250,000)	(2,697,000)
Adjustment to transfer from the Department of Environment and Parks		\$ 2,700,000
	<u>\$ 5,147,000</u>	

In 2021, the NRCB and the Department of Environment and Parks agreed to a net transfer of \$2,700,000 while maintaining the spending target of \$5,424,000 for the 2020-2021 fiscal year. The rest of the operations were funded through accumulated surplus, thereby achieving the objective of reducing the cash amount of the NRCB bank account.

In 2022, the NRCB demonstrated fiscal prudence and fiscal responsibility by returning \$250,000 of transfer to the Department of Environment and Parks since the NRCB underspent in the fiscal year.

**NOTE 5 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, 2022, securities held by the fund have a time-weighted return of 0.2% (2021 – 0.4%) 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 other accrued liabilities.

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

**NATURAL RESOURCES CONSERVATION BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2022**

**NOTE 6 FINANCIAL INSTRUMENTS (Cont'd)**

**(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, 2022, there were no uncollectible receivable balances.

**NOTE 7 ACCOUNTS PAYABLE AND OTHER ACCRUED LIABILITIES**

	<b>2022</b>	<b>2021</b>
Accounts payable	\$ 55,692	\$ 87,844
Accrued liabilities - employee benefits	246,750	253,430
	<b>\$ 302,442</b>	<b>\$ 341,274</b>

**NOTE 8 TANGIBLE CAPITAL ASSETS**

	<b>Computer Hardware</b>	<b>Computer Software</b>	<b>Office Equipment</b>	<b>Office Furniture</b>	<b>2022 Total</b>	<b>2021 Total</b>
<b>Historical Cost</b>						
Beginning of year	\$ 233,374	\$ 25,884	\$ 94,468	\$ 187,166	\$ 540,892	\$ 534,892
Additions	-	-	-	-	-	6,000
Disposals including write-downs	-	-	-	(60,340)	(60,340)	-
	<b>233,374</b>	<b>25,884</b>	<b>94,468</b>	<b>126,826</b>	<b>480,552</b>	<b>540,892</b>
<b>Accumulated Amortization</b>						
Beginning of year	233,374	20,051	62,409	184,256	500,090	483,117
Amortization expense	-	2,000	6,412	1,312	9,724	16,973
Effect of disposals including write-downs	-	-	-	(60,340)	(60,340)	-
	<b>233,374</b>	<b>22,051</b>	<b>68,821</b>	<b>125,228</b>	<b>449,474</b>	<b>500,090</b>
<b>Net Book Value at March 31, 2022</b>	<b>\$ -</b>	<b>\$ 3,833</b>	<b>\$ 25,647</b>	<b>\$ 1,598</b>	<b>\$ 31,078</b>	
<b>Net Book Value at March 31, 2021</b>	<b>\$ -</b>	<b>\$ 5,833</b>	<b>\$ 32,059</b>	<b>\$ 2,910</b>		<b>\$ 40,802</b>

**NATURAL RESOURCES CONSERVATION BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2022**

**NOTE 9 BENEFIT PLANS**

The NRCB participates in the following 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 \$16,965 for the year ended March 31, 2022 (2021 - \$30,726). 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, 2021, the MEPP reported a surplus of \$1,348,160,000 (2020 - surplus \$809,850,000), and the SRP reported a deficiency of \$20,982,000 (2020 - deficiency \$59,972,000).

As a result of the COVID-19 outbreak, declared a global pandemic on March 11, 2020, global financial markets and world economies have experienced significant volatility. Given the extent of the crisis, and varying levels of response and recovery of countries across the globe, additional uncertainty remains and will continue to exist with regards to fair value measurement of the pension plans investments.

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 \$253,729 for the year ended March 31, 2022 (2021 - \$233,107). Pension expense comprises the cost of employer contributions during the year.

**NOTE 10 ACCUMULATED SURPLUS**

Accumulated surplus is comprised of the following:

	<b>Investments in Tangible Capital Assets</b>	<b>Unrestricted Surplus</b>	<b>2022 Total</b>	<b>2021 Total</b>
Balance at beginning of year	\$ 40,802	\$ 1,546,443	\$ 1,587,245	\$ 3,998,522
Annual surplus (deficit)	-	163,307	163,307	(2,411,277)
Net investment in capital assets	(9,724)	9,724	-	-
Balance at end of year	\$ 31,078	\$ 1,719,474	\$ 1,750,552	\$ 1,587,245

**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, 2022, the NRCB had contractual obligations under operating leases and contracts totalling \$474,837 (2021 - \$138,722).

**NATURAL RESOURCES CONSERVATION BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2022**

**NOTE 11 CONTRACTUAL OBLIGATIONS (Cont'd)**

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

2022-23	\$ 184,954
2023-24	160,663
2024-25	129,220
	<hr/> <u>\$ 474,837</u>

**NOTE 12 BUDGET**

The budget was included in the 2021-22 Government Estimates under the Ministry of Environment and Parks. The budget was approved by the Board on May 4, 2021.

**NOTE 13 APPROVAL OF FINANCIAL STATEMENTS**

The Board approved the financial statements of the NRCB.

**Schedule 1****NATURAL RESOURCES CONSERVATION BOARD**  
**EXPENSES – DIRECTLY INCURRED DETAILED BY OBJECT**  
**YEAR ENDED MARCH 31, 2022**

	<b>2022</b>		<b>2021</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
Salaries, wages and employee benefits	\$ 4,522,076	\$ 4,322,266	\$ 4,452,290
Supplies and services	871,924	658,368	660,542
Amortization of tangible capital assets (Note 8)	30,000	9,724	16,973
Total expenses	\$ 5,424,000	\$ 4,990,358	\$ 5,129,805

**Schedule 2**

**NATURAL RESOURCES CONSERVATION BOARD**  
**SALARY AND BENEFITS DISCLOSURE**  
**YEAR ENDED MARCH 31, 2022**

	2022			2021	
	Base Salary <sup>(1)</sup>	Other Cash Benefits <sup>(2)</sup>	Other Non-cash Benefits <sup>(3)</sup>	Total	Total
Chair <sup>(4)(5)</sup>	\$ 184,365	\$ 44,142	\$ 12,613	\$ 241,120	\$ 234,736
Board Member A <sup>(6)</sup>	84,588	11,165	12,007	107,760	131,247
Board Member B <sup>(7)</sup>	91,094	10,307	11,487	112,888	51,673
Chief Executive Officer <sup>(8)</sup>	132,223	20,052	25,128	177,403	253,605

- (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 2022.
- (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, pension, health benefits, professional memberships 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) The position is 80% permanent part-time. The position worked on a full-time basis from March 1 to June 30, 2021.
- (6) The position was 80% permanent part-time and changed to 60% permanent part-time effective July 1, 2021.
- (7) The position commenced on October 19, 2020. The position is 60% permanent part-time. The position worked on a full-time basis from March 1 to June 30, 2021.
- (8) The position was occupied by two individuals at different times during the year. The position became vacant on October 9, 2021 and the new CEO commenced on February 7, 2022.

**Schedule 3**

**NATURAL RESOURCES CONSERVATION BOARD  
RELATED PARTY TRANSACTIONS  
YEAR ENDED MARCH 31, 2022**

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 in the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	<b>2022</b>	<b>2021</b>
Revenues	\$ 5,397,000	\$ 2,700,000
Revenue returned to the Department of Environment and Parks	\$ (250,000)	-
Expenses – Directly Incurred	\$ 59,794	\$ 29,320
Payable To	\$ 21,827	\$ 5,475

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 MOUs, the NRCB is both a service provider and a service recipient.

**Schedule 4**

**NATURAL RESOURCES CONSERVATION BOARD**  
**ALLOCATED COSTS**  
**YEAR ENDED MARCH 31, 2022**

AOPA and NRCBA Mandates	2022		2021	
	Expenses - Incurred by Others		Total Expenses	Total Expenses
	Expenses <sup>(1)</sup>	Accommodation Costs <sup>(2)</sup>		
Board reviews and hearings <sup>(3)</sup>	\$ 1,113,376	\$ 95,679	\$ 1,209,055	\$ 1,183,820
Regulating confined feeding operations <sup>(4)</sup>	3,876,982	333,173	4,210,155	4,387,719
	<b>\$ 4,990,358</b>	<b>\$ 428,852</b>	<b>\$ 5,419,210</b>	<b>\$ 5,571,539</b>

(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.

## Other Financial Information

### Department of Environment and Parks

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**Department of Environment and Parks**  
**Statement of Credit or Recovery (unaudited)**

**YEAR ENDED MARCH 31, 2022**  
**(in thousands)**

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

	<b>2022</b>				
	<b>Authorized (1)</b>	<b>Actual Revenue Recognized</b>	<b>Unearned Revenue/ Deferred Contributions</b>	<b>Actual Cash/ Donation Received/</b>	<b>(Shortfall) ContributionsReceivable/Excess</b>
Parks Operations	\$ 49,775	\$ 50,739	\$ 6,753	\$ 57,492	\$ 7,717
Parks Infrastructure Management	4,609	4,715	1,044	5,760	1,151
Provincial Mapping Data	1,250	1,090	7	1,097	(153)
Remediation Certificates	25	8	-	8	(17)
Water Management Infrastructure	3,691	4,736	181	4,917	1,226
Bow Habitat Station	300	149	60	209	(91)
Fish and Wildlife	7,629	8,437	313	8,751	1,122
Air Quality Health Index	37	41	0	41	4
Trail Permit Fee	4,500	1,505	-	1,505	(2,995)
	<b>\$ 71,816</b>	<b>\$ 71,421</b>	<b>\$ 8,359</b>	<b>\$ 79,780</b>	<b>\$ 7,964</b>
Capital Investment					
Parks Infrastructure Management	450	450	-	450	
	<b>\$ 450</b>	<b>\$ 450</b>	<b>\$ -</b>	<b>\$ 450</b>	<b>\$ -</b>

<sup>(1)</sup> 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 *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 *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

**Department Of Environment and Parks**  
**Statement of Credit or Recovery (unaudited) (cont'd)**

**YEAR ENDED MARCH 31, 2022**  
*(in thousands)*

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

**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 with the Agriculture Financial Services Corporation for Wildlife Predator Compensation in which Alberta Environment and Parks received \$0.2 million in 2021-22 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

**Trail Permit Fee** - Fees generated from the Public Lands Camping Pass which is required to random camp on public land along the Eastern Slopes of the Rocky Mountains from Grande Prairie to Waterton Lakes National Park. Element 3.2

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

**Department of Environment and Parks**  
**Statement of Lapse/Encumbrance (unaudited)**  
**YEAR ENDED MARCH 31, 2022**  
*(in thousands)*

**Schedule 4**

	Voted Estimate <sup>(1)</sup>	Supplementary Supply <sup>(2)</sup>	Adjustments <sup>(3)</sup>	Adjusted Voted Estimate	Voted Actuals <sup>(4)</sup>	Unexpended (Over Expended)
<b>Program Operating</b>						
<b>Ministry Support Services</b>						
1.1 Minister's Office	\$ 947	\$ -	\$ -	\$ 947	\$ 855	\$ 62
1.2 Deputy Minister's Office	645	-	-	645	640	5
1.3 Legal Services	321	-	-	321	240	81
1.4 Corporate Services	17,659	-	-	17,659	18,970	(1,311)
	<b>19,572</b>	<b>-</b>	<b>-</b>	<b>19,572</b>	<b>20,735</b>	<b>(1,163)</b>
<b>Air</b>						
2.1 Air Policy	6,173	-	-	6,173	5,061	1,112
2.2 Air Partners and Stewardship	6,351	-	-	6,351	6,280	71
2.3 Air Quality Management	6,456	-	394	6,850	2,937	3,913
	<b>18,980</b>	<b>-</b>	<b>-</b>	<b>19,374</b>	<b>14,278</b>	<b>5,096</b>
<b>Land</b>						
3.1 Land Policy	7,767	-	-	7,767	6,075	1,692
3.2 Public Land Management	45,413	-	-	45,413	51,025	(5,612)
3.3 Rangeland Management	7,826	-	-	7,826	6,287	1,539
	<b>61,006</b>	<b>-</b>	<b>-</b>	<b>61,006</b>	<b>63,387</b>	<b>(2,381)</b>
<b>Water</b>						
4.1 Water Policy	4,889	-	-	4,889	4,258	631
4.2 Water Partners and Stewardship	4,873	-	-	4,873	10,021	(5,148)
4.3 Water Management	40,203	-	2,491	42,694	41,025	1,669
4.4 Flood Adaptation	52,960	-	-	52,960	27,102	25,858
	<b>102,925</b>	<b>-</b>	<b>2,491</b>	<b>105,416</b>	<b>82,406</b>	<b>23,010</b>
<b>Fish and Wildlife</b>						
5.1 Fish and Wildlife Policy	6,147	-	-	6,147	4,659	1,488
5.2 Fisheries Management	10,633	-	-	10,633	12,540	(1,907)
5.3 Wildlife Management	34,914	-	(117)	34,797	27,520	7,277
	<b>51,694</b>	<b>-</b>	<b>(117)</b>	<b>51,577</b>	<b>44,719</b>	<b>6,858</b>
<b>Integrated Planning</b>						
6.1 Resource Management	21,654	-	-	21,654	20,143	1,511
6.2 Regional Cumulative Effects Management	4,703	-	-	4,703	7,710	(3,007)
6.3 Environmental Emergency Response	3,639	-	-	3,639	4,199	(560)
	<b>29,996</b>	<b>-</b>	<b>-</b>	<b>29,996</b>	<b>32,052</b>	<b>(2,056)</b>

**Department Of Environment and Parks**  
**Statement of Lapse/Encumbrance (unaudited)**  
**YEAR ENDED MARCH 31, 2022**  
*(in thousands)*

**Schedule 4  
(Cont'd)**

	Voted Estimate <sup>(1)</sup>	Supplementary Supply <sup>(2)</sup>	Adjustments <sup>(3)</sup>	Adjusted Voted Estimate	Voted Actuals <sup>(4)</sup>	Unexpended (Over Expended)
Parks						
7.1 Parks Operations	43,157	-	11,858	55,015	56,311	(1,296)
7.2 Parks Visitor Experience	7,995	-	-	7,995	7,933	62
7.3 Parks Conservation Management	5,658	-	-	5,658	3,060	2,598
7.4 Parks Public Safety and Security	15,450	-	-	15,450	1,244	14,206
7.5 Parks Infrastructure Management	10,571	-	815	11,386	7,017	4,369
	82,831	-	12,673	95,504	75,565	19,939
Land Use Secretariat	5,133	-	-	5,133	960	4,173
Science and Monitoring						
9.1 Environmental Science, Monitoring, Evaluation and Reporting	20,102	-	-	20,102	18,395	1,707
9.2 Oil Sands Environmental Monitoring	49,917	-	(900)	49,017	43,637	5,380
	70,019	-	(900)	69,119	62,032	7,087
Emissions Management						
10.1 Regulatory and Operations	10,594	-	-	10,594	7,595	2,999
10.2 Technology Innovation and Emission Reduction	93,168	-	-	93,168	103,359	(10,191)
10.3 Oil Sands Innovation	3,000	-	-	3,000	226	2,774
10.4 Other Investments	364	-	-	364	935	(571)
	107,126	-	-	107,126	112,115	(4,989)
Quasi-Judicial Bodies						
11.1 Natural Resources Conservation Board	5,397	-	-	5,397	5,147	250
11.2 Surface Rights and Land Compensation Boards	-	-	-	-	29	(29)
11.3 Environmental and Public Lands Appeal Board	1,574	-	-	1,574	1,538	36
	6,971	-	-	6,971	6,714	257
2013 Alberta Flooding						
12.1 Infrastructure Recovery	-	-	-	-	8	(8)
12.2 Parks Flood Recovery	-	-	-	-	1	(1)
12.3 Community Stabilization	42	-	-	42	-	42
	42	-	-	42	9	33

**Department Of Environment and Parks**  
**Statement of Lapse/Encumbrance (unaudited)**  
**YEAR ENDED MARCH 31, 2022**  
*(in thousands)*

**Schedule 4  
(Cont'd)**

CONTINGENCY							
10 Technology Innovation and Emissions Reduction	-	-	50,815	50,815	50,815	-	-
Credit or Recovery (Shortfall)	-	-	-	-	-	-	-
Total	\$556,295	-	\$14,541	\$570,836	\$565,787	\$ 55,864	
<b>Lapse/(Encumbrance)</b>						<b>\$ 55,864</b>	

Program – Capital Investments

Ministry Support Services							
1.4 Corporate Services	425	-	430	855	5	850	
425	-	430	855	5	850		
Air							
2.3 Air Quality Management	950	-	(394)	556	-	556	
950	-	(394)	556	-	556		
Land							
3.2 Public Land Management	9,431	-	532	9,963	2,165	7,798	
200	-	-	200	-	-	200	
9,631	-	532	10,163	2,165	7,798		
Water							
4.2 Water Partners and Stewardship	-	-	-	-	18	(18)	
4.4 Flood Adaptation	7,679	-	814	8,493	3,447	5,046	
7,679	-	814	8,493	3,465	5,028		
Fish and Wildlife							
5.1 Fish and Wildlife Policy							
5.2 Fisheries Management	22,314	-	288	22,602	2,559	20,043	
5.3 Wildlife Management	9,083	-	783	9,866	680	9,186	
31,397	-	1,071	32,468	3,239	29,229		
Integrated Planning							
6.2 Regional Cumulative Effects Management	-	-	-	-	955	(955)	
-	-	-	-	-	955	(955)	
Parks							
7.5 Parks Infrastructure Management	67,382	-	-	67,382	48,839	18,543	
67,382	-	-	67,382	48,839	18,543		
Land Use Secretariat							
8.1 Land Use Secretariat	-	-	-	-	92	(92)	
-	-	-	-	-	92	(92)	

**Department Of Environment and Parks**  
**Statement of Lapse/Encumbrance (unaudited)**  
**YEAR ENDED MARCH 31, 2022**  
*(in thousands)*

**Schedule 4  
(Cont'd)**

	Voted Estimate <sup>(1)</sup>	Supplementary Supply <sup>(2)</sup>	Adjustments <sup>(3)</sup>	Adjusted Voted Estimate	Voted Actuals <sup>(4)</sup>	Unexpended (Over Expended)
Science and Monitoring						
9.1 Environmental Science, Monitoring, Evaluation and Reporting	2,300	-	1,483	3,783	1,468	2,315
9.2 Oil Sands Environmental Monitoring	-	-	900	900	238	662
Total	<u>\$ 119,764 \$</u>	<u>- \$ 4,836</u>	<u>\$ 124,600 \$</u>	<u>\$ 60,466 \$</u>	<u>\$ 64,134</u>	<u>\$ 64,134</u>
<b>Lapse/(Encumbrance)</b>						

**Financial Transaction**

Environmental Site Liability						
Retirement						
Water						
4.3 Water Management	\$ 100	-	-	\$ 100	-	\$ 100
Integrated Planning						
6.3 Environmental Emergency Response	3,919	-	-	3,919	-	3,919
Total	<u>\$ 4,019 \$</u>	<u>- \$</u>	<u>- \$</u>	<u>\$ 4,019 \$</u>	<u>- \$</u>	<u>\$ 4,019</u>
<b>Lapse/(Encumbrance)</b>						

- (1) As per "Expense Vote by Program," "Capital Investment Vote by Program" and "Financial Transaction Vote by Program" page 101 to 104 of 2021-22 Government Estimates.
- (2) No supplementary supply
- (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. 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)**

**YEAR ENDED MARCH 31, 2022**  
*(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	477	
Department Accounts Payable Credits	-	
Total Write-offs		477
Total Remissions, Compromises and Write-offs	\$	<u>477</u>

**Department Of Environment and Parks**  
**Payments Based on Agreements (unaudited)**

**YEAR ENDED MARCH 31, 2022**  
*(in thousands)*

The following has been prepared pursuant to Section 25(3) of the Financial Administration Act.

The Department has entered into agreements to deliver programs and services that are fully funded by Infrastructure Canada (INFC) and relate to the Investing in Canada Infrastructure Program (ICIP). This is a 10-year federal program, ending March 31 2028, intended to address ongoing infrastructure needs. The ICIP amount approved for Environment and Parks is \$44.6 million. The program is administered through an Integrated Bilateral Agreement (IBA), which is being managed by Infrastructure on behalf of Alberta. Costs based on these agreements are incurred by the Department under the authority in Section 25 of the Financial Administration Act. Accounts payable and receivable relating to payments based on agreements are nil as of March 31, 2022.

## 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 was one disclosure of wrongdoing filed with my office for your department between April 1, 2021 and March 31, 2022. After reviewing the disclosure, an investigation was undertaken, by my office, no wrongdoings were found and the file was closed.