

Environment and Parks

Annual Report
2017-2018



Note to Readers:

Copies of the annual report are available on the Alberta Open Government Portal website:
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Environment and Parks promotes environmental conservation, sustainable management of the province's natural resources and seeks to more effectively use resources and reduce waste. The printed version of this report is produced on 100% post-consumer fibre.

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Environment and Parks

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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 21 ministries.

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

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

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

Minister's Accountability Statement

The ministry's annual report for the year ended March 31, 2018, 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 6, 2018 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

[Original signed by Shannon Phillips]

Honourable Shannon Phillips
Minister of Environment and Parks

Message from the Minister

As Minister of Environment and Parks and Minister responsible for the Climate Change Office, I am immensely proud of the work our government has done to manage and conserve Alberta's land, air, water and biodiversity, and explore the agricultural and industrial potential of our natural resources.

Alberta is home to incredible protected spaces and unmatched outdoor recreation opportunities, and Environment and Parks continues to do admirable work to address the needs of communities, individuals, and wildlife and their habitats.

We have increased our efforts to stop the spread of invasive species, finalized the Castle Management Plan and committed to investing \$20 million in the parks. Most recently, the Alberta Government announced establishment of the largest protected and contiguous boreal forest in North America and committed to develop a co-operative management arrangement with Alberta's Indigenous communities. We are protecting fish populations facing Whirling Disease at a number of watersheds, and opened Canada's first laboratory exclusively dedicated to testing for and preventing the disease.

We have promoted bear education and avalanche safety, incorporated Indigenous perspectives and ecological knowledge into environmental monitoring, and ensured that our water is well-managed so that all Albertans have access to it, no matter which part of our province they call home. With fresh water covering more than 20 thousand square kilometers of our province, Alberta has ample resources to support vibrant communities, a healthy environment and a strong economy.

We have also taken leadership on one of the biggest issues facing our world today – the pollution that causes climate change. Our Climate Leadership Plan is diversifying Alberta's economy, putting a meaningful dent in emissions, and protecting and improving the things that make a difference in the lives of Albertans – including badly needed LRT lines in both Calgary and Edmonton, rebates to offset cost increases, Indigenous climate leadership initiatives, and oil sands innovation projects.

Our plan influenced national carbon pricing, secured federal approval of two major pipeline projects, and helped Alberta build a brand new and long overdue energy efficiency industry. Households and businesses across the province have eagerly adopted energy efficiency, with program participation that exceeded expectations.

Our programs are empowering Albertans while creating jobs in construction, planning and energy services, and growing future-ready industries like renewable energy. In fact, we recently set a record for the lowest renewable electricity pricing in Canada.

Albertans know that the environment and the economy go hand-in-hand, and we are enthusiastically embracing the opportunity to take leadership on both fronts. We have done great work to preserve the health and integrity of our environment and ecosystems, which further contributes to Albertans' social well-being and drives sustainable economic diversification in the province. Together, we have made impressive strides to protect Alberta's health, wealth and growth, and I look forward to the work that lies ahead.

[Original signed by Shannon Phillips]

Honourable Shannon Phillips
Minister of Environment and Parks



Management's Responsibility for Reporting

The Ministry of Environment and Parks includes:

- Department of Environment and Parks,
 - Alberta Climate Change Office,
 - Environmental Appeals Board,
 - Public Lands Appeal Board,
- Climate Change and Emissions Management Fund,
- Energy Efficiency Alberta,
- Land Stewardship Fund,
- Land Use Secretariat, and
- Natural Resources Conservation Board.

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 consolidated financial statements and performance results for the ministry rests with the Minister of Environment and Parks. Under the direction of the minister, I oversee the preparation of the ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and performance results, of necessity, include amounts that are based on estimates and judgments. The consolidated financial statements are prepared in accordance with Canadian public sector accounting standards. The performance measures are prepared in accordance with the following criteria:

- Reliability – information used in applying performance measure methodologies agrees with the underlying source data for the current and prior years' results.
- Understandability – the performance measure methodologies and results are presented clearly.
- Comparability – the methodologies for performance measure preparation are applied consistently for the current and prior years' results.
- Completeness – outcomes, performance measures and related targets match those included in the ministry's Budget 2017.

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, the Minister of Finance and the Minister of Environment and Parks the information needed to fulfill their responsibilities; and
- facilitate preparation of ministry business plans and annual reports required under the *Fiscal Planning and Transparency Act*.

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

[Original signed by Eric Denhoff]

Deputy Minister Eric Denhoff
Deputy Minister of Environment and Parks
June 6, 2018

Results Analysis

Ministry Overview

The ministry consists of the Department of Environment and Parks, the Climate Change and Emissions Management Fund, Energy Efficiency Alberta, the Land Stewardship Fund, the Land Use Secretariat and the Natural Resources Conservation Board. Within the department's budget, funding is provided for the Environmental Appeals Board, and the Public Lands Appeal Board. The Climate Change Office functions within the ministry to coordinate the implementation of Alberta's Climate Leadership Plan in collaboration with other ministries.

Six delegated administrative organizations which operate outside of government and are accountable to the minister are the Alberta Conservation Association, Alberta Professional Outfitters Society, Alberta Recycling Management Authority, Alberta Used Oil Management Association, Beverage Container Management Board, and Emissions Reduction Alberta.

All associated agencies, boards, commissions and delegated administrative organizations are undergoing a review to ensure maximum benefit for Albertans. The first phase of the review included 135 public agencies subject to the *Alberta Public Agencies Governance Act (APAGA)*. In April 2016 it was announced that 26 agencies would be amalgamated or dissolved. The administrative amalgamation of the Land Compensation Board and Surface Rights Board with the Municipal Government Board and New Home Buyer Protection Board, was formalized on February 22, 2018 when responsibility was transferred from Environment and Parks to Municipal Affairs. Phase two of the review began in March 2017 and focused on the 146 agencies not subject to APAGA. On October 31, 2017, it was announced that 19 agencies would be dissolved, 14 of which required legislative changes. The Reclamation Criteria Advisory Committee was dissolved on December 18, 2017. The third and final phase, expected to begin in 2018-19, will focus on Alberta public post-secondary institutions.

The ministry's authority to carry out its mandate is primarily based on the *Alberta Land Stewardship Act*, *Beaver River Basin Water Authorization Act*, *Black Creek Heritage Rangeland Trails Act* (pending proclamation), *Boundary Surveys Act*, *Climate Change and Emissions Management Act*, *County of Westlock Water Authorization Act*, *Drainage Districts Act*, *East Central Regional Water Authorization Act*, *Energy Efficiency Act*, *Environmental Protection and Enhancement Act*, *Fisheries (Alberta) Act*, *Forest Reserves Act*, *Government Organization Act*, *Hunting, Fishing and Trapping Heritage Act*, *Mines and Minerals Act (Part 8)*, *Natural Resources Conservation Board Act*, *North Red Deer Water Authorization Act*, *Oil Sands Emissions Limit Act*, *Provincial Parks Act*, *Public Lands Act*, *Recreation Development Act*, *Responsible Energy Development Act*, *Surface Rights Act*, *Surveys Act*, *The Bighorn Agreement Validating Act*, *The Brazeau River Development Act*, *Water Act*, *Wilderness Areas*, *Ecological Reserves*, *Natural Areas and Heritage Rangelands Act*, *Wildlife Act*, and *Willmore Wilderness Park Act*.

Environment and Parks

Eric Denhoff, Deputy Minister

The Department of Environment and Parks is charged with protecting and conserving Alberta's air, land, water and biodiversity; as well as, managing Alberta's Provincial Parks and protected area systems.

The department manages facilities, programs, infrastructure and access to public lands to provide places for people to experience the beauty of nature, enjoy recreational activities and learn about the province's natural heritage while protecting it for future generations. The department supports economic diversification through a green economy that will improve social well-being while significantly reducing environmental risks and ecological scarcities.

The department addresses public safety and environmental and economic impacts from environmental emergencies through prevention and intervention measures. It assures public safety by regulating drinking water facilities that require an approval or registration under the *Environmental Protection and Enhancement Act* and plays a role in protecting Albertans through the mitigation of climate change and the improvement of resilience and adaptation measures.

The Department of Environment and Parks consists of six divisions: Corporate Services, Environmental Monitoring and Science, Operations, Parks, Policy and Planning, and Strategy; supported by Human Resources, Communication and Public Engagement and Legal Services.

Corporate Services

Kevin Peterson, Assistant Deputy Minister (Acting)

Corporate Services Division provides a variety of integrated and coordinated support services including financial operations, information and data management, technology infrastructure, and facility and fleet management to Environment and Parks and the Alberta Climate Change Office. The Division provides leadership for departmental business processes and approaches, analyzes and evaluates strategic and operational risks in accordance with enterprise risk management standards.

Environmental Monitoring and Science

Fred Wrona, Chief Scientist and Assistant Deputy Minister

Environmental Monitoring and Science Division provides credible, scientific provincial ambient environmental monitoring, evaluation and reporting; presented in an open, timely, and transparent manner that respects and intertwines community and Indigenous knowledge systems. This includes information necessary to understand cumulative effects, and to inform the public, policy makers, regulators, planners, researchers, communities and industry.

The role of the division is to provide proactive, objective reporting of scientific data and information on the condition of Alberta's environment including baseline environmental monitoring; cumulative effects monitoring; data evaluation and management; condition of environment reporting in all regions of Alberta; and credible data, evaluation, knowledge and reporting to inform policy and regulatory decision-making. The Environmental and Monitoring Science Division is currently aligning programs with identified departmental policy and resource management information needs to improve delivery of Alberta's environmental monitoring and science network.

Operations

John Conrad, Assistant Deputy Minister

The Operations Division uses innovative and responsible stewardship approaches for managing Alberta's air, land, water, and biodiversity; safeguarding the environment against environmental emergencies and providing a healthy Alberta for future generations. The division employs its compliance and assurance program as the regulatory backstop to support these efforts. The division uses place-based knowledge to deliver policy, plans, and frameworks to allocate and conserve water resources and manage public lands. It also manages government owned water infrastructure, as well as fish brooding and hatchery stations. The division leads the department's comprehensive environmental emergency management program, largely through the efforts of its Environmental Support and Emergency Response Team, provides policy direction for the Provincial Dam Safety Program and maintains regional partnerships and links to local communities and stakeholders. The division also provides regional business services support (administrative and GIS) to

the Forestry Division of Agriculture and Forestry. Regional administrative services are also provided to the Fish and Wildlife Enforcement Branch of Justice and Solicitor General.

Parks

Dana Mackie, Assistant Deputy Minister (Acting)

Parks Division (Alberta Parks) works to inspire people to discover, value, protect, and enjoy nature and the benefits it provides for current and future generations. It conserves a land base consisting of over 470 parks and protected areas across the province (28,500 square kilometres) and offers a wide range of outdoor, nature-based recreation opportunities. Parks Division leads the department's implementation of *Alberta's Plan for Parks* in association with the *Land-use Framework*. *Alberta's Plan for Parks* affirms the interconnectedness between conservation and recreation objectives of the Alberta provincial parks and protected areas system. Working with other government ministries, partners and key stakeholders, Alberta Parks serves Albertans through: providing environmental education and interpretation programs and opportunities for nature-based learning and recreation; ensuring the safety and security of visitors; supporting and facilitating scientific research; planning, building and maintaining parks infrastructure and operating facilities (such as campgrounds, trails and visitor centres); supporting and promoting diversified local economies through regional tourism and destination development, providing opportunities for public participation through consultation and volunteering; and managing dispositions, permits and leases.

Policy and Planning

Ronda Goulden, Assistant Deputy Minister

Policy and Planning Division leads development of environmental, land use and resource management policy and oversees policy integration for the department. Responsibilities include ensuring policy is developed based on science, research, analysis, and engagement with public, stakeholders, and Indigenous peoples, and aligns with department and Government of Alberta priorities and outcomes. The division is responsible for enabling the department's policy capacity by providing sound policy support, tools, advice, and other resources.

The division leads development of land use, environmental and resource planning processes; contributes to and monitors the development and implementation of regional land-use plans; and leads development of, environmental management frameworks and other subregional or issue-specific management plans for the department. The planning role incorporates air, land, water and biodiversity management as well as planning around specific issues, such as recreation and caribou recovery. In addition, the division facilitates engagement on planning initiatives with Indigenous peoples, municipalities, land users, industry stakeholders and environmental non-governmental organizations.

Strategy

Rick Blackwood, Assistant Deputy Minister

Strategy Division provides advice and services to the department and other clients to help them identify and understand a range of complex issues and challenges. Through public engagement, education and partnerships, the division works with Albertans to increase awareness and understanding, seek advice on policies and plans, build and maintain collaborative relationships, and foster responsible environmental stewardship. Through consultation and partnership activities, the division listens to Albertans to understand how best to advance the department's innovative policy and plans, build and maintain collaborative relationships that leverage resources, facilitate long-term innovative thinking, and support capacity to ensure a shared understanding of responsible environmental stewardship.

Strategy Division represents the department's interests nationally and internationally by highlighting Alberta's initiatives and approaches to responsible resource development and environmental protection. It facilitates the development of solutions and minimizing risk related to the department's position in the areas of air, land, water and biodiversity by working with other governments and organizations at the municipal, provincial, territorial, national and international levels. It also assists in implementing, through respectful relationships, initiatives based on the principles of the United Nations Declaration on the Rights of Indigenous Peoples. Strategy Division leads and advises on the implementation of the Public Agencies Governance Framework to the agencies, boards and commissions for which the ministry has responsibility, and leads the development of open and transparent recruitment and appointment processes based on candidate knowledge, skills, competencies and diversity considerations. Strategy Division takes the lead in enhancing public safety and minimizing the impacts from flood and drought through constant monitoring of river conditions, accurate mapping, working with Federal partners and developing policy on floodplain management. As part of this work, the division administers the Alberta Community Resilience Program and other programs funding resilience projects in Alberta. Strategy Division also provides support to the Land Use Secretariat in support of regional land-use planning.

Alberta Climate Change Office

The Alberta Climate Change Office (ACCO) is responsible for co-ordinating a whole-of-government approach to implementing Alberta's Climate Leadership Plan, developing climate change mitigation and adaptation policies, regulating and reporting Alberta's greenhouse gas emissions, and collaborating with national and international efforts to address climate change (including the Pan-Canadian Framework on Clean Growth and Climate Change, and the Paris Agreement under the United Nations Framework Convention on Climate Change).

Implementation and Regulatory Division

Mike Fernandez, Assistant Deputy Minister

The division co-ordinates planning and monitoring of the Climate Leadership Plan implementation, confirming departments and agencies meet key deliverables and timelines, and tracking carbon revenues and expenditures. It also administers the regulatory and compliance system for greenhouse gas (GHG) emissions, including the *Carbon Competitiveness Incentive Regulation*, and the GHG reporting program under the *Specified Gas Reporting Regulation*. The division is also responsible for administering the *Renewable Fuels Standard Regulation* and the Bioenergy Producer Program.

Policy, Legislation and Evaluation Division

Mike Fernandez, Assistant Deputy Minister

This division leads and coordinates the development and implementation of climate change policy including: strategic directions, policy, legislation, and regulations across ministries. It provides policy analysis and advice; monitors and reviews policy and programs in other jurisdictions; and recommends adjustments to inform and direct implementation of the Climate Leadership Plan. It also leads analytical work to achieve alignment and equivalency with federal regulatory actions. The division leads and co-ordinates the implementation of the Climate Leadership Plan performance and evaluation system including measuring, evaluating, and reporting progress towards Climate Leadership Plan outcomes. It also facilitates the translation of policy into legislation and regulation and provides emissions forecasting to inform policy implementation.

Engagement, Outreach and Intergovernmental Relations

Robert Savage, Assistant Deputy Minister

The division supports the Ministry's engagement with stakeholders on key policies under the Climate Leadership Plan. It also leads and supports outreach initiatives and intergovernmental relations for the Climate Change Office to ensure Alberta's work on climate change is represented internationally. Together, these ensure stakeholders, community and public engagements, partnerships, and outreach efforts are aligned to achieve intended outcomes and expected timelines.

Support Areas

Communications and Public Engagement

The role of Communications and Public Engagement (CPE) is to inform Albertans about ministry programs, services, policies and priorities. This includes providing information to the media and directly to the public through traditional communication practices and increasingly through direct engagement and online services such as the web and social media channels. CPE often works in partnership with other government ministries, other orders of government and community and industry organizations. CPE provides information about the Climate Leadership Plan and its programs to the public, media and other ministries and stakeholders and also supports effective internal communications providing staff the opportunity to engage with leadership and with each other.

Human Resources

Human Resources is a key partner in developing and delivering workforce development services and strategies including talent acquisition, classification, compensation and employee relations to the Ministry of Environment and Parks. It works to develop strategies and initiatives to build organizational capacity in support of career progression, performance planning, leadership development and coaching. Human Resources administers occupational health and safety programs and promotes workplace health and wellness initiatives.

Legal Services

Legal Services are primarily provided to the ministry by the Environmental Law Section of the Ministry of Justice and Solicitor General. The Environmental Law Section supports the ministry by providing timely, effective legal and related strategic advice to the minister and all levels of the ministry using a corporate counsel model. The director of the Environmental Law Section is a member of the ministry's executive team and is the ministry's senior legal adviser.

Associated Groups

Alberta Energy Regulator

The Alberta Energy Regulator regulates oil, natural gas, oil sands and coal development in Alberta. It ensures the safe, efficient, orderly and environmentally responsible development of Alberta's energy resources. This includes allocating and conserving water resources, managing public lands and protecting the environment while securing economic benefits for all Albertans.

GeoDiscover Alberta Program Office

GeoDiscover Alberta is the provincial body responsible for publishing and cataloguing spatial geographic data and information, including imagery, and provincial maps. The program maintains and operates the GeoDiscover Spatial Data Portal <https://geodiscover.alberta.ca>, making spatial data and information shareable, discoverable, and accessible for all stakeholders including industry, citizens, and staff. In addition the program is responsible for the Alberta Governments spatial community of practice, standards, best practices and spatial strategy.

Integrated Resource Management System Secretariat

The Integrated Resource Management System (IRMS) Secretariat supports delivery of the IRMS in Alberta to ensure responsible resource development achieves economic, environmental and social outcomes for Albertans. IRMS delivery is guided by the ministries of Agriculture and Forestry, Energy, Environment and Parks and Indigenous Relations in collaboration with the Alberta Energy Regulator. Other ministries such as Culture and Tourism, Treasury Board and Finance, Health, Municipal Affairs and Transportation participate in IRMS through delivery of their ministry mandates and operations. The IRMS Secretariat connects people, ideas and projects among the IRMS organizations through secretariat services for IRMS executive managers committees, IRMS common priority tracking and reporting and support for the effective use of data and information. IRMS Secretariat also works closely with the IRMS organizations to identify, prioritize and execute on joint opportunities requiring data, information and technology services.

Kananaskis Improvement District Council

Kananaskis Improvement District Council was established in 1996, under Section 588, Part 15 of the *Municipal Government Act*, to provide direct public representation in the governance of the Kananaskis Improvement District. Council is accountable to residents and ratepayers, as well as to the Minister of Environment and Parks. Further, council is responsible for helping the minister ensure the improvement district provides appropriate and needed services to its constituents. The council also provides input into policy making related to programs and services in the improvement district, and monitors these programs and services to ensure they are effectively administered.

Land Use Secretariat

The Land Use Secretariat supports development and implementation of the Land-use Framework, including development of Alberta's regional land-use plans. Established under the *Alberta Land Stewardship Act* the secretariat is part of the Alberta Public Service, but is not part of any Government of Alberta department, allowing it to effectively work with all departments involved in land-use planning.

The secretariat operates under the authority of the Stewardship Minister and Stewardship Commissioner. The current Stewardship Minister is also the Minister of Environment and Parks.

Some of the secretariat's specific duties regarding the development and implementation of regional land-use plans include working alongside government departments to draft the regional plans, and consulting with Indigenous peoples, stakeholders and members of the public on draft regional plans and amendments.

These duties also include evaluating the objectives and auditing the policies of regional plans to determine if the purposes of the *Alberta Land Stewardship Act* are being achieved (each regional plan must be assessed every five years) and administering regional plan requests for review, complaints and compliance.

Agencies and Boards

Under the *Government Organization Act*, the Minister of Environment and Parks is designated as the minister responsible for the legislation creating or continuing the following agencies:

Drainage Council

The Drainage Council, formed under the *Drainage Districts Act*, supports the Minister of Environment and Parks, drainage districts and other stakeholders by providing relevant advice and regulatory administration for environmental sustainability of agricultural water management practices.

Energy Efficiency Alberta

Energy Efficiency Alberta, established by the *Energy Efficiency Alberta Act* in 2016, provides programs and services to help Albertans save money through reduced energy consumption. Its mandate is to raise awareness among energy consumers of energy use and the associated economic and environmental consequences; promote, design and deliver programs and activities related to energy efficiency, energy conservation, and the development of micro-generation and small scale energy systems in Alberta; and promote the development of an energy efficiency services industry in Alberta.

Environmental Appeals Board

The Environmental Appeals Board was created by the *Environmental Protection and Enhancement Act*. It is responsible to hear and, if possible, resolve appeals of specified decisions for regulated entities or directly affected parties as authorized under the act and other applicable legislation, including the *Water Act* and the *Climate Change and Emissions Management Act*.

Natural Resources Conservation Board

The Government of Alberta has given the Natural Resources Conservation Board (NRCB) the responsibility for delivery of the *Natural Resources Conservation Board Act* and *Agriculture Operation Practices Act*. Under these two mandates the NRCB delivers the following services to Albertans:

- The board conducts hearings and issues decisions with respect to the public interest of non-fossil fuel projects that require an environmental impact assessment, or other larger projects referred to the agency by Order in Council.
- The agency issues approvals, and delivers compliance and enforcement functions for confined feeding operations under the *Agriculture Operation Practices Act*. The board manages requests for reviews related to the *Agriculture Operation Practices Act* and, if appropriate, conducts hearings and issues decisions.

Public Lands Appeal Board

The Public Lands Appeal Board was created by the *Public Lands Administration Regulation* under the *Public Lands Act* and is responsible to hear and, if possible, resolve appeals of specified decisions for the regulated entities or directly affected parties as authorized under the *Public Lands Act* and the *Public Lands Administration Regulation*.

Funds

Climate Change and Emissions Management Fund

This fund was established in 2007 under the *Climate Change and Emissions Management Act*. Payment to the fund is a compliance option for facilities subject to the *Carbon Competitiveness Incentive Regulation* and its predecessor, the *Specified Gas Emitters Regulation*.

The fund price for the 2007 to 2015 compliance periods was \$15 per tonne of carbon dioxide equivalent; it was \$20 per tonne for the 2016 compliance period and \$30 per tonne for the 2017 compliance period.

The fund is a restricted purpose fund, where the act specifies “the Fund may only be used for the purposes related to reducing emissions of specified gases or improving Alberta’s ability to adapt to climate change”.

Land Stewardship Fund

This fund was established under the *Public Lands Act*. The fund receives proceeds from the sale of public land in Alberta and in turn the ministry accesses these funds to either:

- purchase private lands to achieve conservation objectives of the department; or
- provide grants to registered land trust organizations through the Land Trust Grant Program to help fund the acquisition of conservation easements on private lands as well as funding for administration and stewardship activities on lands owned by the land trust.

Delegated Administrative Organizations

The ministry provides authority to Delegated Administrative Organizations to carry out specified functions described in legislation, regulation or memorandum of understanding administered by the ministry. These organizations function as arms-length, self-funded, legal entities established for the purpose of carrying out delegated functions traditionally delivered by the Government of Alberta. There are currently six Delegated Administrative Organizations associated with the ministry:

Alberta Conservation Association

The Alberta Conservation Association, formed under the *Wildlife Act*, Section 104(1)(b), conserves, protects and enhances fish and wildlife populations and their habitats for Albertans to enjoy, value and use. Since their inception as a non-profit in 1997 and through dedicated revenue collected from a levy on the sale of sport-fishing and hunting licences, the Alberta Conservation Association has directed hundreds of millions of dollars towards many conservation efforts across Alberta, from studies on Alberta’s many species to the securement of vast tracts of precious habitat. Their vision is to have an Alberta with an abundance and diversity of wildlife, fish and their habitats; where future generations continue to use, enjoy and value Alberta’s rich outdoor heritage.

Alberta Professional Outfitters Society

The Alberta Professional Outfitters Society (APOS) is a not-for-profit organization, established under the *Wildlife Act* to administer the outfitted-hunting industry in Alberta. There are over 400 member outfitter-guides and almost 1,500 guides registered through the APOS that provide big game, waterfowl and bird game services to several thousand clients each year. Delegated activities of the APOS include the distribution, transfer, and leasing of game allocations provided by the department, sale of licences and permits for guide outfitting activities and discipline.

Alberta Recycling Management Authority

The Alberta Recycling Management Authority, formed under the *Societies Act* and the *Environmental Protection and Enhancement Act (Designated Materials Recycling and Management Regulation)*, is responsible for managing Alberta's regulated recycling programs for tires, electronics, and paint. The authority's role includes collecting environmental fees from registrants; overseeing the collection, transportation, processing, and disposal of designated materials; and promoting the programs.

Alberta Used Oil Management Association

The Alberta Used Oil Management Association, formed under the *Societies Act* and the *Environmental Protection and Enhancement Act (Lubricating Oil Material Recycling and Management Regulation)*, is responsible for managing Alberta's regulated recycling program to sustain and facilitate the responsible collection and recycling of used oil materials in Alberta. Members remit environmental fees which the association uses in turn to deliver incentives, initiatives and programs that facilitate the recovery and recycling of used oil and used oil materials. The Government of Alberta's Review of Agencies, Boards and Commissions identified an opportunity to align recycling work by consolidating recycling programs. The government intends to transfer the responsibility for managing the used oil from the Alberta Used Oil Management Association to the Alberta Recycling Management Authority. This transfer will strengthen accountability mechanisms, improve administrative efficiency, reduce costs and provide Albertans with streamlined access to information and recycling services to help achieve better outcomes.

Beverage Container Management Board

The Beverage Container Management Board (BCMB), formed under the *Societies Act* and the *Environmental Protection and Enhancement Act (Beverage Container Recycling Regulation)*, is responsible for managing Alberta's regulated recycling program for beverage containers. The BCMB works with stakeholders such as Alberta bottle depots, the Alberta Beverage Container Recycling Corporation, and Brewers Distributors Ltd. to ensure the collection and processing of used beverage containers. It is responsible for setting criteria for the beverage container management system, conducting depot and retail inspections, registering new containers, issuing operating permits for depots and approving collection system agents.

Emissions Reduction Alberta

Emissions Reduction Alberta was established in 2009 and exercises specific responsibilities under the *Climate Change and Emissions Management Fund Administration Regulation*. It is a not-for-profit organization with a mandate to establish or participate in funding initiatives that reduce greenhouse gas emissions and improve our ability to adapt to climate change. The mission is to achieve actual and sustainable reductions in greenhouse gas emissions and facilitate climate change adaptation through the discovery, development, and deployment of transformative clean technology. It makes investments in innovative technology projects in the areas of renewable energy, clean energy production, energy efficiency, carbon capture, storage and use, and adaptation.

Results Analysis

Discussion and Analysis of Results

Executive Summary

The outcomes and key strategies identified in this annual report are aligned with, and support, the strategic direction of the Government of Alberta.

Alberta is famous for its diverse ecologically rich natural regions (Boreal Forests, Canadian Shield, Grasslands, Parklands, Foothills and Rocky Mountains) that offer a range of outdoor recreational opportunities to residents and visitors. Alberta's provincial parks and protected areas system offers locations ranging from developed recreation areas supporting nature-based outdoor recreational experiences to pristine wilderness areas that preserve natural landscapes, ecological processes and biological diversity. These areas also provide opportunities for heritage appreciation and tourism. Albertans have told the Alberta government to protect the province's environmental health and integrity, as well as the public's health and safety from environmental conditions and events. This includes opportunities to sustainably develop natural resources and adapt and respond to natural disasters and invasive species. Alberta will diversify its economy and create new jobs without sacrificing its air, land, water, and biodiversity. The province plays a key role in providing strategic science-based knowledge, policies, regulations, regional plans, management frameworks, and species recovery plans that guide how activities can sustainably take place. The Government of Alberta is committed to ensuring human activities are balanced with the need to protect biodiversity, sensitive fish and wildlife habitats, watersheds, and drinking water.

The Government of Alberta continues to collaborate with its partners to align implementation of the Climate Leadership Plan with the Pan-Canadian Framework on Clean Growth and Climate Change. Alberta's Climate Leadership Plan has protected Albertans by ensuring solutions are not imposed on the province by the federal government. The Plan is making life better for Albertans by supporting jobs, creating new sustainable industries and reducing emissions to improve Albertans' health and communities' well-being. These measures help reduce risks and costs, prevent damage and allow Alberta to be a leader in innovation, technology and clean jobs.

The Government of Alberta works closely with Indigenous peoples, federal and local governments, neighbouring jurisdictions, industry and Albertans to collectively respond to changing ecological and socio-economic climates. In particular, Indigenous peoples in Alberta have been stewards of the land for countless generations. First Nations and Métis play a vital role in cooperative management, creating employment and economic opportunities for the entire province. Albertans want access to premium outdoor experiences, where natural landscapes are protected and the economy can grow and diversify. Our province is not only one of traditions, achievements, culture and experiences; it is rich in possibilities. By showcasing these possibilities to the world, Alberta creates a positive image of the province around the world and contributes to the social well-being of Albertans.

Environment and Parks works collaboratively to support the Government of Alberta's efforts in advancing gender equality. Gender equality is intrinsically linked to social and economic growth and is vital to realization of human rights for all. The ministry has adopted Gender-based Analysis Plus (GBA+) and established a Centre of Responsibility to assess the gender and diversity implications of engagement processes, policies, programs and initiatives.

In 2017-18 Environment and Parks continued to strengthen integrated resource management, enhance stakeholder engagement and communication with Albertans and tackle the challenge of developing open and consistent management of data, records and information.

In order to help address these challenges, Environment and Parks used the internationally recognized ISO 31000 standard for Risk Management to provide principles, framework and a process for managing organizational risks. The department applied this standard to assist staff in identifying and mitigating challenges that would adversely affect achievement of department outcomes and key strategies as described in the 2017-20 ministry business plan. The risk management program also aided a wide range of department activities, including many of the activities described in this annual report, in demonstrating progress towards achieving outcomes.

Performance measures that best demonstrated progress towards achieving ministry outcomes were selected for the 2017-20 business plan and are reported on in this annual report. The ministry annually reviews its performance measures and indicators to ensure they are the best available and new performance measures and indicators are developed as required.

Our ministry's budget and expenditures reflects the resources being directed to priority initiatives. In the 2017-18 fiscal year, increases in expenses include a \$13.0 million increase in Park's programs, \$10.5 million increase in Science and Monitoring programs and a \$246.5 million increase as a result of reinvestment in the Alberta economy through new and expanded programming under the Climate Leadership Plan (CLP). Ministry Support Services shows an increase in spending of \$13.8 million, which is partially the result of a change in accounting standards for reporting shared service agreements and is offset by equivalent revenues. There was a decrease of \$7.6 million on 2013 Alberta Flooding initiatives as projects were completed in fiscal 2016-17.

Overall, ministry spending was \$58.2 million lower than budget primarily due to funds being transferred to other departments for CLP programming and \$347.9 million higher compared to 2016-17 primarily due to increased spending for energy efficiency programming and grants for innovation and technology, which reflects reinvestment into the Alberta economy.

Dollar values described in the following Outcome and Key Strategy reports are expenditure estimates only. Expenditures reported under a given Outcome may also be associated with the work of other Outcomes and Key Strategies. Estimates provided are not specifically identified within the Financial Information section of this report.

OUTCOME ONE

Environment and ecosystem health and integrity

Albertans care about the health and integrity of their environment and ecosystems, and the ministry is committed to supporting that need. Productive relationships and partnerships are required to achieve clean air, reduced greenhouse gas emissions, quality water, sustainable water supplies, productive and sustainable lands, conserved natural landscapes, protected areas and ecosystem services. The ministry works with partners to conserve landscapes representative of Alberta's natural regions and ecosystems that protect biodiversity and provide habitat for common, vulnerable, and endangered species.

Leadership and direction to achieve the desired outcomes are provided through legislation, policy, regional plans and frameworks that are supported by engagement, education, outreach, authorizations, monitoring and compliance programs.

Examples of ongoing ministry initiatives include: incenting economy wide greenhouse gas emission reductions; undertaking biodiversity and landscape management actions such as identifying and recovering species at risk; and enabling the Land Trust Grant Program and the Land Purchase Program to help address habitat fragmentation, maintain biodiversity and preserve intact landscapes.

The ministry provides an environmental stewardship framework based on planning and policy, and then regulates natural resource access, allocation and use. To protect and conserve Alberta's environment and ecosystem health and integrity it is essential for all users to comply with limits, standards and requirements to enable Alberta to meet the environmental, economic, and social needs for present and future generations.

The following section describes performance measures and indicators, and key strategies the ministry delivered in the past year that demonstrate progress towards achievement of Outcome One.

Outcome One Performance Measures

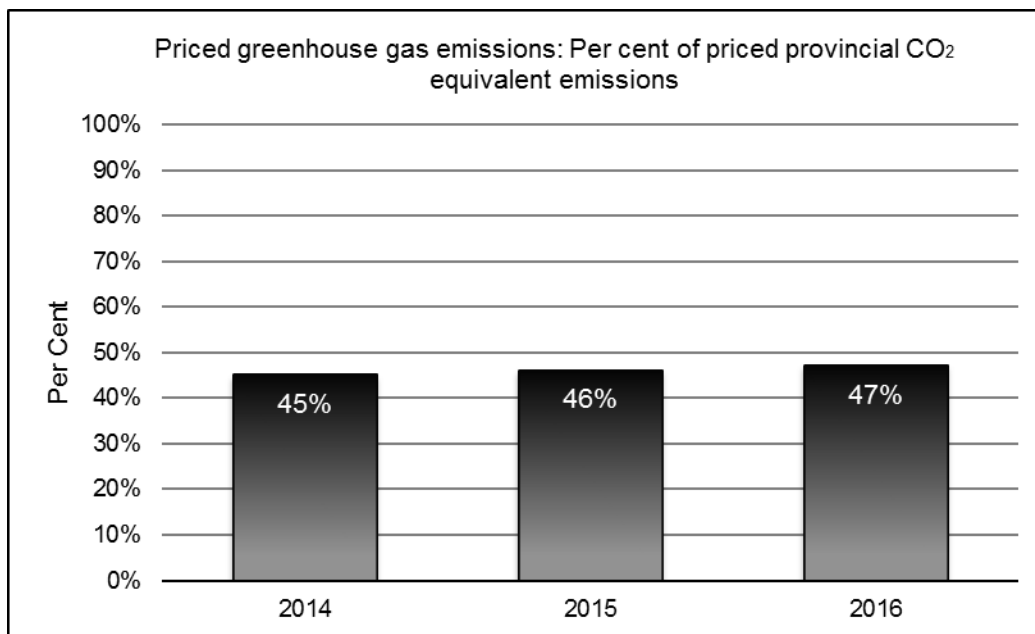
1.a Priced greenhouse gas emissions:

Percentage of priced provincial CO₂.

This measure tracks the progress toward pricing a broader range of provincial greenhouse gas (GHG) emissions through legislation and regulations, extending from carbon pricing based only on emissions intensity limits for large final emitters to an economy-wide price on combustion fuels. Emissions pricing systems are broadly understood to be an effective and efficient means of reducing emissions by providing a financial incentive to lower emissions. Pricing coverage is important as it increases the breadth of the incentive and reductions that will be pursued. Incenting behavior changes through emissions pricing will ultimately contribute toward achieving reduced GHG emissions in Alberta. Environmental and ecosystem health and integrity is impacted by GHG emissions as they are a major contributor to climate change.

Results from 2014 through 2016 indicate that Alberta has applied a carbon price to approximately 45 per cent of its total emissions. This reflects results from the *Specified Gas Emitters Regulation* (SGER), which has implemented a price on emissions from large industrial emitters since 2007. Desired results of 60 per cent for 2017 and 70 per cent for 2018 reflect the carbon levy implemented on January 1, 2017, which broadens the carbon price to include emissions from the combustion of transportation and heating fuels. The approach to

pricing of large industrial emitters will transition from a facility-specific one under SGER to an output- or product-based approach under the *Carbon Competitiveness Incentive Regulation* in 2018. This new framework sends a stronger emissions reduction signal to new and existing facilities and ensures Alberta



and our industries thrive in a carbon competitive global market. The 2017 desired result is slightly lower than 2018, as 2018 introduces carbon pricing to industrial process emissions for industry. Small conventional upstream oil and gas activity is currently exempted from the carbon levy until 2023, which will allow time for development and implementation of new technology/innovations to reduce methane emissions.

Alberta has committed to aligning its made in Alberta carbon pricing approach with the federally-imposed carbon price based on federal approval of the Trans Mountain Expansion (TMX) and, the federal government's commitment to its construction and retention of decision making regarding carbon revenue reinvestment in Alberta.

Outcome One Performance Indicators

1.a Provincial air quality index:

Percentage of good air quality days in urban areas based on Alberta's ambient air quality objectives for fine particulate matter, ozone, carbon monoxide, nitrogen dioxide, and sulphur dioxide.

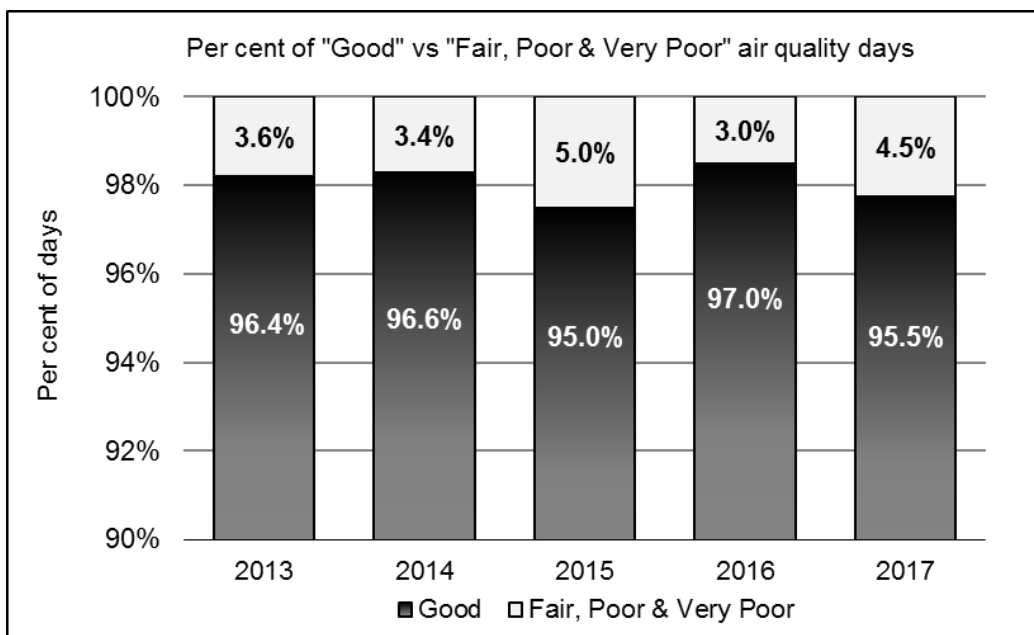
Air quality is influenced by the amount of emissions from natural sources and human activities, plus weather patterns and the assimilative capacity of the airsheds.

Assimilative capacity refers to the ability of the environment or a portion of the environment (such as a stream, lake, air mass, or soil layer) to carry waste material without adverse effects on the environment or on users of its resources. Industrial and transportation emissions are the largest human made sources of pollution, and forest fires are the largest natural source of air pollution in Alberta. Springtime ozone events of natural origin and wintertime smog can also influence air quality results.

The Air Quality Index 2017 result was 95.5 per cent "good" air quality days. The overall trend is stable showing no substantial increases or decreases in the results, and is within the historical range of normal year-to-year fluctuations. The slightly lower percentage of "good quality" air days in 2017 compared to 2016 is a return to more normal results. While there was the devastating Fort McMurray wildfire in 2016, smoke from that fire mainly affected nearby stations in Fort McMurray and Cold Lake, and did not have a large effect on air quality in the rest of the province. There was no other major forest fire influence in 2016, so overall air quality was quite good in 2016. By comparison, there was increased influence in 2017 from forest fire smoke

from British Columbia and the northwestern United States (U.S.), in the months of July, August and September. There was also more influence from ozone in the spring and summer than in 2016, though comparable to some other recent years. This may have been due to forest fire influence or summertime smog or a combination of both. Assessment under the Canadian Ambient Air Quality Standards (CAAQS) will

determine the causes, and identify if management actions are required. Wintertime air quality has improved slightly over the past few years. Overall in 2017, the provincial overall result remained high and consistent with previous years.



The number of air monitoring stations, using consistent monitoring technology and meeting data completeness requirements providing data was twelve in 2013, fourteen in 2014, fifteen in 2015, seventeen in 2016, and seventeen in 2017. A new air monitoring station introduced north of Edmonton in St. Albert did not meet data completeness requirements for 2016, resulting in data from that station being excluded from the 2016 results. In 2017, this station met completeness requirements and data is included in the results. A new air monitoring station in Airdrie began operating in April 2017, but data from this station was not included in the 2017 results as it did not meet the data completeness requirements. In addition, Woodcroft station in Edmonton had two months of missing Particulate Matter_{2.5} (PM_{2.5}) data due to an instrument failure, resulting in insufficient data being collected for the 2017 reporting year. The instrument failure issue has been resolved and it is expected that the monitoring station data will be included in the 2018 result.

The Air Quality Indicator is used to track the averaged air quality within urban centers of Alberta and provides an annual indication of air quality in the province. This indicator is complementary to the CAAQS which focus on a three year average of the highest occurring concentration levels of two major pollutants, fine particulate matter and ozone. The CAAQS has a reporting lag of approximately two years, but it does allow for comparison at the national level. The air quality indicator is used as an initial warning system, while the CAAQS provides in-depth specific information the Government of Alberta can utilize to develop air management plans, maintaining environmental health and ecosystem integrity in the province.

An Air Data Management Program has been initiated together with other Government of Alberta Ministries and the Alberta Energy Regulator. Project approval, including funding, was provided in early 2018. As part of the program, the Ambient Air Data Warehouse, where Alberta's air quality data is stored, will be undergoing updates. The updates will support improved air quality data collection for compliance with the 2016 Air Monitoring Directive, the most recent amended version of air monitoring guidelines and reporting policies.

In addition, several actions have been taken by Environment and Parks in 2016 and 2017 to address the Red Deer air zone exceedance of CAAQS PM_{2.5} in 2015. Industrial approvals in Alberta are normally issued for a ten-year period. To meet national air quality standards the Alberta Energy Regulator and Environment and Parks are requesting more stringent emissions standards be applied to all the industrial sources in renewal

applications that are in air zones at orange and red CAAQS management levels. Environment and Parks continues to carry out knowledge improvement activities including photochemical modeling and enhanced air monitoring in order to better understand the sources of PM_{2.5} in the region, and inform management actions. An Industrial Air Emissions Management Program to improve quantification of emissions by facilities is scheduled for delivery in 2018. Detailed information on emission sources and emissions controls will be collected in order to inform policy options and regulator decision making. Environment and Parks also undertook additional action in 2016 and 2017 to reduce PM_{2.5} in other urban regions of Alberta. Management plans for the North Saskatchewan, South Saskatchewan, Upper Athabasca, and Lower Athabasca regions were developed and released in October 2017. Air quality management frameworks (AQMFs) have been developed for the Lower Athabasca and South Saskatchewan regions. AQMFs are under development for the North Saskatchewan and Red Deer regions, and the AQMF for Lower Athabasca is under review. Under these frameworks, ambient air quality triggers and limits are established, with varying levels of management response available to be taken according to annual assessment against these triggers and limits.

Based on a jurisdictional review commissioned by Environment and Parks of international policy approaches and regulatory tools applied in areas requiring air quality management, the Government of Alberta will subsequently identify policy gaps and develop tools for air zones requiring CAAQS management plans. The Government is collaborating with industry, non-government organizations, and airsheds cross-provincially through the Clean Air Strategic Alliance (CASA) to provide recommendations for potential management actions on non-point source emissions such as transportation and wood burning.

1.b Species at risk:

Percentage of vertebrate species including mammals, birds, amphibians, reptiles and fish designated as 'at risk'.

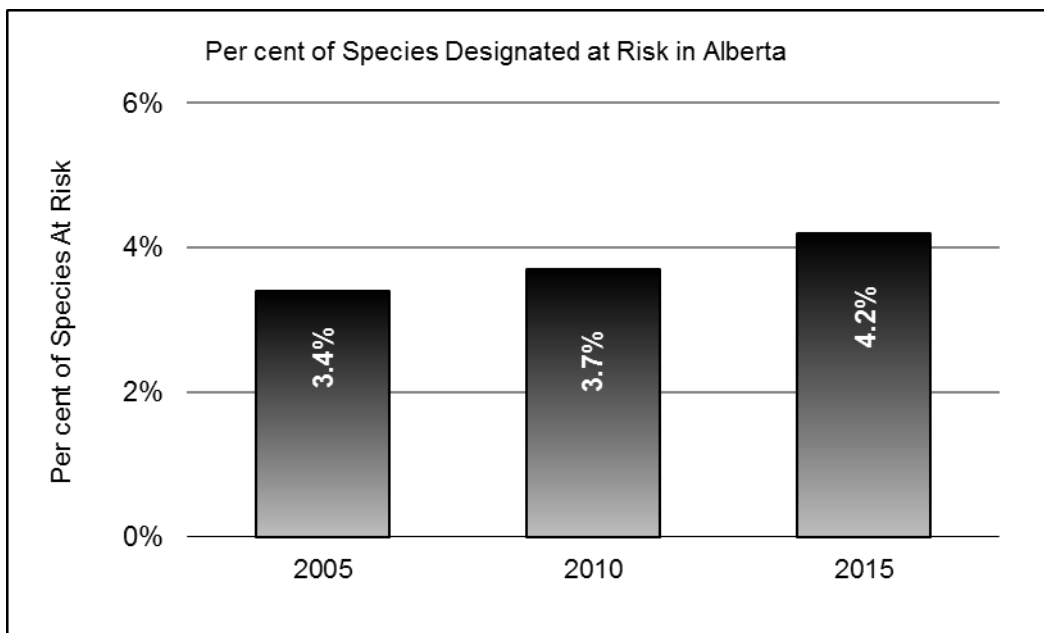
The species at risk results provide an important indication of the state of ecological integrity, biodiversity on the landscape and ecosystem health. Species more sensitive to change can exhibit population decreases that can result in a cascade of impacts which could affect other species, ecosystem components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

In 2015, 25 vertebrate species out of a total of 601, or 4.2 per cent, were identified as at risk. This is an increase in comparison to the 2010 and 2005 results. In 2010, 3.7 per cent of vertebrate species in the province were at risk (22 out of 589 species); in 2005, 3.4 per cent were identified as at risk (20 out of 585 species). The results indicate the number of species at risk has increased between reporting periods and the trend continues to gradually increase over time. Driving factors for the increase include habitat loss or degradation due to industrial development, increased recreational use, in addition to habitat destruction outside of Alberta for vertebrate species that leave the province during parts of the year. Another influencing factor is that over time new species are discovered, new data for species are incorporated, and new species enter the province, which causes the total number of species in the indicator to change over time.

In order for a species to be designated as at risk, a species must undergo a rigorous evaluation process. Identifying a species at risk begins with a General Status Report exercise which identifies if the species may be at risk, these species proceed to a detailed status assessment. The Alberta Endangered Species Conservation Committee and its Scientific Subcommittee (comprised of a wide variety of stakeholders, and biologists with expertise in fish, mammals, birds, amphibians, reptiles, invertebrates, and plants) review the detailed status assessment, along with species population trends, and apply criteria based on the risk assessment process designed by International Union for Conservation of Nature. Using this information the Committee makes recommendations directly to the Minister of Environment and Parks on the assessed status. The Minister reviews the recommendation and makes a decision to list a species as endangered,

threatened, or otherwise. Species that are designated as endangered or threatened are then legally identified as such under *Alberta's Wildlife Act* triggering the development of recovery plans.

In addition to the biological realities of some species, assessment work by the Endangered Species Conservation Committee (ESCC) has contributed to the increasing trend in the percentage of species at risk. Since the species at risk designation process was



initiated in 1999, there has been a backlog of potential species at risk that needed to be assessed to determine their status. During the 2010-2015 reporting period, the committee assessed up to three species a year which increased the result overall. For example, the increase in the percentage of species at risk between 2010 and 2015 was largely due to three fish species being classified as at risk, as well as one bird species (although one bird species, the Trumpeter Swan, was also declassified as at risk).

Climate change also has the potential to impact the mix and geographic distribution of biodiversity within Alberta. Whether this has negative, neutral, or positive effects on Alberta's vertebrate species populations remains to be seen. Overall it is expected that the percentage of species at risk will increase in the short to mid-term due to increased pressures on the landscape, and due to time and resources required for a species to recover back to naturally sustainable populations. Over the long-term it is anticipated the number of species at risk will stabilize and potentially decrease as management plans are implemented. Population recovery for many fish and wildlife species usually occurs over decades.

The ministry continues to work to improve the conservation outcomes for species at risk as an investment in the long-term sustainability of the province's environment and ecosystem integrity through species inventory and monitoring, habitat management and conservation, public education initiatives, and evaluation processes. Since 2010 the ministry has:

- Completed 19 Recovery Plans for 25 Species at risk and completed 14 Management Plans for 14 Species of Special Concern. Key recovery actions are being implemented for many of these species along with actions for six other Endangered and Threatened species for which recovery plans already existed.
- In 2014, the trumpeter swan was down-listed from Threatened to Special Concern.
- Undertaken several measures in support of caribou conservation including a strong provincial policy in relation to woodland caribou as well as an approved provincial recovery plan for this species. Range planning for woodland caribou continues to be a priority for the department.

- Implementation of the Alberta Greater Sage-Grouse Recovery Plan (2013-2018) including conservation actions to address the many factors affecting the survival of the greater sage-grouse. The greater sage-grouse is Alberta's most critically imperiled species.
- Improved coordination and communication on species at risk issues of mutual interest, Alberta and the federal government established the Canada-Alberta Species at risk Coordinating Committee in 2015.
- Added four other species to the Threatened species list in 2014 – bull trout, Athabasca rainbow trout, western grebe and pygmy whitefish. A recovery plan was prepared for Athabasca rainbow trout and planning has started for the three other species, with draft plans ready for public consultation for the pygmy whitefish and western grebe.

Additionally, some of the current initiatives that the ministry is undertaking include:

- Responding to the Species at Risk audit conducted by Corporate Internal Audit Services in 2017.
- Conducting a jurisdictional scan and gap analysis of private land stewardship programs available in Alberta to enhance species at risk conservation on private or leased lands.
- Planning enhanced recovery programs which will take into consideration a multi-species approach (where applicable). Enhanced recovery and implementation for westslope cutthroat trout and bull trout are underway. Pilot actions focus on mitigating threats from habitat, hybridization and competition.
- Approval was received in November 2017 from the Montana Fish and Wildlife Commission to translocate another 40 greater sage-grouse hens in spring 2018 in an effort to improve recovery of the species. Unfortunately, these efforts were suspended in spring 2018 because of late winter conditions in Montana. Efforts to undertake the translocation will be resumed in spring of 2019.

The ministry continues to work with other departments and many partners and Albertans to managing multiple land uses in Alberta, improve habitat restoration, minimize habitat loss and fragmentation, and reduce the risk of predation on several at risk species. Work with regulatory agencies continues to guide policy development which incorporates factors that protect vulnerable and endangered species.

1.c Total greenhouse gas emissions:

Total million tonnes of CO₂ equivalent (greenhouse gas) emitted from source categories.

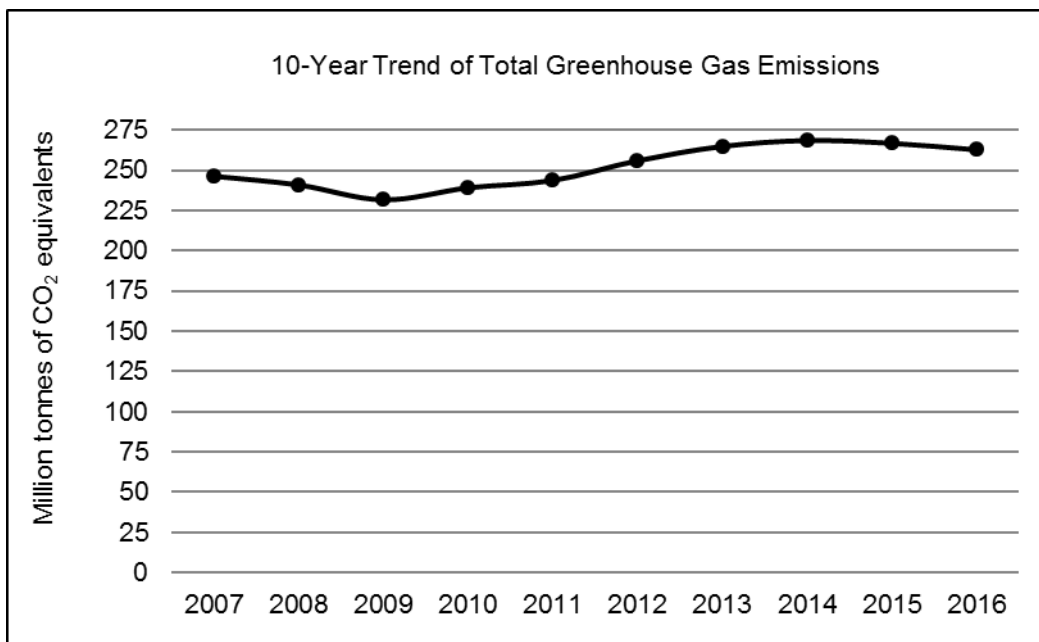
This indicator illustrates the trend in the amount of greenhouse gas released into the atmosphere in Alberta. Rising concentrations of greenhouse gas in the atmosphere from human-derived sources – such as vehicle exhaust, burning coal, industrial processes, and agriculture – trap solar radiation in the atmosphere and contribute to climate change impacts. These long-term impacts contribute to increased frequency and severity of droughts, floods, forest fires, and severe storms. Warming temperatures will decrease surface water resources and reduce the water and moisture content in the ground affecting the natural environment. The resulting changes may affect Alberta ecosystems by changing the present mix and spread of biodiversity and existing ecosystem services (e.g., food production, pollination, water purification, nutrient cycles and soil health). Climate change will have a range of consequences for Alberta's ecosystems impacting overall environment and ecosystem health and integrity.

The total greenhouse gas emissions performance indicator is based on an international standard (United Nations Framework Convention on Climate Change and the Intergovernmental Panel on Climate Change) that is recognized by the global community as a comparable and scientifically relevant method for measuring emissions. The indicator links to the Environment and Climate Change Canada commitments on climate change and allows for national and global comparisons. It is important to note the greenhouse gas emissions

indicator is reported with a one-year time lag due to the appropriate validation processes and complex level of calculations required to derive the results.

The indicator result showed a very moderate decrease from 267 megatonnes of CO₂ equivalent (greenhouse gas) in 2015 to 263 megatonnes in 2016. This decrease is mainly due to emissions decreases in electricity, upgrading, conventional oil, heavy industry, buildings, and agriculture despite increases from in situ and natural gas production and processing. The historic trend for this indicator reflects a general increase in emissions in

Alberta over time, however, the most recent results display a clear stabilization from 2013 to 2016, despite the fact that emissions increases from in situ oil sands production have steadily increased since 2000. The recent downward trend is forecasted to continue with the expected decreases in the



oil and gas sector's methane emissions and electricity sector emissions. These decreases are expected to be complemented by large industrial facilities' investment decisions in response to the incentive structure created by the *Carbon Competitiveness Incentive Regulation*, the pricing of carbon under the Pan-Canadian Framework and the expiry of the carbon levy exemption for upstream oil and gas. There are further reductions from building improvements in the residential, commercial and institutional sector and in transportation that are expected to occur as a result of the carbon levy and program incentives. There is also potential for further reductions in emissions through the impact of clean technology investments. Countering these decreasing trends somewhat, ongoing economic growth and growth in production from the oil sands sector in particular will put upward pressure on emissions.

Emissions vary significantly by province as a result of population, energy sources and economic structure. All else being equal, economies based on resource extraction will tend to have higher emission levels than service-based economies. Likewise, provinces that rely on fossil fuels for their electricity generation emit relatively more greenhouse gases than those that rely more on hydroelectricity. Historically Alberta and Ontario have been the highest emitting provinces. Since 2005, emission patterns in these two provinces diverged.

Emissions in Alberta increased from 231 Mt in 2005 to 263 Mt in 2016 (14 per cent), primarily as a result of the expansion of oil and gas operations. In contrast, Ontario's emissions have steadily decreased since 2005 (by 44 Mt or 22 per cent), owing primarily to the closure of coal-fired electricity generation plants. Quebec experienced a 9.2 Mt (11 per cent) decrease from its 2005 emissions level, while British Columbia had a decline of 3.2 Mt (5.1 per cent). Emissions in Saskatchewan increased by 7.4 Mt (11 per cent) between 2005 and 2016 as a result of activities in the oil and gas industry, potash and uranium mining, and transportation.

Emissions in Manitoba as well as Newfoundland and Labrador have also increased since 2005, but to a lesser extent (0.7 Mt or 3.5 per cent and 0.9 Mt or 8.7 per cent, respectively).

Provinces which have seen more significant decreases in emissions include New Brunswick (4.8 Mt, or a 24 per cent reduction), Nova Scotia (7.6 Mt, or a 33 per cent reduction) and Prince Edward Island (0.2 Mt, or a 10 per cent reduction).

Source: <https://www.canada.ca/content/dam/eccc/documents/pdf/climate-change/emissions-inventories-reporting/nir-executive-summary/National%20Inventory%20Report%20Executive%20Summary%202018.pdf>

Note: the indicator historical results have been restated due to a change in Environment and Climate Change Canada methodology (see the Performance Measures and Indicators Data Sources and Methodology section for further details).

Alberta introduced its Climate Leadership Plan in November 2015 as a made-in-Alberta strategy to reduce carbon emissions while diversifying the economy and creating jobs. Government is implementing an economy-wide price on carbon, transitioning from coal to lower emitting sources of electricity generation, capping emissions from the oil sands, and reducing methane emissions. Industry, particularly oil and gas, oil sands and electricity sectors, are key participants in improving Alberta's overall environmental performance.

While growth in emissions from the oil sands is expected, this is directly due to increases in production. The oil sands are an important part of Alberta's and Canada's economic prosperity and are being developed to meet a growing global energy demand. The Climate Leadership Plan will work with industry to implement new technologies that will take more carbon out of every barrel of oil.

The Government of Alberta is committed to provincial actions, including the development of an adaptation strategy to prepare the province and build resilience to the impacts of a changing climate. Government has confirmed this commitment in its endorsement of the Pan-Canadian Framework on Clean Growth and Climate Change, and by joining the Regions Adapt initiative at the United Nations Framework Convention on Climate Change 22nd Conference of the Parties (COP22). Alberta's Climate Leadership Plan has been designed to fit with current and future policy and economic realities.

1.d Municipal solid waste to landfills:

Kilograms of municipal solid waste, per capita, disposed of in public and private landfills.

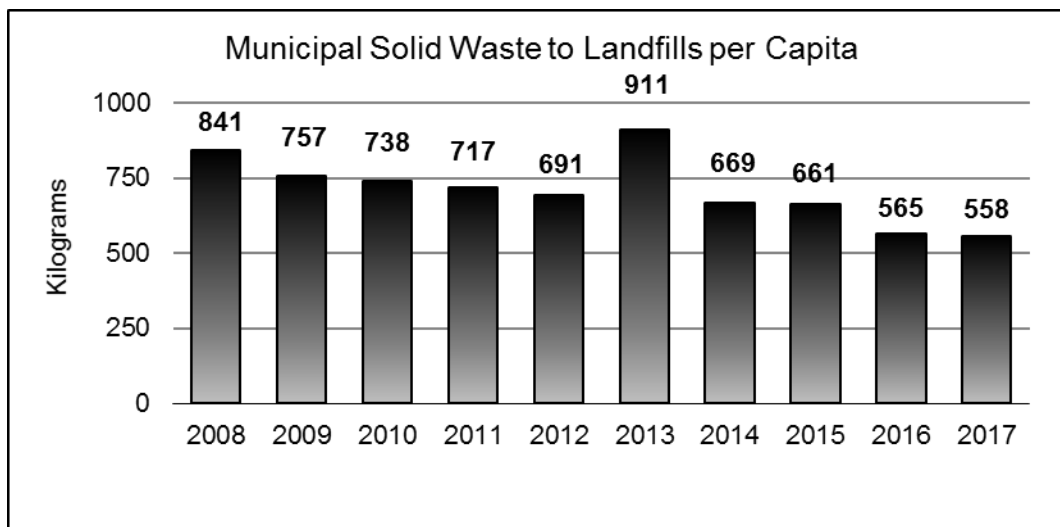
Per capita waste disposal numbers show how successful Albertans are in minimizing waste disposal which is connected to environmental impacts affecting land, air and water and the ecosystem. This indicator is used to represent the impact of waste on land, air and water which in turn impacts environmental health and ecosystem integrity. The quantity of waste disposed in landfills can affect landfill capacity, landfill lifespan, and land-use (the need for land to accommodate new landfills). Waste in landfills, if not managed appropriately can affect groundwater and surface water through contamination and air quality through the release of greenhouse gas emissions (methane gas) from the breakdown of organic waste. The indicator provides an estimation of the total kilograms of municipal solid waste per capita disposed of in Alberta municipal landfills. Municipal solid waste to landfills has shifted to a performance indicator as the results are highly influenced by external factors and the ministry has limited contribution toward achieving performance metric results. The 2013 actual is not reflective of historical trends due to the Southern Alberta floods.

The performance indicator includes residential waste from municipalities, and waste from industrial, commercial and institutional sectors, as well as waste from construction and demolition sectors that is disposed of in municipal landfills or participating private landfills. Historical waste disposal trends have shown a modest downward trend in per capita waste disposal. In 2017, the trend continued with a slight decrease in

the indicator results compared to the previous year. The downward trend has been occurring over the past 10 years.

Waste generation is strongly linked to economic activity and therefore during periods of economic slowdown the volume of waste is often lower as overall spending and development is reduced. It is too early to determine whether or not the indicator results are plateauing, but the next few year's results will determine whether the downward trend is ending. Another factor which may have contributed to the decreasing trend in per capita waste is the increased availability of recycling programs and efforts by individual municipalities to provide waste diversion programs.

The decrease between 2016 and 2017 (7 kilograms) was much smaller compared to the decrease between 2015 and 2016 (about 96 kilograms). In 2016 there was a much steeper drop in per



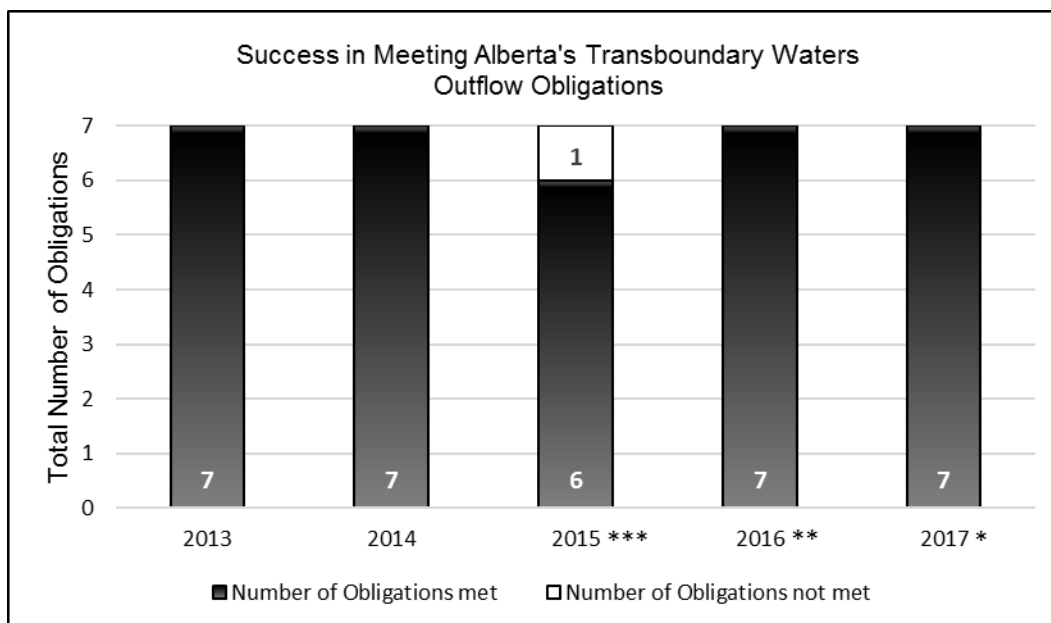
capita waste than in the previous years (with the exclusion of the anomaly seen in 2013 which represents elevated volumes of waste generated from the Southern Alberta floods) which may have been due to the economic downturn in Alberta. Natural disasters can impact the performance indicator; however, the 2016 Fort McMurray wildfires did not. This can be attributed in part to the expected increase in waste disposal being offset by a significantly lower number of residents in the area between May and September, and decreased volumes of waste resulting from an economic slow-down in the area for 2016.

The ministry currently influences the reduction of municipal solid waste disposed of in landfills through regulated recycling programs for beverage containers, electronics, tires, used oil materials and paint and a non-regulated program for household hazardous waste. These are administered through three delegated administrative organizations: the Beverage Container Management Board, the Alberta Used Oil Management Association, and the Alberta Recycling Management Authority, and through collaboration with local municipalities and landfills. The impact of these programs is an important part of the recycling industry in Alberta. The municipal solid waste to landfills performance indicator provides high level information to better understand the context for ministry waste diversion programs. Municipal solid waste disposal is complex and innovative approaches will be necessary in the coming years to continue reducing the amount of waste disposed in Alberta landfills. The ministry will be looking at options to update and modernize the waste regulatory framework. Next steps will be informed by department and Government of Alberta priorities. In 2015 the Canadian Council for Ministers of the Environment (CCME) adopted the vision that Canada would become a world leader in waste management. Work is underway to identify a Canadian per capita waste disposal target. If CCME Ministers agree to a target, it may result in jurisdictions taking new actions to reduce per capita waste disposal. In Alberta, this could support the development of a new strategy and actions for waste reduction in Alberta.

1.e Transboundary waters outflow obligations:

Number of inter-provincial and international transboundary rivers for which Alberta delivers its river water quantity outflow obligations, out of the total number of outflow obligations.

River water quantity in Alberta is managed to meet inter-jurisdictional water outflow obligations for the Milk River entering Montana, in accordance with the 1909 Boundary Waters Treaty, and the '1921 Order of the International Joint Commission (IJC) on the Division of the Waters of the St. Mary and Milk Rivers' (1921 Order). There are also outflow obligations for key waters (streams, creeks or rivers) entering Saskatchewan in accordance with the Master Agreement on Apportionment, 1969 (Prairie Provinces). The agreements are based on the guiding principles of equitable utilization of available flows. The available flows are a portion of the natural water supply, which vary based on environmental conditions. Alberta works in partnership with water users and inter-jurisdictional partners towards achieving sustainable water supplies and healthy aquatic ecosystems. In 2006, Alberta implemented the South Saskatchewan River Basin Water Management Plan intended to manage water use in the basin in the interest of long-term sustainability; under the management plan no new licence applications are accepted in the basin. The plan considered extensive historical water supply data, water uses, ecosystem needs, and downstream obligations.



**Interim data provided by the Prairie Provinces Water Board Secretariat (PPWB Secretariat) and the International Joint Commission (IJC) Field Representatives have been used to populate the 2017 results for the Milk River, Lodge Creek, Middle Creek, Cold River and the South Saskatchewan River. 2017 results for Battle Creek and the North Saskatchewan River were estimated from historical use of apportioned flow of those rivers, historical water use, current water use, and professional judgement.*

***Interim data from IJC Field Representatives have been used to populate the 2016 results for the Milk River.*

****Historical results for 2015 and prior are based on final data provided by the Prairie Provinces Water Board and the International Joint Commission Accredited Officers.*

The five year trend for the performance indicator demonstrates that Alberta Environment and Parks has consistently met its inter-jurisdictional water outflow obligations with the exception of 2015. In 2015, the Milk River did not meet the outflow obligation.

Both the St. Mary and Milk rivers originate in the U.S. The U.S. utilizes St. Mary River flows through a storage dam in the headwaters, and also by diverting some of the St. Mary River flow into the Milk River for downstream irrigation in eastern Montana. Alberta relies on the Canadian share of the St. Mary River to flow north for irrigation and other water uses. The Milk River travels north and east through Canada and then back south into Montana, U.S. Alberta's irrigators use Milk River water by pumping it directly from the river; there are no storage reservoirs in Alberta for irrigation use.

Under an agreement titled the '2001 Canada-U.S. Letter of Intent' (LOI), the U.S. may incur a deficit on the St. Mary River in the spring, which then allows Canada to incur a deficit in the summer on the Milk River. The LOI is mutually beneficial but is dependent on environmental conditions and the available capacity of U.S. infrastructure to divert water.

In 2015, the U.S. did not incur a deficit delivery to Canada on the St. Mary River in the spring (i.e., the LOI was not used). Milk River irrigators in Alberta were allowed to continue withdrawing water from the Milk River incurring a deficit by Canada to the U.S. It was predicted that deficit could be balanced by a deficit on the St. Mary River incurred by the U.S. later in the season. However, hydrologic conditions were such that the U.S. was unable to incur a late season deficit on the St. Mary River leaving Canada with a small deficit to the U.S. on the Milk River.

In 2017, the U.S. also did not incur a deficit delivery to Canada on the St. Mary River in the spring. In the Milk River basin, spring runoff was early and flows were high. Very little rain fell after the spring runoff, resulting in rapid drying and extreme drought in southern Alberta and Eastern Montana. U.S. water storage was rapidly being depleted, raising concerns there would be insufficient supply to meet irrigation and municipal needs, and by mid-July Canada had already accumulated a deficit to the U.S. on the Milk River. Trading a deficit later in the season was not predicted to be possible. A shutdown of Alberta irrigators was the resulting decision by the officers of the IJC. A similar shutdown of irrigation occurred in Montana. The shutdown of irrigation from the Milk River basin in southern Alberta and in Montana resulted in economic loss for irrigators in both jurisdictions. The 2017 shutdown of irrigation enabled Alberta to meet its water outflow obligations for 2017.

Montana and Alberta have been working collaboratively on a Joint Water Management Initiative to explore options to better use the shares of the two rivers. Also in 2017, Environment and Parks is working in partnership with interjurisdictional agencies to improve monitoring, computational processes, forecasting, and communication processes to ensure Alberta water users are informed of current conditions as quickly as possible.

Key Strategy 1.1: Continued implementation of Alberta's Climate Leadership Plan through collaboration between the Climate Change Office and ministries to:

- a. protect the health of Albertans by phasing out emissions from coal-fired sources of electricity and develop cleaner sources of energy generation;
- b. implement a carbon levy on fuels that emit greenhouse gas when combusted and reinvest revenue into rebates, energy efficiency programs, and into economic diversification;
- c. implement a legislated oil sands emission limit; and
- d. employ a new methane emission reduction plan.

The Climate Leadership Plan (CLP), which was introduced November 2015 provided a clear, credible, made-in Alberta strategy to reduce greenhouse gas emissions while diversifying the economy, creating jobs, protecting the health and well-being of Albertans and supporting environment and ecosystem health and integrity. The four main strategies forming the foundation of the CLP and the significant policy work completed in 2017-18 are outlined and described in the four sub-strategies below.

In 2017-18 the Alberta Government, through the collaborative efforts of several Alberta Government ministries and external agencies, implemented over sixty climate leadership policies and programs. Implementation was

managed and coordinated by the Ministry of Environment and Parks through the Alberta Climate Change Office (ACCO). The ACCO developed and implemented rigorous planning, monitoring, reporting, and performance measurement for the CLP and its programs and initiatives. The office also provided support required to secure funding for climate leadership programs and initiatives. In December 2017 the ACCO publically released the CLP Progress Report 2016-17 which provides a detailed update on what Alberta is achieving in its one to five-year CLP action areas and on the programs and initiatives designed to achieve CLP outcomes.

Engagement with key stakeholders is a key element of the role ACCO plays in implementing the CLP. Over the last year ACCO has worked extensively with municipal governments, Indigenous communities, non-profit, voluntary and other non-governmental organizations, academia, and industry stakeholders to provide information and receive feedback on impacts and opportunities related to the implementation of the CLP. This work included technical workshops with industry groups on the design of the new *Carbon Competitiveness Incentive Regulation* further described in Sub-strategy 1.1b and expert workshops and plenary sessions to identify and develop policy options related to implementation of the oil sands emissions limit (see sub-strategy 1.1 c).

Alberta continues to actively engage with the federal government and advocate for its own unique circumstances as the *Pan-Canadian Framework on Clean Growth and Climate Change* endorsed by First Ministers (excluding Saskatchewan and Manitoba) in December 2016 is being implemented. As a signatory to the Pan-Canadian Framework Alberta is eligible for funding from the Low Carbon Economy Leadership Fund. This allowed the ACCO to play a lead role in the province leveraging nearly \$150 million in matching funding from the fund over four fiscal years. An active participant in the ongoing collaborative work to support the Pan-Canadian Framework, Alberta participates in a number of cross-jurisdictional project teams to collaborate on specific climate change projects including work to improve measurement and reporting on emissions across jurisdictions. In addition to the Alberta government's work with the federal government, Alberta has been a signatory to several international agreements and initiatives to help bring investment to Alberta and highlight what Alberta has to offer the world. These include the United Nations Association of Canada, the Climate Group's States and Regions Alliance and Energy Transition Platform, Regions Adapt, States and Regions Future Fund, the Climate Registry, the Climate Action Reserve, Powering Past Coal Alliance, Paris Declaration on Carbon Pricing in the Americas and a Memorandum of Understanding with China's National Development and Reform Energy Research Institute.

Sub-strategy 1.1a Protect the health of Albertans by phasing out emissions from coal-fired sources of electricity and develop cleaner sources of energy generation;

The Climate Leadership Plan committed to phasing out coal emissions by 2030. In 2017-18 the ACCO supported and coordinated the implementation of several climate leadership renewable energy programs, managed and delivered by other Ministries including the Renewable Electricity Program (Alberta Energy) and the Indigenous Climate Leadership Initiative (Indigenous Relations), among others.

In September 2017 the Bioenergy Producer Program was completed. This included payments to 27 grant holders, which supported the production of 380,000 MWh of dispatchable renewable electricity, 19 million litres of liquid biofuels, over 1.7 million gigajoules of avoided natural gas consumption for process heat and resulted in an estimated 0.45 million tonnes of CO₂ equivalent GHG emission reduction.

Sub-strategy 1.1b Implement a carbon levy on fuels that emit greenhouse gas when combusted and reinvest revenue into rebates, energy efficiency programs, and into economic diversification;

A key policy of the CLP is implementation of a new carbon price. It is considered the most market-friendly and cost-effective way to reduce GHG emissions that cause climate change. Alberta's carbon pricing includes both the pricing of large industrial emissions and the pricing of economy-wide emissions resulting from

transportation and heating fuels. Implemented January 2017, the carbon levy prices emissions from transportation and heating fuels.

As part of implementing an economy-wide price on carbon, in 2017-18 the ACCO implemented the *Carbon Competitiveness Incentive Regulation* (CCIR) that transitioned large industrial emitters from the *Specified Gas Emitters Regulation* to an output- or product-based approach. This approach rewards facilities with best-in-sector performance, encourages innovation, and maintains industry competitiveness in a low-carbon global economy. The revenue from carbon pricing is being reinvested in programming that will reduce carbon emissions while diversifying Alberta's economy and creating jobs.

In 2017-18 Energy Efficiency Alberta launched five programs to help Alberta homes, businesses and non-profits save money, reduce their energy consumption, install renewable energy systems, and help create jobs in the province's growing energy efficiency sector. The ACCO also provided a grant to the Alberta Urban Municipalities Association for Municipal Climate Change Action Centre programming to advance energy efficiency initiatives in municipalities and communities.

The ACCO also implemented the Community Environment Action Grant program that provided grants to non-profit groups to design and deliver evidence-based education projects to support Albertans, young and old, rural and urban, to better understand and address climate change. Twenty-six applications from non-profits were selected for grant funding. Over 20,000 Albertans were reached through grant recipients' activities in 2017-18.

Finally, the ACCO provided further funding to Emissions Reduction Alberta to support innovative projects that will reduce greenhouse gas emissions, and improve cost competitiveness in Alberta's energy intensive and trade exposed industries.

Sub-strategy 1.1c Implement a legislated oil sands emission limit;

In 2016 an oil sands emission limit of a maximum 100 megatonnes per year was legislated in response to joint recommendations by Canadian and international leaders in Alberta's oil sands industry and environmental organizations. A cap increases the incentive to drive technological progress while ensuring Alberta's operators have the necessary time to develop and implement new technology to reduce the carbon output per barrel of oil produced, helping drive reductions in Alberta's overall emissions trajectory. On June 16, 2017, the Oil Sands Advisory Group met with members from industry, environmental nongovernmental organizations, and Indigenous and non-Indigenous communities and submitted its recommendations to the Alberta Government for implementation of the oil sands emissions limit. Expert workshops and plenary sessions were subsequently held to identify and develop policy options to build on the recommendations.

Sub-strategy 1.1d Employ a new methane emission reduction plan

Alberta is targeting a 45 per cent reduction in methane emissions from upstream oil and gas operations (excluding oil sands mining) by 2025 from 2014 levels. The ACCO is collaborating with the Alberta Energy Regulator and the Department of Energy as work on the methane strategy continues.

Key Strategy 1.2 Ensure environmental protection, conservation and ecosystem integrity through:

- a. regional and sub-regional land-use plans including development of environmental management frameworks for the North Saskatchewan Regional Plan and implementation of actions in response to the Lower Athabasca Regional Plan Panel Review Report;
- b. air quality management action plans to address the *Alberta: Air Zones Report 2011-13*, which is based on Canadian Ambient Air Quality Standards;
- c. contribution to Canada's international commitment that at least 17 per cent of terrestrial areas and inland waters are conserved through networks of protected areas and other effective area-based measures;
- d. development and implementation of an expanded provincial monitoring and reporting network that supports access to scientific data and information on Alberta's ambient environmental conditions and trends and is informed by traditional ecological knowledge and the independent Science and Indigenous Wisdom Advisory Panel recommendations;
- e. development of an ecosystem services policy framework;
- f. on-going collaboration among ministries and agencies associated with implementation of the Integrated Resource Management System;
- g. supporting the Ministry of Energy with the orphan well liability and hydraulic fracturing review;
- h. ensuring grazing lease objectives are communicated and monitored;
- i. updating provincial waste management through revisions of waste control regulations and implementation of contaminated sites guidance document; and
- j. implementing an external stakeholder engagement strategy.

1.2a Regional and subregional land-use plans

Alberta's Land-use Framework (LUF), released in December 2008, sets out the approach to managing our province's land and natural resources to achieve Alberta's long-term economic, environmental and social outcomes. The LUF, supported by the *Alberta Land Stewardship Act*, guides establishment of seven land-use regions and regional plans for the province.

Regional land-use plans help ensure environmental protection, conservation and ecosystem integrity by setting desired environmental, social and economic outcomes and objectives for each region using a cumulative effects management approach. Plans also establish new or expanded conservation and recreation areas, environmental management frameworks and environmental thresholds. The plans then regulate specific strategies and actions to enable achievement of the desired regional outcomes and objectives.

A critical component of land-use plans are Environmental Management Frameworks; currently focused on air quality, biodiversity, groundwater, surface water quality, surface water quantity, and tailings. These frameworks will proactively manage cumulative effects within a planning region. They add to and complement, not replace, existing policies, legislation, regulations and management tools.

Regional Plans and associated Environmental Management Frameworks help the ministry demonstrate progress towards achieving environment and ecosystem health and integrity in Alberta while concurrently contributing to desired social and economic outcomes.

The development and implementation of land-use regional plans is coordinated by the Land Use Secretariat and is focused on ongoing implementation of the following plans.

North Saskatchewan Region

North Saskatchewan Regional Plan (NSRP) – Development of the NSRP continued in 2017-18. This included a continued focus on development of Environmental Management Frameworks for air quality, surface water quality and biodiversity. Further engagement and consultation on management framework development will take place as part of overarching regional plan development. Engagement with First Nations and Métis communities continued in 2017-18.

North Saskatchewan Region Lake Watershed Management Plans – Environment and Parks has consistent well-defined interests in managing lakes through legislation and policy. In addition, both scientific information and anecdotal evidence collected from lake communities have significantly raised awareness about issues such as water quality, lake levels, fisheries, invasive species and managing conflicts between development and recreation. This work will help the ministry guide and proactively address these issues by taking a leadership role and bring together all relevant stakeholders to facilitate better long-term management of human impacts on lake watersheds. Approximately \$39,800 was spent on creating a geographic information systems (GIS)-based database of North Saskatchewan Region lakes and their watersheds to fill basic information needs as well as to support development of a planning prioritization system. Finalizing the Pigeon Lake Summary of Science was budgeted at \$10,000 and completing a water quality trend analysis for Wabamun Lake was budgeted at \$10,000.

In 2017, the draft Pigeon Lake Watershed Management Plan (PLWMP) was completed in collaboration with the Pigeon Lake Watershed Association and the Alliance of Pigeon Lake Municipalities. A strategy for advancing lakes watershed management has been included in the North Saskatchewan Regional Plan to maintain or improve the ecological health of lakes. Significant involvement from the Pigeon Lake Watershed Association and the Alliance of Pigeon Lake Municipalities was critical to drafting PLWMP recommendations and conducting engagement with stakeholders and First Nations in the watershed. Development and implementation of watershed management plans is currently voluntary. Work to integrate these types of plans into the provincial/municipal planning systems and to implement them through the regional planning process is an ongoing challenge.

Lower Athabasca Region

Lower Athabasca Region Plan (LARP) – Government has made a commitment to improving the LARP. The revised plan will include response(s) to comments and recommendations provided through the Lower Athabasca Regional Plan Review process and new or updated government strategies to achieve regional outcomes. Consultation to incorporate Indigenous people's values and interest into the plan continues with First Nations and Métis communities.

Biodiversity Management Framework (BMF) – Work continues to finalize the Lower Athabasca Region BMF. Development of the BMF has been challenging, as the approach is new and has had to address the inherent challenges in measuring and understanding biodiversity change. Extensive scientific and technical work has been required in order to ensure that the BMF will support regional biodiversity objectives and meet appropriate standards for scientific rigour. This work will be ongoing through implementation as approaches are refined. Substantial work has also been done to ensure stakeholder and Indigenous peoples input are reflected in the framework. An extensive three-phase engagement process started in 2014-15 during initial development of the framework. This has included workshops with stakeholders and Indigenous peoples, as well as a series of one-on-one meetings as requested. The Government of Alberta continues to work to address concerns raised by Indigenous peoples through the Lower Athabasca Regional Plan Review process. The BMF plays a key role in management of land use impacts on the cumulative effects to regional biodiversity as demonstrated through the 2013 Jackpine Mine Expansion decision by the Joint Review Panel of the Alberta Energy Regulator and Environment Canada.

Moose Lake 10 Kilometre Management Zone Plan – The Draft Moose Lake 10 kilometre (km) Management Zone Plan will provide land-use direction to regulators, and land and resource users. This direction will help address Fort McKay First Nation's concerns regarding development pressures adjacent to their Moose Lake Reserves (i.e., lands within a 10-km radius of the perimeter of the Moose Lake Reserves) while recognizing other stakeholder interests. The Government of Alberta and Fort McKay First Nation have been working collaboratively to prepare a draft plan. The draft plan is guided by the recommendations developed by co-leads under the January 2016 Collaborative Agreement and documented in the Moose Lake Special Management Zone - Final Recommendations – July 2016. In March 2018, engagement on the draft plan was held with stakeholders and Indigenous peoples. Results from this engagement process will inform development of a final plan. Maintaining ecological integrity and traditional use opportunities is the primary management intent in this area. This will be supported through the application of disturbance limits and other management direction stated in the plan.

Landscape Management Plan (LMP) – This plan will integrate and consolidate planning initiatives currently in progress, as well as future planning initiatives needed to meet the environmental, economic and social outcomes for the region. The plan's primary objectives are to:

- manage the region's industrial footprint and planned land disturbance;
- support Indigenous interests and priorities; and
- ensure public motorized access is sustainable within the region.

In late 2016, there was a shift in planning priorities to caribou range planning with the intent to resume work on the LMP after caribou range planning in the northeast is complete. Currently, caribou range planning and the Moose Lake 10 km Management Zone Plan are in progress. As these plans, future subregional, and issue specific plans are completed, important land management direction will be carried forward to the LMP. The Moose Lake 10 km Management Zone Plan and subsequently the broader Moose Lake subregional Plan will be considered the first phase of the LMP. The strategies developed for each plan (including the northeast caribou range plans) will be checked for alignment with the region's biodiversity objectives and other environmental, economic and social values. Where strategies are misaligned, the LMP will try to balance them over the larger planning area. Public, stakeholder and Indigenous engagement will occur where adjustments are made.

The LMP has evolved significantly since work began in 2014. Its evolutionary path is attributed to the complexities associated with managing the extent and duration of industrial and human footprint, and conserving biodiversity. Department priorities such as the Moose Lake 10 km Management Zone Plan, caribou range planning, as well as the learnings from the LMP stakeholder and Indigenous engagement between 2014 and 2016, and other regional planning exercises, have all played a significant role in shaping the LMP.

South Saskatchewan Region

Biodiversity Management Framework – The ministry's work on development of the Biodiversity Management Framework for the South Saskatchewan region continued in 2017-18. This work follows environmental management framework models found in other regional plans in Alberta.

Land Footprint (formerly Linear Footprint) Management Plan for the Livingstone and Porcupine Hills areas – Due to its significant ecological value, the Livingstone-Porcupine Hills was identified by the South Saskatchewan Regional Plan (SSRP) as a priority for footprint management planning. The Land Footprint Management Plan will set direction for cumulative motorized access and disturbance, and include management actions based on the best available science and Indigenous knowledge. The SSRP also identified the need to establish Public Land Use Zones (PLUZ) in the Livingstone-Porcupine Hills to reduce land use impacts on ecological values. Establishment of the PLUZ's and release of the Land Footprint Management Plan is anticipated by June 2018.

Culture and Tourism, Environment and Parks and Indigenous Relations are working in partnership with Treaty 6 and Treaty 7 Nations in collecting traditional ecological knowledge/traditional land use field information. Data will be used to assist planning and management activities within the Castle Wildland Provincial Park, Castle Provincial Park, and Public Land Use Zones for the Livingstone and Porcupine Hills areas. Spatial and non-spatial data will continue to be collected for management purposes including footprint planning, parks management, outdoor recreation management and historic resource management.

Feedback from Government of Alberta and stakeholder engagement sessions including, local Indigenous knowledge, has also been incorporated into the draft management plan.

Representation at the stakeholder engagement sessions for the Livingstone-Porcupine Hills Land Footprint Management Plan has been a targeted process to ensure a wide range of views from environmental organizations, landowners, municipal representatives, industry and recreationists, both motorized and non-motorized. Throughout the development of the Livingstone-Porcupine Hills Land Footprint Management Plan there has been collaboration with other planning initiatives to ensure stakeholder awareness and understanding (e.g., Castle parks planning process, recreation management planning).

Stakeholders have consistently expressed understanding of the need to manage the amount of human disturbance on the landscape in order to meet environmental outcomes. Therefore, the plan works towards establishing motorized access limits that apply to both motorized roads and motorized trails. The density thresholds proposed within the plan are not considered 'work-up-to' targets, but rather limits under which proactive and targeted planning of motorized access needs to be accomplished using a suite of tools; including mandatory Integrated Land Management and restoration.

Public Land Use Zones (PLUZ) in Alberta's Green Area – The public land management guidance associated with these zones helps land managers better protect and conserve Alberta's public land; especially in areas like the Livingstone and Porcupine Hills. The rich biodiversity and stunning vistas of these two areas mean they require this additional protection so they can be enjoyed for generations to come.

The new Castle parks and the anticipated establishment of PLUZ's in the Livingstone and Porcupine Hills areas will provide valuable opportunities to coordinate management and provide stronger protection of the Castle headwaters.

Lower Athabasca Region and South Saskatchewan Region Environmental Monitoring and Reporting

The cycle of environmental monitoring, reporting, and response associated with the environmental management frameworks developed under regional plans is part of the Government of Alberta's commitment to managing cumulative effects, and is part of the core business of the ministry.

These frameworks provide context within which decisions about future activities and management of existing activities will occur. Currently, the following environmental management frameworks are in place: Lower Athabasca Air Quality, Surface Water Quality, Surface Water Quantity, Groundwater, and Tailings (reported on by the Alberta Energy Regulator) and South Saskatchewan Air Quality and Surface Water Quality. Reporting on the Status of Ambient Environmental Condition and Status of Management Response(s) is completed on an annual basis for the air and surface water management frameworks.

These reports communicate environmental conditions in relation to thresholds (e.g., triggers and limits) and any actions undertaken in response to environmental conditions crossing thresholds identified in the frameworks.

Annual reporting on air quality and surface water quality from 2015 and 2016 indicated the South Saskatchewan Region showed no limits were exceeded for air quality and no limits were exceeded for eight of the nine surface water quality monitoring stations. The Milk River Hwy 880 station reported a total dissolved solids exceedance in the winter of 2016. The limit is based on guidelines for irrigation, and an investigation is being undertaken to better understand the source and any associated risk.

There is early indication the observed concentrations are consistent with historical concentrations and may be a natural occurrence, and irrigation is not known to occur in winter in this watershed. Therefore, the associated risk from the observed limit exceedance is low. Additional investigation will continue into trigger exceedances for some air and surface water quality indicators to better understand patterns and sources of those exceedances.

This is the fifth year of reporting on the air quality and surface water quality management frameworks for the Lower Athabasca Regional Plan (plan was approved in 2012), and the first year of reporting on the surface water quantity management framework for the Lower Athabasca Region (in effect since 2015). No triggers or limits were exceeded under the Surface Water Quantity Management Framework for the Athabasca River and no limits were exceeded under the Surface Water Quality or Air Quality Management Frameworks. An investigation will continue to determine sources and patterns for surface water quality and air quality trigger exceedances. In addition, an engagement process has been initiated to ensure that stakeholders and Indigenous peoples are able to provide input into air quality management responses for the region.

In response to recommendations in the Lower Athabasca Regional Plan Review Report the department has improved the timeliness and transparency of reporting on environmental management frameworks.

Regional Plans in Alberta Parks

Environment and Parks works with other ministries in developing and implementing regional plans to ensure environmental protection, conservation and ecosystem integrity. This includes involvement in multiple committees, external engagements and review of cross-ministry reports, briefings and other written materials.

Exploring opportunities for cooperative management in specific parks aligns with the commitment by government to enhance and strengthen the relationship and involvement of Indigenous peoples in land-use planning and management, and supports the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). A key aspect is also supporting economic opportunities to Indigenous communities through tourism and cultural experiences within parks.

An area of specific focus for Environment and Parks in 2017-18 was working with Indigenous communities on regional plan implementation. Ongoing discussions at the Lower Athabasca Regional Plan (LARP) First Nations Working Group and Métis Workshops, led by the Land Use Secretariat, regarding involvement and participation of Indigenous peoples in regional planning occurred in 2017-18 and will continue in 2018-19. As part of enhancing relationships and collaboration with Indigenous communities, discussions have continued on exploring cooperative management approaches for the Birch Mountains and Richardson Wildland Provincial Parks located in the region. This included an engagement meeting being held with the Athabasca Chipewyan First Nation in December 2017 in Fort McMurray and a cooperative management presentation being provided to the Treaty 8 Environmental sub-table in January 2018. Additional meetings with Indigenous nations and communities, including Fort McKay, were held in February 2018. The Alberta Government anticipates implementing Orders in Council for LARP Parks and formalizing its commitment to cooperative management of parks with First Nations by June 2018.

Additional resources and capacity to support work for exploring collaborative opportunities with Indigenous communities will be important to consider, as this is a key aspect of land use planning. Work will continue on the cooperative management pilot projects within the Lower Athabasca Region for the Birch Mountains and Richardson Wildland Provincial Parks and continued engagement is forthcoming in 2018-19. There may be the opportunity to consider cooperative management approaches, depending on resources and capacity, in other specific areas.

Planning is under way for the North Saskatchewan Regional Plan.

Water Management Planning – Wapiti Water Management Plan

The Wapiti River watershed is home to the City of Grande Prairie, one of the fastest growing communities in Alberta, as well as numerous other smaller population centers and Aboriginal settlements. In addition to the thriving urban growth, this area supports very active forestry and agricultural sectors and a flourishing oil and gas industry. The Wapiti River is an important source of water for all of these uses, and continued population growth and economic development will be highly dependent on a reliable quantity and quality of water from this river. The Wapiti River receives continuous industrial and municipal effluent discharges as well as other point and non-point source pollution. These, together with water diversions and withdrawals, affect the physical, chemical and biological characteristics of the Wapiti River aquatic ecosystem, especially during periods of low flow. Such changes also affect human use of the aquatic resources.

Balancing consumption and protection presents a management challenge. In response, Alberta Environment and Parks, in collaboration with local key stakeholders, has established the Wapiti River Steering Committee, and together they have initiated a Water Management Plan for the Wapiti River system to support present and future economic and social activities while managing and protecting aquatic resources.

The Wapiti River Water Management Plan is intended to provide guidance and direction to balance the needs of municipal water supply, industrial water uses and the protection of the aquatic environment in the Alberta portion of the Wapiti River (shared with British Columbia). The draft plan has been developed according to the guidelines of Alberta's Framework for Water Management Planning and the *Water Act*. The department will consider the recommendations of the draft plan when making water allocation decisions under the *Water Act*, and where appropriate, under the *Environmental Protection and Enhancement Act*. The principal recommendations of the draft plan encompass both actions that are the legislated responsibility of the department under the *Water Act*, and actions that are best developed and implemented through collaborative process. The key highlight of the draft plan is the consensus recommendation of water conservation objectives (WCOs) under the *Water Act* to balance the amount of water available for allocation to human needs and the amount of water required to maintain the health and integrity of the aquatic ecosystem. The plan also recommends and sets the stage for future watershed management planning priorities for the Wapiti River basin to support the achievement of the water conservation objectives.

The intent of developing the Wapiti River Water Management Plan is to provide secure and reliable drinking water supply for the City of Grande Prairie and surrounding communities; providing reliable water supply for future economic development and water-based recreational activities; and maintaining a healthy aquatic ecosystem.

1.2b Air quality management action plans to address the Alberta: Air Zones Report 2011-13

During the 2017-18 fiscal year Environment and Parks continued to develop air quality action plans to address the Air Zones Report 2011-13. This included carrying out knowledge improvement activities including photochemical modeling and enhanced air monitoring in order to better understand the sources of particulate matter (PM_{2.5}) in the region, and inform management actions. Through these activities, the department ensured environmental protection, conservation and integrity contributed to sound ecosystem health and integrity. The air quality modelling study cost approximately \$100,000.

The results of this modelling project indicated that the main source sectors of PM_{2.5} and precursors that affect the Red Deer area were upstream oil and gas; on-road transportation; other point sources (including refineries, chemical, and fertilizer operations); and coal-fired electricity generation. This modelling project, focused on Red Deer area air quality issues, is being expanded to cover the entire province. Results are expected in the 2018-19 fiscal year.

In late 2017, Environment and Parks and Energy participated in a multi-stakeholder process facilitated through the Clean Air Strategic Alliance (CASA) to develop a new nitrogen oxides emission standard for coal-

fired electricity boilers modified to exclusively burn natural gas. The working group delivered a consensus agreement in only six weeks that was endorsed by the CASA Board of Directors in mid-December 2017 and formally announced by the Department in February 2018.

In 2016-17 Environment and Parks continued to address the Red Deer air zone exceedance of Canadian Ambient Air Quality Standards (CAAQS) PM_{2.5} experienced in 2015. As industrial approvals in Alberta are normally issued for a ten-year period, the Alberta Energy Regulator and Environment and Parks have requested more stringent emissions standards be applied to all the industrial sources in renewal applications that are in air zones at orange and red CAAQS management levels. Additional air quality modelling is being undertaken to look at the entire province. Results from this study will be used to inform regional and provincial management action plans. The cost of this study is approximately \$140,000 and will be completed by mid-2018. In 2016, Environment and Parks initiated a three-year monitoring program using particulate matter mass monitors in three locations in the Red Deer area, including Riverside Drive, Lancaster, and a new location using a portable monitor at Horn Hill southeast of Red Deer. This portable station began monitoring in December 2016.

The Red Deer air zone Fine Particulate Matter Response Government of Alberta Action Plan was released in April 2016 and includes enhanced monitoring in the Red Deer urban region to determine the composition of particle matter, in early 2017 (an air quality management action plan is required within two years of exceedance of CAAQS “red” status).

A provincial Industrial Air Emissions Management Program will be developed for delivery in 2018 to improve quantification of emissions by facilities in order to inform policy options and regulator decision making.

As the transportation sector is also a large contributor to air emissions, the ministry is looking to improve its understanding of emissions from road vehicles with a roadside emissions monitoring program called Roadside Optical Vehicle Emission Reporter (ROVER) III, building on similar work done in 1998 and 2006. This project is targeted to begin in the 2018-19 fiscal year and will help the ministry understand how vehicle emissions are changing over time so it can appropriately target actions.

Management plans for the zones assigned to the orange level (North Saskatchewan, South Saskatchewan, Upper Athabasca, and Lower Athabasca) were developed and released in October 2017. At this time, the Red Deer plan was updated, and a proactive plan for the Peace zone, which was assigned to the yellow level, was developed. These management plans include the CAAQS Response Action Plans for the following air zones: Lower Athabasca Region; North Saskatchewan Region; Peace; Red Deer; South Saskatchewan; and Upper Athabasca.

Environment and Parks also commissioned a jurisdictional review of international policy approaches and regulatory tools applied in areas requiring air quality management. The results of this review were publicly released in 2016. In 2017-18 these results were used by the Government of Alberta to continue identification of policy gaps and development of tools for air zones at orange and red CAAQS management levels.

The Alberta air zones have been aligned with the seven land-use planning regions. Regional air quality management frameworks are a key approach government is using for management of cumulative effects. Frameworks are in place for the Lower Athabasca Region and the South Saskatchewan Region, and one will be developed as part of regional planning for the North Saskatchewan Region.

The CAAQS are being incorporated into these frameworks as part of delivery of these requirements in the province. Development of a preliminary framework for the implementation of the CAAQS has been fast-tracked for the Red Deer and Upper Athabasca air zones as part of the provincial response plan.

These frameworks are expected to move forward as part of the development of the North Saskatchewan Regional Plan and improvements to the Lower Athabasca Regional Plan, respectively. Management actions

being taken now and any future management responses under the regional air quality management frameworks will be integrated with the initiatives described here.

1.2c Aichi Targets

The most recent Strategic Plan for Biodiversity 2011-2020 under the United Nations Convention on Biological Diversity includes 20 global biodiversity targets, known as the Aichi Targets, to be achieved by 2020. Canada and all parties in this global plan were encouraged to develop their own national targets using the Aichi Targets as a guide.

Working together, Canadian federal, provincial and territorial governments set a national target in 2015 through the “2020 Biodiversity Goals and Targets for Canada”. These four goals and 19 targets reflect the Aichi targets and cover topics ranging from species at risk to sustainable forestry to connecting Canadians to nature. Canada Target 1 specifies, “by 2020, at least 17 per cent of terrestrial areas and inland water, and 10 per cent of coastal and marine areas, are conserved through networks of protected areas and other effective area-based conservation measures.” In the current year, 12.54 per cent of Alberta is protected (including 8.24 per cent in federally protected areas and 4.3 per cent in provincially protected areas), and the Government of Alberta has committed to a goal of protecting at least 17 per cent of the province by 2020.

The coordination of pan-Canadian efforts to achieve Canada Target 1 is known as “Pathway to Canada Target 1,” and is co-led by Canada and Alberta. It focuses on protecting the right natural spaces, in the right places, through a connected, ecologically representative and effectively managed network of protected and conserved areas. In Alberta, this represents an opportunity, led by Environment and Parks, to ensure environment and ecosystem health and integrity while providing Albertans opportunities to enjoy, conserve and protect our natural landscapes.

Going beyond the quantitative target of conserving at least 17 per cent of terrestrial and inland waters, Alberta will also focus on the qualitative guiding elements associated with achieving, maintaining and enhancing the target. This includes a deeper review of ecosystem services, key areas for biodiversity, management effectiveness, connectivity, ecological representation, integration and equitability while creating an ethical space for dialogue with Indigenous peoples.

1.2d Expanded provincial monitoring and reporting network

During the 2017-2018 fiscal year work focused on adapting a Multiple Evidence Based (MEB) approach for environmental monitoring in Alberta. The MEB is an innovative framework developed and adopted by the United Nations’ Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services. It relies on Indigenous, local, and scientific knowledge systems as equally valid and complementary elements of environmental monitoring. Using MEB, a series of projects were developed that were aimed at supporting Indigenous community role in environmental monitoring, ranging from access to monitoring results, participation in scientific monitoring programs, and co-design and implementation of Community Based Monitoring (CBM) projects.

Guided by the advice of the Indigenous Wisdom Advisory Panel (IWAP), established under Section 15 of the *Environmental Protection and Enhancement Act*, Environment and Parks has been working on defining principles for developing ‘ethical spaces’ (“a space between the Indigenous and western spheres of culture and knowledge”) for the Indigenous and scientific knowledge holders to respectfully engage in knowledge co-production. These principles are being applied across programs but are focused on pilot projects currently being led by the ministry. The success of this work depends on a long-term investment of time and resources in developing and sustaining reciprocal relationships based on trust and respect.

In 2017-2018, knowledge co-production activities included building a foundation for new CBM processes and protocols to enable integration of multiple knowledge systems in order to mobilize the best available information for environmental monitoring and science and to ensure support for the environment and ecosystem health and integrity outcome. This work has focused on:

- developing **capacity** (e.g., establishing protocols and guidelines, and providing training to Indigenous community members in CBM techniques);
- supporting **existing initiatives**; and,
- developing “**demonstration projects**” throughout the province, including Oils Sands Monitoring (OSM).

Capacity

Creation of the Indigenous Wisdom Advisory Panel Mandate and Roles Document – Indigenous Wisdom Advisory Panel (IWAP) consists of seven recognized and respected Indigenous wisdom keepers and experts in their field appointed by the minister of Environment and Parks. IWAP provides advice to the minister and provincial chief scientist on meaningful incorporation of Indigenous wisdom and inclusion of Indigenous people within the environmental monitoring, evaluation, and reporting system.

One of the most significant products developed this fiscal year, was the Mandate and Roles document for the IWAP. Crafted by the panel itself, this document outlines six principles for how the panel will work with each other, the Science Advisory Panel, the chief scientist and the Government of Alberta in attaining their agreed upon mandate.

The Mandate and Roles document is maintained both as a written document and through song and ceremony, which was conducted on May 30, 2017 in Fort McMurray. The two formats, representing oral and written knowledge systems, support the creation of ethical space between the IWAP and Environment and Parks.

Indigenous Learning Initiatives for ministry staff - In partnership with Indigenous Services, several cultural education opportunities were offered to staff. These included a demonstration of the Blanket Exercise, a series of stories published to the ministry's internal website through Aboriginal History Month and a full day session with a panel member and Métis elder, who shared his “Weche Teachings” approach.

Skills training in Indigenous communities and organizations through demonstration projects - through the Indigenous Provincial Lake Monitoring Program and the Community Based Fish Monitoring Pilot Project, Indigenous community members have been trained in field sampling techniques and safety protocols. This training has included water quality testing methods, swift water rescue, ice rescue, aquatic invasive species identification and fish health assessment techniques.

Existing Initiatives

Traditional Knowledge of Berries (2017-18 budget of approximately \$347,000) is a multi-year project supporting a five-year partnership between the Wood Buffalo Environmental Association (WBEA) and Fort McKay First Nation and led by community elders, to monitor changes in culturally important berry patches in the vicinity of Fort McKay using Indigenous knowledge in concert with scientific information. In 2017-18 Fort McMurray First Nation, Conklin Métis and McMurray Métis applied the methodology developed by Fort McKay and shared their local and Indigenous knowledge about berries. Additional study sites across the Athabasca Region were identified. Knowledge holders shared details about the past and current condition of these sites with social science researchers. Berry samples have been sent to research labs for nutrient analysis, the results of which are currently being reviewed.

Indigenous Provincial Lake Monitoring Program (2017-18 budget approximately \$177,500) is a multi-year project aimed at addressing data gaps in the current provincial lake monitoring framework, responding to communities' concerns, and supporting and enabling Indigenous participation in provincial monitoring activities. The project began in 2016-17. In 2017-18 four First Nation communities (Bigstone Cree Nation,

Whitefish First Nation, Dene Tha' First Nation and Cold Lake First Nation) selected technicians to receive training and work with ministry water monitoring technologists and aquatic scientists to collect water quality samples from lakes that are both relevant to the community (as a drinking water source, fish habitat, or are culturally important) and fill data gaps in the current provincial lake-monitoring framework. Indigenous knowledge has been used to identify water sample sites and understand local hydrology. Community technicians worked closely with ministry water quality monitoring technologists and aquatic scientists to receive training, learn about and contribute to the program, and develop a comprehensive water quality report for their Nation.

Community Based Monitoring in the Peace Athabasca Delta (2017-18 budget approximately \$225,000) is a multi-year project aimed at establishing a coordinated environmental monitoring program in the Peace Athabasca Delta (PAD) to address the needs, relevant questions and issues of priority for Environment and Parks, Mikisew Cree First Nation (MCFN), other agencies and Indigenous communities and organizations conducting monitoring and science in the region. In 2017-18 the project supported the existing Mikisew Cree First Nation CBM program (water quality, water quantity, snow and ice conditions) and initial exploration of opportunities to co-design a comprehensive CBM program in the PAD based on Indigenous knowledge and scientific information.

New Demonstration Projects

Community Based Fish Monitoring Pilot Project (2017-18 budget approximately \$258,000) is a three-year project with an aim of co-designing and collaboratively implementing fish monitoring with interested Indigenous communities in three geographic areas (Peace, Athabasca and Cold Lake) of the Alberta oil sands region. Through shared field experiences, data collection, and interpretation, the project's goal is to co-produce knowledge about environmental change, based on scientific information and Indigenous knowledge. The communities define research questions, local harvesters collect samples and record Traditional Knowledge (TK) observations, with results evaluation and reporting done collaboratively. During the project initiation phase in 2017-18 this approach has been applied to monitoring fish (e.g., Lake Trout, *Salvelinus namaycush*) harvested by the Cold Lake First Nation. Cold Lake First Nation established a Working Group and a steering committee to define research questions and develop TK indicators. Community members were trained in standard fish health assessment techniques. Harvesters, including elders and youth, caught fish and collected fish catch and health data. Tissue samples were sent to the University of Saskatchewan for ageing, food web and contaminant (metals and polycyclic aromatic hydrocarbon) analyses.

Culturally Important Wetland Plant Project (2017-18 budget approximately \$308,000) is a three-year project that was developed over two regions, in partnership with existing Indigenous groups in each region. In the Athabasca region, two WBEA member communities, Fort McMurray First Nation and Conklin Métis, have been sharing their TK of wetland plants and associated landscape change using the berry project methodology and are looking at ways to develop CBM projects. Wetlands have been identified by WBEA member communities and organizations as a key area of interest and concern through a variety of scoping initiatives over the past several years. This project was developed at the request of, and in partnership with, the WBEA Traditional Knowledge Working Group to help answer their questions. In the Peace region, the Tallcree First Nation, Little Red River Cree Nation and Beaver First Nation have been working through the North Peace Tribal Council's Land and Water sub-table, and are participating in the project by working on an inventory of observed change in the Wabasca wetland complex. This project also came about as a result of community interest and a long term view to develop watershed management plans. Social science researchers, and, in several cases, ministry wetland and biodiversity scientists, spent time in the field with community members from the five participating Indigenous groups to learn about observations of change in wetlands. Important plants were identified along with other culturally relevant indicators.

These Indigenous groups, and others, participated in an integrative wetlands workshop held in December 2017. This workshop was hosted by Environment and Parks and brought together principal investigators

working on wetland monitoring projects across the Oil Sands Region. The intent was to create an approach for an integrated wetlands monitoring program. Seven Indigenous groups were represented at the workshop and, while the format and content of the sessions was western science focused, there was good dialogue about the creation of 'ethical space' and the need for more opportunities and different approaches to the application of Indigenous knowledge systems in environmental monitoring. The outcomes of this workshop are informing project planning for 2018-2019. It is hoped there will be more opportunities like this for knowledge holders to come together. In the future, these gatherings could be led not by Western Science but by Indigenous Knowledge.

1.2e Development of an ecosystems services policy framework results report

The government is committed to a renewed approach to environmental management. One that leads to improved conservation and biodiversity, ensuring ecological integrity, fostering sustainable economic diversification and managing cumulative effects of activities on the environment. The objective of the *Ecosystem Services Policy Framework* (ESPF) is to operationalize an ecosystem services approach in Environment and Parks policy, planning and operational business processes that is aimed at helping fulfill the government's commitment towards a healthy environment and ecosystem.

The aim of the ESPF is to influence and guide environmental management decisions to account for ecosystem services and outline the process for implementing an ecosystem services approach for Alberta. It will also provide guidance and direction to the Government of Alberta and external partners to focus continued and future efforts on ecosystem service so these efforts help meet the government's priorities for environmental stewardship and management, sustainable economic diversification and well-being.

Ecosystem services, also referred to as 'nature's benefits,' draw attention to the ways that people depend on a healthy environment. Ecosystem services contribute to society's well-being by providing materials and life supporting functions; spaces for physical and mental well-being; and form part of our cultural heritage. These services can be derived from natural landscapes (e.g., forests, wetlands, and native prairie) and modified landscapes (e.g., agricultural lands, urban green spaces).

A significant activity to ensure environmental protection, conservation and ecosystem integrity through development of an ecosystem services policy framework was an internal staff workshop held in Calgary in May 2017. Prior work included a jurisdictional review and staff workshop held in March 2017. The internal staff workshops were held to share the direction of the policy framework and to determine if there were any gaps or additional opportunities for the ESPF to follow up on. Work on the ESPF will resume in the fiscal year 2018-19, and will include modeling and mapping of Ecosystem Services.

The Ecosystem Services Toolkit was released in February 2017. This toolkit was developed collaboratively with federal, provincial (including Alberta), and territorial government staff and nongovernment expert reviewers and contributors from academia and the private sector. It is an interdisciplinary guide for managers and analysts which is meant to assist in addressing the need to build capacity to use ES assessment and to help reflect ES considerations in environmental management and decision-making.

Environment and Parks staff also participated in the Ecosystem Services and Biodiversity Network. The network is made up of experts from industry, non-governmental organizations, non-profit organization and government, which has been working to build the knowledge required to implement an ecosystem services approach in Alberta.

1.2f Integrated Resource Management System

The Integrated Resource Management System (IRMS) is a means by which Alberta will achieve responsible and collaborative natural resource stewardship that supports environment and ecosystem health and integrity.

Delivering on IRMS remains a priority for the Government of Alberta. The coordinated approach includes setting environmental, economic and social outcomes and working towards achieving those outcomes by managing the cumulative effects from natural resource development (e.g., energy, mineral, forest, agriculture, etc.) on air, land, water, and biodiversity while maintaining the social licence to develop these resources. Access to scientifically credible and available environmental data and information is critical for delivering this management approach.

Environment and Parks and its partners in Agriculture and Forestry, Energy, Indigenous Relations and the Alberta Energy Regulator continued their work in 2017-18 to deliver on IRMS. Key focuses were to establish a cross-organization governance structure, identify system level common priorities, and implement IRMS informatics strategic support programs.

In conjunction with Service Alberta, the Internal Data Discovery Portal (IDDP) was launched in April 2017. This portal provides a searchable listing of data records housed by the IRMS organizations. The initial launch contained 2,625 records across the five IRMS organizations. Identifying and uploading records to the IDDP was slower than anticipated as source data systems have been traditionally built or bought for specific business program areas and not with a sharing or open access (by default) model in mind. Significant work is needed to enable sharing of data between uses and across IRMS organizations while maintaining necessary privacy and confidentiality requirements. The IRMS organizations are continuing to identify datasets, develop metadata and make these datasets available internally on the IDDP.

The IDDP initiative provides a staging area for data and information prior to a full public disclosure via existing open-source government mechanisms further enabling transition to a broader public open-source system. Program spending in 2017-18 included approximately \$1.0 million towards the IRMS Informatics Strategic Support Program.

In 2017, Environment and Parks partnered with the Alberta Energy Regulator to identify additional opportunities to improve cross organizational business processes. Environment and Parks has now completed a proof of concept on an integrated approvals program for managing water approval licences.

Effort is underway to ensure that Environment and Parks' integrated approvals program and the Alberta Energy Regulator's 'OneStop' program for reclamation certificate approvals, *Public Lands Act* applications, well and facility applications, and integrated inspections are able to share data as appropriate and required to support oversight of Alberta's industries.

The IRMS organizations intend to move forward on a number of key projects in the 2018-19 year. The Alberta Responsible Energy Policy System provides the Government of Alberta, Alberta Energy Regulator and the public with a single access point for all Government of Alberta policies related to and affecting the development of upstream oil, gas, oil sands and coal in the province. The initial listing was launched in 2015 and contains over 1,000 policy documents. In summer 2017, the IRMS Secretariat completed a proof of concept that demonstrated how government can geospatially enable policy access.

Environment and Parks, with support from the IRMS Secretariat, completed a cross-IRMS organization analysis of provincial air data systems in 2017-18. The project focused on capturing the business requirements for transforming how government manages air data. The project was focused on Environment and Parks and the Alberta Energy Regulator data flow, although linkages with Health were also explored.

Environment and Parks receives data from numerous data providers (airsheds and industry) for monitoring locations throughout the province, which it subsequently stores in databases, performs quality checks, and makes available for public access. This data is used for State of the Environment reporting and long-term trend analysis by government staff, and external stakeholders including researchers and media to report on air quality in the province.

The proposed new air data management program must meet the upcoming federal provincial air zone annual reporting requirements. In addition, it should be easy to use for airsheds, industry, government and the Alberta Energy Regulator as well other external data users, while meeting Government of Alberta data security and confidentiality requirements. A request for proposal for the new air data management program is likely to be tendered in the 2018-19 fiscal year. It is anticipated initial phases of the system will be available in 2019.

1.2g Liability Management

The Liability Management Review is a joint undertaking by Energy, Alberta Environment and Parks, and the Alberta Energy Regulator to identify the scope of upstream oil and gas abandonment and reclamation liabilities, and potential solutions.

The objective of this work is to ensure that industrial activities associated with oil and gas development meets regulatory closure requirements, land is returned to an equivalent land capability, and environmental and financial liabilities for future generations are minimized.

One of the Liability Management Review's priority deliverables in 2017-18 was conducting extensive multi-stakeholder engagement to obtain input on potential policy options to improve the liability management system for upstream oil and gas development. Four sessions were held between May and June with invited representatives from industry, freehold mineral owners, landowner groups, environmental groups and the financial sector regarding challenges and opportunities for addressing liability management programs.

Six sessions were held between May and September with First Nations and Métis communities in Calgary, Nisku, Bonnyville, Fort McMurray, Slave Lake and Grande Prairie to get input on traditional land use objectives and liability issues from an Indigenous perspective. Over 140 individuals took part in the sessions, representing approximately 80 different stakeholders, First Nations, and Métis settlements, locals and associations. Individual sessions were held with some of the stakeholders and those that could not make the formal sessions and written input from participants and their organizations was also solicited.

The input received through this engagement focused on fiscal tools, inventory management, post-regulatory closure issues, enhanced compliance and enforcement, inter-jurisdictional issues, and awareness and education. Indigenous communities provided extensive input on policy and engagement, Indigenous participation in legislation and regulation, a consistent approach on engagement and government initiatives, abandonment and reclamation timelines, reclamation and environmental impacts, and economic impacts.

While the Indigenous engagement was intended to be a separate nation-to-nation discussion, some representatives expressed interest in also attending the multi-stakeholder forums to hear the perspectives and issues of the community. Input from stakeholder sessions and the review work contributed to the policy development process for making improvements to the liability management system.

1.2h Grazing leases

Grazing leases offer substantial benefit to the province by maintaining ecosystem health and integrity that provides biodiversity, carbon sequestration, watershed protection, habitat for wildlife, recreational opportunities and other ecological goods and services. Grazing lease holders undertake a major stewardship role on public land they lease by applying range management principles that protect and maintain sustainable plant communities, including native grasslands. Their careful stewardship is critical for the conservation of Alberta's grassland ecosystems.

In July 2015 the Office of the Auditor General released a report on the ministry's systems to manage grazing leases. The report indicated that in general, the department's management processes do ensure that public land used for grazing leases is in good health overall. The Auditor General made a single recommendation to

the department based on its audit findings: *“We recommend that the Ministry of Environment and Parks define and communicate the environmental, social, and economic objectives it expects grazing leases should provide all Albertans, as well as relevant performance measures to monitor and ensure those objectives are met.”*

In 2017-18 the minister appointment of a Grazing Advisory Panel to review grazing lease environmental, social and economic objectives and identifying the performance measures and indicators for these objectives. The panel's work has been completed and the department will consider their input when finalizing the objectives and performance measures.

Preliminary grazing lease performance indicators and measures were developed in 2017 and included assessment of the underlying data to report on. Refinement and implementation of grazing lease performance measures to ensure grazing leases are meeting the defined environmental, social and economic objectives will continue into 2020.

Development of grazing lease renewal assessment procedures was initiated in 2017. This will provide the framework to report on the environmental performance measure as well as extended tenure for exemplary stewardship.

1.2i Provincial waste management

Waste Control Regulation

The *Waste Control Regulation*, enacted in 1996 is Alberta's primary provincial regulation directing management of waste, hazardous waste and facilities; including landfills. Those affected by the regulation are generally waste managers and handlers servicing all sectors of the economy including the municipal, industrial, institutional and commercial; the regulation does not directly affect the general public.

This regulation is over 20 years old and in 2014 the ministry initiated work to review and update it to better meet modern industry and environmental standards, and support ecosystem health and integrity in the province. This review included validating the work of the Hazardous Waste Technical Committee and the 2006 recommendations they provided to the ministry and the results of targeted stakeholder engagements from 2008.

A budget of \$40,000 was allocated to this project in 2017-18 for targeted stakeholder engagement on the policy shifts. These funds were not utilized due to other department priorities; work remains focused on the assessment of waste policies and is internal at this time.

Contaminated Sites and Remediation Guidance

Environment and Parks works with Albertans to ensure the quality of our environment is maintained, using an effective and efficient regulatory framework. As part of this work, the department works with the environmental services community to identify needs for guidance on policy. Based upon feedback, Environment and Parks released the following documents in 2017:

- Risk Management Plan Guide and checklist (October 31, 2017) - The Alberta Risk Management Plan Guide provides Environment and Parks' policy for risk management plans for contaminated sites in Alberta. This guide is intended to be used for the preparation of risk management plans submitted to Environment and Parks and/or the Alberta Energy Regulator for any type of contaminated site. It outlines the information that must be contained in a complete risk management plan.

Guide for Selecting Toxicity Reference Values for Alberta Tier 1 and Tier 2 Soil and Groundwater Remediation Guidelines (October 20, 2017) - This guide was developed jointly by Environment and Parks, Health, Alberta Health Services and the Alberta Energy Regulator. It provides consistent and transparent guidance on how Alberta's guidelines are updated, and provides information on how to interpret and apply

Alberta's guidelines when assessing chemicals that do not have Alberta specific remediation guidelines in risk management situations.

1.2j External engagement strategy

A necessary element of policy, plan and program development is effective and efficient stakeholder and public engagement. Government policies are established through careful consideration of the input on government direction provided by Albertans, and are more readily implemented when Albertans are involved in the decision-making process through engagements that range from consultation to collaboration.

In 2016, Environment and Parks executive leaders identified the need to have a clear and effective approach to external stakeholder engagement that is both proactive and focuses on priority work. A proactive approach to external stakeholder and public engagement creates efficiencies for both government staff and stakeholders, and builds relationships with key partners that informs, supports, leverages and advances the ministry's mandate through shared responsibility.

The External Stakeholder Engagement Strategy Implementation Plan supports the goals and objectives outlined in Environment and Parks Stakeholder Engagement Strategy, and captures a systems-approach to ministry engagement, ensuring the purpose, outcomes, prioritization and ongoing analysis of external stakeholder interactions directly support and align with outcomes the ministry works towards.

In 2017-18 the External Stakeholder Engagement Strategy Implementation Plan's top priority deliverables were:

Delivering effective engagement and coordination with ministry key partners – Proactive engagement with stakeholders effectively occurs through direct participation of executive members in established partnerships relative to water and air. Environment and Parks membership in the Alberta Water Council and the Clean Air Strategic Alliance ensured ongoing engagement with other governments, Indigenous people, industry and the non-government organizations.

In 2017-18 recommendations were collaboratively developed and delivered to the ministry in the areas of lake watershed management; evaluating water conservation, efficiency and productivity; and coal to gas emission standards. Collaborative work continued during 2017-18 and focused on source water protection; tools for multi-year drought; ambient air quality objectives; emissions characterization; and non-point source air pollution.

Environment and Parks' Deputy Minister met with Alberta's ten Airsheds in June 2017 to discuss community based monitoring, the roles of airsheds and funding. This was followed by a meeting of the airsheds with the minister and senior ministry staff, in October. As a result of these meetings, Environment and Parks was able to communicate department priority work of relevance to airsheds, confirm the work of partners as important to the department, obtain insights and valuable information from airsheds and affirm the commitment of the department to airsheds and the stakeholders they represent.

In September 2017 Environment and Parks met with Alberta's 11 Watershed Planning and Advisory Councils (WPACs) to outline the objectives of the WPAC role review, hear about the monitoring and citizen science work of WPACs and to explore the concept of community based monitoring with these partners. The ministry committed to ongoing engagement with WPACs to confirm ongoing work priorities and roles of the partners.

This ongoing engagement included the ministry meeting with all eleven WPAC Executive Directors on October 25, 2017 to discuss the status of the department role review. At this meeting the WPAC's were also invited to submit responses to an email survey that sought their ideas and perspectives within each of the amended roles. An offer was also extended to meet with all boards individually should they be interested.

Written submissions to the survey questions were received from nine of the 11 WPACs. At the invitation of individual boards, presentations and facilitated discussion were held between November and December with Mighty Peace Watershed Alliance, North Saskatchewan Watershed Alliance, and Battle River Watershed Alliance. Joint planning meetings to discuss 2018-2019 work alignments were held for all southern region WPACs on November 30 and all northern region WPACs on January 9, 2018.

Support and delivery of engagement activities with stakeholders and the public – Environment and Parks plays a lead role in engaging stakeholders and Albertans through engagement planning and delivery.

In 2017-18 the ministry supported development of 37 engagement planning and delivery initiatives focused on ministry priorities including caribou range planning, North Saskatchewan regional planning, Bighorn backcountry integrated resource management system, fisheries regulations and watershed adaptation and resiliency. The 'TalkAEP' website was used effectively to engage stakeholders online. Stakeholder engagement work would benefit from an improved Alberta Government and ministry engagement approval process. In response, the ministry continues to work within and between ministries to clarify criteria for gaining approvals for engagement at the appropriate levels.

Direct engagement with stakeholders and Albertans was achieved through front-line services provided by the Environment and Parks Information Centre and via education programs delivered at the Bow Habitat Station. The Information Centre responded to more than 30,000 public inquiries by stakeholders and Albertans in the 2017-18 fiscal year. Bow Habitat Station welcomed more than 105,000 site visitors, and directly engaged with nearly 30,000 people through experiential learning initiatives and the delivery of 578 environmental education programs.

Stakeholder Meeting Guides – Draft stakeholder meeting guides for the Minister and Deputy Minister are being developed to enable stakeholder and partner engagement.

Key Strategy 1.3 Enhance Alberta's parks and protected areas system, in conjunction with the continued implementation of *Alberta's Land-use Framework*, through:

- a. development and implementation of the Parks and Protected Areas Strategy and consultation on an updated draft parks management plan for the Castle Provincial Park and Castle Wildland Provincial Park;
- b. development of modern park facilities; and
- c. revitalizing and modernizing provincial parks legislation, including a revised provincial parks classification system.

1.3a Parks and Protected Areas Strategy

Regional planning under the *Land-use Framework* represents a key mechanism for parks and protected area establishment or expansion in Alberta. The ministry made a commitment through its *Plan for Parks* to protect Alberta's environmentally and culturally significant areas, help fill conservation gaps in the current parks system and create additional recreational opportunities for Albertans. This included establishment of the Castle Provincial Park and Castle Wildland Provincial Park by an Order in Council, which came into effect in February 2017. It is anticipated a management plan for the parks will be released by May 2018.

Over 25 meetings were held with stakeholders and First Nations by the end of the draft management plan consultation period in April 2017 (public) and May 2017 (First Nations). Further engagement with stakeholder groups commenced with the initiation of a Shell Roads Working Group in January 2018. This multi-stakeholder group was tasked with developing a framework for making decisions regarding the future of Shell infrastructure once it is no longer required to support the Shell Waterton Gas Complex. Additionally, short-term priorities and partnerships were identified to help support the visitor experience in the Castle Parks (e.g., development of staging areas to facilitate recreational use).

During the 2017-18 fiscal year, the following items were completed:

- Work on several key implementation items identified in the draft plan in anticipation of its approval. This included development of a cooperative management agreement and cultural awareness training with the Piikani First Nation, a Non-motorized Trail Strategy, and a Capital Investment Plan. The 2017-18 field season also included collection of Traditional Land Use and Traditional Ecological Knowledge with Treaty 7 First Nations, invasive species management and initiation of a working group to discuss the future of Shell Canada infrastructure within the parks as Shell phases-out their operations.
- Wayfinding, park information kiosks, maps, brochures, enhanced enforcement, designated rustic camping areas, improvements to existing park infrastructure and development of winter recreational programming.

The Castle is a key source water protection area for the Oldman River Watershed. It is also one of the most biologically diverse areas in the province with over 200 rare or species at risk. The Alberta Government committed to enhancing protection of the Castle Special Management Area through establishment and expansion of the Castle Provincial Park and the Castle Wildland Provincial Park; areas originally identified for protection in the *South Saskatchewan Regional Plan*. The draft management plan for these parks allows for changes in use that will not only enhance their conservation values but allow for a diverse array of recreational activities that support local communities. Continued investment into park services and amenities has attracted new visitors into the Castle Region, including the communities of Crowsnest Pass, Pincher Creek and Municipal District of Pincher Creek.

On July 27, 2017, it was announced that the first part of a four-year, \$20-million plan to improve recreation opportunities in the Castle parks was completed. Selected projects included:

- a total of 184 available campsites at Castle River Bridge, Castle Falls, Lynx Creek and Beaver Mines provincial recreation areas; and
- an expansion to the Butcher's Lake day-use area including a new trailhead, washroom facility and additional parking;
- four comfort cabin units at Beaver Mines Lake Campground.

Other projects underway include new day-use shelters and the creation of more than a dozen rustic camping sites capable of supporting recreational vehicles.

In January 2018, an inaugural winter recreation program was initiated where the excellent winter opportunities and activities available in the Castle Parks were showcased and delivered by park guides. The programs were designed to attract both seasoned and new winter recreation visitors. Additional infrastructure and maintenance was also delivered to enhance visitor experience and included warm-up shelters, fire-rings, trail grooming and winter camping.

1.3b Development of modern park facilities

Alberta's *Plan for Parks* commits the ministry to provide modern facilities throughout Alberta's provincial parks system. To achieve this the ministry delivers a variety of capital programs and projects to maintain, upgrade and expand existing park infrastructure and develop new infrastructure. In 2017-18 over 100 parks throughout the province received park enhancements with over 50 projects receiving funding of \$100,000 or more.

Following the 2008 development of the Land Use Framework, the Government of Alberta commenced development of regional plans. Regional plans enhance government's environmental management and response to population growth and resulting pressures on the landscape. Regional planning also represents a key mechanism for parks and protected area establishment or expansion in Alberta. The Lower Athabasca Regional Plan (LARP) and the South Saskatchewan Regional Plan (SSRP) reinforced that existing recreational opportunities within parks can be enhanced to meet the growing demands for outdoor recreation.

An outcome of regional plans is to provide nature-based tourism opportunities by enhancing outdoor recreational infrastructure and amenities through dedicated implementation funds.

These efforts provide Albertans with better access to nature-based outdoor recreation opportunities contribute to social well-being through healthy active living and contribute to environment and ecosystem health and integrity.

Lower Athabasca Regional Plan (LARP) implementation project – In 2017-18 the ministry continued delivery of projects to expand or develop new Parks system assets in the LARP area. This included significant upgrades to Gregoire Lake Provincial Park including a new shower, concession facility and, repaving and improvement of roadways within the park. It also included redevelopment of the Pinehurst Lake campground in the Lakeland Provincial Recreation Area and construction of comfort cabins at Sir Winston Churchill Provincial Park.

South Saskatchewan Regional Plan (SSRP) implementation project – In 2017-18 the ministry allocated approximately \$10 million to continue delivery of 30 projects to expand or develop new Parks System assets in the SSRP. These projects focused on continuation of park redevelopment at Kinbrook Island Provincial Park, Writing-on-Stone Provincial Park, Cypress Hills Interprovincial Park, Bow Valley Provincial Park and Fallen Timber South Provincial Recreation Area.

Calgary's Fish Creek Provincial Park – Fish Creek Provincial Park received updated group-use shelters and new accessible washrooms in 2017-18 to go with recent upgrades to roads, parking lots and trails. In 2017-18 approximately \$2.7 million in capital funding was invested for major upgrades to this popular urban park in Calgary, which welcomes millions of visitors every year.

Kananaskis revitalization – Visitors to Kananaskis can now enjoy improved campsites, upgraded infrastructure and more parking. The province allocated approximately \$18.7 million in 2017-18 towards improving amenities in the nearly 60 parks and protected areas throughout the Kananaskis region. This builds on approximately \$9.7 million provided in 2016-17.

Provincial campgrounds - Alberta's provincial parks received approximately \$54.2 million in 2017-18 for improvements to campgrounds, new picnic tables and improved infrastructure. The funding was part of a five-year, approximately \$239-million plan to revitalize and expand the provincial parks system and critical infrastructure (e.g., shelters, roads, sewers, etc.).

Looking forward - From 2018-23 Environment and Parks will begin or continue delivery of approximately 40 projects within the LARP, 80 within SSRP and 20 within Castle Parks. The ministry also anticipates identifying and establishing additional conservation and recreation areas in the LARP and SSRP.

Results for Key Strategy 1.3b also describe results related to aspects of Key Strategy 3.1a and Key Strategy 4.2.

1.3c Alberta Parks legislation

The Alberta Parks' legislative framework is over 40 years old and is the oldest in the country. The environmental, social and economic conditions in Alberta and their affect on the provincial parks and protected areas system have changed significantly in that time. Review of the legislative framework continued in 2017-18. Work completed included scoping of existing issues for provincial parks and protected areas, and the need for a revised provincial parks and protected areas classification system.

Key Strategy 1.4 Continue strengthening our relationship and engagement with Indigenous communities as we respect the objectives and principles of the United Nations Declaration on the Rights of Indigenous Peoples.

In 2015 the Alberta Government entered into Protocol Agreements with provincial Treaty organizations. These agreements provided direction on establishing sector specific Tables to advance the Government of Alberta's agenda of building new relationships with First Nations. In early 2016, the Alberta Government approved 20 proposals for discussion under the United Nations Declaration on the Rights of Indigenous People (UNDRIP). Since then, Environment and Parks and Indigenous peoples are working together using the UNDRIP as an impetus for actions to make life better for Indigenous peoples in the province while concurrently enhancing environment and ecosystem health and integrity.

The Protocol Agreements are an important part of the implementation of the UN Declaration. Each Protocol Agreement functions as a broad umbrella agreement, under which meaningful discussion, information sharing, and the exploration of issues of mutual concern can occur.

Results of these efforts in 2017-18 included:

Treaty 8 Protocol Agreement – In 2016 the *Protocol Between Treaty 8 First Nations of Alberta and the Province of Alberta for Discussion on Matters of Mutual Concern* was signed. Through the agreement, six Tables were established to work on mutually agreed upon issues to strengthen relationships; improve socio-economic outcomes for First Nations; and increase engagement in land and environmental management. At the Treaty 8 Environment Sub-Table, a work plan is under development to identify tangible outcomes related to proposals 5A and 5E of the United Nations Declaration on the Rights of Indigenous People.

Blackfoot Confederacy Protocol Agreement – On March 24, 2017, the Alberta Premier, the Minister of Indigenous Relations and the Chiefs of Blood Tribe, Piikani Nation, and Siksika Nation signed the *Protocol Between the Government of Alberta and the Blackfoot Confederacy for Discussion on Matters of Mutual Concern*. This agreement sets out a formal process for the Alberta Government and the Blackfoot Confederacy to work on mutually agreed upon issues: to strengthen relationships; improve socio-economic outcomes for First Nations; and increase engagement in land and environmental management.

Results from delivery of Environment and Parks Components of the UNDRIP include:

Safe and Reliable Drinking Water on Reserves – This initiative expands provincial infrastructure to reserve boundaries to connect First Nations to treated water. A six year proposed project plan for regional tie-in projects has been developed. The construction phase has begun with the West Inter-lake District project link to Alexis Nakota Sioux and Paul First Nations.

These Nations will have infrastructure built to the reserve border by the end of 2018. Design details are being discussed with three First Nations; Cold Lake, Frog Lake and Whitefish Lake. A feasibility study is underway for Dene Tha' First Nation. Engagement sessions with Maskwacis (Louis Bull, Ermineskin and Samson), Siksika Nation, Beaver Lake Cree Nation, Sturgeon Lake Cree Nation, Bigstone Cree Nation, and Mikisew Cree First Nation are planned.

To achieve the proposal objective, where regional tie-ins are not appropriate for the Nation, Alberta Environment and Parks is leading other First Nation water initiatives including:

- enhancing provincial programs on reserves by investigating options for First Nation operator training and application of the "Working Well" program;
- exploring broader First Nations barriers to improve access to drinking water (water rights, wastewater management, infrastructure, private systems, water treatment plant operations, source water protection, relationship building);
- identifying water sustainability options with some Nations to address their future water demands; and

- continuing to fund Treaty 7 First Nation Water Sub-Table to facilitate discussions with First Nations on overarching water issues.

Enhance Management of Cumulative Effects of Resource Development and Explore Cooperative Management Opportunities – The Land Use Secretariat (LUS) and Environment and Parks have committed to support enhancement of cumulative effects of resource development management emphasizing cumulative impacts on Treaty or Aboriginal Rights and traditional land uses. This includes using the Lower Athabasca Regional Plan (LARP) as a pilot through the creation of a regionally focused working group to enhance Indigenous community participation on Cumulative Effect Management.

In support of creating a LARP First Nations Working Group and Métis Workshops. Environment and Parks and LUS staff held a series of meetings with representatives of First Nations and Métis Organizations. These meetings began in December 2016 and continued until February 2018. The focus of the First Nations Working Group and Métis Workshops was:

- discussing updates to the LARP amendment process and other initiatives within the Integrated Resource Management System such as Environmental Management Frameworks, Caribou Range Planning, etc;
- establishing a fourth outcome in the Land-use Framework focused on Indigenous culture; and
- discussing development of Traditional Land Use Plans. Direction provided will be used to scope the approach Indigenous peoples can take to develop such plans.

The timing of the initiative is to complete as much work as possible with the Indigenous communities until September 2018 when a draft of the amendments to LARP need to be submitted to cabinet for consideration. Any unfinished work will become a commitment within LARP to continue until completion. It is envisioned the First Nations Working Group and Métis Workshops will be ongoing endeavours as the plan continues to be implemented and administered.

Co-operative management opportunities in Alberta Parks – The Cooperative Management Program is a way the ministry will meaningfully engage Indigenous Peoples in the decision making process for Alberta Parks. We are moving forward on opportunities in the Kazan Wildlife Provincial Park, Richardson Wildland Provincial Park, Dillon River Wildland Provincial Park, Birch River Wildland Provincial Park, Birch Mountains Wildland Provincial Park, Castle Provincial Park and Castle Wildland Provincial Park.

Key Strategy 1.5 Strengthen and enhance water management and literacy through:

- a. water ministerial regulation updates;
- b. advancement of water reuse and storm water policies;
- c. continued implementation of the wetland policy and tailings management framework; and
- d. enhanced water conservation in oil sands tailing and hydraulic fracturing.

1.5a Water ministerial regulation updates

The ministry is undertaking a review of the *Water (Ministerial) Regulation* to propose changes to enhance dam safety, protect groundwater during drilling of shallow geothermal wells and improve regulatory efficiency and effectiveness. The regulation sets planning and technical requirements related to dam and canal safety, drilling and construction requirements for water wells, and requirements for diversions and activities in/around a waterbody. The review includes developing enforceable directives for dam safety and the drilling of water wells and shallow geothermal wells.

1.5b Water reuse and storm water policies

Development of the Alberta Water Reuse and Stormwater Use Policy and implementation guide continued in 2017-18. Using a risk based approach, it is intended to provide direction to applicants and regulators for water

reuse and stormwater use projects. This work is foundational to the Alberta Government providing access to alternative water sources, enabling water conservation and supporting sustainable economic growth.

Wastewater reuse and stormwater use pilots - An industrial wastewater reuse pilot was conducted between February and July 2017. Environment and Parks collaborated with ATCO to test the draft risk management guidebook and process by running a plausible wastewater reuse scenario through the process. This exercise provided valuable insight into the usability and completeness of the implementation guidebook. Several key improvements were made to the risk assessment process.

A stormwater use case study was conducted between May 2016 and May 2017 and a risk assessment report was completed in April 2017. The outcomes of this pilot provided hydrologic data to Environment and Parks and generated improvements to the implementation guidebook. The pilot will continue to operate until 2020 to provide additional data to the department.

Integration with Public Health Outcomes - Throughout 2017, Environment and Parks participated in the Public Health Working Group on Reclaimed Water, a cross-agency/ministry group formed to develop guidelines to address public health concerns arising from water reuse and stormwater use activities. In addition to Environment and Parks, Health, Alberta Health Services, Municipal Affairs, Agriculture and Forestry, the University of Alberta (School of Public Health) and Concordia University are also members of this group.

Develop the first version of the Stormwater Availability Tool - The ministry requires a tool to determine the volume of stormwater that could be used without impacting the environment or downstream users. This tool is integral to enabling stormwater use in the closed basins of Alberta (e.g., South Saskatchewan), where stormwater use is strongly supported by stakeholders. A concept tool was developed that will be tested in 2018-19.

1.5c Wetland policy and tailings management framework

Alberta is home to a rich and varied array of wetland ecosystems, including bogs, fens, marshes, swamps, and shallow open water wetlands. Wetlands are highly diverse, productive ecosystems that play an important role in sustaining healthy watersheds by protecting water quality, providing water storage and infiltration, providing habitat for wildlife, fish and plants, and sustaining biodiversity. It is estimated that Alberta has lost up to 90 per cent of wetlands in some areas of the province.

In 2016, Environment and Parks implemented the Alberta Wetland Policy. The Policy provides the strategic direction and tools required to make informed wetland management decisions. The Policy will minimize the loss and degradation of wetlands, while allowing for continued growth and economic development in Alberta.

During 2017-18, the department continued to implement and refine regulatory tools and directives to wetland management system laid out in the Wetland Policy. Most of this work was focused on the following four priority areas.

Provision of clear, consistent guidance for implementation of the Alberta Wetland Policy in the province's Green Area (boreal and eastern slopes) – Overlap (*Water Act*, *Environmental Protection and Enhancement Act* and *Public Lands Act* related to wetlands) has presented challenges for implementation of the Alberta Wetland Policy in the Green Area. In collaboration with the Alberta Energy Regulator, Environment and Parks worked to identify priority needs in the regulatory systems of both organizations and develop solutions to support a regulatory approach that respects spirit and intent of both legislation and policy. An improved regulatory approach for both applicants and regulators was developed that supports efficiency in the regulatory process and decision-making, and effectiveness in achievement of wetland policy outcomes.

Provision of Clear guidance for wetland construction to support improved naturalization of urban stormwater management facilities and other prominent landscape depressions associated with development activities – The Alberta Wetland Policy acknowledges the potential value of constructed wetlands in providing important ecosystem services to Albertans. Urban stormwater ponds and rural borrow pits from road construction and other development activities can approximate natural wetlands and wetland function. In 2017-18 the ministry worked to refine both a Wetland Construction Directive and a Wetland Construction Guide to provide the necessary rigour and clarity to the creation of constructed wetlands. The Guide and Directive will be implemented during the 2018-19 business year.

Improved delivery of wetland policy information and processes to Alberta's agricultural sector and private landowners – Agricultural activities in Alberta continue to represent one of the most significant contributors to wetland losses in the province. In large part, this is due to inadequate access to knowledge and information, as well as regulatory processes that may not fully recognize the limitations of private landowners. Over the past year, Environment and Parks has worked closely with the Alberta chapter of the North American Waterfowl Management Plan, Agriculture and Forestry, and agriculture sector representatives to begin addressing these issues. Work culminated in development of the report *Improving Wetland Stewardship in Alberta's Agricultural Landscapes* that will help inform the path forward for the upcoming year.

Enhanced delivery of regulatory processes for routine, low impact activities in or near wetlands – Various activities, such as municipal road maintenance or widening, are pursued in accordance with standard requirements and best management practices, and have very limited, if any, impact on adjacent wetlands. To support these types of activities, which are often in the best interests of citizens, the department has developed a regulatory application process that enables efficient delivery of these projects to Albertans, while continuing to ensure health and integrity of affected wetlands.

1.5d Tailing and hydraulic fracturing

The Government of Alberta is committed to ensuring the environmentally sustainable development of Alberta's oil sands in an innovative, responsible and collaborative manner. Social, environmental and economic aspects of developing the oil sands resource must be considered holistically through space and time. It is recognized that responsible development of oil sands includes managing both long-term liability and environmental risk associated with fluid tailings.

In March 2015, the Government of Alberta released the *Tailings Management Framework for the Mineable Athabasca Oil Sands*. The framework provides direction to manage fluid tailings volumes during and after oil sands mine operations to manage and decrease liability and environmental risk resulting from the accumulation of fluid tailings on the landscape. Implementation of the framework will encompass a comprehensive, cumulative effects based approach to tailings management that will contribute to water conservation in the region and the long-term health and integrity of surrounding ecosystems. The following work was pursued or supported by Environment and Parks during 2017-18.

Tailings Management Framework for the Mineable Athabasca Oil Sands

Directive 085: Fluid Tailings Management for Oil Sands Mining Projects provides performance and reporting expectations and guidance on submission of tailings management plans that meet the intent of the Tailings Management Framework for the Mineable Athabasca Oil Sands. The Alberta Energy Regulator released updates to the directive in October 2017. These updates provide additional rigor around performance reporting and compliance within the tailings management system. Tailings management plan applications were submitted by oil sands mine operators in late 2017 and review and approval of these applications by the Alberta Energy Regulator will occur in the coming months. Additions to the regulatory framework for managing fluid tailings may be considered in future years, as needs arise.

Given the large volumes of process-affected water currently stored on oil sands mine sites, and the need to support wise use and disposal of process water over time, an updated approach to water management by oil sands mine operators is needed. This updated approach will assist oil sands mine operators in making sound water management decisions as they move forward with their tailings and reclamation goals. To this end, the ministry continued to support development of an integrated water management system for oil sands mines through 2017-18. Several stakeholder discussions were held, as the Integrated Water Management Working Group focused on key aspects of the oil sands mine water management system. These conversations supported creation of work plans to guide development of tailings management system components over the next three to five years. Maintenance of aquatic ecosystem health in the downstream receiving environment will require a robust, considered, and well-informed management approach, designed through the Integrated Water Management Working Group and with the input of multiple affected parties.

Research, evaluation, and engagement on policy direction to support a science-based, stakeholder-guided approach to oil sands water-capped fluid tailings (pit lakes) are ongoing. The Pit Lake Project will provide guidance to oil sands operators on the use of pit lakes to manage fluid tailings in a way that can meet future reclamation outcomes, including environmental protection and ecosystem integrity. Project scoping and analysis conducted during 2016 and 2017, and initial multi-stakeholder feedback acquired through various engagement processes, will help inform next steps in the development of guidance, direction, and criteria for pit lakes on oil sands mine sites.

The Stakeholder Interest Group on Tailings Management continued to meet on a bi-monthly basis in 2017-18. This multi-stakeholder advisory group comprises representatives of First Nations and Métis groups, Environmental Non-government Organizations, the oil sands mining industry, research organizations, and governments. The Government of Alberta established the group as an advisory body to enhance the integration of Tailings Management Framework implementation initiatives, support timely implementation of the Framework, and improve multi-stakeholder involvement and relations in the area of tailings management, so that new and legacy tailings will be reclaimed in a timely manner. In the upcoming year, the ministry will be revisiting the terms of reference with the Stakeholder Interest Group to ensure the needs and expectations of participants are being met, and time and resources are appropriately allocated.

Multi-stakeholder engagement to inform updates to Alberta's Mine Financial Security Program – The Tailings Management Framework acknowledges the Mine Financial Security Program as a potential tool to support delivery of a comprehensive oil sands tailings management system. The ministry established a technical, multi-stakeholder working group to capture thoughts and perspectives on potential updates to the program to support implementation of the framework. The engagement was conducted through a series of five full-day meetings between May and July of 2017. Information collected from participants was compiled in a 'What was Heard' document, which will be used to inform ongoing work to update the program.

Hydraulic Fracturing - Hydraulic fracturing is a growing and water-intensive activity, and oil sands mining accounts for 70 per cent of the oil and gas industry's water use. The ministry has worked on several initiatives to enhance water conservation in hydraulic fracturing and oil sands mining. Enhancing water conservation is important to Albertans who care about the health and integrity of the environment and ecosystems and who have identified water use by hydraulic fracturing as a concern.

Beginning in 2016, the ministry and the Alberta Energy Regulator initiated a pilot project to test development of an integrated area assessment using collaborative engagement to develop area practices and requirements for hydraulic fracturing activities. The pilot focused on ways to improve water use by the energy sector in the Municipal District of Greenview and provided an opportunity to test concepts in the draft *Water Conservation Policy for Upstream Oil and Gas Operations* being led by the ministry. In June 2017, the Panel made 24 consensus-based recommendations regarding water use by the energy sector within the Municipal District of Greenview, an area of growing hydraulic fracturing activity.

The ministry and the Alberta Energy Regulator met with stakeholders involved in the *Area Based Regulation* pilot to provide an update on the status of implementing recommendations made in the report in October 2017. The *Area Based Regulation* approach aims to make geographically-specific rules and practices that consider the unique environmental, energy resource and community conditions in a defined geographic area, in collaboration with the people who live, work and recreate in the area.

In 2017 the ministry worked with the Alberta Energy Regulator to develop the *Directive for Water Licensing of Hydraulic Fracturing Projects – Area of Use Approach*. The Area of Use Approach allows for up to ten-year term licences that offer operational flexibility within defined geographic areas of oil and gas development, where precise locations of water use are not known at the application stage. The concept of water licensing for large scale oil and gas developments was introduced in the draft *Water Conservation Policy for Upstream Oil and Gas Operations*. Hydraulic fracturing operations used 11 per cent of the water allocated to the sector over 2013 to 2017, which is a significant gap between allocation and use compared to other sectors. The Directive is anticipated to help close this gap.

Hydraulic fracturing activity requires a more flexible approach to water licensing where precise locations of water use are not known at the time of licence application, but defined geographic areas of use are known. Authorization for water use by hydraulic fracturing operators has typically occurred through temporary diversion licences. Longer-term, multi-year licences are preferred by the ministry to better manage cumulative effects.

Key Strategy 1.6 Address species and wildlife management through:

- a. development of the Wildlife Conservation and Management Strategy;
- b. development of caribou range and action plans for all caribou populations to meet species recovery requirements;
- c. implementation of a collaborative watercourse crossing remediation program to recover watershed health and fish species in flowing waters;
- d. development and implementation of a feral horse management plan; and
- e. development and implementation of species at risk recovery plans including westslope cutthroat trout and grizzly bear

1.6a Wildlife Conservation and Management Strategy

Wildlife is a fundamental component of Alberta's ecosystems, history, and culture, providing important social, economic and environmental values to all Albertans. The Government of Alberta is responsible for managing these resources to ensure their sustainability for future generations.

The Wildlife Conservation and Management Strategy will provide strategic direction and clarifies objectives, principles and processes used to manage wildlife populations and their habitats in Alberta. This strategy will also clarify critical linkages between Alberta's wildlife management program and the Integrated Resource Management System and inform operational delivery of Alberta's Fish and Wildlife Policy.

Working with Albertans is critical to the successful management of wildlife. The Wildlife Conservation and Management Strategy will help inform Albertans on how the management of wildlife is conducted and what considerations are included in making management decisions.

A draft has been developed and it is anticipated it will be finalized by spring 2019. A plan for public engagement to gather Albertans input is also under development. It is also anticipated to be complete by spring 2019 and will be followed by public engagement during summer 2019. A final Wildlife Conservation and Management Strategy is targeted for fall 2019.

1.6b Caribou range and action plans

Woodland caribou are listed as Threatened under Alberta's *Wildlife Act* and the federal *Species at Risk Act*. The Government of Alberta, as required by the Federal Government, is working to achieve naturally-sustaining woodland caribou populations in the 15 caribou ranges under provincial jurisdiction. Habitat conservation and restoration are important actions that will help achieve this goal. Alberta is developing woodland caribou range plans focused on managing human disturbance and restoring critical habitat. Over the long-term, this will help stabilize, recover and ultimately achieve self-sustaining caribou populations. While Alberta's caribou range plans are focused on habitat recovery, they are also providing direction to industry that enables continued access to resources to maintain jobs, and support local economies and communities. Caribou range planning is focused on environmental outcomes, and supporting economic, social and Indigenous values. In March 2018, the Alberta Government wrote the Federal Government indicating that further review of the socio-economic impact of rangeland planning is needed.

Woodland caribou range plans are being directed by the federal government's caribou recovery strategies for Boreal and Southern Mountain populations. Alberta has been working since 2013 to meet the direction in the federal recovery strategy.

On December 19, 2017 Environment and Parks released a Draft Provincial Woodland Caribou Range Plan. Environment and Parks continues to work collaboratively with the departments of Agriculture and Forestry, Energy, Indigenous Relations, and Economic Development and Trade on the development of range-specific details. Engagement on the draft provincial caribou range plan continued in early 2018 through meetings, workshops and information sessions with industry, municipalities, Indigenous peoples and other stakeholders to finalize the plan with range-specific details.

In 2017-18 caribou recovery efforts included population management and habitat restoration, engagement and consultation, Indigenous capacity funding, investigation of rearing facility feasibility, and range plan development.

The completion of caribou range plans will contribute to the health and integrity of Alberta's environment and ecosystem by recovering habitat of threatened caribou populations and supporting the broader suite of biodiversity values.

Regional planning – integrating caribou range planning with landscape management planning in the Lower Athabasca Region was recently identified as an improvement opportunity. Northeast caribou range plans and the Landscape Management Plan are intended to manage the extent and duration of industrial footprint to support biodiversity and will share a common set of tools that will allow the Government of Alberta to implement, monitor and assess the plans together.

Restoration of critical habitat – a key action to support critical habitat recovery is restoration of the footprint caused by legacy activities (e.g., seismic). This will reduce overall disturbance levels in a caribou range, allowing for more opportunities for current and future access and use of the landscape. Alberta is committed to, and has already initiated, restoration of legacy seismic lines in the Little Smoky and A La Pêche caribou ranges. Since the announcement in the fall of 2016, the ministry has developed a restoration framework to guide planning and implementation and engaged with local stakeholders and Indigenous peoples to develop a restoration plan for a pilot area with on the ground restoration work is underway. The goal is to restore all necessary legacy footprint in all caribou ranges over the next 40 years resulting in significant habitat improvement over time. The success of long-term habitat restoration will require a commitment and partnership between the Government of Alberta, the Government of Canada, and industry.

1.6 c Roadway Watercourse Crossing Remediation Program

Poorly designed, constructed, and maintained road crossings result in stream fragmentation and contribute to fish population declines. Alberta has listed or is in the process of listing a number of fish species sensitive to fragmentation in need of recovery including Athabasca rainbow trout, bull trout, westslope cutthroat trout and Arctic grayling. Athabasca rainbow trout are provincially listed as Threatened and are under consideration for Endangered status by Environment Canada under the federal *Species at Risk Act*. Recovery and implementation plans for bull trout and westslope cutthroat trout are currently being updated.

Using a watershed-based approach the Roadway Watercourse Crossing Remediation Program will implement an innovative regulatory strategy. Rather than applying the traditional regulatory model where the regulator inspects crossings and initiates enforcement actions for non-compliance, the new model better balances the approach, with crossing owners taking back accountability for compliance. Crossing owners do this by undertaking inspections; reporting their compliance status; developing and submitting remediation plans, and remediating non-compliant crossings.

On March 4, 2015, the *Roadway Watercourse Crossing Remediation Directive “ESRD Compliance 2015 No.1”* was approved by Environment and Parks. The intent of the Directive is to:

- Uphold the regulatory mandate of Environment and Parks, Agriculture and Forestry, and the Alberta Energy Regulator;
- Protect or restore fisheries habitat through effective stream crossing practices; and
- Promote and support a watershed-based approach to effective, collaborative watercourse crossing inspection, monitoring, management and remediation.

The Roadway Watercourse Crossing Remediation Program approach involves Integrated Resource Management System partners (Environment and Parks, Agriculture and Forestry, the Alberta Energy Regulator, Alberta Justice – Environmental Law Section), as well as crossing owners. A project steering committee was established consisting of senior representatives from Environment and Parks, the Alberta Energy Regulator, Agriculture and Forestry with arm's length engagement with Alberta Transportation.

A crossing owner advisory committee was established as a means for regulators and crossing owners to engage on implementation of the Directive. Crossing owner members of the advisory committee include Canadian Natural Resources Ltd, Alberta Transportation and the Foothills Stream Crossing Partnership who represent roughly 12 oil and gas and forestry companies in this initiative.

Watershed priorities were established in the programs phase one area in Alberta's eastern slopes. A minimum of 55 watersheds will be inspected by participating crossing owners between 2015 and 2020, with some remediation work initiated. As of fiscal year end 2017-18, the program has collected inspection data in 25 watersheds.

Inspections conducted by participating crossing owners in 10 watersheds were completed in 2017-18. Canadian Natural Resources Ltd. has completed inspections of all their crossings in the phase one area and has also started to remediate crossings in 2017. The Foothills Stream Crossing Partnership member companies completed 1342 inspections in the 2017 inspection season, primarily in 10 watersheds and have remediated over 200 crossings since 2011. Canadian Natural Resources Ltd. has started to remediate crossings in 2017 and the Foothills Stream Crossing Partnership member companies have remediated over 200 crossings since 2011.

There is agreement between regulators and participating crossing owners to undertake a pilot project in the Berland watershed to further assess implementation details around inspections, data submission, remediation plan development and approval, and regulatory audit. In 2017-18 Environment and Parks hired a project manager to support the steering committee and ongoing operational implementation of the Directive.

Environment and Parks is also leading a number of other fisheries recovery initiatives in the province. One of these initiatives called the North Central Native Trout Recovery Program requires integration with the Stream Crossing Remediation Initiative through collaboration in some watersheds. Participating crossing owners have responded positively to Environment and Parks request and expressed agreement to amend watershed priorities in 2018 to align with the trout recovery program.

The Roadway Watercourse Crossing Remediation Program is complex. It involves multiple regulators and multiple crossing owner sectors (both private and government). There are ongoing governance and resource challenges in moving forward; however, it is necessary to hurdle these to meet fisheries recovery initiatives in Alberta, incent good compliance, and work with crossing owners to address ongoing compliance and financial liability.

The Federal Government is expected to list Athabasca rainbow trout and bull trout as Endangered and Threatened respectively and there are expectations for Alberta to develop and deliver concrete actions outlined in provincial recovery plans for these species. In support of this implementation of stream crossing inspections and remediation in higher risk watersheds with high risk to fish species would benefit from more timely attention.

The federal government is undertaking review of the federal *Fisheries Act* to restore lost protections and incorporate modern safeguards. It is anticipated this may result in a return to clearer federal expectations around habitat loss and fragmentation. Implementation of the Stream Crossing Remediation Program would align well with this outcome.

Participating crossing owners are still meaningfully engaged with regulators and will continue to carry out inspections of the next 10 provincial watersheds in the 2018 inspection season and align inspection priorities with the North Central Native Trout initiative.

1.6d Feral horse management plan

Feral horses on public land are descendants of domestic stock and are not native wildlife. Since the early 2000s, numbers have risen steadily, expanding beyond the areas feral horses were previously known to occupy.

The Feral Horse Advisory Committee was formed in 2013 to provide input for drafting the management strategy. The committee is composed of a diverse group of stakeholders, including the Wild Horses of Alberta Society, Alberta Fish and Game Association, Rocky Mountain Forest Range Association, Sundre Forestry Products, Alberta Veterinary Medical Association and Alberta Equine Federation.

In 2017 A Long-Term Strategy for Feral Horse Management in the Eastern Slopes of Alberta: A Rangeland Health Context was drafted by the ministry and presented to the advisory committee for review. Management of feral horses has been deemed necessary in the plan to conserve wildlife habitat and sensitive landscapes, and to protect public safety or private property. Upon acceptance of a management strategy, committee members will be re-engaged to provide feedback on initial implementation plans that will begin to achieve the objectives outlined in the strategy. To support initiatives within the strategy, a budget of approximately \$100,000 was allocated towards different components in 2017-2018.

Implementation of management strategy through monitoring – In order to inform the management strategy, the ministry continued to collect information on the current number and location of feral horses within the Horse Capture Areas. In January 2018, approximately \$69,000 was spent on collecting data for two different sampling methodologies; distance sampling and total minimum counts. Total minimum counts indicate where horses are found allowing staff responsible for plan implementation to understand the breadth of the issue.

Members of the public against management of the feral horses continue to challenge the scientific rigour of minimum counts, with their primary argument being that ministry staff are getting better at detecting animals,

and that population growth cannot be determined from minimum counts. In response to these concerns, the ministry has utilized distance sampling methodology, in addition to minimum counts, for the last two years.

Distance Sampling is a more statistically rigorous methodology already used in wildlife counts and allows the ministry to better understand changes in population size and density, aiding staff in their assessment of feral horse impacts. The resulting data support implementation of the long-term management strategy by spring of 2022 and prioritize management actions to ensure success.

Pilot project with Wild Horses of Alberta Society – Through a memorandum of understanding (MOU) signed in November 2014 with Environment and Parks the Wild Horses of Alberta Society is carrying out an immunocontraceptive (birth control) vaccine pilot project. Between 2015 and 2017 89 mares have been darted with the vaccine. These mares will be monitored throughout 2018. The ministry will support this pilot for its final year in 2018-2019.

Spatial modelling – Spatial modeling using a holistic, geo-spatial, cumulative effects planning and decision support tool called A Landscape Cumulative Effects Simulator (ALCES) online is underway to help the ministry understand the risk of not managing feral horses. Additionally, the model will aid the ministry in understanding how managing feral horses in different ways will result in different landscape outcomes. The model will connect implementation plans with the overall feral horse management strategy objectives. This project is forecasted to cost approximately \$20,000 when completed.

1.6e Species at Risk recovery plans

The *Wildlife Act* requires recovery plans be developed for provincially listed Endangered and Threatened species. Recovery plans are developed with input from Alberta Government staff, directly affected stakeholders, Indigenous communities and the public.

Westslope Cutthroat Trout and Bull Trout - In 2017-18 recovery planning efforts as well as targeted recovery implementation programs were underway for westslope cutthroat trout and north central native trout (bull trout, Athabasca rainbow trout, Arctic grayling). These programs focus on key threats to these species including habitat degradation, fragmentation and incidental mortality from catch-and-release fishing, poaching and competition or hybridization with non-native species. Program pilot projects in focal watersheds were initiated in 2017-18 to implement and assess the results from specific management actions implemented to address these threats.

Stakeholder and public interest in the Westslope Cutthroat Trout Recovery Program and the North Central Native Trout Program has been high, with concerns raised about some proposed management activities (e.g., fisheries closures) and coordination of department response to trout recovery. Department staff have increased engagement and communications efforts with interested parties to explain the recovery programs, proposed recovery actions, and how these initiatives are linked.

Grizzly Bear - Following public consultation, the grizzly bear recovery plan was updated in 2017 and is now pending review by the Endangered Species Conservation Committee that advises the Minister on matters relating to the identification, conservation, and recovery of species at risk in Alberta.

Other Species - In 2017-18 recovery plan development or implementation continued for many other species including peregrine falcon, ferruginous hawk, western grebe, pygmy whitefish, bull trout, three Milk River fish species (western silvery minnow, stonecat, Rocky Mountain sculpin), lake sturgeon, short-horned lizard, whitebark and limber pine, Ord's kangaroo rat, soapweed and yucca moth, tiny cryptantha and small-flowered sand verbenas.

Several draft plans will be ready for public engagement in 2018-19 including pygmy whitefish, western grebe, ferruginous hawk and bull trout.

In late 2017, the department received notification that Montana Fish and Wildlife Commission approved Alberta's proposal to translocate another 40 female greater sage-grouse from Montana to south-eastern Alberta. This follows the last translocation effort in spring of 2016 and builds on other recovery efforts for this

endangered species, including habitat improvements, predator management, monitoring, and efforts by the Calgary Zoo to captive breed sage-grouse.

The translocation efforts were postponed until spring 2019 because of late-winter conditions in Montana in winter-spring 2018.

Approximately \$541,000 was allocated to provincial species at risk programming in 2017-18, including the development and implementation of recovery plans. This was exclusive of funds directed towards woodland caribou range planning and caribou recovery implementation efforts, recovery of bull trout (through the North Central Native Trout Recovery Program) and westslope cutthroat trout, and department grants directed towards species at risk initiatives.

Recovery plan development and implementation will continue in 2018-19 with recovery efforts focused on native trout.

In 1997 the Endangered Species Conservation Committee was created in response to Alberta's signing of the National Accord for the Protection of Species at Risk and enacted under Alberta's *Wildlife Act*. The committee is made up of member organizations, representing a diversity of resource user organizations, land managers, universities, and conservation organizations. Its primary functions are to recommend the necessary legal designation and protection for threatened and endangered species in Alberta; facilitate the planning and implementation of conservation programs and recovery plans for species at risk; and recommend actions that will prevent species from becoming at risk in the future. This Committee was reinstated in 2017-18 after several years of hiatus.

OUTCOME TWO

Sustainable economic diversification

Albertans wish to generate economic diversification through a green economy that improves human well-being and social equity, while significantly reducing environmental risks and ecological imbalances. This includes growth in income and employment driven by public and private investments that reduce carbon emissions and pollution, enhance energy and resource use efficiency, and prevent the loss of biodiversity and ecosystem services. Investing in a diversified and greener economy through utilization of green spaces and diversification of land use will expand rural economies and their sustainability. The Government of Alberta will utilize policy, regulations and economic instruments to enable an economy that promotes investment and development by Albertans in green sectors such as waste, water, renewable energy, ecotourism and outdoor recreation. Energy Efficiency Alberta, exemplifies this by providing programs and services to help Albertans save money and energy, while lowering Alberta's carbon footprint and developing micro-generation, small scale energy systems and an energy efficiency services industry in Alberta. The development of a green economy promotes the government's desire to sustain and advance economic, environmental and social well-being now and into the future.

The following section describes performance measures and indicators, and key strategies the ministry delivered in the past year that demonstrate progress towards achievement of Outcome Two.

Outcome Two Performance Measures

Performance Measure(s) Under Development

Performance measure(s) are under development that reflect progress toward achieving sustainable economic diversification through nature-based tourism and outdoor recreation on public lands and provincial parks.

Key Strategy 2.1 Through the Climate Change Office and in collaboration with other ministries and Energy Efficiency Alberta, implement energy efficiency initiatives.

Results for Key Strategy 2.1 are shown under Key Strategy 1.1, Sub-strategy 1.1b.

Key Strategy 2.2 Support Alberta's progress towards a green economy to create new jobs in agriculture, forestry, transportation and construction sectors by providing leadership on adoption of greener technology.

Made-in-Alberta approach - Alberta is committed to growing a greener economy. A primary strategic focus for green growth in Alberta is commitment to the Climate Leadership Plan (CLP) and economic diversification with an emphasis on green growth.

Alberta has adopted the United Nation's Environment Program's definition of green economy: *An economy that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities. In its simplest expression, a green economy can be thought of as one which is low carbon, resource efficient and socially inclusive.*

Alberta takes a broad perspective to green growth, encompassing a multi-sector perspective that considers green jobs as positions found at some level to be environmentally beneficial. This includes jobs that are purely green in focus, activities and skills (e.g., environmental sustainability planner), jobs that are primarily green in focus, activities and skills, (e.g., solar panel engineer), and jobs that are somewhat green in focus, activities and skills, (e.g., water plant operator). Green jobs may further include commonly known jobs like construction workers installing solar panels on a house or building to be more energy efficient or an

automotive mechanic reconfiguring a car so it is more fuel-efficient. They become green jobs when technologies are created and installed to preserve the environment.

An ongoing challenge has been the view that Alberta's contribution to the climate change crisis has created reputation challenges that were impacting business: investment and market access were both threatened by continuing the status quo. Alberta has taken decisive action to curtail emissions to protect the environment, and to create jobs by growing the modern Alberta economy, including improved access to world markets for our responsibly produced energy.

Alberta is a leader in sustainable environment and resource management in Canada. This is emphasized through implementation of the Alberta *Land-use Framework* and leadership in cumulative effects management, which aims to promote economic growth within environmental limits, and proactively address social, economic and environmental considerations of growth. Alberta also promotes public and private investment in innovation that promotes continuous improvement in the energy sector, renewable energy, resource conservation, and rehabilitation of Alberta's environment.

Climate Leadership Plan - skills and employment in green sectors – The CLP reduces greenhouse gas emissions while diversifying our economy and creating jobs. Revenue derived from the carbon levy established as part of the CLP enables programs which help stimulate economic growth and provide new opportunities for Albertans to invest and work in green sectors.

The transition of electricity production from coal to renewables, residential and industrial energy efficiency programs, clean technology research, development and deployment and the construction of green infrastructure are all examples of CLP programming that contribute to diversifying the economy. At the same time innovation support is provided to grow the oil sands sector under the 100 megatonne emissions cap. These programs invest directly to create jobs and indirectly through the supply chain supporting these programs.

The CLP moves Alberta towards a lower carbon economy. At the same time, CLP policies and programs provide additional benefits by boosting economic activity, increasing gross domestic product and supporting new jobs.

Key Strategy 2.3 Ensure the parks, public lands and conservation efforts create jobs in tourism and associated industries.

For the past 85 years, the Government of Alberta's parks program (Alberta Parks) has been a cornerstone to the recreation and tourism industry in Alberta attracting millions of visitors each year. More than a third of Albertans visit Alberta Parks' locations every year, accounting for an estimated 10 million visits annually.

Albertans love the outdoors, whether they are climbing a mountain or having a picnic in a day use area. Environment and Parks is helping Albertans learn about and connect to our history, our landscapes, our communities, our families and the environment by providing places and programs to learn and play. In so doing, Alberta Parks draws millions of visitors to communities throughout the province, collaborating with local communities and businesses to support and grow the recreation and tourism industry. In addition to supporting enhancement of Alberta's provincial parks through the commitment to provide modern facilities, the projects within these capital programs contribute to the stimulation of the local economy. Parks projects, totalling approximately \$50 million in 2017-18, have created jobs in Alberta and have helped increase visitation to parks and surrounding municipalities. Environment and Parks is able to influence economic activity in the province as a:

- steward of landscapes across the province that offer a wide range of outdoor nature based recreation and tourism opportunities;
- business owner of the largest supply of camping sites in the province (14,000) that serves over 500,000 account holders on ReserveAlbertaParks.ca. In 2017, ReserveAlbertaParks.ca had 163,553

reservations, an increase of 8,411 reservations or 5.4 per cent from 2016. At the end of the year, there were 537,469 Reserve Alberta Parks public user accounts created to date, with 58,111 new user accounts created in the same year, bringing hundreds of thousands of campers to communities across the province;

- land manager and partner to a number of recreation and tourism providers and businesses who operate within Alberta Parks through permits and leases including fixed roof accommodations, food services, guiding and outfitting, tours, equipment rentals and sales as well as host to a wide variety of special events of various scales including World Cup Nordic competitions at the Canmore Nordic Centre;
- partner to communities and to destination marketing organizations throughout the province to grow the recreation and tourism industry through destination development; and
- major reputational asset to the province, by marketing and promoting scenic landscapes and tourism destinations to potential regional, national and international visitors.

Many Alberta provincial parks and provincial recreation areas are within an hour's drive of an Alberta community, provide employment and contribute to rural economic development through recreation and tourism destination development. Trip Advisor often lists Alberta Parks as the top attractions to visit in rural communities all across the province. Social media has been an important tool connecting Alberta Parks and visitors through providing up to date information on events and activities within Alberta Parks, sharing visitors' images and experiences with other potential visitors, and inspiring people to try new activities, connect with nature and plan trips all across the province. This past year saw an increase in activity to more than 20,000 followers on Facebook, 8,000 on Twitter and 12,900 on Instagram. In 2017, AlbertaParks.ca also had 2,023,068 unique users, with 3,954,458 sessions. In other forms of media, Alberta Parks budgets approximately \$125,000 annually for destination development promotion and public information, which includes Alberta Parks specific maps, brochures, campground guides, outreach and limited advertising.

Economic value is generated both from direct spending and employment, and indirectly through the spending of visitors in local gateway regions, which in turn generates and supports economic activity within local economies. In 2015, as part of *Land-use Framework* planning, a study was submitted to Alberta Culture and Tourism by Econometric Research to identify and quantify the economic benefits of park visitors and park operational expenditures in regional economic development. This study identified there were approximately 6.8 million day visits to parks and protected areas annually with an average spend of \$55 per visitor. Statistically valid measures of day use visitation across the Alberta Parks system are challenging without a fee or entrance booth at each entrance point. Efforts are underway to improve our understanding of day use visitation.

There were several initiatives undertaken by Environment and Parks in 2017-18 that tie to partnerships with tourism businesses, associations or local communities to help drive tourism and economic development. One of them is the transfer of ownership of Sylvan Lake Provincial Park to the Town of Sylvan Lake, which allows the town to fully implement its Sustainable Waterfront Area Redevelopment Plan, and bolster tourism and economic opportunities in the community.

Another initiative is the creation and launch of a data feed of camping information for the Alberta Tourism Information System that populates Travel Alberta's website and marketing channels and is accessible by other tourism-marketing partners. The Regional Travel Routes section on AlbertaParks.ca, which includes Alberta Northern Rockies, Canadian Badlands, Crown of the Continent, David Thompson Country, Kananaskis, and Lakeland was also launched. Throughout the fiscal year camping was promoted through a midweek camping promotion, webpages for low cost camping options and fall/winter/spring camping, and extended season camping with a goal to not only increase occupancy in Alberta Parks, but to encourage tourism in surrounding communities during non-peak times of the year.

During the 2017-18 fiscal year, Sir Winston Churchill Provincial Park continued to grow their relationship with the Lac La Biche Canadian Native Friendship Centre (CNFC). Some of the outputs included three tipis built

by the CNFC at the Sir Winston Churchill Provincial Park. Alberta Parks supplied a cookhouse building at the tipi site with a kitchen, barbeque and bathroom facilities. The CNFC purchased the tipis and furnishings, and are responsible for set up/take down at the start and end of each season. Revenue collected will go back to the Lac La Biche CNFC to support local employment initiatives such as their Cultural Ambassador Program.

Last fall, Environment and Parks worked with Alberta Culinary Tourism Alliance, Tourism, Travel Alberta, local chefs and Destination Marketing Organizations at Pigeon Lake Provincial Park and Sir Winston Churchill Provincial Park to pilot and evaluate the potential to offer culinary camping experiences tied to Alberta Parks and comfort camping in the future.

Building on 2015's "Cook It Raw", this project is meant to unfold over three years, culminating in market tested and adjusted saleable culinary experiences (as well as other packaged visitor experiences) supporting local tourism, local industry and Indigenous employment.

The Pigeon Lake pilot highlighted local farm-to-table, including local chefs and locally produced products such as honey, meats (Alberta beef, trout), dairy (cheese, yogurt, milk), eggs, bread, produce, beer, mead, etc. and highlighted guided activities (interpretive nature hike & learn to fish experience) that could be provided in Alberta Parks by local businesses.

The Sir Winston Churchill pilot highlighted local and Indigenous culture and products. This included meat (bison, rabbit, trout), Métis bannock, traditionally foraged tea, local dairy (cheese, yogurt, milk), eggs, produce (wild garlic, heirloom tomatoes, micro-greens), as well as highlighted guided activities (traditional knowledge nature hike, Indigenous medicine talk/tea, round dance, drumming and learn to fish experience) that could be provided in Alberta Parks by local businesses and communities. The pilot and research evaluation will be completed by 2019. Some considerations for success include scalability, insurance, food handling, first aid, Workers' Compensation Board and training requirements and staffing levels.

The demand for access to Alberta Parks continues to grow as evidenced by the annual increases to Reserve.AlbertaParks.ca account holders and bookings. There is an ongoing effort by Environment and Parks to both serve and accommodate new visitors while at the same time managing visitation so the core conservation values of the landscapes we steward are maintained. As part of this effort, Alberta Parks participated in the Calgary and Edmonton Recreational Vehicle Expos which support the recreational vehicle dealers in Alberta as well as the tourism industry overall.

There is an ongoing and growing awareness of the importance of physical activity and nature in supporting our physical, mental, emotional and spiritual health. There are a number of national efforts underway, including the National Framework for Recreation, Parks for All and Connecting Canadians to Nature, that make Alberta Parks central to the success of these efforts. In support of these efforts, Environment and Parks is focused on destination development for Castle Provincial Park and Castle Wildland Park and raising awareness through social media and promotions. Current efforts are on building capacity in the Castle to support events and activities, such as building winter programming like learn to snowshoe, ice fish and winter camp in the Castle.

Key Strategy 2.4 Strengthen landowners' rights for compensation and due process in surface rights issues.

Landowners in Alberta can have their surface rights affected by subsurface resource development. The activities and operations of the Surface Rights Board, Land Compensation Board, as well as the legislative and regulatory frameworks under the *Surface Rights Act* and the *Expropriations Act* together serve to uphold landowners' rights for compensation and due process in surface rights issues.

In 2017-18 Environment and Parks, in collaboration with partner ministries in Energy and Municipal Affairs, boards and advocates, supported landowners' rights to compensation and due process through the following key activities:

Managing surface payments from oil and gas liabilities – The financial hardship experienced by the oil and gas industry due to the downturn in oil prices has generated higher-than-average defaults on surface rental payments owed to landowners. Environment and Parks is making these payments as directed by the Surface Rights Board. In 2017-18 Environment and Parks paid out approximately \$6.1 million in outstanding surface rental payments to landowners. Government is also taking action to manage the increasing liability associated with upstream energy infrastructure on Alberta's landscape. A public engagement session was hosted by the Department of Energy through the Liability Management Review Policy options to better control liability and enhance reclamation.

Administrative amalgamation of Surface Rights Board and Land Compensation Board – In Phase 1 of the Alberta Government review of Agencies, Boards and Commissions, the administrative amalgamation of the Land Compensation Board and Surface Rights Board with the Municipal Government Board and New Home Buyer Protection Board was announced as a joint Ministry priority in Budget 2016. Municipal Affairs, Justice and Solicitor General and Environment and Parks agreed to amend the *Designation and Transfer of Responsibility Regulation* to transfer responsibilities for certain sections of both the *Expropriation Act* and the *Surface Rights Act*. The administrative amalgamation was formalized in February 2018. Municipal Affairs will be responsible for administration of the Land Compensation Board and the Surface Rights Board going forward.

Environment and Parks will retain legislative accountability for some sections of the *Surface Rights Act* as they pertain to determining surface rights policy, implementation elements, such as compensation payable to individuals and the *Surface Rights Regulation*.

Property Rights Advocate Office Annual Report Recommendations - Since being established in December 2012, the Property Rights Advocate publishes and provides the Government of Alberta an annual report, including recommendations, of what it hears from interactions with landowners, industry and other stakeholders. Environment and Parks is making progress on the recommendations accepted by the Government of Alberta. It is working collaboratively with partners in the departments of Energy, Municipal Affairs and Justice and Solicitor General, along with the Surface Rights Board, Farmers Advocate and Property Rights Advocate Offices and the Alberta Energy Regulator to improve policy coordination and the system to support fairness and equity in settling property rights disputes.

Environment and Parks is also working collaboratively to examine options to modernize the system and the *Surface Rights Act* in respect of landowner rights. It recognizes the emerging landowner concerns related to the development of wind and solar energy projects. Policy work is underway to identify options to improve landowner protections for this new resource development activity.

Key Strategy 2.5 Implement opportunities for park facility and/or program sponsorship to ensure long-term sustainability.

The *Plan for Parks* (2009-2019), a ten-year strategic guide for managing Alberta's system of provincial parks and protected areas, initially proposed establishment of an Alberta Parks Foundation to encourage environmental stewardship and facilitate donations of land, money and gifts in kind (program sponsorship).

The proposal was to adopt the parks portion of what was the Alberta Sport, Recreation and Wildlife Foundation's (ASRWF) mandate. The ASRWF has now evolved into the Alberta Sports Connection, which is a provincial corporation promoting athletics while funding and partnering on community initiatives. The remaining land-bases from the ASRWF have been assumed by Environment and Parks.

Environment and Parks will continue to leverage existing and new partnerships with external organizations to promote desired conservation and recreation goals, and ensure long-term operational sustainability. These partnerships include a wide range of non-profit groups including various "Friends of" organizations, foundations and community groups across the province. It also includes working with municipal, federal and provincial authorities to manage human-wildlife conflicts such as the Bow Valley WildSmart initiative and working with thousands of volunteers to support the visitor experience and foster stewardship among Albertans.

OUTCOME THREE

Social well-being

Albertans love the province and wish to maximize the social benefits and social equity a high quality natural environment provides. To complement the overall mental and physical health benefits derived from a healthy environment and ecosystem, the ministry manages Alberta's Parks system land base, facilities and infrastructure, and access to public lands. Opportunities are provided for Albertans and visitors to explore natural landscapes, engage in nature-based experiences or outdoor recreational activities, and learn about Alberta's natural heritage through the ministry's many educational, interpretative and experiential programs. Additional outdoor recreational activities are provided through management of water reservoirs and fish hatcheries. These interactions enhance social well-being and quality of life while contributing to the provincial green economy through Alberta's recreation and tourism industry. To ensure these opportunities are available to future generations, the ministry works with Albertans including Indigenous Peoples, to protect and conserve the province's air, land, water and biodiversity.

The following section describes performance measures and indicators, and key strategies the ministry delivered in the past year that demonstrate progress towards achievement of Outcome Three.

Outcome Three Performance Measures

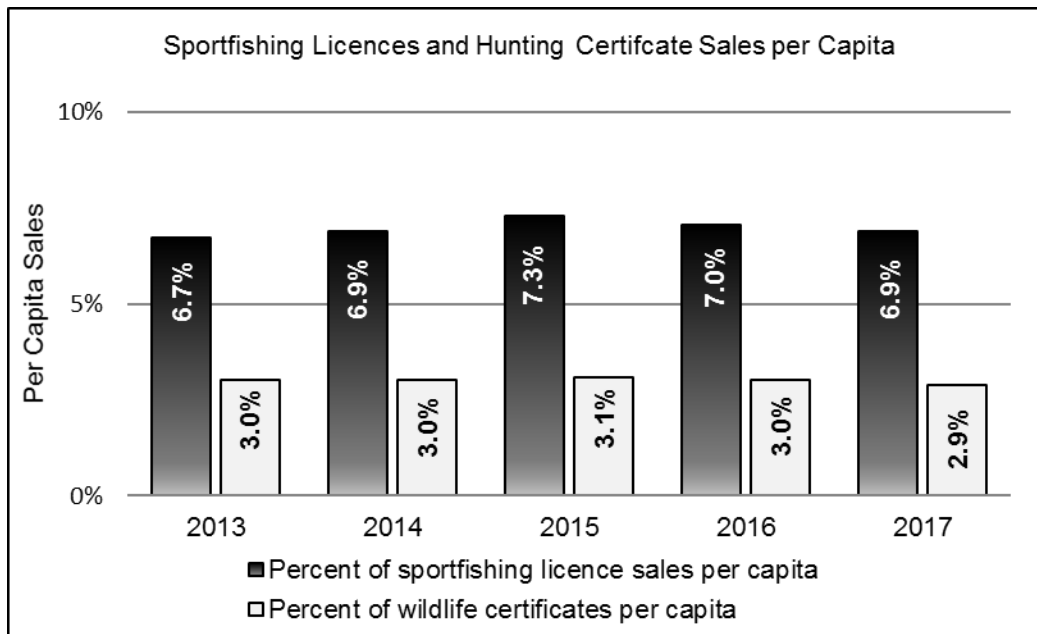
3.a Hunting and wildlife certificate and sportfishing licence sales per capita:

- *Percentage of Albertans who have a hunting wildlife certificate per capita*
- *Percentage of Albertans who have a sportfishing licence per capita*

Albertans are proud of their province and the opportunities provided them to explore natural landscapes, engage in nature-based experiences and outdoor recreational activities. Participating in nature-based opportunities provides social benefits to Albertans and fosters communities that are engaged in environmental stewardship and the responsible use of nature. Experiencing nature also reduces stress, promotes active lifestyles, positively affects mood and health, allows Albertans opportunities to actively participate in natural ecosystem process and function using a recognized conservation ethic, provides food sources, is an important part of Alberta's cultural heritage and contributes toward social well-being. The ministry issues hunting and fishing licences to offer Albertan's opportunities to engage in hunting and fishing and to connect with nature while developing an appreciation and respect for the outdoors and wildlife. The direct economic benefits of revenue generated from licence sales help fund the Alberta Conservation Association to protect and enhance fish, wildlife and their habitats. This revenue also supports sustainable management of fish, wildlife and their habitats and contributes to outdoor recreation management. Hunting and fishing provides direct and indirect economic benefits in the form of tourism and is a very important economic driver for many of Alberta's rural communities

Environment and Parks wants to encourage sustainable hunting and angling opportunities in Alberta, particularly among young people, who will inherit the responsibility of environmental conservation into the future. These opportunities support and promote responsible stewardship of Alberta's natural resources for future generations, connect Albertans with nature and wildlife by drawing them from urban centres into natural environments, and help to develop an appreciation and respect for the outdoors and Alberta's biodiversity. The hunting and fishing licence sales performance measure tracks the percentage of Albertans who purchase sportfishing licences and wildlife certificates. For this measure, a hunting licence sale refers specifically to a wildlife certificate sale (as opposed to number of licences for harvesting wildlife) because it more accurately represents the number of hunters in Alberta; the intent of the measure is to track the percent of Albertans who are taking advantage of hunting and angling opportunities, not the utilization of wildlife. The performance measure results provide a reliable estimate of the number of Alberta anglers and hunters on the landscape.

Both the hunting and fishing licence numbers for 2016-17 showed a very slight decrease compared to the previous year results. Licence sales over the last 10 years for both hunting and sportfishing show a flat trend. For both hunting certificate and sportfishing licence sales, it is understood a few of the hunting and



fishing population at the higher age bracket are declining in participation. However with recent recruitment programs primarily focused on introducing hunting and fishing to new participants regardless of age, which includes new Canadians, women and children as these categories have the most room for growth. This appears to have been offsetting the reduced participation by older generations. It is also noted that individuals under 16 or over 65 are not required to purchase a sportfishing licence. An angler survey conducted at several fisheries in the late 2000's by Alberta Environment and Parks, which focused on angling catch rates and efforts revealed that approximately 25 per cent of anglers do not require a sportfishing licence so the overall participation rates for angling may be much higher than what is reflected in the licence sales figures.

Targets for this measure set in the 2017-20 business plan of 7.4 per cent and 3.3 per cent (for sportfishing licences and wildlife certificate, respectively) were not achieved. The 2017 targets were developed considering historical trending of the performance measure result. At the time when the targets were developed, only 2015 sales figures and previous years were available for analysis and reflected a steadily increasing trend. In the fall of 2017, targets for 2018-19, 2019-20 and 2020-21 were developed for the 2018-21 business plan and reflect a different target development rationale, which is more in line with the results seen for 2017. The targets for 2018 through 21 reflect a stronger consideration of the wildlife policy program intent and reflect stable rates of sales. These new targets reflect no change in the sales rates for the measure and are set at 3.1 per cent for hunting wildlife certificate sales, and 7.1 per cent for sportfishing licence sales, which allow for moderate increases in licence sales as the population of Alberta grows. Results in alignment with the new targets will reflect maintenance of the angling and hunting populations of Alberta to minor level of recruitment enabled by the careful management of wildlife and fisheries resources by Environment and Parks. In fact, in the past five years since 2013 the sportfishing population has grown by approximately 27,500 anglers and the hunting population has grown by nearly 4,000 hunters. The total number of licence sales for hunters and anglers both show a gradual but consistent growth in Alberta.

The trend in participation rates for angling can be attributed to the results of precautionary management and recovering fisheries. Over the past decade, the fisheries management system has become more active in fisheries management. Fisheries management's first priority is the conservation of fisheries, second is allocation to indigenous users, third is recreational anglers and the fourth is economic such as competitive fishing events. A cumulative effects approach coordinates angling effort and mortality with other

considerations in the establishment of regulations; knowing what we have, what the management objectives are and then implementing conservation-based regulations we need to get there.

The overall goal of fisheries management is long-term sustainability. In the 1970's through 1990's Alberta saw wide spread collapse of fisheries largely due to overly liberal regulations. To see the recovery in some of those fisheries 20-30 years later is an impressive story considering the magnitude of their collapse and it is likely we will see further recovery. As Alberta's fisheries continue to recover, the use of fisheries will likely increase. The roll out of management frameworks for Walleye, Pike, and other species over the coming years, will lead to the recovery of more fisheries. Currently about one third of the lakes in Alberta are managed under the 2018 pike and walleye frameworks. Some recovering fisheries have been moved to a sustainable harvest management objective and we have allocated harvest of Walleye and Pike in lakes in most management areas of Alberta.

Other jurisdictions have been looking to Alberta as an example of successful sustainable fisheries management. Alberta is regarded for its innovation of fisheries management over the last decade implementing tools such as the Fish Sustainability Index used to assess fish populations and cumulative effects on local and provincial scales that will further the sustainability approach to fisheries management.

If you look back decades in the sales of hunting certificates, there is a notable decline in participation as there was a population shift from rural to urban communities and families had more disposable income. This was associated with a shift towards participation in sports by youth, away from hunting. Participation rates have seemingly recovered and show an encouraging trend.

Alberta offers unique hunting opportunities managed sustainably through general licences and draws. These opportunities are offered such that the resource is managed using regulated allowable harvest limits following inventory and monitoring efforts. The number of hunting opportunities and new seasons have increased over time for elk provincially, and moose in the prairies and parkland regions. However, there has also been a marked decline in mule deer numbers over time through a combination of factors, including chronic wasting disease, and habitat loss.

There are significant overall patterns of CWD occurrence in Alberta. CWD continues to occur primarily in mule deer in comparison to white-tailed deer despite testing large numbers of both species. Similarly, male mule deer are more likely to be infected than female mule deer. The disease continues to expand further westward into central Alberta. Hunters continue to support the program and are providing a solid foundation on which we can monitor CWD can be monitored as it spreads among east central deer populations. Where CWD is found in the wild or where there is reason to believe there is increased risk of the disease being present in wild populations, three primary tools may be applied: Increased recreational harvest opportunities, herd reduction programs, and increased public information and education. All programs are updated and/or revised in response to new research data or field information. The presence of Chronic Wasting Disease on the landscape will require an increase in Mule Deer hunting opportunities in order to reduce the probability of disease transmission in populations where prevalence is high.

Environment and Parks is currently looking into different programs and opportunities for furthering recruitment of hunters and exploring options to address emerging issues in the wildlife management program, such as long wait times for hunters queued in the draw system. The most extensive hunting consultation ever done by Environment and Parks was conducted in 2014.

In an ongoing effort to improve performance reporting the ministry shifted this measure from annual per cent change measure to a per capita presentation. The increasing trend shown through the per capita numbers is unique to Alberta and is attributed to Alberta's management of wildlife and fish populations which provide ongoing positive experiences for Alberta hunters and anglers. By taking a science-based strategic approach, focusing on goals and objectives, the management of wildlife and fish populations can be assessed and integrated at various scales, from local to provincial. Environment and Parks staff continues delivering species

management frameworks to identify and provide sustainable hunting and sportfishing opportunities for Albertans now and into the future. Impacts of hunting and fishing on fish and wildlife populations are mitigated by providing robust and timely data on the status of fish and wildlife resources and their use, informing and engaging with Albertans about resource status and setting desired outcomes, monitoring and reporting on any changes to fish and wildlife resources and the results of management actions towards achieving outcomes.

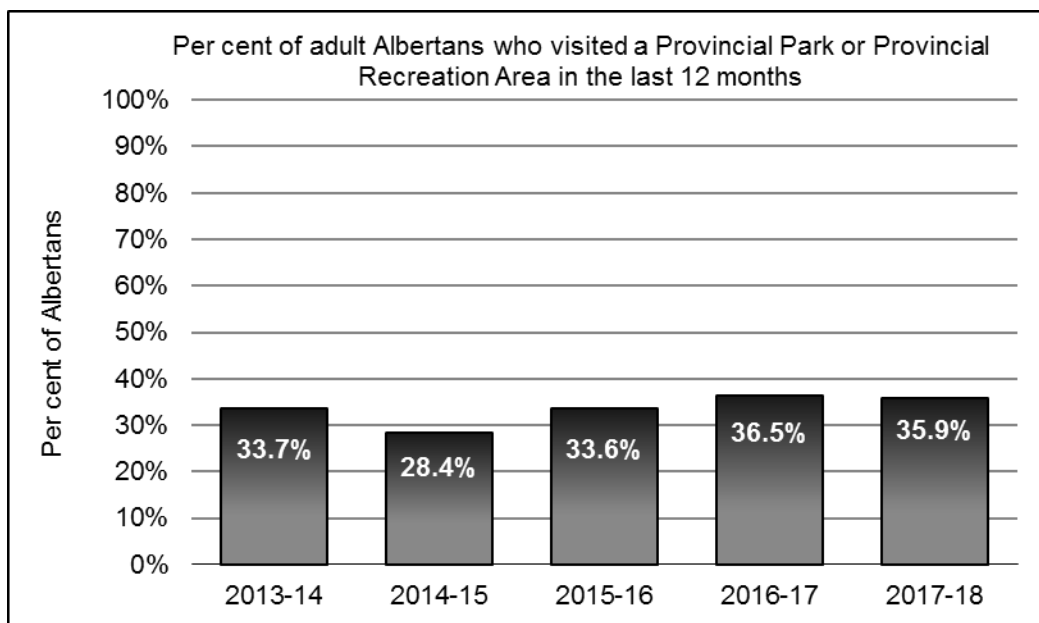
3.b Provincial park or provincial recreation area visitation:

• *Percentage of Albertans who visited provincial parks or provincial recreation areas in the last 12 months*

Provincial Parks and Provincial Recreational Areas in Alberta are a reflection of the diversity of societal values and landscapes in this province. Alberta has a rich cultural heritage as well as some of the most beautiful natural landscapes in Canada. There is over 28,750 square kilometers of land within the entire Alberta Parks system which includes eight separate legal classifications. There is a growing recognition of the importance of Alberta parks and protected areas system and how they benefit society, health, culture, economic needs, and social well-being. Albertans' cultural identity, prosperous economy, physical health and well-being are intimately tied to our environment. Spending time outdoors allows Albertans to reconnect with nature and to participate in recreational and cultural activities. Access to the provincial parks and protected areas system need to be managed responsibly and sustainably. The ministry manages activities in the provincial parks and protected areas system, providing the public opportunities for enjoyable and safe experiences in nature through a variety of nature-based activities, which ultimately enriches social well-being.

This measure portrays the percentage of adult Albertans who visited a location within Alberta's provincial park and protected areas system in the past 12 months (not including any visits to neighbourhood, city, regional or national parks).

The annual Survey of Albertans identified that 35.9 per cent of Albertans visited a Provincial Park or Provincial Recreation Area in 2017. This result was 1.6 percentage points lower than the 2016-17 estimate, but exceeded the target by 2.9 percentage

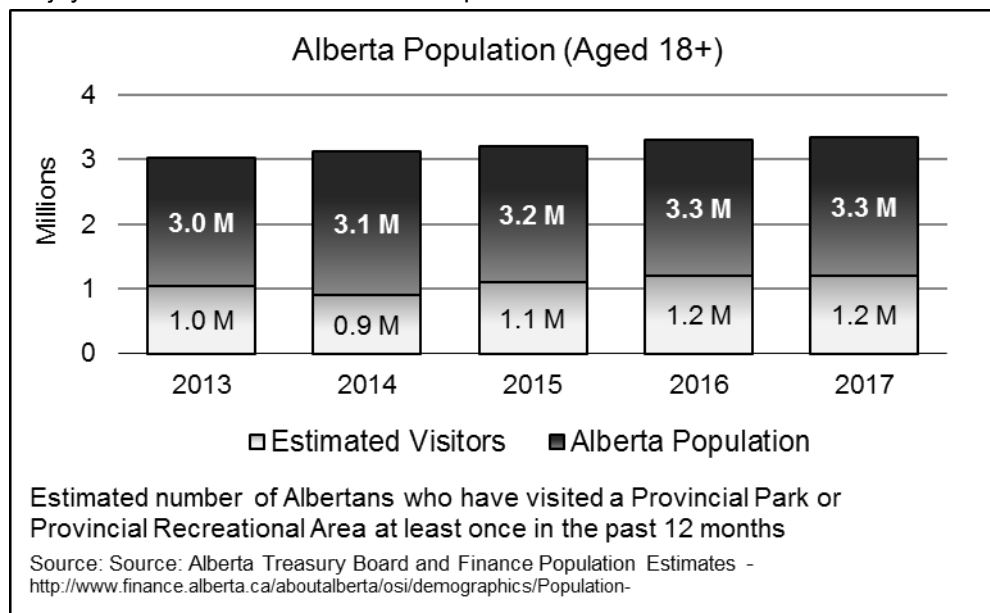


points. The decrease from the previous year is considered to be within the margin of error for the survey methodology, and therefore does not provide evidence of a significant change to the overall visitation rate. The target for this measure was determined by evaluating the historical results, while considering the impact of ministry initiatives for the current fiscal year. No unique initiatives were implemented this year to affect

visitation on a provincial scale, but existing programs and services were anticipated to maintain the visitation rate at 33 per cent.

Alberta's provincial parks and protected areas system offers a wide range of nature based experiences to discover within Alberta. It was expected that visitation rates in 2017-18 could be impacted by free admission to Parks Canada locations within Alberta as part of Canada's 150th anniversary celebrations. Alberta Parks tend to provide places to enjoy nature "close to home" and it is possible that increased visitation to national parks in 2017 could have led to increased visitation to Alberta Parks as Albertans discover provincial park and protected areas amenities near their own communities. The survey tool does not, at this time, have enough sensitivity to test the effects of the Canada 150 initiative of free park passes.

The trend for per cent visitation since 2013-14 depicts a



consistent rate of visitation over the five year reporting period. Although the visitation rate is stable year over year, when these numbers are cross referenced with population statistics a different story is seen. The Survey of Albertans uses a representative sample of 1000 Albertans to learn about their experiences within the provincial parks and protected areas system, and allows estimates to be made regarding the general population. With a consistent proportion of Albertans visiting Alberta Parks year over year, it is estimated that a 10 per cent growth in the Alberta population since 2013 has increased the number of visitors by approximately 200,000 in the last 5 years. In 2014-15, the ministry experienced a decrease in the visitation results to 28.4 per cent. This may have been the result of the temporary closure of several popular day use and campground facilities in the Kananaskis and south regions in response to significant flood damage in 2013 and is not an indication of visitation changes by Albertans.

Parks Canada locations within Alberta and British Columbia's (BC) provincial parks have seen similar increase in visitation. Between 2012-13 and 2016-17, Alberta's Parks Canada locations saw an approximate 24 per cent increase in the number of visits. Over the same period, BC Parks reported a 14 per cent increase in visitation. However, Parks Canada visitation is measured by visits to parks rather than number of individuals who visited Alberta Parks.

Ministry initiatives such as the #ABparksAmbassador program, Albertaparks.ca and the online reservation system ReserveAlbertaParks.ca, education and recreation programs all support Alberta Park's mandate of visitor outreach to connect visitors with Alberta Parks experiences. Alberta's Provincial Parks and Provincial Recreational Areas will receive \$239 million of capital funding between 2017 and 2022 that will used towards maintenance and infrastructure which will enhance visitor infrastructure. These factors are expected to contribute toward maintaining a 33 per cent visitation rate. Alberta Parks continues to commit to providing high levels of service to Albertans within our mandate of conserving Alberta's provincial parks and protected areas system for current and future generations.

The ministry recognizes that there are limits to the volume of people and the amount of development Provincial Parks and Provincial Recreational Areas can sustain and as such takes steps to manage environmental impact, and monitor trends in visitation. The intent of park management is to maintain visitation at sustainable levels across Alberta Parks system, while identifying opportunities for supporting increased tourism in locations that can support higher usage levels while continuing to deliver upon our conservation mandate. Alberta Parks is able to influence where and how visitors recreate at various points in the Visitor Experience cycle, including: experience planning and design; marketing; destination development; information and wayfinding; programming; and reservation, retail, and event services.

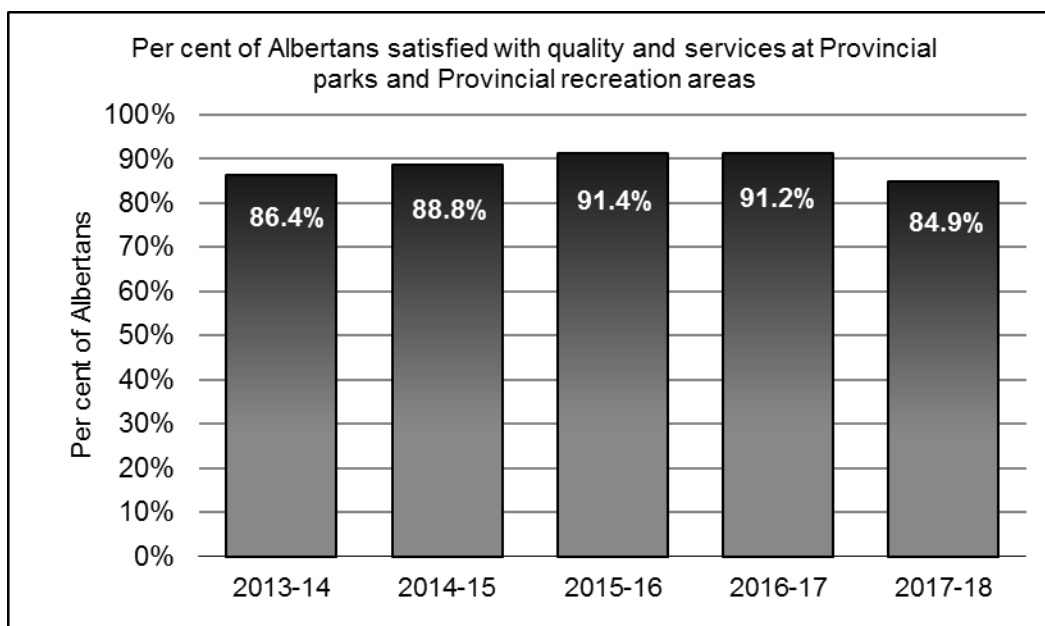
3.c Park visitor satisfaction:

- *Percentage of Albertans who visited provincial parks or provincial recreation areas in the last 12 months, and are satisfied with the quality of services and facilities*

Alberta provincial parks and provincial recreation areas are places where Albertans can participate in outdoor activities, and have enjoyable experiences in nature which contributes toward social well-being. The Alberta Parks visitor satisfaction performance measure identifies Albertans' satisfaction with the ministry's delivery of programs, facilities, and services in Alberta provincial parks and provincial recreation areas. The measure provides the ministry with an understanding of how well Parks are being managed and maintained from the perspective of Albertans, thus providing a basis for assessing the quality of services in Provincial Parks and Provincial Recreation Areas.

The majority of Albertans (84.9 per cent) who have visited Alberta Parks in the past 12 months were satisfied with the quality of services and facilities in the Alberta Provincial Parks and Provincial Recreation Areas they visited. Though overall satisfaction had been gradually trending upwards since 2012-13, 2017-18 results indicated a relatively lower level of satisfaction compared to previous years.

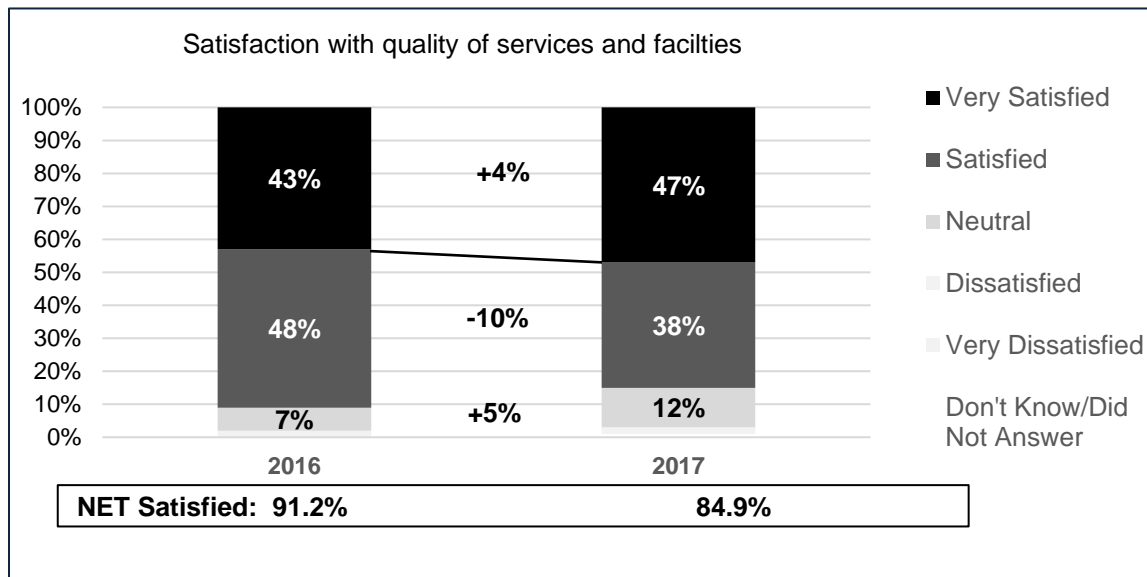
The overall proportion of 84.9 per cent of Albertans satisfied with the quality of services and facilities represents a decrease from the previous year, 2016-17, which was 91.2 per cent, and is substantially below last year's Business Plan target of 95.0 per cent. Visitor



satisfaction with the quality of services and facilities has been tracked as a performance indicator since 2012-13, with scores prior to 2017-18 varying from 85.6 per cent (2012-13) to a high of 91.4 per cent (2015-16).

The drop in overall satisfaction was not a result of increased dissatisfaction, but a shift to more neutral opinions about the quality of Alberta Parks services and facilities. Dissatisfaction remains low, with less than 3 per cent of visiting Albertans indicating they are "dissatisfied" or "very dissatisfied" with services and facilities.

However, the proportion of “neutral” opinions grew from 6.8 per cent in 2016-17 to 11.5 per cent in 2017-18, having an impact on the overall satisfaction measure. Differences between regions and visitor profiles were



explored, but small sample sizes and the absence of explanatory questions in the survey instrument (e.g., open-ended feedback) ultimately limit the ability of Alberta Parks to identify driving factors of more neutral opinions.

Other results from the 2017-18 Survey of Albertans that are consistent with these findings include the following:

- 87 per cent of Albertans agree that Alberta’s Provincial Parks are currently ensuring sustainability of our natural landscapes
- 85 per cent of Albertans agree that Alberta’s Provincial Parks are currently enhancing recreational opportunities
- 88 per cent of Albertans agree that Alberta’s Provincial Parks are currently improving quality of life for Albertans
- 61 per cent of Albertans who visited Alberta Provincial Parks and Provincial Recreation Areas in the past 12 months would be very likely (score of 9 or 10 on a scale of 0 to 10) to recommend visiting Alberta Parks to family, friends or a colleague, while only 6 per cent say they would be unlikely to recommend (score of 0 to 6 on a scale of 0 to 10) visiting Alberta Parks to family, friends or a colleague.
- Approximately 1 in 6 (16.5 per cent) of Albertans stayed overnight in a Provincial Park or Provincial Recreation Area in 2017
- Two-thirds of visitors walk or hike during their visit to Provincial Parks and Provincial Recreation Areas, and more than one-quarter fished during their visit

Over the past few years, Alberta Parks has also developed an analytic process for understanding visitor experience via a Campground Satisfaction survey. The online survey is integrated within Alberta Parks’ reservation system (Reserve.AlbertaParks.ca) and receives over 20,000 responses per year from visitors who booked online. The feedback provided is used to inform management decisions for improving park and campground experiences, including the development of facilities, and is critical to maintaining high levels of satisfaction throughout Alberta’s Provincial Parks and Provincial Recreation Areas. The satisfaction results for 2017-18 are similar to the results seen in the RAP Campground Satisfaction survey.

In 2016, Alberta’s provincial parks and protected areas system was given a \$239 million injection of funds for capital projects to be allocated over a 5-year period. Multiple Alberta Parks capital investment initiatives, ranging in size and complexity, have been approved for investment across the province. Projects address improvement, replacement or development of new parks infrastructure including; day use areas; trails,

campgrounds roads, water infrastructure, showers, vault toilets, roads and water crossings. The ministry has continued to invest in facility infrastructure upgrades throughout 2017/18, including a budgeted: \$29 million in Capital Maintenance and Renewal projects, \$1 million for projects in Castle Provincial Park, \$7.5 million to support the Parks Lower Athabasca Regional Plan Implementation, and \$10 million to support the Parks South Saskatchewan Regional Plan Implementation. Over 100 Provincial Parks and Provincial Recreation Areas will see improvements in the future in hiking trails, shower buildings, playgrounds, picnic tables, powered campsites, expanded parking lots and refurbished day-use areas.

In addition to capital funding, Alberta Parks also utilizes several other programs and tools to influence visitor satisfaction, including:

- Analyzing feedback from 20,000+ campground visitors to inform decisions around improving the visitor camping experience
- Providing timely responses to Albertans through a range of mechanisms including Albertaparks.ca, ReserveAlbertaParks.ca, social media, 1800 lines, visitor centers, and staff in the field and in public education programs and tours.
- Providing more than 250 different public/educational programs to visitors
- A Volunteer Campground Host Program
- Providing improved trip planning and booking mechanisms (e.g., Reserve.AlbertaParks.ca, Albertaparks.ca)

The ministry expects to see consistent rates of visitation in the future, and is reliant on capital funding to maintain the high satisfaction levels it is currently achieving. Environment and Parks engages Albertans to balance access to nature with conservation objectives. Increased visitation places added pressure on the ecosystem, parks infrastructure, and staff. The ministry recognizes that there are limits to the volume of people and the amount of development Provincial Parks and Provincial Recreational Areas can sustain, and as such takes steps to limit development to areas where there will be limited environmental impact, and continues monitor trends in visitation.

Key Strategy 3.1 Enhance Alberta's provincial parks system, in conjunction with the continued implementation of *Alberta's Land-use Framework*, by:

- a. addressing the commitment to provide modern facilities, high quality recreation experiences, and conservation; and
- b. continuing to develop and implement strategies, including the Inclusion Strategy, Science Strategy and the Visitor Experience Strategy, to enable Albertans of all ages, backgrounds and abilities to experience nature through Alberta's provincial parks system.

3.1a: Results for Key Strategy 3.1a are included under Key Strategies 1.3b and 3.1b

3.1b Inclusion Strategy, Science Strategy and the Visitor Experience Strategy

Environment and Parks offers three strategies that enable Albertans of all ages, backgrounds and abilities to experience nature through the provincial parks and protected areas system in conjunction with the continued implementation of Alberta's *Land-use Framework*; the Parks Inclusion Strategy, Parks Science Strategy and Parks Visitor Experience Strategy.

Parks Inclusion Strategy

A priority plan for Alberta Parks is to implement a province-wide Inclusion Plan to enhance visitor experiences. It is a commitment that everyone is welcome in Alberta Parks and that everyone belongs outside. Released in 2014, *Everyone Belongs Outside* creates a foundation for inclusion of all Albertans into park experiences and landscapes from their first experience to a lifetime of experiences. Alberta Parks has

been working on ensuring facilities and programs are designed in such a way that everyone's needs are considered.

Part of this, are new experiences offered by the ministry to Albertans with physical disabilities. Five new park experiences were developed in 2017. Improvements included:

- a lift at Pigeon Lake Provincial Park to assist individuals with mobility challenges transfer into a boat;
- accessible beach surfacing at Writing-on-Stone Provincial Park;
- raised strips or tiles on the pathway at Mount Lorette Ponds in Evan Thomas Provincial Recreation Area to assist those with vision loss with wayfinding;
- a one-kilometre barrier free route and accessible washrooms and parking in the day use area and campground at Sir Winston Churchill Provincial Park; and
- a new gazebo and picnic table at Devonshire Beach at Lesser Slave Lake Provincial Park.

Accessibility audits were completed for select capital maintenance and renewal projects and Alberta Parks Accessibility Construction Guidelines were developed to inform future infrastructure projects. A standard for gender inclusive comfort stations (showers, washrooms) was also developed in 2017. Inclusion must reflect the uniqueness and diversity of Albertans, whether they have physical challenges, sensory challenges such as vision or hearing impairments, mental disabilities, learning disabilities, or developmental disabilities. Each disability has a spectrum within it, from minor to profound, and disabilities can impact people differently based upon their age.

Anticipated for 2018 is the creation of a barrier-free fishing experience in the Castle Wildland Provincial Park as part of the plan to create accessible experiences in 15 provincial parks by 2020.

Parks Science Strategy

The incorporation of social sciences into park, protected area and conservation management helps to address the wide range of values, attitudes and beliefs that people have about the conservation of nature. This is increasingly important when addressing the recreation needs of Albertans, communicating the importance of conservation and ensuring parks and protected areas are seen as assets Albertans can value and enjoy.

Implementation of the Alberta Parks *Science Strategy* and the *Social Science Framework* requires collaboration with research partners who have expertise in a particular subject area, interest in parks and protected area management and who can help deliver research needs in support of park management challenges, operations or broader initiatives (e.g., the role of parks in contributing to human health benefits). Permits are required to conduct scientific research in Alberta Parks. The process for integrating wildlife research and parks research into a 'one window' online permitting system was completed and the system is now operational.

Three hundred and thirty two permits for research, monitoring or collection were granted for the period of April 1, 2017 to January 30, 2018; 248 of which included a research component.

Research on the effects and outcomes of Parks interpretation programs began with pilot studies in 2017. Entitled '*Matching goals and outcomes of park interpretation using the Theory of Planned Behaviour: A case study of Alberta's Provincial Parks*' the research will help in evaluating the impact parks interpretation has on the behavior and awareness of recipients in relation to its stated program goals. This multi-year project in five different parks across Alberta is funded by the Government of Canada and Social Sciences and Humanities Research Council. Using the Parks Social Sciences Framework, the results will be used to evaluate and inform future interpretation programming to improve outcomes.

'*Integrating social sciences for effective park and protected area management in Alberta*' is a project that will be implemented in 2018-19 that will focus on identifying ways to mobilize social and natural sciences and integrate them into park management and operations. The project will further investigate ways to overcome

barriers in the production, mobilization and adoption of social science in parks management. This project will complement other initiatives on promoting social sciences and the *Parks Science Strategy*.

The Social Science Framework Pilot Project, “The Role of Parks and Natural Places in Rural Palliative Care: Experiences and processes for parks engagement” was delivered in 2017-18. The project is expected to provide valuable insights on how parks can facilitate options and programs to enhance end of life experiences in natural spaces.

A review of the Science Strategy will be undertaken in 2018 to identify the path forward in accomplishing the ministry’s science goals

Parks Visitor Experience Strategy

The ministry is developing a Park Experience Strategy to enhance and align park services around a client-focused philosophy intended to foster relevancy, constituency and personal connection to Alberta’s natural and cultural heritage with park visitors. At the local, regional and provincial scales the ministry continues to integrate community and visitor focused planning and delivery approaches into operations. This year marked several firsts including extensive cultural training for interpretive staff in Indigenous matters, piloting outdoor education programming for female youth and new Canadians and niche programming for emergent markets (e.g., culinary tourism) and collaborative development of integrated travel plans and itineraries with other service providers.

There were many visitor experience achievements in 2017-18 including participation in an Agents of Discovery augmented reality App pilot project. This App enables staff to tie in local educational, interpretive, indigenous and traditional knowledge from park programming to create missions. Initially piloted at Cypress Hills Provincial Park and Dinosaur Provincial Park in 2017, the App offers the opportunity to share and build knowledge and stories within a fun educational platform for children and adults. The pilot project will run until September 2018 at eight Alberta Parks, after which a formal evaluation will look at the:

- ease of incorporating information, building activities and ease of use by users;
- use, reach and influence (number of downloads, duration of use, distance walked/explored); and
- cost/benefit analysis of the program.

More than 30 Alberta provincial parks and recreation areas celebrated Parks Day on July 14, 2017 with free family-friendly activities, events and performances. Albertans were encouraged to share their love for Alberta Parks with the #ILoveABparks social media campaign. Visitors were asked to make a sign describing why they love to go to Alberta’s provincial parks and protected areas system and take a photo of themselves holding it. The photos were converted into a video and was shared on social media. The video was very popular and was viewed by tens of thousands of people.

Alberta families had a hands-on opportunity to hone bear spraying technique on April 14, 2017 at the Canmore Nordic Centre during the Kananaskis Bear Day. Now on its fifth year, Bear Day is a practical step to help Albertans enjoy Alberta Parks safely and coincides with the emergence of bears from their winter dens. Alberta Parks and Bow Valley WildSmart teamed up for this event on bear safety, education, ecology and management.

Visitor focused experience planning and design has become a service industry standard. At the same time, the levels of service expected by visitors continues to climb. Policy shifts among Canada’s parks and recreation agencies are collectively evolving to support experience-focused approaches. For example, the Canadian Parks and Recreation Association (CPRA) and the Canadian Parks Council (CPC) have recently released “*Parks for All – A Shared Vision for Canada’s Parks Community*” with the intent of creating a shared vision, define guiding principles, strategic directions and priorities, and implement a bold and coordinated strategy for Canada’s network of parks and protected areas. Similarly, supporting services such as training services provided by Travel Alberta are now available to assist with staff development. These factors help to

provide a supportive operating environment for the ministry to grow and enhance its service focused culture and strategies such as this one.

As important destinations for recreation, vacations and other family adventures, Alberta Parks provide the setting and services that help inspire people to discover, value, protect and enjoy the natural world and the benefits it provides for current and future generations.

Key Strategy 3.2 Implement a recreation management strategy for Crown Lands (parks, conservation areas and other public lands) that fosters outdoor recreation planning, management, development and nature-based tourism, within a green and diverse economy.

Environment and Parks works to support diverse outdoor recreation and tourism opportunities on Crown Land that respects the environment, promotes responsible use and enables economic diversification.

Improving management of recreational activities on the landscape protects Alberta's natural landscapes by minimizing environmental impacts and improving the health of headwaters and watershed integrity. It is important for Alberta to manage recreation opportunities to ensure quality outdoor recreation and nature-based tourism experiences while maintaining locally, regionally and provincially significant recreation and tourism features.

Outdoor recreation on public land - is important for local communities and visitors, and provides areas for people to visit, play and enjoy the natural beauty of Alberta. Land and water-based trails and routes are important in providing a diversity of outdoor recreation opportunities as well as supporting active living and enhancing the quality of life of Albertans. Outdoor recreation and nature based tourism opportunities strengthen local communities, including providing opportunities for economic growth and improving social well-being. Planning ensures conflicts between public land uses and recreation are reduced, and environmental impacts from recreational activities are managed so future generations may also enjoy the awe-inspiring landscapes and unique opportunities that exist across Alberta. Identifying current and future recreation opportunities ensures the public and visitors can find the positive experiences they are seeking on Alberta's public lands.

In 2017-18 progress was made towards fostering outdoor recreation opportunities and developing a strategy to manage recreation on public land.

Operations Recreation Management Program – The program guides management of recreation on public land in Alberta. The program describes a vision of Alberta having a world-class landscape offering diverse outdoor recreation and tourism opportunities on public land while respecting the environment, promoting responsible use and enabling economic diversification.

The program sets out key objectives and actions to ensure that:

- sustainable outdoor recreation trails and facilities that meet the needs of users are designed, built and managed;
- clear rules and processes are in place allowing for timely decisions to ensure environmental impacts are minimized and jobs are created;
- responsible land use and shared stewardship is promoted and supported;
- outdoor recreation opportunities are created to provide quality and diverse user experiences;
- non-compliant behaviour is consistently and efficiently administered and lead to improved behaviour;
- stakeholder and user group cooperation and collaboration is encouraged; and
- program effectiveness is monitored and the environmental, economic and social impacts are measured and inform management decisions.

Compliance and enforcement – The Government of Alberta recognizes that a collaborative effort is needed from various departments, agencies and the public in order to ensure laws and regulations that protect our public land are understood and followed.

In 2017 Environment and Parks, Justice and Solicitor General, Agriculture and Forestry, the Royal Canadian Mounted Police, and other municipal enforcement agencies worked closely to deliver an effective compliance program to manage recreation activities on public land across the province. The noticeable presence of personnel educating and enforcing the rules is making a difference in the behaviour of public land users.

From January 1, 2017 through to the end of the calendar year, a total of 6,595 enforcement actions occurred, 693 of which were for a combination of *Public Lands Act*, *Public Lands Administration Regulation*, *Petty Trespass Act*, and *Recreational Access Regulations* contraventions.

It is important for Albertans to be stewards of the land and be inspired to discover, value, protect and enjoy the natural world and ensure education is a critical component of compliance efforts. In the 2017 calendar year Environment and Parks participated in nine large-scale outreach events in major cities across Alberta engaging more than 14,000 Albertans who recreate on public land. An additional 71,164 contacts were made with recreational users on public land.

Educational social media content was also used to engage tens of thousands of Albertans. Approximately 81,000 people liked, commented on or shared the year's top post on Environment and Parks' Respect the Land in Alberta Facebook page related to off-highway vehicle (OHV) restrictions in southern Alberta. The Alberta Fish and Wildlife Enforcement Branch's Facebook page saw an increase of 75 per cent in their subscribers, with the top post reaching 432,600 people. Around 116,000 "responsible recreation" educational materials (fact cards, information brochures, maps, behavioural prompts) were distributed and nearly 2,500 educational, wayfinding, and regulatory signs were installed. The Report a Poacher phone line received 264 calls related to public lands violations in 2017.

The positive impacts of the compliance program is seen in the change in attitudes and behaviours of many recreational users, however, many problem areas remain to be addressed and the need to expand this program to other areas is recognized. Continuing the strong, coordinated, multi-agency approach is the clear route forward.

Recreation management planning - addresses the growing demand for quality outdoor recreation on public lands and the need to balance environmental impacts from recreation with public access. Environment and Parks is responsible for developing subregional and issue-specific plans for the regions that include recreation and access management planning. These planning processes have been initiated over a period of time covering 2015 to 2018 within Alberta's Green Area and Eastern Slopes, including the South Saskatchewan, North Saskatchewan, Upper Peace and Lower Athabasca regions. Recreation management planning may be initiated at the direction of a regional plan, such as the Livingstone-Porcupine Hills Recreation Management Plan under the South Saskatchewan Regional Plan, or by identification of opportunities and pressures by partners, such as the Brazeau County or Rig Street planning efforts.

Pre-planning and initial planning stages including project scoping and initial information gathering began or continued in 2017 for several project areas including the Richardson Backcountry, Wapiti Dunes, Meadows, Brazeau County and East-Kananaskis-Ghost. Recreation management planning and boundary assessments for the three Public Land Use Zones located in the Eastern Slopes of the Upper Athabasca Region (Brule Lake, Coal Branch and Athabasca Ranch) are also in the pre-planning and project management initiation stage.

Rig Street Motorized Recreation Management Plan – The plan was completed in 2017-18 through partnership with the Clearwater Trails Initiative, whose members include a local off-highway vehicle group, the Alberta Energy Regulator, Clearwater County, several industrial partners, Sundre Forest Products, Forest Reserve allotment holders, and local citizens. The plan identifies key actions that will result in changes in

awareness and behavior of motorized recreation users to promote more satisfying and sustainable recreation opportunities on public land.

The voluntary trail network and action plan endorsed in the Rig Street Motorized Recreation Management Plan, along with the motorized recreation planning in the Meadows area, will inform and support broader subregional planning under the North Saskatchewan Regional Plan. This Plan has provided a model for future partnerships that leverage and strengthen the relationships between Environment and Parks, industry, and local recreational stewardship groups. The Rig Street Motorized Recreation Management Plan's is expected to be implemented in 2018.

Livingstone – Porcupine Hills Recreation Management Plan – The plan was drafted in 2017 with support of the Southwest Alberta Recreation Advisory Group. This multi sector group included municipalities, First Nations, local landowners, non-government organizations, motorized and non-motorized groups as well as representatives from oil and gas, forestry, agriculture and commercial recreation. This work was informed by numerous discussions with First Nations through the South Saskatchewan Regional Plan First Nations Implementation Table and by Traditional Land Use/Traditional Ecological Knowledge studies.

This plan is intended to align with the South Saskatchewan Regional Plan and the draft Land Footprint Management Plan, providing for a diversity of outdoor recreation and nature based tourism opportunities while meeting goals for watershed integrity, preserving biodiversity, managing wildfire risk and improved integration of land management decisions. The draft plan is complete and First Nations and the public have reviewed and provided comments on it.

The Southwest Alberta Recreation Advisory Group was formed to support the development of the Livingstone – Porcupine Hills Recreation Management Plan in May 2017. This multi-stakeholder group met five times in 2017-2018 to provide recommendations on how outdoor recreation should be managed within this area. Approval and implementation of the Livingstone – Porcupine Hill Recreation Management Plan is also anticipated in 2018.

Challenges and Initiatives

Stewardship of public land is a responsibility shared by both government and the public. To support shared stewardship an emphasis was placed on working with external partners throughout 2017-18. For example, in southern Alberta during the 2017 construction season over 1,200 hours of volunteer time was logged. Additionally, the department developed a tool that can help identify opportunities for sustainable recreation including re-routing trails around ecologically sensitive areas and a quantitative approach to selecting trail locations

Many areas in the province participated in trail inventory work. Environment and Parks identified locations in the Red Deer – North Saskatchewan region where high density recreation activities are occurring, assessed the status of linear disturbances (un-designated trails) and installed 28 "TRAFx" counters throughout the region. These counters timestamp each passing recreationalist to help identify the intensity of use as well help assess the environmental impact of users on different types of trails. During the inventorying process when severe damage was found that impacted water quality, fisheries or wildlife values mitigation and reclamation were undertaken. These reclamation efforts included trails signage, restrictions, maintenance and re-routes.

Though a Recreation Management Strategy has not been completed, significant progress was made in developing the Recreation Management Blueprint that will provide a long-term strategic roadmap to guide management of outdoor recreation on Alberta's public land. Work on the Blueprint will continue in 2018-19. As the Blueprint is being developed, the department will continue to complete other pieces of work under the Outdoor Recreation Committee. These pieces will be woven together into the Blueprint.

Outdoor recreational opportunities are a large part of the quality of life in Alberta. However, the growing demand for these types of opportunities is contributing to undesirable environmental impacts, public safety concerns, and conflicts between various users. These challenges have grown over time, and likewise, they will take some time to resolve. A few examples of these chronic challenges include: vehicles being operated and parked on the bed and/or shore of Alberta's streams, rivers, lakes, and wetlands; random camping spots located in environmentally sensitive areas; and overused random trails.

Dangerously dry conditions leading to the off-highway vehicle bans and wildfires in 2017-2018 across southwest Alberta hindered the ability to complete fieldwork during the summer months. This included delays in trail inventory around Crowsnest Pass and completion of Traditional Land Use/Traditional Ecological Knowledge studies. This work will be continued in 2018-19.

For 2017-18 an approximate budget of \$1.5 million for enforcement and education was allocated through the Public Land Enforcement Committee (achievements described above) and approximately \$1.25 million was allocated to trail development on public land, including installation of drainage features, outhouses and bridges; engineering assessments; trail infrastructure, maintenance, mapping and signage; development of staging areas; clean-up and remediation; planning for a bike park, Public Land Use Zones and identification of realignment options. A total of \$18,000 for the Livingstone – Porcupine Hills Recreation Management Plan, including trail inventory and Southwest Alberta Recreation Advisory Group hosting was also allocated.

Key Strategy 3.3 Modernize the Alberta Fish and Wildlife Policy including the Métis Harvesting Policy, to address increased and changing pressures.

A review of the Métis Harvesting in Alberta policy (2010) is underway. The Policy is designed to provide guidance for those Métis people who have a right to harvest in the province of Alberta. A new policy is expected in the 2018-19 year and conversations with Métis organizations and individuals are well underway. The engagement process is the first of its kind to work directly with Métis people and will help to define meaningful changes required to improve the situation for Métis harvesters in Alberta. While the new policy is developed, interim measures that improve support for Métis trapping traditions and elimination of the need for Métis trappers to fulfill fur quotas, as well as changes to allow Métis people to fish with rod and reel have been implemented as of spring 2018.

OUTCOME FOUR

Protected public health and safety from environmental conditions and events

Scientific evidence indicates the frequency and severity of catastrophic events like floods, fires and drought is expected to increase due to climate change. The ministry helps protect Albertans through delivery of the Climate Leadership Plan and significant investments for flood protection and resilience. The Climate Leadership Plan will significantly reduce air pollution from generation of electricity by phasing out coal-fired emissions and transitioning to cleaner sources of electricity by 2030.

Environment and Parks continues to work with other ministries and agencies to assure the public is prepared for and protected from the adverse effects of environmental conditions and events. This includes regulation of drinking water facilities requiring an approval or registration under the *Environmental Protection and Enhancement Act*; flood hazard mapping, forecasting, recovery and mitigation by water infrastructure operations management; problem wildlife management; flood and drought adaptation funding and enhanced flow monitoring. Collaborative efforts by Albertans including municipalities and First Nations and Métis are key to assure protected public health and safety and to build community resilience to the impacts of catastrophic events.

The following section describes performance measures and indicators, and key strategies the ministry delivered in the past year that demonstrate progress towards achievement of Outcome Four.

Outcome Four Performance Measures

Performance Measure(s) Under Development

Performance measure(s) are under development that reflect progress toward achieving protected public health and safety from environmental conditions and events.

Key Strategy 4.1 Develop and implement plans and programs to anticipate and minimize impacts of catastrophic events and to protect communities, including:

- a. a framework to address invasive species in Alberta;
- b. ongoing human-wildlife conflict management;
- c. comprehensive flood and drought adaptation and mitigation plans to reduce community flood and drought vulnerability.

4.1a Framework to address invasive species

The spread of invasive species is one of the greatest threats to biodiversity and preservation of native species. Invasive species come in many forms: terrestrial plants (e.g., spotted knapweed); aquatic plants (e.g., flowering rush); aquatic invertebrates (e.g., zebra mussels); fish (e.g., Asian carp); mammals (e.g., Norway rat); and arthropods (e.g., gypsy moth). Invasive species establishment and spread are significant, and their threat to Alberta's ecosystems and its economy are well documented.

A draft economic assessment completed for Alberta in 2013 and it suggests an infestation of invasive mussels alone could cost the province upwards of \$75 million a year. This foundational work has brought increased attention in recent years to aquatic invasive species and partnership opportunities between key stakeholders concerned with impacts of aquatic invasive species.

A workshop was held during the summer of 2017 with non-government organizations, municipal and other government partners to review existing Invasive Species programs in Alberta. The workshop identified areas for potential future improvements and efficiencies.

Alberta continued its participation and leadership on several federal and provincial/territorial initiatives by:

- co-chairing the National Aquatic Invasive Species Committee (a Federal/Provincial/Territorial Committee under the Canadian Council of Federal Fisheries and Aquaculture Ministers);
- participating in and supporting the formation of the Federal-Provincial-Territorial Invasive Alien Species Committee; and
- chairing the working group associated with implementation of the Inter-Provincial-Territorial Agreement for Coordinated Regional Defense Against Invasive Species

Partners and key stakeholders have provided overwhelming support for the Aquatic Invasive Species program, and it has become an established part of our invasive species prevention and management in the province. The success of the aquatic invasive species program is attributed to these partnerships, as well as passionate and dedicated staff.

As an example of the key component of ensuring effective program delivery through partnerships, the Alberta Invasive Species Council received a grant of \$50,000 from the ministry enabling further development of the EDDMaps app and web based tool for reporting/tracking invasive species; continued education/outreach support; and support for a two-day invasive species workshop held in the summer of 2017 which allowed key partners to provide feedback on invasive species management in Alberta.

The department continued to deliver on an Aquatic Invasive Species Program in 2017-18 that included enhanced control efforts, continued priority on public messaging/education, expanded lake monitoring for invasive mussels, work towards completion of an Early Detection and Rapid Response Plan, and increased boarder protection from invasive mussels.

Aquatic Invasive Species educational messages and decontamination protocols were expanded to include Whirling Disease as part of a larger effort to ensure due diligence in containing Whirling Disease in Alberta from further range expansion.

In 2017, in response to the detection of invasive mussels in Montana, two additional inspection stations were added at the Alberta-Montana border, bringing the total to four. Over 30,000 watercraft inspections were completed across Alberta in the same year. Nineteen mussel-fouled boats were intercepted. In addition to invasive mussels being detected on watercraft, invasive plants and amphibians were also found and appropriately actioned. Enhancements to the watercraft inspection program also included: implementation of a passport system for Alberta and British Columbia, increased collaboration with the Canada Border Services Agency, and enhanced training for K-9 sniffer dogs as a key component of the Alberta program.

One hundred and seventy-nine waterbodies were monitored in 2017 (the largest ever sampling effort) for invasive mussels and all results were negative.

Since the initial discovery of whirling disease, Environment and Parks developed the Whirling Disease Program to reduce the risk of this disease to the sustainability of native and naturalized salmonids. The Whirling Disease Program has three core elements: Distribution, Education and Mitigation. This three-pillared approach is focused on determining the extent of the disease and using education and mitigation to prevent it from spreading.

Three high profile aquatic invasive species campaigns continued in 2017 including: 'Clean Drain Dry (Your Boat)', 'Don't Let it Loose,' which targeted the intentional release of aquatic pets/fish and non-native plants; and 'Pull the Plug' which targeted the regulatory requirement to pull boat plugs to ensure boats are properly dried while in transport or storage.

As part of the work associated with the Whirling Disease program, educational messaging from the Aquatic Invasive Species work was expanded in 2017 to ensure that the 'Clean Drain Dry' your boat campaign also included potential vectors of transport for Whirling Disease, notably fishing gear.

Work to develop decontamination protocols for Government of Alberta staff expanded in 2017 to include Whirling Disease. A decontamination protocol was developed specific to Whirling Disease and ensures equipment is adequately cleaned and risk of transfer is minimized while also reducing risk of transfer of other Aquatic Invasive Species.

The ministry continues to collaborate with municipalities and non-government organizations in responding to new and existing aquatic invasive species threats in the province.

Control projects for flowering rush, phragmites and carp (goldfish) were continued in 2017. Phragmites was first detected in Alberta in 2016 and are currently found at 14 locations throughout the province. The department completed herbicide applications on two of the aquatic locations, and the remaining locations are being treated by Transportation in collaboration with municipalities.

Flowering rush projects continued in Lake Isle, Strathcona County, City of St. Albert, Chestermere Lake, Buffalo Creek, Calgary Zoo and Medicine Hat in 2017.

There are approximately 45 reported locations of goldfish (non-native carp) populations in the province. The ministry, in collaboration with municipalities, continues to monitor and address through the use of various control options.

As a key component of ensuring Alberta is prepared in the event of an infestation of invasive mussels and/or other aquatic invasive species with potential large-scale impacts, a Draft Early Detection and Rapid Response Plan was created and tested with key stakeholders in 2017-18. As a component of this planning, Environment and Parks is pursuing registration of potash as a control agent for invasive mussels so if detected, the department will have the tools at hand to initiate control efforts if/when needed.

Municipalities and land owners depend on the departments Public Lands Terrestrial Invasive Species Program to respond to invasive weed introductions and spread on public lands. This program includes proactive weed control work and response to weed notices issued by Municipalities and Counties. In 2017-18 the department partnered with 20 Municipal Districts and Counties through partnership contracts or letter of intent to complete terrestrial weed control work on vacant public land and, bed and shore areas, including survey, chemical control, biocontrol releases and hand pulling projects. In addition, third party contracts were also completed on vacant public land. Invasive species programs are also delivered by other Ministries, e.g., terrestrial weeds and Mountain Pine Beetle housed in Alberta Agriculture and Forestry.

Additional activities planned for the next two years include finalizing an Early Detection and Rapid Response Plan for Aquatic Invasive Species, with a focus on Invasive Mussels; continuing work with the Alberta Invasive Species Council to further develop and implement EDD Maps as a monitoring/reporting tool for invasive species in Alberta; moving forward with registration of potash as a control product for invasive mussels; work to further evaluate/explore efficiencies in the government Invasive Species programs, including but not limited to conducting a jurisdictional review of other invasive species programs and work towards development of a cross ministry Invasive Species Framework; and developing options for improving invasive species management within Alberta and in the Federal/Provincial/Territorial setting.

4.1b Ongoing human-wildlife conflict management

The purpose of the Alberta Government's wildlife compensation and prevention programs are to provide affected landowners and agricultural producers financial compensation and/or tools to help minimize economic losses they may incur from wildlife caused damage or the unintended loss of livestock during hunting seasons. Landowners and agricultural producers play a critical role in supporting Alberta's environment and ecosystem health and integrity.

The Wildlife Predator Compensation Program provides financial compensation to agricultural producers who have incurred losses to livestock (cattle, swine, sheep, goat and bison) due to predation by wildlife (bear, wolf, cougar or eagle).

The Shot Livestock Compensation Program provides financial compensation to agricultural producers who have incurred losses to livestock due to accidental shooting by third parties, during an open hunting season. In addition to the livestock covered under the Wildlife Predator Compensation Program covers horses to a maximum of \$2,000 and veterinary costs for wounded animals. This program has processed ten compensation claims totalling \$23,704. Further, Environment and Parks assisted in updating the Royal Canadian Mounted Police response policy.

The Ungulate Damage Prevention Program provides assistance to agriculture producers to help prevent depredation losses to stored feed. This assistance entails provision of fencing materials for controlling access to stored feed as well as intercept feeding, whereby alternate feed is provided for ungulates to deter them from accessing stored feed. To date, the program has purchased and delivered \$67,037 of game fence in the province to be used by livestock producers for the protection of stored feed.

Challenges faced include ungulate damage that was exacerbated by extreme drought conditions in the mixed-grass prairie region. Forage quantity was drastically reduced in some areas, increasing incidences of elk depredation on stored feed at a time when this stored feed was most needed.

The Wildlife Damage Prevention Program provides advice and support to communities in minimizing incidences of human-wildlife conflict in Alberta. The program has purchased four new “bear trap trailers” to support the management and prevention of bear-human conflict in northwestern Alberta. Additionally, multiple meetings were attended in Southwestern Alberta to support the Carnivores and Communities Program administered by the Waterton Biosphere Reserve Network. These meetings were held with affected producers and the general public through presentations at public information sessions. The content of these meetings included problem wildlife programs and policies, and efforts to re-start the livestock carcass composting program. Elsewhere, advice and support was provided to multiple municipalities and agricultural producers across the province in order to minimize wildlife damage and urban wildlife conflict.

Future opportunities for improvement include performing a review of the key messages and public information products available on the department website relating to human-wildlife conflicts and revision of the *Ranchers Guide to Predator Attacks on Livestock* (last edition 2010). Discussion with Alberta’s agricultural stakeholders has also identified the need to develop a committee of agricultural stakeholders to discuss ongoing issues with human-wildlife conflict and develop strategies around their solution. Compensation should be a consideration within a mitigation sequence of avoidance, minimization and finally compensation, and not the primary tool.

4.1c Flood and drought adaptation and mitigation plans

After widespread flooding in 2013 the Government of Alberta committed to increasing the resilience of vulnerable communities to future flood events as part of the government’s efforts to protect public health and safety from environmental conditions and events. Environment and Parks continues to collaborate with partners from other ministries and municipal governments to develop and implement plans and programs in anticipation of minimizing the impact of flood and drought events and to protect vulnerable communities.

A key activity in 2017-18 included the implementation of an enhanced floodplain and flood hazard mapping program. Updated and new flood hazard maps provide communities better understanding of the risks of development in hazard zones and support better planning decisions.

Since 2015 eleven new provincial river hazard studies are currently underway. Hazard studies in the Upper Bow, Bow and Elbow, Highwood, Sheep, and Peace River commenced in 2015; the Fort McMurray

River Hazard Study started in 2016; and the Upper Red Deer, Red Deer, Priddis, Siksika-Bow and Medicine Hat river hazard studies started in 2017. These studies will create over 1,100 km of new or updated flood mapping through more than 30 communities across Alberta, including Siksika, Stoney Nakota and Tsuut'ina Nations. About 750 km of mapping is for areas not previously mapped.

The new river hazard studies are enhanced versions of previous flood hazard studies. They cover larger areas, include more non-urban and rural areas with minimal development, and provide new types of products to guide the development of more resilient communities. The new studies also include:

- new hydrology, updated flow estimates and new flood inundation maps for 13 flood scenarios ranging from the 1:2 to the 1:1000 floods;
- new hydraulic models based on new river surveys, Light Detection and Ranging (LiDAR) remote sensing derived floodplain data, and major flood mitigation structures built after the 2013 floods;
- production of new flood inundation maps used for emergency response planning that can inform local infrastructure design and will identify areas that could be flooded if local berms fail;
- mapping that reflects worst-case flood hazards in areas and communities where ice jam flooding might be a more significant concern than open water flooding, e.g., Cochrane, Fort McMurray, and Peace River; and
- an inventory of structures at risk of flooding for all mapped flood scenarios, and a high-level channel stability investigation.

Municipal Government partners and other stakeholders are involved throughout the study process. This includes regular updates and the opportunity to review and comment on draft flood mapping prior to finalization. Many of these river flood hazard studies and flood damage risk assessment projects are partially funded under the federal National Disaster Mitigation Program.

Another key activity for the fiscal year was the provision of grant funding to First Nations, Improvement Districts, Métis Settlements, Municipalities, Special Areas, nongovernment organizations, Stewardship Groups, not-for-profit organizations and local authorities. This funding was provided through the Alberta Community Resilience Program and the Watershed Resiliency and Restoration Program to mitigate future flood and drought events and assist communities to minimise the impact of future catastrophic events.

In 2017-18 the Alberta Community Resiliency Program approved 25 mitigation projects totaling approximately \$58 million. Through the first three years of the program approximately \$167 million was provided to municipalities and First Nations across the province for flood and drought mitigation projects that protect critical municipal infrastructure and public safety. Within 2017-18 the Watershed Resiliency and Restoration Program awarded approximately \$4.86 million to 32 grant recipients for projects that increased and restored the natural ability of the province's watersheds to reduce the intensity, magnitude, duration and effects of flooding and drought through watershed mitigation measures. Since 2014-15 the program has awarded approximately \$23 million to 67 grant recipients, with most of these projects still underway.

Enhancing flood and drought communication and communication tools was another key activity for fiscal year 2017-18. This helps ensure public safety by disseminating warnings as early as possible to people in vulnerable communities.

Three prototype model and data control platforms (e.g., Forecasting and Emergency Warning Systems) were completed in 2017-18. The platforms are undergoing an internal evaluation for selection and possible implementation in fiscal year 2018-19.

Contracts were initiated in 2017-18 to evaluate five hydrologic models for river forecasting purposes. For each model, two prototype river forecast models will be built to cover river basin characteristics typical in Alberta. Builds of the five sets of prototype models are expected to be completed by late summer 2018.

Work has continued on developing the Alberta River Forecast Centre web application including: adding historic river ice reports to the new web site; and additional watershed boundaries for more granularity in viewing areas affected by flooding.

Modernization of the display technologies within the River Forecast Centre became operational in early summer 2017 that allowed increased collaboration and the ability to provide enhanced briefings to emergency response partners in the Flood Response Coordination Centre.

No significant flooding events occurred in 2017-18 although a number of high water events did occur through the year. Low water events became prevalent later in the summer and into the fall.

The Bow River Water Management Project continued in 2017-18 with a mandate to provide governments advice on opportunities to reduce future flood damage, improve the reliability of water availability (reduce drought), and protect the long-term health in the basin. The project focuses on the water quantity impacts of a range of potential flood and drought mitigation schemes and draws on the expertise and knowledge of participants to provide their perspectives on associated socio-economic, environmental, design and operational considerations. The project focused on screening structural flood and drought mitigation opportunities in the basin using real time hydrologic modelling, assessing the resulting flow impact downstream through the entire basin, and considering the associated effects on watershed health.

This work was led by the Bow River Working Group and in 2017-18 the group generated the Bow River Water Management Project report. Report development was co-chaired by Environment and Parks and the City of Calgary and was the culmination of a year's worth of work by key stakeholders in the Bow Basin including municipalities, First Nations, non-government organizations, Irrigation Districts and industry.

The report provides advice to the government on the most promising water management schemes for the Bow River Basin. This included minor operating and infrastructure projects that could be implemented relatively quickly and larger infrastructure projects that require further review, in the form of feasibility studies. The department continues to work with all stakeholders in the Bow Basin to leverage their expertise in developing a strategic plan to address flood and drought mitigation in the Bow Basin.

Key Strategy 4.2 Upgrade existing and develop new capital infrastructure in provincial parks, protected areas and other public lands.

As stewards of our environment, the Government of Alberta protects the province's natural heritage within our provincial parks and protected areas system. These land bases are destinations that provide a range of outdoor recreation opportunities for Albertans to enjoy and learn about our natural and cultural heritage.

Environment and Parks plans and implements projects to maintain, renew and develop infrastructure in Alberta's provincial parks, protected areas and other public lands. Infrastructure projects are carefully planned and developed with public safety at the forefront. The province is currently experiencing population growth. This increased visitation has also increased expectations from our visitors on the services provided. As the demand and changing needs for recreation opportunities increases, the design and planning requirements need to respond with these changes. Infrastructure and facility projects take into consideration environmental factors, increased land pressures, and potential for future conditions. Infrastructure is developed to ensure the longevity of the asset and long-term safety for its use. This allows Albertans and visitors to our province to have access to safe, high quality outdoor recreation facilities.

This infrastructure includes a portfolio of roads, buildings, water and sewer services, camping infrastructure, trails and other facilities. The Provincial Parks' Capital Maintenance Renewal Program enables Environment and Parks to undertake the work necessary to upgrade and maintain parks assets. It ensures that parks infrastructure is safe, meets all applicable codes, and enables and encourages Albertans to enjoy Alberta's parks. It further includes work that extends the acceptable life of an asset or addresses an asset's functional

obsolescence to ensure program needs are met. The goal of the program is to reduce the number of assets in poor condition from 27 per cent to 10 per cent within the next 10 years, beginning in 2017-18.

Through implementation of various sized projects within the Capital Maintenance Renewal Program, Lower Athabasca Regional Plan implementation project, and South Saskatchewan Regional Plan implementation project, Environment and Parks has maintained, upgraded, expanded, or developed new facilities in over 100 parks throughout the province in 2017-18. Over 50 of these projects are valued at more than \$100,000. This has provided Albertans with access to nature-based outdoor recreation opportunities and contributed to healthy active living.

In 2017-18 there was a budget of approximately \$28.98 million to deliver nearly 37 major Alberta Parks renewal projects and over 151 small lifecycle maintenance projects province wide. Major renewal projects are typically larger projects to replace or upgrade major assets. These projects could involve redevelopment of an existing campground loop, roadway upgrades, water, wastewater and utility upgrades and replacement of asset components to extend their life. Lifecycle maintenance projects also address scheduled capital maintenance items.

In 2016-17, Environment and Parks received a five-year capital budget of approximately \$239 million, allowing the ministry to move forward on its priority action to maintain, upgrade, expand and develop new park infrastructure.

In addition to supporting the priority action of enhancing Alberta's provincial parks through the commitment to provide modern facilities, the projects within these capital programs contribute to the stimulation of the local economy. Parks projects, totalling over \$50 million in 2017-18, created jobs, both internally and externally, and promoted increased visitation at parks and surrounding municipalities.

Currently, Alberta Parks is experiencing increased visitation that provides an exciting opportunity. However, the increase in both population and visitation growth has also intensified expectations from our visitors and resulted in more land use pressures, as well as a higher demand and use of facilities. Through its parks programs the ministry needs to ensure it can keep pace with this growth, while maintaining and improving its current assets.

Results for Key Strategy 4.2 also describe results related to provincial parks aspects of Key Strategy 3.1a and 1.3b.

Key Strategy 4.3 Improve and maintain provincially owned water management infrastructure including dams and canals to ensure public health and safety and to meet regulatory requirements.

Operational Activities – Environment and Parks operates and maintains water management infrastructure throughout the province. The infrastructure condition and replacement value is tracked in the ministry's Environment Infrastructure Management System (EIMS). The infrastructure includes large and small dams, irrigation headworks, erosion and flood protection works, agricultural drainage systems, lake stabilization systems, water supply pump houses and other environmental enhancement projects. The ministry plays a key role in delivering effective water management (quantity and quality), preserving healthy aquatic habitats, and ensuring public health and safety through informed decision-making and operational excellence. A major component of the ministry's operational activities is inspecting infrastructure and identifying operational and condition related issues. The issues are resolved through routine or capital maintenance activities

Capital Maintenance Activities – The ministry currently has a Capital Maintenance and Renewal Program in place to maintain Alberta's water management infrastructure. This program is ongoing and addresses deferred maintenance and newly identified projects based on criticality. Additionally, infrastructure repair and

enhancements identified after the 2013 flooding are being addressed under the Flood Mitigation Capital Program.

The ministry ensures our provincially owned water management infrastructure is operated and maintained to the highest industry standards and best practices, and ensures it meets regulatory requirements. Providing world-class technical leadership and expertise, ensures the safe and effective operation, maintenance, surveillance and rehabilitation of water management infrastructure owned and operated by the department.

Responsible, deliberate life cycle planning including capital maintenance investments ensures Alberta's water management infrastructure is safe in meeting the operational requirements. The majority of capital and flood mitigation expenditures were directly related to infrastructure enhancements that resulted in significant flood management and resulting public safety improvements or addressed operational issues to ensure the ministry can meet its water management objectives. The capital program saw completion of numerous projects in 2017-18 including: Harvie Passage flood repairs, Chain Lake dam and spillway improvements Travers and Little Bow Dam and Canal Improvements, controls upgrades at Lethbridge Northern Headworks, and major progress in the Women's Coulee diversion upgrade. Numerous other projects were initiated this year with completion expected over the next few years.

With stable capital maintenance funding forecast through 2020, the ministry can more effectively plan and deliver projects in the medium to long-term. This will result in more improvements to the overall safety and operability of provincially owned water infrastructure.

The capital program will ensure water management infrastructure is safe and operable. This will allow for effective management of floods, protecting communities and ensure that there is a safe and adequate water supply for Albertans.

The 2013 flooding resulted in more public focus and general awareness of rivers and related water management infrastructure in Alberta. It also resulted in a significant increase in time and resources required for public consultation, delaying some projects. To address this, more focus is being directed to consultation planning as part of overall project management.

Key Strategy 4.4 Advancement of strategies and actions for safe and quality drinking water to Albertans and Indigenous communities.

The Government of Alberta is working with the federal government and Indigenous Peoples to ensure Indigenous communities have reliable access to clean and safe drinking water as part of Alberta's commitment to implementing the principles of the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). This initiative aligns with the *Water for Life Action Plan* Key Action (1.3): working cooperatively with First Nation, Métis communities and the federal government to ensure safe drinking water in Indigenous communities in Alberta.

Regional Tie-In Project - In 2017, Alberta committed \$100 million in capital funding to support the Regional Tie-In Project to link reserves to regional drinking water systems. Under the project, Alberta funds construction of a water pipeline between a regional drinking water system hub and a reserve border, in cases where the First Nation has agreed to be part of the tie-in. The federal government is partnering on the project based on its ability to develop the necessary infrastructure on-reserve to link in to regional systems off-reserve. Provincial ministries involved include Environment and Parks, Transportation, Indigenous Relations and Health.

In May 2017, Alberta began engagement with Indigenous communities to determine interest in the project. First Nations who will be taking part include Alexis Nakota Sioux, Paul, Cold Lake, Frog Lake, Whitefish (Goodfish) Lake and Dene Tha', Samson, Ermineskin, Louis Bull, Siksika, Beaver Lake Cree, Mikisew Cree, Sturgeon Lake Cree and Bigstone Cree. A future project will include a feasibility study, followed by detailed design phase and proceeds to construction of a regional line to a reserve boundary.

The ministry will work with First Nations to identify other options when regional tie-ins are not appropriate. In addition, Environment and Parks is working with First Nations to tailor and potentially extend the Working Well program to meet on-reserve needs. The program offers hands-on workshops for well owners to learn the basics of groundwater, well construction, common well problems and best management practices.

Treaty 7 First Nations Water Sub-Table – Environment and Parks funded the Treaty 7 First Nations Water Sub-Table, established in 2010, to facilitate discussions with First Nations on overarching water issues in the South Saskatchewan River Basin. Work in 2017-18 focused on developing a work plan for achieving the Water Sub-Tables goals. This includes developing an on-reserve source water protection plan in partnership with the Government of Alberta.

Risks to Achieving Outcomes

In the course of achieving its outcomes, the ministry considers and manages key risks that may impact implementation of its key strategies and day-to-day business. The ministry's key risks include:

Key Risk: Responding and adapting to future climate scenarios

Responding and adapting to future climate scenarios, including extreme events, climate variability, and biodiversity changes, is a risk that affects all ministries. Environment and Parks will work closely with the Alberta Climate Change Office to implement the government's Climate Leadership Plan. The ministry continues to develop an array of systems and initiatives to address this key risk.

Key Risk: Demonstrating cohesive and integrated resource management

Demonstrating cohesive and integrated resource management through collaboration with Indigenous peoples, other governments, industry and other stakeholders will be a critical component to ensure shared responsibility in sustainable resource development and management of cumulative effects. Environment and Parks continues to develop and implement multiple initiatives across the ministry to advance this work.

Key Risk: Providing information to Albertans

Albertans expect clear and accurate information on issues affecting the province. Environment and Parks will ensure ministry communications are timely and consistent to meet this expectation.

Performance Measure and Indicator Data Sources and Methodology

Performance Measures

1.a Priced greenhouse gas emissions

Priced tonnes of provincial CO₂e emissions includes priced tonnes of large final emitter CO₂e emissions (over 100,000 tonnes per year) and from 2017 on includes emissions covered by the carbon levy. The priced carbon levy emissions are calculated by taking the total carbon levy revenue and dividing by the carbon levy dollars per tonne (price). These priced emissions are compared as a percentage to total tonnes of provincial CO₂e emissions. The price of carbon is factored into the fuel rates calculated in the *Climate Leadership Act* when estimating tonnes covered by the levy. The values used are \$20 per tonne effective January 1, 2017 and \$30 per tonne effective January 1, 2018 forward. The carbon levy excludes agriculture on farm fuel use, inter-jurisdictional flights, Indigenous use on reserves, and the Federal Government. Priced emissions include economy-wide emissions from the combustion of transportation and heating fuels (excluding certain fuels such as marked gas and diesel used on farms), as well as priced emissions of large industrial facilities (those emitting over 100,000 tonnes per year). Priced emissions excludes emissions priced through emissions offset protocols, regulated emissions from methane and non-reported emissions as this is not priced or priced indirectly. Total provincial greenhouse gas emissions are reported by Environment and Climate Change Canada through the National Inventory Report. Total tonnes of provincial CO₂ equivalent emissions includes emissions from agriculture, energy, industrial processes, solvent and other product use and waste source categories, but excludes those from biomass combustion, land use, land-use change and forestry. Environment and Climate Change Canada has a rigorous quality control/quality assurance process that results in a reporting lag time for the total provincial emissions and therefore the measure results. This data is received annually from the Federal government in April (2016 data is received in April 2018). Total emissions exclude CO₂ emissions from biomass combustion and CO₂eq land use, land use change and forestry.

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

Performance Indicators

1.a Provincial air quality index

This indicator measures the percentage of good air quality days in Alberta. Alberta's Air Quality Index (AQI) is calculated based on a minimum of four and a maximum of five major pollutants: carbon monoxide, nitrogen dioxide, ozone, sulphur dioxide and fine particulate matter (PM_{2.5}), which are measured hourly. The pollutant that gives the highest AQI value for each hour determines the AQI for that hour. The hourly AQI number is compared to AQI ranges that represent good (0-25), fair (26-50), poor (51-100) and very poor (>100) air quality. These categories are derived using formulas based on Alberta's Ambient Air Quality Objectives under the *Environmental Protection and Enhancement Act* and the National Ambient Air Quality Objectives. The total number of hours of good air quality is divided by the total number of hours with an AQI value for all stations in the year which meet completeness criteria. These fractions are then multiplied by the number of days in the year to determine the number of days in each air quality range. The number of days of good air quality is expressed as a percentage of the days in the year, to give the final performance indicator result. Environment and Parks and Airsheds monitor these pollutants and submit the results of this monitoring to Alberta's Ambient Air Quality Data Warehouse (AAAQDW) which houses the source for this metric. New monitoring stations situated in urban centres are given consideration for proximity to industrial and non-industrial sources.

Results from 2017 are based on data from seventeen stations, located in Edmonton (3 stations), Calgary (3 stations), Fort McMurray (2 stations), Red Deer (2 stations), Grande Prairie, Cold Lake, Fort Saskatchewan, Sherwood Park, Medicine Hat, Lethbridge and St. Albert (1 station each). A station must have a valid AQI value for at least 75 per cent of hours in the year to be included in the calculation. The number of stations may change from year to year as stations are added, relocated, or if operational difficulties result in less than 75 per cent of AQI values being available. Starting in the 2016-17 annual report, figures have been shifted to one decimal point to reduce rounding errors in the information.

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

1.b Species at risk

This performance indicator tracks the percentage of species at risk in the province. The species at risk cycle of evaluation goes through the following steps: General status assessment, detailed status assessment, wildlife act listing, recovery planning, prevention strategies, and implementation. The general status assessment is completed every five years and involves gathering information from various sources (universities, conservation organizations, federal and provincial government and industry). This information is analyzed by wildlife biologists to generate a general status description. Within this report each species receives a general status rank for each vertebrate species (mammals, birds, amphibians, reptiles and fish) in Alberta. The ranking is based on population size, population dispersion/distribution, and trend in population, trend in distribution, threats to populations and threats to habitat. Species are ranked according to nine categories: 'at risk', 'may be at risk', 'sensitive', 'secure', 'undetermined', 'not assessed', 'exotic/alien', 'extirpated/extinct', or 'accidental/vagrant'. Species that are identified as 'at risk' or 'may be at risk' under the general status description exercise then proceed to a details status assessment which includes the development of a detailed status report.

The detailed status report is prepared by species experts who compile currently available and relevant information about species 'at risk' or 'may be at risk'. This report is shared with the Scientific Subcommittee (SSC) of the Endangered Species Conservation Committee (ESCC) which applies criteria developed by the International Union for Conservation of Nature (IUCN). In the detailed status report, species are categorized according to six categories: Extinct, extirpated, endangered, threatened, species of special concern, and data deficient. The Endangered Species Conservation Committee (ESCC) considers the SSC's detailed status recommendation and makes a recommendation to the Minister of Environment and Parks on the assessed status of the species, as well as on any appropriate response. The Minister reviews the recommendations and makes a decision on detailed status designation.

Species that are designated as endangered or threatened are then legally identified as such under Alberta's *Wildlife Act* and a recovery plan is developed. Data deficient species become a higher priority for future work such as surveys and focused research, and species of special concern become eligible for special management actions. The overall recovery goal for most species is to restore them to viable, naturally self sustaining populations within Alberta. However, for some species with naturally very small populations or limited ranges, the goal may be to maintain their numbers. Management plans provide guidance for species and habitat conservation strategies designed to lead to the direct improvement of a species' population and/or habitat.

The performance indicator is calculated using the general status ranks for all vertebrates in the province. The analysis is limited to vertebrates because the department is continually assessing the status of new and often poorly known, taxonomic groups. In order to make long-term comparisons meaningful, only vertebrate ranks

are used. The indicator is calculated by taking the number of vertebrate species At Risk (i.e., those identified as Endangered or Threatened) and dividing that by the total number of vertebrate species known in the province multiplied by 100. The methodology for determining species at risk and taxonomy across jurisdictions remains consistent. An 'At Risk' designation will highlight the fact that a species has been legally defined as either Endangered or Threatened under Alberta's *Wildlife Act*.

The most recent results were available in 2015; next available results for 2020 will be reported on in Environment and Parks 2020-21 annual report. Data corrections have been applied across all reporting periods to improve data consistency and comparability. The corrections resulted in an increase in 2005 from 2.2 per cent to 3.4 per cent, and increased in 2010 from 3.6 per cent to 3.7 per cent, and in 2015 a decrease from 5.5 per cent to 4.2 per cent.

Source: Environment and Parks

1.c Total greenhouse gas emissions

As a signatory to the United Nations Framework Convention on Climate Change Canada, Environment and Climate Change Canada is obligated to prepare and submit an annual national greenhouse gas inventory covering anthropogenic emissions by sources and removals by sinks. The total greenhouse gas (GHG) emissions indicator utilizes GHG emissions data taken from Environment and Climate Change Canada's National Inventory Report 1990-2016: Greenhouse Gas Sources and Sinks in Canada. Environment Canada is responsible for preparing Canada's official national inventory with input from numerous experts and scientists across Canada. Environment and Parks reports on Alberta's total emissions as reported in the National/Provincial/Territorial Tables. Canada's Inventory can be found at: <http://www.ec.gc.ca/ges-ghg/default.asp?lang=En&n>.

Data and methods used to develop the emission and removal estimates presented in the National Inventory Report are consistent with internationally accepted Intergovernmental Panel on Climate Change methodologies and reference documents. Data collection, validation, calculation and interpretation take almost 16 months from the end of the last reporting year which results in a one year reporting delay.

Environment and Climate Change Canada estimates GHG by multiplying the level of human activity resulting in emissions over a certain time period by emission factors. Emission factors are based on samples of measurement data, and are representative rates of emissions for a given activity level under a given set of operating conditions. They are the estimated average emission rate of a given pollutant for a given source, relative to units of activity. Guidelines produced by the Intergovernmental Panel on Climate Change for countries reporting to the United Nations Framework Convention on Climate Change (<http://unfccc.int/2860.php>) provide methods for calculating greenhouse gas emissions from a given human activity. Greenhouse gas emissions are reported in carbon dioxide equivalents (CO₂ eq), determined by multiplying the amount of emissions of a particular gas by the global warming potential of that gas. Greenhouse gases differ in their ability to absorb heat in the atmosphere due to their differing chemical properties and atmospheric lifetimes.

The United Nations Framework Convention on Climate Change has adopted updated global warming potentials to normalize emissions of all greenhouse gases to a reference gas (carbon dioxide), and implemented several methodological changes. As part of the continuous improvement process, recalculations are performed by Environment and Climate Change Canada annually on the previously reported greenhouse gas emission estimates, to reflect updates to source data and estimation methodology. The National Inventory Report provides a summary of the recalculations that occurred due to methodological changes and/or refinements since the previous submission, with a brief description, justification and summary of individual impacts on previously reported emission estimates. Alberta's provincial emissions were recalculated and restated for previous years with final activity level data resulting in, for example, an 8 Mt

reduction from the originally reported 2015 emissions. The change in results was primarily driven by an Environment and Climate Change Canada update to the calculation of emissions from waste, stationary fuel combustion in cogeneration, and fugitive emissions in oil and gas.

Source: Environment and Climate Change Canada and the Ministry of Environment and Parks

1.d Municipal solid waste to landfills

This indicator tracks Alberta's progress towards reducing the amount of municipal solid waste disposed in municipal landfills, as measured in kilograms of waste per capita per year. Residential waste from municipalities, and waste from the industrial, commercial and institutional sector, as well as waste from the construction, renovation and demolition sector disposed of in municipal landfills or participating private landfills are included in this indicator. The calculation is based on the kilograms of municipal solid waste sent to landfills and the population served by each reporting landfill.

The information is collected from landfills with weigh scales and in some cases is voluntarily provided. The indicator is calculated using the most up-to-date population statistics, either the Ministry of Municipal Affairs' official provincial population list or Statistics Canada's Census data. Approximately 84 per cent of Alberta's population had access to service provided by reporting landfills in 2017. Estimates are used for the remaining population and are derived by multiplying the per capita disposal rate with the unmeasured population. There is recognition of methodology limitations and consideration for improvement.

Source: Ministry of Environment and Parks

1.e Transboundary waters outflow obligations

The Transboundary Waters Outflow Obligations indicator tracks whether Alberta delivers its inter-jurisdictional outflow (water quantity) obligations, out of a total of 7 waters (streams, creeks or rivers) that are being monitored. The Transboundary agreements specify Alberta's apportioned share of the total water outflow of key waters leaving Alberta and entering Saskatchewan and Montana in accordance with: 1909 *International Boundary Waters Treaty Act*, and the '1921 Order of the International Joint Commission (IJC) on the Division of the Waters of the St. Mary and Milk Rivers' (1921 Order) for the Milk River; and Master Agreement on Apportionment, 1969 (Prairie Provinces) for the other 6 waters.

Interim and final data have been used for the performance indicator results. Information on the actual outflow as compared to thresholds is available in Prairie Provinces Water Board (PPWB) and International Joint Commission (IJC) reports. The values provided are used by Environment and Parks to determine if the outflow obligations indicator were met, or not met. Due to time lags in computation processes, at the time of reporting, interim data is available for all but two of the waters. Interim data is unavailable for Battle Creek and the North Saskatchewan River, and determinations on whether outflow obligations were met were estimates based on historical use of apportioned flow of those rivers, historical water use, current water use, and professional judgement. The indicator does not include any commitments from another jurisdiction to Alberta.

Alberta must endeavour to meet the outflow obligations to downstream jurisdictions for the selected waters. If they are not met, reasons are discussed with the downstream jurisdiction and follow up actions are agreed upon, if warranted.

Data Collection Period: Data is collected annually for the period of January 1 to December 31 with up to a 2 year lag-time for final publishing. For reporting in the Environment and Parks Business Plan and Annual Report, interim data from the administrative bodies and estimates are used. However, when final data are available, the results are restated, if the difference between interim and final data is material.

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

Performance Measures

3.a Hunting wildlife certificate and sportfishing licence sales per capita

This performance measure reports on the per capita sale of hunting wildlife certificates and resident sportfishing licence sales. All Alberta hunters are required to purchase a Wildlife Certificate as a prerequisite to any other hunting licences making this an ideal measure to reflect the number of recreational hunters. The performance measure results provide a reliable estimate of the number of licenced anglers and hunters. The measure assumes that individuals who hunt and fish exercise responsible stewardship practices contributing toward social well-being.

Data for this measure is sourced from Aspira, which manages the Resource Licensing Management System (RELM). The RELM system is used to process licensing transactions and produce summary sales reports reflecting residents who purchase hunting wildlife certificates or resident sportfishing licences. Alberta youth anglers under the age of 16, Albertans seniors aged 65 and older, and all indigenous people are not included in this measure as they are exempt from licensing requirements. Sportfishing activities occurring within Alberta's National Parks are administered by the Federal Government are also not captured. The measure counts the total number of resident sportfishing licence sales and wildlife certificate sales in each fiscal year period. The total licence and wildlife certificate sales are divided by the population of Alberta using quarterly population estimates produced by Alberta Treasury Board and Finance to produce per capita sales figures.

Source: Environment and Parks

3.b Provincial park or provincial recreation areas visitation

The Provincial Park or Provincial Recreation Areas visitation performance measure tracks the amount of annual visitation to these two Alberta Parks classifications. Results for the measure are collected through the annual Survey of Albertans. An independent consultant is contracted to conduct a telephone survey with a random sample of 1000 Albertans aged 18 or older. To survey a random and representative sample of adult Albertans, quotas are established for the number of interviews within six geographic areas of the province and within each geographic area, for each age group (i.e., 18 – 34, 35 – 54, 55 years or older) and, within each age segment, for the number of interviews with males and females. The survey sampler draws a random sample from the most recent residential and cellular phone listings of Alberta. The "Birthday Method" of selecting respondents, where the interviewer asks to speak to the adult of the household who most recently had a birthday, is used in order to ensure a random selection within households. A methodology change was introduced in 2014-15, with the introduction of cellular phone sample to supplement calling traditional landline telephones, to improve the response rate of the survey. The final survey distribution is controlled to ensure the overall sample's regional and age/gender composition reflects that of the actual Alberta population aged 18 or older according to 2016 Census data. The margin of error for the total sample of 1000 is ± 3.1 percentage points, at a 95 per cent confidence level.

The Provincial Park or Provincial Recreation Areas visitation performance measure is calculated by dividing the number of survey respondents who indicated they visited an Alberta Provincial Park or Provincial Recreation Area in the past 12 months by the total number of survey respondents. The measure is validated by asking respondents to confirm the name of the specific Provincial Parks or Provincial Recreation Areas they visited to in the past 12 months, to ensure results are not overstated by visits to neighborhood, city, regional or national parks.

Source: Environment and Parks

3.c Park visitor satisfaction

The Provincial Park or Provincial Recreation Areas visitation performance measure tracks Albertans engagement in Alberta's natural heritage and nature-based outdoor recreational and educational activities. The park visitor satisfaction measure tracks Albertans satisfaction with Alberta Parks and conserved natural landscapes. Enjoyable and safe experiences in nature and nature-based outdoor recreation activities contribute toward the social well-being of Albertans. Results for the measure are collected through the annual Survey of Albertans. An independent consultant is contracted to conduct a telephone survey with a random sample of 1000 Albertans aged 18 or older. To survey a random and representative sample of adult Albertans, quotas are established for the number of interviews within six geographic areas of the province and within each geographic area, for each age group (i.e., 18 – 34, 35 – 54, 55 years or older) and, within each age segment, for the number of interviews with males and females. The survey sampler draws a random sample from the most recent residential and cellular phone listings of Alberta. The "Birthday Method" of selecting respondents, where the interviewer asks to speak to the adult of the household who most recently had a birthday, is used in order to ensure a random selection within households. A methodology change was introduced in 2014-15, with the introduction of cellular phone sample to supplement calling traditional landline telephones, to improve the response rate of the survey. The final survey distribution is controlled to ensure the overall sample's regional and age/gender composition reflects that of the actual Alberta population aged 18 or older according to 2016 Census data. The margin of error for the total sample of 1000 is ± 3.1 percentage points, at a 95 per cent confidence level.

The Provincial Park or Provincial Recreation Areas visitor satisfaction performance measure is calculated by dividing the number of survey respondents who indicated they visited an Alberta Provincial Park or Provincial Recreation Area in the past 12 months and were either satisfied or very satisfied with the quality of services and facilities by the total number of survey respondents who indicated they visited an Alberta Provincial Park or Provincial Recreation Area in the past 12 months.

Source: Environment and Parks

Financial Information

Annual Report

2017-2018

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Ministry of Environment and Parks
Consolidated Financial Statements
Year Ended March 31, 2018

MINISTRY OF ENVIRONMENT AND PARKS
CONSOLIDATED FINANCIAL STATEMENTS
Year ended March 31, 2018

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Independent Auditor's Report

To the Members of the Legislative Assembly

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Ministry of Environment and Parks, which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Ministry of Environment and Parks as at March 31, 2018, 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.

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

Auditor General

June 5, 2018

Edmonton, Alberta

MINISTRY OF ENVIRONMENT AND PARKS
CONSOLIDATED STATEMENT OF OPERATIONS
Year ended March 31, 2018

	2018		2017
	Budget	Actual	Actual (Restated – Note 4)
	<i>(in thousands)</i>		
Revenues (Schedule 1)			
Government Transfers			
Internal Government Transfers	\$ 78,181	\$ 106,392	\$ 1,354
Transfers from Government of Canada	4,966	2,663	1,531
Investment Income	439	6,171	3,574
Premiums, Fees and Licences	119,621	118,791	114,146
Climate Change and Emissions Management Fund – Industry Purchase of Fund Credits	196,000	245,673	160,414
Other Revenue	90,036	84,200	53,451
	<u>489,243</u>	<u>563,890</u>	<u>334,470</u>
Expenses – Directly Incurred (Note 2(b) and Schedules 2 and 4)			
Programs			
Ministry Support Services	73,326	74,261	60,486
Air	17,276	20,408	23,892
Land	51,984	64,156	54,138
Water	155,261	213,062	159,289
Fish and Wildlife	45,349	40,389	29,006
Integrated Planning	37,499	37,920	35,298
Parks	102,900	111,883	98,855
Land Use Secretariat	10,263	4,302	4,699
Science and Monitoring	75,798	75,142	64,616
Climate Leadership Plan	454,758	339,611	93,152
Quasi-Judicial Bodies	9,324	13,290	15,533
2013 Alberta Flooding (Note 20)			
Non Disaster Recovery Program Expenses	20,050	1,156	8,755
	<u>1,053,788</u>	<u>995,580</u>	<u>647,719</u>
Annual Deficit	<u>\$ (564,545)</u>	<u>\$ (431,690)</u>	<u>\$ (313,249)</u>

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

MINISTRY OF ENVIRONMENT AND PARKS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31, 2018

	2018	2017 (Restated – Note 4)
	<i>(in thousands)</i>	
Financial Assets		
Cash and Cash Equivalents (Note 5)	\$ 606,795	\$ 602,988
Accounts Receivable (Note 6)	198,132	63,399
	<u>804,927</u>	<u>666,387</u>
Liabilities		
Accounts Payable and Accrued Liabilities (Note 11)	377,755	183,486
Deferred Contributions (Note 12)	75,862	71,705
Liability for Contaminated Sites (Note 13)	1,379	1,379
	<u>454,996</u>	<u>256,570</u>
Net Financial Assets	<u>349,931</u>	<u>409,817</u>
Non-Financial Assets		
Tangible Capital Assets (Note 10)	1,533,393	1,415,464
Prepaid Expenses (Note 7)	6,127	6,605
	<u>1,539,520</u>	<u>1,422,069</u>
Net Assets Before Spent Deferred Capital Contributions	<u>1,889,451</u>	<u>1,831,886</u>
Spent Deferred Capital Contributions (Note 12)	16,522	17,259
Net Assets	<u>\$ 1,872,929</u>	<u>\$ 1,814,627</u>
Net Assets at Beginning of Year	\$ 1,814,627	\$ 1,741,869
Adjustment to Net Assets (Note 19)	(487)	(527)
Annual Deficit	(431,690)	(313,249)
Net Financing Provided from General Revenues	490,479	386,534
Net Assets at End of Year	<u>\$ 1,872,929</u>	<u>\$ 1,814,627</u>

Contingent Assets and Contractual Rights (Notes 8 and 9).

Contingent Liabilities and Contractual Obligations (Notes 14 and 15).

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

MINISTRY OF ENVIRONMENT AND PARKS
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year ended March 31, 2018

	2018		2017
	Budget	Actual	Actual (Restated – Note 4)
	<i>(in thousands)</i>		
Annual Deficit	\$ (564,545)	\$ (431,690)	\$ (313,249)
Acquisition of Tangible Capital Assets (Note 10)	(302,910)	(68,306)	(67,141)
Amortization of Tangible Capital Assets (Note 10)	44,001	49,284	42,637
Loss (Gain) on Sale of Tangible Capital Assets		2,163	(20)
Proceeds on Disposal/Sale of Tangible Capital Assets		445	2,753
Write-downs of Tangible Capital Assets		1,950	873
Transfer (in) out of Tangible Capital Assets		(103,490)	-
Decrease in Prepaid Expenses		478	876
(Decrease) Increase in Spent Deferred Capital Contributions (Note 12)		(737)	1,892
Other Adjustments (Note 19)		(462)	(9,901)
Net Financing Provided from General Revenues		490,479	386,534
(Decrease) Increase in Net Financial Assets	\$ (59,886)	\$	45,254
Net Financial Assets at Beginning of Year		409,817	364,563
Net Financial Assets at End of Year	\$	349,931	\$ 409,817

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

MINISTRY OF ENVIRONMENT AND PARKS
CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended March 31, 2018

	2018	2017 (Restated – Note 4)
	<i>(in thousands)</i>	
Operating Transactions		
Annual Deficit	\$ (431,690)	\$ (313,249)
Non-cash Items Included in Annual Deficit		
Amortization of Tangible Capital Assets (Note 10)	49,284	42,637
Deferred Capital Contributions recognized as Revenue (Note 12)	(737)	(858)
Loss (Gain) on Disposal of Tangible Capital Assets	2,163	(20)
Write down of Tangible Capital Assets	1,950	873
Transfer of Tangible Capital Assets (from) Other Government Departments	(103,490)	-
Other	(279)	(8,386)
Donation of Capital Asset	(183)	200
	<u>(482,982)</u>	<u>(278,803)</u>
 (Increase) Decrease in Accounts Receivable	 (134,733)	 58,892
Decrease in Prepaid Expenses	478	876
Increase in Accounts Payable and Accrued Liabilities	194,269	63,581
Increase in Deferred Revenue	4,157	10,999
Cash Applied to Operating Transactions	<u>(418,811)</u>	<u>(144,455)</u>
 Capital Transactions		
Acquisition of Tangible Capital Assets (Note 10)	(68,306)	(67,141)
Proceeds on Disposal/Sale of Tangible Capital Assets	445	2,753
Cash Applied to Capital Transactions	<u>(67,861)</u>	<u>(64,388)</u>
 Financing Transactions		
Net Financing Provided from General Revenues	490,479	386,534
Cash Provided by Financing Transactions	<u>490,479</u>	<u>386,534</u>
 Increase in Cash and Cash Equivalents	 3,807	 177,691
Cash and Cash Equivalents at Beginning of Year	<u>602,988</u>	<u>425,297</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 606,795</u></u>	<u><u>\$ 602,988</u></u>

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

MINISTRY OF ENVIRONMENT AND PARKS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2018

NOTE 1 AUTHORITY AND PURPOSE

The Ministry of Environment and Parks (the ministry) operates under the authority of the *Government Organization Act*, Chapter G-10, revised Statutes of Alberta 2000 and its regulations. The Ministry also operates under the authority of the following acts:

Organization	Authority
Department of Environment and Parks	<i>Boundary Surveys Act</i> <i>Wildlife Act</i> <i>Fisheries (Alberta) Act</i> <i>Forest Reserves Act</i> <i>Public Lands Act</i> <i>Surveys Act</i> <i>Black Creek Heritage Rangeland Trails Act</i> <i>Provincial Parks Act</i> , except sections 14 and 15 <i>Recreation Development Act</i> <i>Water Act</i> <i>Alberta Land Stewardship Act</i> <i>Wilderness Areas Ecological Reserves, Natural Areas and Heritage Rangelands Act</i> <i>Willmore Wilderness Park Act</i> <i>Environmental Protection and Enhancement Act</i> <i>Drainage Districts Act</i> <i>East Central Regional Water Authorization Act</i> <i>Hunting, Fishing and Trapping Heritage Act</i> <i>North Red Deer Water Authorization Act</i> <i>County of Westlock Water Authorization Act</i> <i>Beaver River Basin Water Authorization Act</i> <i>Responsible Energy Development Act</i> <i>The Bighorn Agreement Validating Act</i> <i>The Brazeau River Development Act</i>
Climate Change and Emissions Management Fund	<i>Climate Change and Emissions Management Act</i> <i>Oil Sands Emissions Limit Act</i>
Land Stewardship Fund	<i>Public Lands Act</i>
Natural Resources Conservation Board	<i>Natural Resources Conservation Board Act</i>
Energy Efficiency Alberta	<i>Energy Efficiency Alberta Act</i>
Surface Rights Board	<i>Surface Rights Act</i>
Land Compensation Board	<i>Expropriation Act</i>

The ministry consists of the Department of Environment and Parks, the Climate Change and Emissions Management Fund, the Land Stewardship Fund, the Natural Resources Conservation Board, and Energy Efficiency Alberta. Funding is also provided for the Surface Rights Board, the Land Compensation Board, the Environmental Appeals Board, and the Public Lands Appeal Board, which are accountable to the minister.

MINISTRY OF ENVIRONMENT AND PARKS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2018

NOTE 1 AUTHORITY AND PURPOSE (Cont'd)

As proud stewards of air, land, water, biodiversity and a system of provincial parks and protected area, the Ministry of Environment and Parks leads the achievement of desired environmental outcomes and sustainable development of natural resources for Albertans.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

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

(a) Reporting Entity and Method of Consolidation

The reporting entity is the ministry for which the Minister of Environment and Parks is accountable. The accounts of the Department of Environment and Parks (including the Environmental Appeal Board, the Surface Rights Board, the Public Lands Appeal Board and the Land Compensation Board), are fully consolidated with the Natural Resources Conservation Board, the Climate Change and Emissions Management Fund, the Land Stewardship Fund, and Energy Efficiency Alberta on a line-by-line basis.

The accounts of government sector entities, except those designated as government business enterprises, are consolidated using the line-by-line method. Under this method, accounting policies of the consolidated entities, where applicable, are adjusted to conform to government's accounting policies and the results of each line item in their financial statements (revenue, expense, assets and liabilities) are included in government results. Revenue and expense, capital, investing and financing transactions and related asset and liability balances between the consolidated entities have been eliminated.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on an accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recognized as unearned revenue.

Government Transfers

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

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

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

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

Revenues (Cont'd)

Government Transfers (Cont'd)

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

Donations and Non-Government Grants

Donations and non-government grants are received from individuals, corporations, and private sector not-for-profit organizations. Donations and non-government grants may be unrestricted or externally restricted for operating or capital purposes.

Unrestricted donations and non-government grants are recognized as revenue in the year received or in the year the funds are committed to the ministry and the amounts can be reasonably estimated and collection is reasonably assured.

Externally restricted donations, non-government grants and, realized gains and losses for the associated externally restricted investment income are recognized as deferred revenue if the terms for their use, or the terms along with the ministry's actions and communications as to the use, create a liability. These resources are recognized as the terms are met and, when applicable, the ministry complies with its communicated use.

Grants and Donations for Land

The ministry recognizes transfers and donations for the purchase of land as a liability when received, and as revenue when the ministry purchases the land. The ministry recognizes in-kind contributions of land as revenue at the fair value of the land. When the ministry cannot determine the fair value, it records such in-kind contributions at a nominal value.

Expenses

Directly Incurred

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

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

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

Expenses (Cont'd)

Grant Expense

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

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets;
- pension costs which comprise the cost of the employer contributions for current service of employees during the year;
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities; and
- transfer of tangible capital assets to other ministries.

Incurring by Others

Services contributed by other related entities in support of the ministry'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.

The fair values of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short-term nature of these instruments.

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 ministry's financial claims on external organizations at the year end.

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.

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

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

Financial Assets (Cont'd)

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 ministry to external organizations and individuals arising from past transactions or events occurring before the year end, the settlement 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 amount.

Liabilities also include:

- all financial claims payable by the ministry at the year end,
- accrued employee vacation entitlements, and
- contingent liabilities where future liabilities are likely.

Liability for Contaminated Sites

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. The liability is recognized net of any expected recoveries. A liability for remediation of contaminated sites normally results from operation(s) that is no longer in productive use and is recognized when all of the following criteria are met:

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. the ministry is directly responsible or accepts responsibility;
- iv. it is expected that future economic benefits will be given up; and
- v. a reasonable estimate of the amount can be made.

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 are limited to tangible capital assets and prepaid expenses.

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

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

Non-Financial Assets (Cont'd)

Tangible Capital Assets

Tangible capital assets of the ministry are recognized at historical cost and amortized on a straight-line basis over the estimated useful life of the assets. The threshold for capitalizing new systems development is \$250,000 and the threshold for major systems enhancements is \$100,000. The threshold for all other tangible capital assets is \$5,000. All land, with exception of Crown lands, is capitalized.

Contributed tangible capital assets from non-related entities are recognized at their fair value at the time of contribution.

Amortization is only charged if the tangible asset is put into service.

When physical assets (tangible capital assets) are gifted or sold for a nominal sum, the net book value of these physical assets, less any nominal proceeds, are recognized as grants in-kind.

Prepaid Expenses

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

Other Assets

Intangible assets, inherited natural resources, Crown lands, art and historic treasures and assets acquired by right are not recognized in these consolidated financial statements.

Measurement Uncertainty

(in thousands)

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

In these financial statements the areas subject to measurement uncertainty include:

- Royalties and disturbance fees on dispositions, recognized as \$978 (2017: \$1,198), are predicated on self-assessment where clients are expected to understand the terms of their lease or permit and comply with them. This could impact the completeness of the revenues from royalties and disturbance fees on dispositions when clients fail to comply with the lease, permit, or disposition requirements. Although system enhancements have been made, there is still a risk that all sources of unreported income from self-assessed revenues cannot be identified. The ministry does not estimate the amount of unreported royalties or disposition fees.

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

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

Measurement Uncertainty (Cont'd)

(in thousands)

- Liability for Contaminated Sites recognized as \$1,379 (2017: \$1,379) is estimated based on the current site assessment, including the source and type of the contaminant. During remediation, further site assessments and/or sampling results may materially change the estimate. These changes could be the result of factors such as expanded area of contamination; a revised assessment of the source or introduction of a new source; re-sampling at deeper depths; and cost fluctuations where remedial work is conducted over several years.
- Climate Change and Emissions Management Fund includes an estimate for non-forecasting facilities (those that have not had emissions greater than one million tonnes of carbon dioxide equivalent (CO₂e) since 2016) of \$16,484 for the period January 1 to March 31, 2018. Management estimates this amount drawing on past performance of facilities, preference for fund payment taken from forecasting facilities and year to date production where available and appropriate. Preference for compliance mechanism of each facility is significantly influenced by the policy decision in the changes of price per tonne. The preparation of these financial statements requires management to make estimates and assumptions that affect the amounts of assets and revenues reported.
- Dam and water management structures are recognized as \$899,913 (2017: \$812,934). Several factors, including the extent and manner of usage, physical damage, removal from service or change in law or environment, can affect the usage and service life. Therefore impairment, if any, useful life and amortization are subject to measurement uncertainty. Further analysis is needed to evaluate and determine if impairment exists and/or if adjustments to remaining useful life and amortization expense are required.
- Contractual rights disclosed as \$59,396 (2017: \$60,797) is estimated based on the term of land disposition, water usage and parks facility operator agreements. Several water usage agreements have no expiry date and require the department to estimate the duration of these agreements. The estimates are based on a 25 year term which represents the average term for similar agreements that have an expiry date. Nine agreements totalling \$27,020 (2017: nine agreements totalling \$27,111) were estimated using the 25 year term.
- Provision for doubtful accounts, expensed as \$6,811 (2017: \$1,398) is based on the assumption that:
 - 5% of the accounts receivable between 32 and 90 days
 - 50% of the accounts receivable between 91 and 365 days
 - 100% of the accounts receivable over 365 days, and
 - Companies in receivership, bankruptcy, *Companies' Creditors Arrangement Act* (CCAA) protection or has filed a Notice of Intention to File a Proposal at March 31, 2018 will not be collected.

MINISTRY OF ENVIRONMENT AND PARKS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2018

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

(c) Change in Accounting Policy

The ministry has prospectively adopted the following standards from April 1, 2017: PS 2200 Related Party Disclosures, PS 3420 Inter-Entity Transactions, PS 3210 Assets, PS 3320 Contingent Assets and PS 3380 Contractual Rights which are reflected in Note 2, Note 8, Note 9, Note 18, Schedule 2, Schedule 3 and Schedule 4.

NOTE 3 FUTURE ACCOUNTING CHANGES

The Public Sector Accounting Board has approved the following accounting standards:

- **PS 3430 Restructuring Transactions (effective April 1, 2018)**
This standard provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/ or liabilities, together with related program or operating responsibilities.
- **PS 3280 Asset Retirement Obligations (effective April 1, 2021)**
Effective April 1, 2021, this standard provides guidance on how to account for and report a liability for retirement of a tangible capital asset.
- **PS 3450 Financial Instruments (effective April 1, 2021)**
Adoption of this standard requires corresponding adoption of: PS 2601, Foreign Currency Translation; PS 1201, Financial Statement Presentation; and PS 3041, Portfolio Investments in the same fiscal period. These standards provide guidance on: recognition, measurement, and disclosure of financial instruments; standards on how to account for and report transactions that are denominated in a foreign currency; general reporting principles and standards for the disclosure of information in the financial statements; and how to account for and report portfolio investments.

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

MINISTRY OF ENVIRONMENT AND PARKS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2018

NOTE 4 PROGRAM TRANSFER

(in thousands)

Effective September 1, 2017, Communications and Public Engagement branches were transferred from each department to the Department of Treasury Board and Finance. Comparatives for 2017 have been restated as if the current organization structure had always been the same. The opening net assets (or liabilities) and net financial assets (or debt) as at April 1, 2016 are restated as follows:

Net Financial Assets as previously reported at April 1, 2016	\$ 364,563
Transfer to Ministry of Treasury Board and Finance for Communications and Public Engagement branches transfer	284
Restated Net Financial Assets at April 1, 2016	<u>\$ 364,847</u>
Net Assets as previously reported at April 1, 2016	\$ 1,741,585
Transfer to Ministry of Treasury Board and Finance for Communications and Public Engagement branches transfer	284
Restated Net Assets at April 1, 2016	<u>\$ 1,741,869</u>
Net Financing Provided from General Revenues reported at March 31, 2017	\$ 390,935
Transfer to Ministry of Treasury Board and Finance for Communications and Public Engagement branches transfer	(4,401)
Restated Net Financing Provided from General Revenues at March 31, 2017	<u>\$ 386,534</u>
Annual Deficit as previously reported at March 31, 2017	\$ (317,650)
Transfer to Ministry of Treasury Board and Finance for Communications and Public Engagement branches transfer	4,401
Restated Annual Deficit at March 31, 2017	<u>\$ (313,249)</u>

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, 2018, securities held by the Fund have a time-weighted return of 1.1% per annum (2017: 0.9% per annum). Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

MINISTRY OF ENVIRONMENT AND PARKS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2018

NOTE 6 ACCOUNTS RECEIVABLE

(in thousands)

Accounts Receivable are unsecured and non-interest bearing.

	2018		2017	
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Government of Canada	\$ 2,261	\$ -	\$ 2,261	\$ 572
Climate Leadership Plan – Industry Purchase of Fund Credits	179,721	-	179,721	16,181
General Sources	27,072	(10,922)	16,150	46,646
	<u>\$ 209,054</u>	<u>\$ (10,922)</u>	<u>\$ 198,132</u>	<u>\$ 63,399</u>

NOTE 7 PREPAID EXPENSES

(in thousands)

	2018		2017	
Prepayment of future access rights under the Bassano Dam settlement agreement with the Siksika Nation	\$	5,659	\$	6,534
Prepayment of various expenses		400		-
Prepayment for capital lease payment		68		71
	<u>\$</u>	<u>6,127</u>	<u>\$</u>	<u>6,605</u>

NOTE 8 CONTINGENT ASSETS

(in thousands)

The ministry initiated insurance claims where possible assets are being sought. The outcomes from these claims will likely result in recognition of assets.

The contingent assets include outstanding insurance claims against the Alberta Risk Management Fund amounting to \$993 (2017: \$757).

These amounts have not been recognized in the consolidated financial statements.

MINISTRY OF ENVIRONMENT AND PARKS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2018

NOTE 9 CONTRACTUAL RIGHTS

(in thousands)

Contractual rights are rights of the ministry to economic resources arising from contracts or agreements that will result in both assets and revenues in the future when the terms of those contracts or agreements are met.

	2018	2017
Land Disposition Agreements	\$ 25,170	\$ 26,067
Parks Facility Operator Agreements	615	817
Water Usage Agreements	33,611	33,913
	<u>\$ 59,396</u>	<u>\$ 60,797</u>

Estimated amounts that will be received or receivable for each of the next five years and thereafter are as follows:

Fiscal Year	Land Disposition Agreements	Parks Facility Operator Agreements	Water Usage Agreements	Total
2018-19	\$ 1,771	\$ 203	\$ 1,898	\$ 3,872
2019-20	1,713	203	1,892	3,808
2020-21	1,628	105	1,802	3,535
2021-22	1,539	104	1,795	3,438
2022-23	1,394	-	1,795	3,189
Thereafter	17,125	-	24,429	41,554
	<u>\$ 25,170</u>	<u>\$ 615</u>	<u>\$ 33,611</u>	<u>\$ 59,396</u>

MINISTRY OF ENVIRONMENT AND PARKS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2018

NOTE 10 TANGIBLE CAPITAL ASSETS
(in thousands)

	Land ⁽¹⁾	Buildings	Equipment ⁽²⁾	Computer Hardware and Software ⁽³⁾	Land Improvements	Highways and Roads	Dam & Water Management Structures ⁽⁴⁾	Other ⁽⁵⁾	2018 Total	2017 Total
Estimated Useful Life	Indefinite	10-50 years	3-40 years	3-10 years	10-40 years	20-50 years	20-80 years	5 years		
Historical Costs⁽⁶⁾										
Beginning of year	\$ 291,156	\$ 215,392	\$ 105,737	\$ 75,358	\$ 391,521	\$ 5,601	\$ 1,269,779	\$ 330	\$ 2,354,874	\$ 2,286,759
Additions	19	19,110	7,122	854	29,903	2,424	8,874	-	68,306	67,142
Disposals, including write-downs	(491)	(3,997)	(1,440)	(1,900)	(46)	-	-	-	(7,874)	(5,491)
Transfer In (Out)	4,312	2,659	(1,906)	3,358	-	-	96,358	-	104,781	6,376
Asset Reclassification In (Out)	(120)	11,339	(7,706)	430	(6,808)	2,480	91	-	(294)	88
	\$ 294,876	\$ 244,503	\$ 101,807	\$ 78,100	\$ 414,570	\$ 10,505	\$ 1,375,102	\$ 330	\$ 2,519,793	\$ 2,354,874
Accumulated Amortization										
Beginning of year	-	118,415	74,585	58,028	230,051	1,418	456,845	68	939,410	901,851
Amortization expense	-	9,088	5,196	6,134	10,037	303	18,344	182	49,284	42,637
Effects of disposals including write-downs	-	3,093	(6,020)	(744)	180	18	-	(118)	(3,591)	(4,321)
Effects of transfers	-	1,256	41	-	-	-	-	-	1,297	(757)
	\$ -	\$ 131,852	\$ 73,802	\$ 63,418	\$ 240,268	\$ 1,739	\$ 475,189	\$ 132	\$ 986,400	\$ 939,410
Net Book Value at March 31, 2018	\$ 294,876	\$ 112,651	\$ 28,005	\$ 14,682	\$ 174,302	\$ 8,766	\$ 899,913	\$ 198	\$ 1,533,393	
Net Book Value at March 31, 2017	\$ 291,156	\$ 96,977	\$ 31,152	\$ 17,330	\$ 161,470	\$ 4,183	\$ 812,934	\$ 262		\$ 1,415,464

(1) Land includes land acquired for parks and recreation, building sites, infrastructure and other program use.

(2) Equipment includes office, laboratory, heavy and mobile equipment, vehicles and furniture.

(3) Computer Hardware and Software includes a 3 year Capital Lease for storage. Capital cost is \$1,534.

(4) Dam and water management structures include dams, reservoirs, weirs, canals, dykes, ditches, channels, diversions, cut-offs, pump houses and erosion protection structures, which are constructed by the Ministry of Transportation and transferred to the Ministry of Environment and Parks upon their completion.

(5) Other tangible capital assets include leasehold improvements (amortized over the life of the lease).

(6) Historical costs includes work-in-progress at March 31, 2018 totalling \$186,159 (2017 - \$125,275) comprised of: buildings \$14,689 (2017 - \$17,123); equipment \$4,376 (2017 - \$12,333); computer hardware and software \$1,197 (2017 - \$10,407); land improvements \$40,566 (2017 - \$48,849); dam improvements \$124,042 (2017 - \$32,632), highway and roads \$1,237 (2017 - \$1,791); and land \$52 (2017 - \$2,140).

MINISTRY OF ENVIRONMENT AND PARKS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2018

NOTE 11 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES
(in thousands)

	2018	2017 (Restated)
Accounts Payable	\$ 36,726	\$ 11,857
Other Accrued Liabilities	313,372	143,405
Capital lease	534	1,045
Vacation pay	27,123	27,179
	<u>\$ 377,755</u>	<u>\$ 183,486</u>

Included in the Accrued Liabilities is a capital lease, consisting of two storage servers, that the ministry entered into in April 2016. The lease expires on March 31, 2019 and the ministry will own the asset at the end of the lease term for a purchase price of \$1.00. The lease is amortized on a straight-line basis over 36 months (the term of the lease). The lease cost and associated amortization is recorded in Note 10.

Estimated lease payments for the remaining years are as follows

Fiscal Year	Total
2018-19	\$ 547
Less Interest	(13)
Total Lease Liability	<u>\$ 534</u>

NOTE 12 DEFERRED CONTRIBUTIONS
(in thousands)

	2018	2017
Deferred revenue (a)	\$ 75,862	\$ 71,705
Spent deferred capital contributions and transfers (b)	16,522	17,259
	<u>\$ 92,384</u>	<u>\$ 88,964</u>

MINISTRY OF ENVIRONMENT AND PARKS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2018

NOTE 12 DEFERRED CONTRIBUTIONS (Cont'd)

(in thousands)

(a) Deferred revenue

	2018			2017	
	Federal government	Non- government	Gov't Entities	Total	Total
Balance at Beginning of Year	\$ 611	\$ 71,094	\$ -	\$ 71,705	\$ 61,742
Cash contributions received/receivable during year	868	63,477	108,622	172,967	69,260
Less amounts recognized as revenue	(496)	(60,883)	(107,431)	(168,810)	(59,297)
Balance at End of Year	\$ 983	\$ 73,688	\$ 1,191	\$ 75,862	\$ 71,705

(b) Spent deferred capital contributions

	2018			2017	
	Federal government	Non- government	Total	Total	
Balance at Beginning of Year	\$ 7,090	\$ 10,169	\$ 17,259	\$ 15,367	
Adjustment of amortization rate for Calgary Weir	-	-	-	2,618	
Transferred Capital Assets Received/Receivable	-	-	-	132	
Less amounts recognized as revenue	(512)	(225)	(737)	(858)	
Balance at End of Year	\$ 6,578	\$ 9,944	\$ 16,522	\$ 17,259	

NOTE 13 LIABILITY FOR CONTAMINATED SITES

(in thousands)

The composition of liabilities is as follows:

	2018	2017
Liabilities at Beginning of Year	\$ 1,379	\$ 1,379
Transfer from Environmental Protection and Enhancement Fund	-	-
Liabilities at End of Year	\$ 1,379	\$ 1,379

The ministry has accepted responsibility to perform remediation work and is currently monitoring at the West Arrowwood, Parkland Underground Storage Tanks and Huck Finn Food and Gas Bar sites to ensure that residual contamination is stable and not migrating. If monitoring results show increases in contaminants or migration offsite, further remediation would be considered.

Monitoring costs are estimated based on prior experience and costs for similar sites.

MINISTRY OF ENVIRONMENT AND PARKS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2018

NOTE 13 LIABILITY FOR CONTAMINATED SITES (Cont'd)

The ministry has accepted responsibility to perform remediation work at the Cold Creek Ranger Station for soil and groundwater contamination caused by underground storage tanks and above ground sewage lagoons. A further assessment of sewage lagoon integrity will be performed along with remaining soil cleanup. After completion of the remediation, the site will be monitored for two years through soil and groundwater sampling. Site liabilities are estimated using past experience for similar sites and information provided by environmental consultants.

There was no spending on the contaminated sites in the 2017-18 fiscal year.

NOTE 14 CONTINGENT LIABILITIES

(in thousands)

The ministry is involved in legal matters where damages are being sought. These matters may give rise to contingent liabilities.

Accruals have been made in specific instances where it is likely that losses will be incurred based on a reasonable estimate. As at March 31, 2018 accruals totalling \$80 (2017: \$320) have been recognized as a liability. The total amount claimed for all likely claims is \$550 (2017: \$483). Included in the total likely claims are claims covered in whole or part by the Alberta Risk Management Fund (ARMF). The resulting additional liability, if any, from likely claims in excess of the amounts accrued is not determinable.

The ministry has been named in 41 (2017: 40) claims of which the outcome is not determinable. Of these claims, the ministry has been named as the sole defendant in 30 legal claims (2017: 29 legal claims) of which 25 have specified amounts totaling \$499,663 (2017: 26 claims with specified amounts totaling \$534,846). The remaining five claims have no amounts specified (2017: three claims). There are 11 claims in which the ministry has been jointly named with other entities (2017: 11 claims). Seven of these claims have specified amounts totalling \$28,573,200 (2017: seven claims totalling \$28,573,200). The remaining four claims have no amounts specified (2017: four claims). Included in the total claims, 10 claims totalling \$27,322 (2017: 11 claims totalling \$27,487) are covered in whole or in part by the ARMF.

The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

MINISTRY OF ENVIRONMENT AND PARKS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2018

NOTE 15 CONTRACTUAL OBLIGATIONS

(in thousands)

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

	Total	
	2018	2017
Service Contracts (including long term lease)	\$ 309,341	\$ 226,802
Maintenance Payments related to Capital Lease	270	540
Grants	38,000	-
	\$ 347,611	\$ 227,342

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

	Service Contracts (including long term lease)	Maintenance Payments - Capital Lease	Grants	Total
2018-19	\$ 188,232	\$ 270	\$ 20,000	\$ 208,502
2019-20	82,582	-	18,000	100,582
2020-21	21,392	-	-	21,392
2021-22	4,398	-	-	4,398
2022-23	3,531	-	-	3,531
Thereafter	9,206	-	-	9,206
	\$ 309,341	\$ 270	\$ 38,000	\$ 347,611

NOTE 16 TRUST FUNDS

(in thousands)

Trust Funds Under Administration

The ministry administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the ministry's consolidated financial statements.

At March 31, 2018 trust funds under administration in the form of cash were as follows:

	2018	2017 (Restated)
Miscellaneous General Trust (Lands)	\$ 35,171	\$ 34,725
Performance Deposit Trust	3,457	1,452
Environmental Protection Security Fund	19,543	18,151
Parks General Trust	1,466	1,326
	\$ 59,637	\$ 55,654

MINISTRY OF ENVIRONMENT AND PARKS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2018

NOTE 16 TRUST FUNDS (Cont'd)
(in thousands)

In addition to the above cash, the ministry holds guarantees and securities as follows:

	2018	2017 (Restated)
Miscellaneous General Trust (Lands)	\$ 34,037	\$ 31,515
Performance Deposit Trust	53,151	16,587
Environmental Protection Security Fund	272,844	242,569
Parks General Trust	895	723
Energy Efficiency Alberta ⁽¹⁾	750	-
	<u>\$ 361,677</u>	<u>\$ 291,394</u>

⁽¹⁾ Letters of credit are held as security for contracts.

Beneficiary of Trust Fund

The ministry is the beneficiary of a trust fund that is administered by the Royal Trust Corporation of Canada over which the ministry has no power of administration or appropriation. Because the ministry has no equity in the fund and is only the beneficiary of the income portion of the fund, the equity is not included in the ministry's financial statements.

On March 30, 2017, Peaceful Valley and its related tangible capital assets were transferred to Alberta Environment and Parks (AEP). As this trust fund is restricted for the maintenance and expansion of Peaceful Valley, the Trust Fund was also transferred to AEP.

As at March 31, 2018, the trust fund was as follows:

	2018	2017
Peaceful Valley Trust Fund ⁽¹⁾	\$ 2,621	\$ 2,560
Peaceful Valley (Income Collect Account) ⁽²⁾	333	257
	<u>\$ 2,954</u>	<u>\$ 2,817</u>

⁽¹⁾ A portion of these funds are in US funds and their value has been converted to Canadian Dollars as of the statement dated March 31, 2018.

⁽²⁾ Income generated from the trust funds are recognized at the time of withdrawal. Funds are restricted and to be used for the maintenance or expansion of Peaceful Valley.

MINISTRY OF ENVIRONMENT AND PARKS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2018

NOTE 17 BENEFIT PLANS

(in thousands)

The ministry participates in the multi-employer pension plans: Management Employees Pension Plan (MEPP), Public Service Pension Plan (PSPP) and Supplementary Retirement Plan for Public Service Managers (SRP). The expense for these pension plans is equivalent to the annual contributions of \$25,698 for the year ended March 31, 2018 (2017: \$26,032). Ministries are not responsible for future funding of the plan deficit other than through contribution increases.

At December 31, 2017, the MEPP reported a surplus of \$866,006 (2016 - surplus \$402,033), the PSPP reported a surplus of \$1,275,843 (2016 - surplus \$302,975) and the SRP reported a deficiency of \$54,984 (2016 - deficiency \$50,020).

The ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2018, the Bargaining Unit Plan reported a surplus of \$111,983 (2017 - surplus \$101,515) and the Management, Opted Out and Excluded Plan a surplus of \$29,805 (2017 – surplus \$31,439). The expense for these two plans is limited to the employer's annual contributions for the year.

Energy Efficiency Alberta participates in a defined contribution pension plan. The expense for this pension plan is \$226 for the year ended March 31, 2018 (2017 - \$0).

NOTE 18 ADMINISTRATION OF PROGRAMS/PROJECTS ON BEHALF OF OTHER GOVERNMENT DEPARTMENTS

(in thousands)

Under a memorandum of understanding signed with the Ministry of Service Alberta on August 1, 2016, the Ministry administers the One IMT project. During the year, the Ministry incurred expenditures of \$3,169 (2017: \$1,761) on behalf of the Ministry of Service Alberta. These expenditures are reflected in the financial statements of the Ministry of Service Alberta and are not recognized in these consolidated financial statements.

Included in Schedule 3 is \$667 (2017 - \$562) relating to the administration of programs on behalf of other departments.

NOTE 19 ADJUSTMENTS TO NET ASSETS

(in thousands)

The reconciliation of adjustments to net assets is as follows:

	2018	2017
Non-Grant Transfer of Tangible Capital Asset		
from/ (to) other Government Departments/Entities	\$ -	\$ 5,607
Other Adjustments to Net Assets	(462)	(9,901)
Impact Due to Restatements	(25)	3,767
	<u>\$ (487)</u>	<u>\$ (527)</u>

MINISTRY OF ENVIRONMENT AND PARKS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2018

NOTE 20 2013 ALBERTA FLOODING

The full recovery from the June 2013 flood in southern Alberta will take a number of years. The Province's flood recovery initiatives, through its Disaster Recovery Program (DRP), provides financial assistance to impacted individuals, small businesses, municipalities, and government departments for uninsurable loss and damage. The DRP is administered and funded by the Alberta Emergency Management Agency of the Department of Municipal Affairs through the authority of the *Disaster Recovery Regulation*.

The Province's flood recovery initiatives include non-disaster recovery programs (non-DRP). Costs associated with non-disaster recovery programs are recognized as they are incurred. These costs are net of recoveries from insurance and other third parties.

NOTE 21 SUBSEQUENT EVENTS

Effective:

- (1) April 1, 2018, the government consolidated human resource functions under the Public Service Commission within the Ministry of Treasury Board and Finance;
- (2) April 1, 2018, the government consolidated the *Freedom of Information and Protection of Privacy* (FOIP) delivery services under the Ministry of Service Alberta;
- (3) April 1, 2018, the government consolidated information management and technology services under the Ministry of Service Alberta.
- (4) On June 1, 2018 the *Carbon Competiveness Incentive Regulation* was amended (AR 96/2018). This amendment extends the period over which new facilities are not subject to the regulation from up to two years to up to three years.

It also allows facilities which can demonstrate economic hardship due to the incremental costs associated with the *Carbon Competiveness Incentive Regulation* over and above the *Specified Gas Emitters Regulation* (AR 137/2014) to apply for cost containment status (section 34). Cost containment designation can be granted for any period from 2018 through 2022 if a facility, which applies, meets the criteria for those periods. A designation under section 34.6 allows a facility unlimited usage of emissions offset credits or emissions performance credits for compliance purposes. In addition, where necessary to mitigate economic hardship, additional allocations can be granted to facilities designated under section 34.6. The deadline for applying for cost containment designation for the 2018 year is November 1, 2018. For subsequent years the deadline is November 30 of the year prior to the desired designation.

An estimate of the impact to the statements cannot be made at this time as cost containment is application based.

NOTE 22 COMPARATIVE FIGURES

Certain 2017 figures have been reclassified to conform to the 2018 presentation.

MINISTRY OF ENVIRONMENT AND PARKS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2018

NOTE 23 APPROVAL OF FINANCIAL STATEMENTS

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

MINISTRY OF ENVIRONMENT AND PARKS
CONSOLIDATED REVENUES
Year ended March 31, 2018

Schedule 1

	2018	2017
	<i>(in thousands)</i>	
Internal Government Transfers		
Transfer to Department of Environment and Parks from:		
Environmental Protection and Enhancement Fund	\$ 677	\$ 1,354
Department of Service Alberta	3,358	-
Department of Transportation	96,898	-
Department of Infrastructure	5,267	-
Department of Agriculture and Forestry	36	-
Department of Seniors and Housing	156	-
	<u>106,392</u>	<u>1,354</u>
Government of Canada Grants		
Canada ecoTrust for Clean Air and Climate Change	-	-
Air Quality Health Index	12	39
Air Weapons Range	282	282
Wildlife Predator	139	350
Other	2,230	860
	<u>2,663</u>	<u>1,531</u>
Investment Income	<u>6,171</u>	<u>3,574</u>
Premiums, Fees and Licences		
Land and Grazing	78,000	73,893
Camping Fees	23,551	22,931
Fish and Wildlife	13,446	13,542
Water Power Rentals	593	904
Other	3,201	2,876
	<u>118,791</u>	<u>114,146</u>
Climate Change and Emissions Management Fund – Industry Purchase of Fund Credits	<u>245,673</u>	<u>160,414</u>
Other Revenue		
Land Sales	420	2,680
Refund of Expenditures	7,199	3,458
Water Resources	1,200	877
Joint Oil Sands Monitoring	48,268	39,062
Shared service charges collected by Department of Environment and Parks	14,795	-
Other	12,318	7,374
	<u>84,200</u>	<u>53,451</u>
Total Revenues	<u>\$ 563,890</u>	<u>\$ 334,470</u>

MINISTRY OF ENVIRONMENT AND PARKS
CONSOLIDATED EXPENSES – DIRECTLY INCURRED DETAILED BY OBJECT
Year ended March 31, 2018

Schedule 2

	2018	2017 (Restated)
	<i>(in thousands)</i>	
Salaries, Wages and Employee Benefits	\$ 263,803	\$ 241,693
Supplies and Services	273,073	171,200
Grants	395,722	187,945
Amortization of Tangible Capital Assets (Note 10)	49,284	42,637
Other	13,698	4,244
Total Expenses	<u>\$ 995,580</u>	<u>\$ 647,719</u>

MINISTRY OF ENVIRONMENT AND PARKS
RELATED PARTY TRANSACTIONS
Year ended March 31, 2018

Schedule 3

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

The ministry and its employees paid or collected 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 ministry had the following transactions with related parties reported in the Consolidated Statement of Operations and the Consolidated Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Other Entities	
	2018	2017
	<i>(in thousands)</i>	
Revenues		
Internal Government Transfers	\$ 685	\$ 1,363
Premiums Fees and Licences	6	13
Transfer of Tangible Capital Assets	105,715	-
Shared Service Agreements	16,146	-
	<u>\$ 122,552</u>	<u>\$ 1,376</u>
Expenses – Directly Incurred		
Grants	\$ 2,616	\$ 1,133
Transfer of Tangible Capital Assets	2,225	-
Support Service Arrangements	667	562
Shared Service Agreements	11,190	9,790
Other Services	3,087	2,331
	<u>\$ 19,785</u>	<u>\$ 13,816</u>
Tangible Capital Assets Transferred In	<u>\$ -</u>	<u>\$ 5,607</u>
Receivable From	<u>\$ 934</u>	<u>\$ 2,742</u>
Payable to	<u>\$ 2,242</u>	<u>\$ 180</u>

The ministry 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 consolidated financial statements and are allocated to programs to show the full cost in Schedule 4.

MINISTRY OF ENVIRONMENT AND PARKS
CONSOLIDATED ALLOCATED COSTS
Year ended March 31, 2018
(in thousands)

Schedule 4

Program	2018						2017
	Expenses – Incurred by Others						Total Expenses (Restated)
	Expenses ⁽¹⁾	Accommodation Costs ⁽²⁾	Legal Services ⁽³⁾	Business Services ⁽⁴⁾	Water Management Infrastructure and Parks Maintenance	Total Expenses	
Ministry Support Services	\$ 74,261	\$ 5,313	\$ 534	\$ 854	\$ -	\$ 80,962	\$ 68,046
Air	20,408	2,474	375	235	-	23,492	27,133
Land	64,156	4,947	847	660	-	70,610	61,019
Water	213,062	5,413	946	2,451	2,736	224,608	169,502
Fish and Wildlife	40,389	4,250	440	465	-	45,544	33,844
Integrated Planning	37,920	4,565	826	436	-	43,747	41,286
Parks	111,883	8,035	293	1,287	848	122,346	109,346
Climate Leadership Plan	339,611	1,644	79	2,369	-	343,703	96,075
Land Use Secretariat	4,302	315	60	49	-	4,726	5,197
Science and Monitoring	75,142	2,274	13	865	-	78,294	67,733
Quasi-Judicial Bodies	13,290	666	-	154	-	14,110	16,878
2013 Alberta Flooding	1,156	266	-	--	-	1,422	9,375
	\$ 995,580	\$ 40,162	\$ 4,413	\$ 9,825	\$ 3,584	\$ 1,053,564	\$ 705,434

(1) Expenses – Directly Incurred as per Statement of Operations.

(2) Accommodation Costs, allocated by full time equivalent employment.

(3) Legal Services Costs, allocated by estimated costs incurred by each program.

(4) Business Services Costs, allocated by percentage of total costs incurred, including Administration for \$9,433 (2017 - \$10,776), Corporate Internal Audit Services (CIAS) for \$86 (2017 - \$52), and Corporate Human Resources Learning for \$306 (2017 Restated - \$154).

Department of Environment and Parks

Financial Statements

Year Ended March 31, 2018

DEPARTMENT OF ENVIRONMENT AND PARKS
FINANCIAL STATEMENTS
Year ended March 31, 2018

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Independent Auditor's Report

To the Minister of Environment and Parks

Report on the Financial Statements

I have audited the accompanying financial statements of the Department of Environment and Parks, which comprise the statement of financial position as at March 31, 2018, and the statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Environment and Parks as at March 31, 2018, and the results of its operations, its changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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

Auditor General

June 5, 2018

Edmonton, Alberta

DEPARTMENT OF ENVIRONMENT AND PARKS
STATEMENT OF OPERATIONS
Year ended March 31, 2018

	2018		2017
	Budget	Actual	Actual (Restated – Note 3)
	<i>(in thousands)</i>		
Revenues (Schedule 1)			
Government Transfers			
Transfer from Climate Change and Emissions Management Fund	\$ 165,000	\$ 68,870	\$ 71,393
Transfer from Environmental Protection and Enhancement Fund	2,054	677	1,354
Transfer from Land Stewardship Fund	5,000	-	3,122
Internal Government Transfers	76,127	105,715	-
Transfers from Government of Canada	4,966	2,663	1,531
Land and Grazing	75,907	78,000	73,893
Other Premiums, Fees and Licences	43,714	40,791	40,253
Investment Income	-	150	228
Land Sales	5,000	420	2,680
Other Revenue	85,035	84,154	50,574
	<u>462,803</u>	<u>381,440</u>	<u>245,028</u>
Expenses – Directly Incurred (Note 2(a), Schedules 3, 4, 7 and 8)			
Programs			
Ministry Support Services	73,326	74,261	60,486
Air	17,276	20,408	23,892
Land	51,984	57,379	46,022
Water	155,261	213,062	159,289
Fish and Wildlife	45,349	40,389	29,006
Integrated Planning	37,499	37,920	35,298
Parks	102,900	111,883	98,855
Land Use Secretariat	10,263	4,302	4,699
Science and Monitoring	75,798	75,142	64,616
Climate Leadership Plan	404,758	205,904	58,437
Quasi-Judicial Bodies	9,295	13,360	15,721
2013 Alberta Flooding (Note 18)			
Non Disaster Recovery Program Expenses	20,050	1,156	8,755
	<u>1,003,759</u>	<u>855,166</u>	<u>605,076</u>
Annual Deficit	<u>\$ (540,956)</u>	<u>\$ (473,726)</u>	<u>\$ (360,048)</u>

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

DEPARTMENT OF ENVIRONMENT AND PARKS
STATEMENT OF FINANCIAL POSITION
As at March 31, 2018

	2018	2017 (Restated – Note 3)
	<i>(in thousands)</i>	
Financial Assets		
Cash and Cash Equivalents	\$ 4,709	\$ 4,658
Accounts Receivable (Note 4)	87,256	118,651
	<u>91,965</u>	<u>123,309</u>
Liabilities		
Accounts Payable and Accrued Liabilities (Note 9)	205,876	138,389
Deferred Contributions (Note 10)	74,671	71,705
Liability for Contaminated Sites (Note 11)	1,379	1,379
	<u>281,926</u>	<u>211,473</u>
Net Debt	<u>(189,961)</u>	<u>(88,164)</u>
Non-Financial Assets		
Tangible Capital Assets (Note 8)	1,533,283	1,415,383
Prepaid Expenses (Note 5)	6,026	6,602
	<u>1,539,309</u>	<u>1,421,985</u>
Net Assets Before Spent Deferred Capital Contributions	<u>1,349,348</u>	<u>1,333,821</u>
Spent Deferred Capital Contributions (Note 10)	16,522	17,259
Net Assets	<u>\$ 1,332,826</u>	<u>\$ 1,316,562</u>
Net Assets at Beginning of Year	\$ 1,316,562	\$ 1,290,600
Adjustment to Net Assets (Note 17)	(489)	(524)
Annual Deficit	(473,726)	(360,048)
Net Financing Provided from General Revenues	490,479	386,534
Net Assets at End of Year	<u>\$ 1,332,826</u>	<u>\$ 1,316,562</u>

Contingent Assets and Contractual Rights (Notes 6 and 7)

Contingent Liabilities and Contractual Obligations (Notes 12 and 13)

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

DEPARTMENT OF ENVIRONMENT AND PARKS
STATEMENT OF CHANGE IN NET DEBT
Year ended March 31, 2018

	2018		2017	
	Budget	Actual	Actual	(Restated – Note 3)
	<i>(in thousands)</i>			
Annual Deficit	\$ (540,956)	\$ (473,726)	\$ (360,048)	
Acquisition of Tangible Capital Assets (Note 8)	(302,893)	(68,243)	(67,075)	
Amortization of Tangible Capital Assets (Note 8)	43,971	49,249	42,631	
Loss (Gain) on Sale of Tangible Capital Assets		2,163	(20)	
Write-downs of Tangible Capital Assets		1,950	873	
Proceeds on Sale of Disposal of Tangible Capital Assets		445	2,753	
Transfer (in) out of Tangible Capital Assets		(103,490)	-	
Decrease in Prepaid Expenses		576	876	
(Decrease) Increase in Spent Deferred Capital Contributions (Note 10)		(737)	1,892	
Other Adjustments (Note 17)		(463)	(9,898)	
Net Financing Provided from General Revenues		490,479	386,534	
Decrease in Net Debt		\$ (101,797)	\$ (1,482)	
Net Debt at Beginning of Year		(88,164)	(86,682)	
Net Debt at End of Year		\$ (189,961)	\$ (88,164)	

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

DEPARTMENT OF ENVIRONMENT AND PARKS
STATEMENT OF CASH FLOWS
Year ended March 31, 2018

	2018	2017 (Restated – Note 3)
	(in thousands)	
Operating Transactions		
Annual Deficit	\$ (473,726)	\$ (360,048)
Non-cash Items Included in Annual Deficit		
Amortization of Tangible Capital Assets (Note 8)	49,249	42,631
Deferred Capital Contributions recognized as Revenue (Note 10)	(737)	(858)
Loss (Gain) on Disposal of Tangible Capital Assets	2,163	(20)
Write Down of Tangible Capital Assets	1,950	873
Transfer of Tangible Capital Assets (from) Other Government Departments	(103,490)	-
Other	(280)	(8,381)
Donation of Capital Asset	(183)	200
	(525,054)	(325,603)
Decrease (Increase) in Accounts Receivable	31,395	(62,444)
Decrease in Prepaid Expenses	576	876
Increase in Accounts Payable and Accrued Liabilities	67,487	17,737
Increase in Deferred Revenue	2,966	10,997
Cash Applied to Operating Transactions	(422,630)	(358,437)
Capital Transactions		
Acquisition of Tangible Capital Assets (Note 8)	(68,243)	(67,075)
Proceeds on Disposal/Sale of Tangible Capital Assets	445	2,753
Cash Applied to Capital Transactions	(67,798)	(64,322)
Financing Transactions		
Net Financing Provided from General Revenues	490,479	386,534
Cash Provided by Financing Transactions	490,479	386,534
Increase (Decrease) in Cash and Cash Equivalents	51	(36,225)
Cash and Cash Equivalents at Beginning of Year	4,658	40,883
Cash and Cash Equivalents at End of Year	\$ 4,709	\$ 4,658

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

DEPARTMENT OF ENVIRONMENT AND PARKS
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2018

NOTE 1 AUTHORITY AND PURPOSE

The Department of Environment and Parks (the department) operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000. The Department also operates under the authority of the following acts:

Organization	Authority
Department of Environment and Parks	<i>Boundary Surveys Act</i> <i>Wildlife Act</i> <i>Fisheries (Alberta) Act</i> <i>Forest Reserves Act</i> <i>Public Lands Act</i> <i>Surveys Act</i> <i>Black Creek Heritage Rangeland Trails Act</i> <i>Provincial Parks Act</i> , except sections 14 and 15 <i>Recreation Development Act</i> <i>Water Act</i> <i>Alberta Land Stewardship Act</i> <i>Wilderness Areas Ecological Reserves, Natural Areas and Heritage Rangelands Act</i> <i>Willmore Wilderness Park Act</i> <i>Environmental Protection and Enhancement Act</i> <i>Drainage Districts Act</i> <i>East Central Regional Water Authorization Act</i> <i>Hunting, Fishing and Trapping Heritage Act</i> <i>North Red Deer Water Authorization Act</i> <i>County of Westlock Water Authorization Act</i> <i>Beaver River Basin Water Authorization Act</i> <i>Responsible Energy Development Act</i> <i>The Bighorn Agreement Validating Act</i> <i>The Brazeau River Development Act</i>
Surface Rights Board	<i>Surface Rights Act</i>
Land Compensation Board	<i>Expropriation Act</i>

As proud stewards of air, land, water, biodiversity and a system of provincial parks and protected areas, the department leads the achievement of desired environmental outcomes and sustainable development of natural resources for Albertans. To achieve the desired outcomes the department utilizes management, science and stewardship practices, and works closely with Albertans and representatives of communities, other governments and industry. The work takes the department into conversations across jurisdictions, including international, national, provincial, regional and local parties.

The department leads and enables the achievement of desired environmental outcomes and natural resource sustainable development to provide economic, social and environmental benefits and to enrich Albertans' quality of life. The department is part of the resource

NOTE 1 AUTHORITY AND PURPOSE (Cont'd)

management system in the province, with a focus on provincial parks, protected areas, public lands, fish and wildlife, air quality, water, waste, environmental emergencies, land reclamation and climate change. The department is responsible for overseeing the development, implementation, review and amendment of regional plans under the Land-use Framework. The department develops and implements strategies, policies, plans, and legislation to manage the cumulative effects of human activity and achieve Albertans' desired future. To ensure Alberta's natural resources are managed and developed using innovative and responsible approaches to maximize their value while protecting Alberta's environment, the department commits to Albertans that decisions are informed, responsible and accountable and respect the right mix of opportunities and benefits to achieve desired outcomes.

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. Cash received for which goods or services have not been provided by year-end is recognized as unearned revenue.

Government Transfers

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

Government transfers are recognized as deferred capital contributions and deferred revenue if the eligibility criteria of the transfer or the stipulations together with the department's actions and communications as to the use of transfers create a liability. These transfers are recognized as revenues, as the stipulations are met and, when applicable, the department 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 department meets the eligibility criteria (if any).

Credit or Recovery

Credit or recovery initiatives provide a basis for authorizing spending. Credits or recoveries are shown in the details of the government estimates for a supply vote. If budgeted revenues are not fully realized, spending is reduced by an equivalent amount. If actual credit or recovery amounts exceed budget, the department may, with the approval of the Treasury Board Committee, use the excess to fund additional expenses of the program. Schedule 2 discloses information on the department's credit or recovery initiatives.

DEPARTMENT OF ENVIRONMENT AND PARKS
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2018

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

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

Revenues (Cont'd)

Transfer of Tangible Capital Assets from Other Government Departments/Entities

Transfers of tangible capital assets from other government departments or entities are recognized as revenue.

Expenses

Directly Incurred

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

Grant Expense

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

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets;
- pension costs, comprise the cost of the employer contributions for current service of employees during the year;
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities; and
- transfer of tangible capital assets to other government departments/entities.

Incurred by Others

Services contributed by other related entities in support of the department's operations are not recognized but disclosed in Schedule 8.

Valuation of Financial Assets and Liabilities

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

The fair values of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short-term nature of these instruments.

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

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

Financial Assets

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

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

Accounts Receivable

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

Liabilities

Liabilities are present obligations of the department to external organizations and individuals arising from past transactions or events, 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.

Liability for Contaminated Sites

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. The liability is recognized net of any expected recoveries. A liability for remediation of contaminated sites normally results from an operation(s) that is no longer in productive use and is recognized when all of the following criteria are met:

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. the department is directly responsible or accepts responsibility;
- iv. it is expected that future economic benefits will be given up; and
- v. a reasonable estimate of the amount can be made.

**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 of the department are limited to tangible capital assets and prepaid expenses.

Tangible Capital Assets

Tangible capital assets of the department are recognized at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is \$250,000 and the threshold for major systems enhancements is \$100,000. The threshold for all other tangible capital assets is \$5,000. All land, with the exception of Crown lands, is capitalized.

Contributed tangible capital assets from non-related entities are recognized at fair value at the time of contribution.

Amortization is only charged if the tangible capital asset is put into service.

When physical assets (tangible capital assets) are gifted or sold for a nominal sum, the net book value of these physical assets, less any nominal proceeds, are recognized as grants in kind.

Other Assets

Intangible assets, inherited natural resources, Crown lands, art and historic treasures and assets acquired by right are not recognized in these financial statements.

Prepaid Expenses

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

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

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

Measurement Uncertainty

(in thousands)

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

In these financial statements, the areas subject to measurement uncertainty include:

- Royalties and disturbance fees on dispositions, recognized as \$978 (2017: \$1,198), are subject to measurement uncertainty. Some revenues are predicated on self-assessment where clients are expected to understand the terms of their lease or permit and comply with them. This could impact the completeness of the revenues from royalties and disturbance fees on dispositions when clients fail to comply with the lease, permit, or disposition requirements. Although system enhancements have been made, there is still a risk that all sources of unreported income from self-assessed revenues cannot be identified. The department does not estimate the amount of unreported royalties or disposition fees.
- Liability for Contaminated Sites recognized as \$1,379 (2017: \$1,379) is estimated based on the current site assessment, including the source and type of the contaminant. During remediation, further site assessments and/or sampling results may materially change the estimate. These changes could be the result of factors such as expanded area of contamination; a revised assessment of the source or introduction of a new source; re-sampling at deeper depths; and cost fluctuations where remedial work is conducted over several years.
- Dam and water management structures are recognized as \$899,913 (2017: \$812,934). Several factors, including the extent and manner of usage, physical damage, removal from service or change in law or environment, can affect the usage and service life. Therefore impairment, if any, useful life and amortization are subject to measurement uncertainty. Further analysis is needed to evaluate and determine if impairment exists and/or if adjustments to remaining useful life and amortization expense are required.
- Contractual rights disclosed as \$59,396 (2017: \$60,797) is estimated based on the term of land disposition, water usage and parks facility operator agreements. Several water usage agreements have no expiry date and require the department to estimate the duration of these agreements. The estimates are based on a 25 year term which represents the average term for similar agreements that have an expiry date. Nine agreements totalling \$27,020 (2017: nine agreements totalling \$27,111) were estimated using the 25 year term.

DEPARTMENT OF ENVIRONMENT AND PARKS
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2018

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

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

Measurement Uncertainty (Cont'd)
(in thousands)

- The provision for doubtful accounts, expensed as \$6,811 (2017 - \$1,398), is based on the assumption that:
 - 5% of the accounts receivable between 32 and 90 days
 - 50% of the accounts receivable between 91 and 365 days, and
 - 100% of the accounts receivable over 365 days
 - Companies in receivership, bankruptcy, *Companies' Creditors Arrangement Act* (CCAA) protection or has filed a Notice of Intention to File a proposal at March 31, 2018 will not be collected.

(b) Change in Accounting Policy

The department has prospectively adopted the following standards from April 1, 2017: PS 2200 Related Party Disclosures, PS 3420 Inter-Entity Transactions, PS 3210 Assets, PS 3320 Contingent Assets and PS 3380 Contractual Rights which are reflected in Note 2, Note 6, Note 7, Note 16, Schedule 3, Schedule 7 and Schedule 8.

(c) Future Accounting Changes

The Public Sector Accounting Board has approved the following accounting standards:

- **PS 3430 Restructuring Transactions (effective April 1, 2018)**
This standard provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/ or liabilities, together with related program or operating responsibilities.
- **PS 3280 Asset Retirement Obligations (effective April 1, 2021)**
Effective April 1, 2021, this standard provides guidance on how to account for and report a liability for retirement of a tangible capital asset.

DEPARTMENT OF ENVIRONMENT AND PARKS
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2018

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

(c) Future Accounting Changes (Cont'd)

- **PS 3450 Financial Instruments (effective April 1, 2021)**

Adoption of this standard requires corresponding adoption of PS 2601, Foreign Currency Translation; PS 1201, Financial Statement Presentation; and PS 3041, Portfolio Investments in the same fiscal period. These standards provide guidance on: recognition, measurement, and disclosure of financial instruments; standards on how to account for and report transactions that are denominated in a foreign currency; general reporting principles and standards for the disclosure of information in financial statements; and how to account for and report portfolio investments.

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

NOTE 3 PROGRAM TRANSFER

(in thousands)

Effective September 1, 2017, Communications and Public Engagement branches were transferred from each department to the Department of Treasury Board and Finance. Comparatives for 2017 have been restated as if the current organization structure had always been the same. The opening net assets (or liabilities) and net financial assets (or debt) as at April 1, 2016 are restated as follows:

Net Debt as previously reported at April 1, 2016	\$	(86,682)
Transfer to Ministry of Treasury Board and Finance for Communications and Public Engagement branches transfer		284
Restated Net Debt at April 1, 2016	\$	(86,398)
Net Assets as previously reported at April 1, 2016	\$	1,290,316
Transfer to Ministry of Treasury Board and Finance for Communications and Public Engagement branches transfer		284
Restated Net Assets at April 1, 2016	\$	1,290,600
Net Financing Provided from General Revenues reported at March 31, 2017	\$	390,935
Transfer to Ministry of Treasury Board and Finance for Communications and Public Engagement branches transfer		(4,401)
Restated Net Financing Provided from General Revenues at March 31, 2017	\$	386,534

DEPARTMENT OF ENVIRONMENT AND PARKS
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2018

NOTE 3 PROGRAM TRANSFER (Cont'd)
(in thousands)

Annual Deficit as previously reported at March 31, 2017	\$	(364,449)
Transfer to Ministry of Treasury Board and Finance for Communications and Public Engagement branches transfer		4,401
Restated Annual Deficit at March 31, 2017	\$	<u>(360,048)</u>

NOTE 4 ACCOUNTS RECEIVABLE
(in thousands)

Accounts Receivable are unsecured and non-interest bearing.

	2018		2017	
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Government of Canada	\$ 2,261	\$ -	\$ 2,261	\$ 572
Climate Change Emissions Management Fund	68,870	-	68,870	71,392
General Sources	27,047	(10,922)	16,125	46,687
	<u>\$ 98,178</u>	<u>\$ (10,922)</u>	<u>\$ 87,256</u>	<u>\$ 118,651</u>

NOTE 5 PREPAID EXPENSES
(in thousands)

	2018		2017	
Prepayment of future access rights under the Bassano Dam settlement agreement with the Siksika Nation	\$	5,659	\$	6,534
Prepayment of various expenses		299		-
Prepayment for capital lease payment		68		68
	<u>\$</u>	<u>6,026</u>	<u>\$</u>	<u>6,602</u>

NOTE 6 CONTINGENT ASSETS
(in thousands)

The department initiated insurance claims where possible assets are being sought. The outcomes from these claims will likely result in recognition of assets.

The contingent assets include outstanding claims against the Alberta Risk Management Fund amounting to \$993 (2017: \$757). These amounts have not been recognized in the financial statements.

DEPARTMENT OF ENVIRONMENT AND PARKS
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2018

NOTE 7 CONTRACTUAL RIGHTS
(in thousands)

Contractual rights are rights of the department to economic resources arising from contracts or agreements that will result in both assets and revenues in the future when the terms of those contracts or agreements are met.

	2018	2017
Land Disposition Agreements	\$ 25,170	\$ 26,067
Parks Facility Operator Agreements	615	817
Water Usage Agreements	33,611	33,913
	\$ 59,396	\$ 60,797

Estimated amounts that will be received or receivable for each of the next five years and thereafter are as follows:

Fiscal Year	Land Disposition Agreements	Parks Facility Operator Agreements	Water Usage Agreements	Total
2018-19	\$ 1,771	\$ 203	\$ 1,898	\$ 3,872
2019-20	1,713	203	1,892	3,808
2020-21	1,628	105	1,802	3,535
2021-22	1,539	104	1,795	3,438
2022-23	1,394	-	1,795	3,189
Thereafter	17,125	-	24,429	41,554
	\$ 25,170	\$ 615	\$ 33,611	\$ 59,396

DEPARTMENT OF ENVIRONMENT AND PARKS
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2018

NOTE 8 TANGIBLE CAPITAL ASSETS
(in thousands)

	Land ⁽¹⁾	Buildings	Equipment ⁽²⁾	Computer Hardware and Software ⁽³⁾	Land Improvements	Highways and Roads	Dam & Water Management Structures ⁽⁴⁾	Other ⁽⁵⁾	2018 Total	2017 Total
Estimated Useful Life	Indefinite	10-50 years	3-40 years	3-10 years	10-40 years	20-50 years	20-80 years	5 years		
Historical Costs⁽⁶⁾										
Beginning of year	\$ 291,156	\$ 215,392	\$ 105,490	\$ 75,083	\$ 391,521	\$ 5,601	\$ 1,269,779	\$ 330	\$ 2,354,352	\$ 2,286,303
Additions	19	19,110	7,093	820	29,903	2,424	8,874	-	68,243	67,075
Disposals, including write-downs	(491)	(3,997)	(1,431)	(1,844)	(46)	-	-	-	(7,809)	(5,490)
Transfer In (Out)	4,312	2,659	(1,906)	3,358	-	-	96,358	-	104,781	6,376
Asset Reclassification In (Out)	(120)	11,339	(7,706)	430	(6,808)	2,480	91	-	(294)	88
	<u>\$ 294,876</u>	<u>\$ 244,503</u>	<u>\$ 101,540</u>	<u>\$ 77,847</u>	<u>\$ 414,570</u>	<u>\$ 10,505</u>	<u>\$ 1,375,102</u>	<u>\$ 330</u>	<u>\$ 2,519,273</u>	<u>\$ 2,354,352</u>
Accumulated Amortization										
Beginning of year	-	118,415	74,348	57,824	230,050	1,419	456,845	68	938,969	901,416
Amortization expense	-	9,088	5,189	6,106	10,037	303	18,344	182	49,249	42,631
Effects of disposals	-	3,093	(6,011)	(688)	181	18	-	(118)	(3,525)	(4,321)
Effects of transfers	-	1,256	41	-	-	-	-	-	1,297	(757)
	<u>\$ -</u>	<u>\$ 131,852</u>	<u>\$ 73,567</u>	<u>\$ 63,242</u>	<u>\$ 240,268</u>	<u>\$ 1,740</u>	<u>\$ 475,189</u>	<u>\$ 132</u>	<u>\$ 985,990</u>	<u>\$ 938,969</u>
Net Book Value at March 31, 2018	<u>\$ 294,876</u>	<u>\$ 112,651</u>	<u>\$ 27,973</u>	<u>\$ 14,605</u>	<u>\$ 174,302</u>	<u>\$ 8,765</u>	<u>\$ 899,913</u>	<u>\$ 198</u>	<u>\$ 1,533,283</u>	
Net Book Value at March 31, 2017	<u>\$ 291,156</u>	<u>\$ 96,977</u>	<u>\$ 31,142</u>	<u>\$ 17,259</u>	<u>\$ 161,471</u>	<u>\$ 4,182</u>	<u>\$ 812,934</u>	<u>\$ 262</u>		<u>\$ 1,415,383</u>

- (1) Land includes land acquired for parks and recreation, building sites, infrastructure and other program use.
(2) Equipment includes office, laboratory, heavy and mobile equipment, vehicles and furniture.
(3) Computer Hardware and Software includes a 3 year Capital Lease for storage. Capital cost is \$1,534.
(4) Dam and water management structures include dams, reservoirs, weirs, canals, dykes, ditches, channels, diversions, cut-offs, pump houses and erosion protection structures, which are constructed by the Ministry of Transportation and transferred to the Ministry of Environment and Parks upon their completion.
(5) Other tangible capital assets include leasehold improvements (amortized over the life of the lease).
(6) Historical costs includes work-in-progress at March 31, 2018 totalling \$186,159 (2017 - \$125,275) comprised of: buildings \$14,689 (2017 - \$17,123); equipment \$4,376 (2017 - \$12,333); computer hardware and software \$1,197 (2017 - \$10,407); land improvements \$40,566 (2017 - \$48,849); dam improvements \$124,042 (2017 - \$32,632), highway and roads \$1,237 (2017 - \$1,791); and land \$52 (2017 - \$2,140).

DEPARTMENT OF ENVIRONMENT AND PARKS
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2018

NOTE 9 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES
(in thousands)

	2018	2017 (Restated)
Accounts payable general	\$ 16,874	\$ 11,744
Accrued liabilities	161,405	98,742
Capital lease	534	1,045
Vacation pay	27,063	26,858
	<u>\$ 205,876</u>	<u>\$ 138,389</u>

Included in the Accrued Liabilities is a capital lease, consisting of two storage servers, that the department entered into in April 2016. The lease expires on March 31, 2019 and the department will own the asset at the end of the lease term for a purchase price of one dollar. The lease is amortized on a straight-line basis over 36 months (the term of the lease). The lease cost and associated amortization is recognized in Note 8.

Estimated lease commitments for the remaining years are as follows:

Fiscal Year	Total
2018-19	\$ 547
Less Interest	(13)
Total Lease Liability	<u>\$ 534</u>

NOTE 10 DEFERRED CONTRIBUTIONS
(in thousands)

	2018	2017
Deferred revenue (i)	\$ 74,671	\$ 71,705
Spent deferred capital contributions and transfers (ii)	16,522	17,259
	<u>\$ 91,193</u>	<u>\$ 88,964</u>

DEPARTMENT OF ENVIRONMENT AND PARKS
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2018

NOTE 10 DEFERRED CONTRIBUTIONS (Cont'd)
(in thousands)

(i) Deferred revenue

	2018			2017
	Federal government	Non- government	Total	Total
Balance at Beginning of Year	\$ 611	\$ 71,094	\$ 71,705	\$ 61,742
Cash contributions received/receivable during year	868	63,477	64,345	69,260
Less amounts recognized as revenue	(496)	(60,883)	(61,379)	(59,297)
Balance at End of Year	\$ 983	\$ 73,688	\$ 74,671	\$ 71,705

(ii) Spent Deferred Capital Contributions

	2018			2017
	Federal government	Non- government	Total	Total
Balance at Beginning of Year	\$ 7,090	\$ 10,169	\$ 17,259	\$ 15,367
Adjustment of amortization rate for Calgary Weir	-	-	-	2,618
Transferred Capital Assets Received/Receivable	-	-	-	132
Less amounts recognized as revenue	(512)	(225)	(737)	(858)
Balance at End of Year	\$ 6,578	\$ 9,944	\$ 16,522	\$ 17,259

NOTE 11 LIABILITY FOR CONTAMINATED SITES
(in thousands)

The composition of liabilities is as follows:

	2018	2017
Liabilities at Beginning of Year	\$ 1,379	\$ 1,379
Change in Estimates Related to Existing Sites	-	-
Remediation Work Performed	-	-
Liabilities at End of Year	\$ 1,379	\$ 1,379

The department has accepted responsibility to perform remediation work and is currently monitoring at the West Arrowwood, Parkland Underground Storage Tanks and Huck Finn Food and Gas Bar sites to ensure that residual contamination is stable and not migrating. If monitoring results show increases in contaminants or migration offsite, further remediation would be considered. Monitoring costs are estimated based on prior experience and costs for similar sites.

DEPARTMENT OF ENVIRONMENT AND PARKS
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2018

NOTE 11 LIABILITY FOR CONTAMINATED SITES (Cont'd)
(in thousands)

The department has accepted responsibility to perform remediation work at the Cold Creek Ranger Station for soil and groundwater contamination caused by underground storage tanks and above ground sewage lagoons. A further assessment of sewage lagoon integrity will be performed along with remaining soil cleanup. After completion of the remediation, the site will be monitored for two years through soil and groundwater sampling. Site liabilities are estimated using past experience for similar sites and information provided by environmental consultants.

There was no spending on the contaminated sites in the 2017-18 fiscal year.

NOTE 12 CONTINGENT LIABILITIES
(in thousands)

The department is involved in legal matters where damages are being sought. These matters may give rise to contingent liabilities.

Accruals have been made in specific instances where it is likely that losses will be incurred based on a reasonable estimate. As at March 31, 2018 accruals totalling \$80 (2017: \$320) have been recognized as a liability. The total amount claimed for all likely claims is \$550 (2017: \$483). Included in the total likely claims are claims covered in whole or part by the Alberta Risk Management Fund (ARMF). The resulting additional liability, if any, from likely claims in excess of the amounts accrued is not determinable.

The department has been named in 41 (2017: 40) claims, the outcome of which is not determinable. Of these claims, the department has been named as the sole defendant in 30 legal claims (2017: 29) of which 25 have specified amounts totalling \$499,663 (2017: 26 claims with specified amounts totalling \$534,846). The remaining five claims have no amounts specified (2017: three claims). There are 11 claims in which the department has been jointly named with other entities (2017: 11 claims). Seven of these claims have specified amounts totalling \$28,573,200 (2017: seven claims totalling \$28,573,200). The remaining four claims have no amounts specified (2017 – four claims). Included in the total claims, 10 claims totalling \$27,322 (2017: 11 claims totalling \$27,487) are covered in whole or in part by the ARMF.

The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

DEPARTMENT OF ENVIRONMENT AND PARKS
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2018

NOTE 13 CONTRACTUAL OBLIGATIONS

(in thousands)

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

	2018	2017
Service Contracts (including long term lease)	\$ 154,556	\$ 162,328
Maintenance Payments related to Capital Lease	270	540
	<u>\$ 154,826</u>	<u>\$ 162,868</u>

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

	Service Contracts (including long term lease)	Maintenance Payments - Capital Lease	Total
2018-19	\$ 86,474	\$ 270	\$ 86,744
2019-20	40,214	-	40,214
2020-21	12,039	-	12,039
2021-22	3,963	-	3,963
2022-23	3,096	-	3,096
Thereafter	8,770	-	8,770
	<u>\$ 154,556</u>	<u>\$ 270</u>	<u>\$ 154,826</u>

NOTE 14 BENEFIT PLANS

(in thousands)

The department participates in the multi-employer pension plans: Management Employees Pension Plan (MEPP), Public Service Pension Plan (PSPP) and Supplementary Retirement Plan for Public Service Managers (SRP). The expense for these pension plans is equivalent to the annual contribution of \$25,386 for the year ended March 31, 2018 (2017 – \$25,694). Departments are not responsible for future funding of the plan deficit other than through contribution increases.

At December 31, 2017, the MEPP reported a surplus of \$866,006 (2016 – surplus \$402,033), the PSPP reported a surplus of \$1,275,843 (2016 - surplus \$302,975) and the SRP reported a deficiency of \$54,984 (2016 – deficiency \$50,020).

The department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2018, the Bargaining Unit Plan reported a surplus of \$111,983 (2017 – surplus \$101,515) and the Management, Opted Out and Excluded Plan a surplus of \$29,805 (2017 – surplus \$31,439). The expense for these two plans is limited to employer's annual contributions for the year.

DEPARTMENT OF ENVIRONMENT AND PARKS
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2018

NOTE 15 TRUST FUNDS
(in thousands)

Trust Funds Under Administration

The department administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. As the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the department's financial statements.

At March 31, 2018 trust funds under administration in the form of cash were as follows:

	2018	2017 (Restated)
Miscellaneous General Trust (Lands)	\$ 35,171	\$ 34,725
Performance Deposit Trust	3,457	1,452
Environmental Protection Security Fund	19,543	18,151
Parks General Trust	1,466	1,326
	\$ 59,637	\$ 55,654

In addition to the above cash, the department holds guarantees and securities as follows:

	2018	2017 (Restated)
Miscellaneous General Trust (Lands)	\$ 34,037	\$ 31,515
Performance Deposit Trust	53,151	16,587
Environmental Protection Security Fund	272,844	242,569
Parks General Trust	895	723
	\$ 360,927	\$ 291,394

Beneficiary of Trust Fund

The department is the beneficiary of a trust fund that is administered by the Royal Trust Corporation of Canada over which the department has no power of administration of appropriation. Because the department has no equity in the fund and is only the beneficiary of the income portion of the fund, the equity is not included in the department's financial statements.

On March 30, 2017, Peaceful Valley and its related tangible capital assets were transferred to Alberta Environment and Parks (AEP). As this trust fund is restricted for the maintenance and expansion of Peaceful Valley, the Trust Fund was also transferred to AEP.

DEPARTMENT OF ENVIRONMENT AND PARKS
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2018

NOTE 15 TRUST FUNDS (Cont'd)
(in thousands)

Beneficiary of Trust Fund (Cont'd)

As at March 31, 2018, the trust fund was as follows:

	2018	2017
Peaceful Valley Trust Fund ⁽¹⁾	\$ 2,621	\$ 2,560
Peaceful Valley (Income Collect Account) ⁽²⁾	333	257
	<u>\$ 2,954</u>	<u>\$ 2,817</u>

- (1) A portion of these funds are in US funds and their value has been converted to Canadian Dollars as of the statement dated March 31, 2018.
- (2) Income generated from the trust funds are recognized at the time of withdrawal. Funds are restricted and to be used for the maintenance or expansion of Peaceful Valley.

NOTE 16 ADMINISTRATION OF PROGRAMS/PROJECTS ON BEHALF OF OTHER GOVERNMENT DEPARTMENTS
(in thousands)

Under a memorandum of understanding signed with the Department of Service Alberta on August 1, 2016, the Department administers the One IMT project. During the year, the Department incurred expenditures of \$3,169 (2017: \$1,761) on behalf of the Department of Service Alberta. These expenditures are reflected in the financial statements of the Department of Service Alberta and are not recognized in these financial statements.

Included in Schedule 7 is \$667 (2017 - \$562) relating to the administration of programs on behalf of other departments.

NOTE 17 ADJUSTMENTS TO NET ASSETS
(in thousands)

The reconciliation of adjustments to net assets is as follows:

	2018	2017 (Restated)
Non-Grant Transfer of Tangible Capital Asset from / (to) other Government Departments/Entities	\$ -	\$ 5,607
Other Adjustments to Net Assets	(463)	(9,898)
Other Adjustments due to restatement	(26)	3,767
	<u>\$ (489)</u>	<u>\$ (524)</u>

DEPARTMENT OF ENVIRONMENT AND PARKS
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2018

NOTE 18 2013 ALBERTA FLOODING

The full recovery from the June 2013 flood in southern Alberta will take a number of years. The Province's flood recovery initiatives, through its Disaster Recovery Program (DRP), provides financial assistance to impacted individuals, small businesses, municipalities, and government departments for uninsurable loss and damage. The DRP is administered and funded by the Alberta Emergency Management Agency of the Department of Municipal Affairs through the authority of the *Disaster Recovery Regulation*.

The Province's flood recovery initiatives include non-disaster recovery programs (non-DRP). Costs associated with non-disaster recovery programs are recognized as they are incurred. These costs are net of recoveries from insurance and other third parties.

NOTE 19 SUBSEQUENT EVENTS

Effective:

- (1) April 1, 2018, the government consolidated human resource functions under the Public Service Commission within the Department of Treasury Board and Finance;
- (2) April 1, 2018, the government consolidated the *Freedom of Information and Protection of Privacy* (FOIP) delivery services under the Department of Service Alberta;
- (3) April 1, 2018, the government consolidated information management and technology services under the Department of Service Alberta.

NOTE 20 COMPARATIVE FIGURES

Certain 2017 figures have been reclassified to conform to the 2018 presentation.

NOTE 21 APPROVAL OF FINANCIAL STATEMENTS

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

DEPARTMENT OF ENVIRONMENT AND PARKS
SCHEDULE TO FINANCIAL STATEMENTS
REVENUES
Year ended March 31, 2018

Schedule 1

	2018		2017
	Budget	Actual	Actual
	<i>(in thousands)</i>		
Government Transfers			
Internal Government Transfers			
Transfers to Department of Environment and Parks from:			
Environmental Protection and Enhancement Fund	\$ 2,054	\$ 677	\$ 1,354
Department of Service Alberta	3,000	3,358	-
Department of Transportation	73,127	96,898	-
Department of Infrastructure	-	5,267	-
Department of Agriculture and Forestry	-	36	-
Department of Seniors and Housing	-	156	-
Transfer from Land Stewardship Fund	5,000	-	3,122
Transfer from Climate Change and Emissions Management Fund	165,000	68,870	71,393
	<u>248,181</u>	<u>175,262</u>	<u>75,869</u>
Government of Canada Grants			
Air Quality Health Index	56	12	39
Air Weapons Range	282	282	282
Wildlife Predator	-	139	350
Other	4,628	2,230	860
	<u>4,966</u>	<u>2,663</u>	<u>1,531</u>
Premiums, Fees and Licences			
Land and Grazing	75,907	78,000	73,893
Camping Fees	22,453	23,551	22,931
Fish and Wildlife	6,000	13,446	13,542
Water Power Rentals	650	593	904
Other	14,611	3,201	2,876
	<u>119,621</u>	<u>118,791</u>	<u>114,146</u>
Investment Income	<u>-</u>	<u>150</u>	<u>228</u>
Land Sales	<u>5,000</u>	<u>420</u>	<u>2,680</u>
Other Revenue			
Refunds of Expenses	-	6,387	3,266
Water Resources	2,346	1,200	877
Oil Sands Environmental Monitoring	52,000	48,268	39,062
Shared service charges collected by Department	14,973	14,795	-
Various	15,716	13,504	7,369
	<u>85,035</u>	<u>84,154</u>	<u>50,574</u>
Total Revenues	<u>\$ 462,803</u>	<u>\$ 381,440</u>	<u>\$ 245,028</u>

DEPARTMENT OF ENVIRONMENT AND PARKS
SCHEDULE TO FINANCIAL STATEMENTS
CREDIT OR RECOVERY
Year ended March 31, 2018

Schedule 2

	2018				
	Authorized ⁽¹⁾	Actual Revenue Recognized	Deferred Revenue	Actual Cash/ Donation Received/ Receivable	(Shortfall) /Excess
	(in thousands)				
Parks Operations	\$ 29,115	\$ 28,612	\$ 2,528	\$ 31,140	\$ 2,025
Parks Infrastructure Management	3,800	4,063	671	4,734	934
Provincial Mapping Data	2,000	1,298	8	1,306	(694)
Remediation Certificates	25	34	-	34	9
Water Management Infrastructure	2,000	788	461	1,249	(751)
Bow Habitat Station	315	302	30	332	17
Fish and Wildlife	8,930	7,823	539	8,362	(568)
Long Lake Education Centre	30	11	-	11	(19)
Air Quality Health Index	56	12	4	16	(40)
	<u>\$ 46,271</u>	<u>\$ 42,943</u>	<u>\$ 4,241</u>	<u>\$ 47,184</u>	<u>\$ 913</u>

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

Parks Operations – Parks collects various fees and other revenues through the *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 other. Element 7.1, 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 1.6 and 3.2

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 1.6

DEPARTMENT OF ENVIRONMENT AND PARKS
SCHEDULE TO FINANCIAL STATEMENTS
CREDIT OR RECOVERY
Year ended March 31, 2018

Schedule 2
(Cont'd)

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 Alberta Agriculture Financial Services Corporation for Wildlife Predator Compensation in which \$139 was funded from the Agriculture and Agri-Food Canada. Element 5.3

Long Lake Education Centre – Funding from community groups, environmental education providers and other partners is used to support the delivery of environmental and natural resource education opportunities at the facility. Element 1.6

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 2.3

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

DEPARTMENT OF ENVIRONMENT AND PARKS
SCHEDULE TO FINANCIAL STATEMENTS
EXPENSES - DIRECTLY INCURRED DETAILED BY OBJECT
Year ended March 31, 2018

Schedule 3

	2018		2017
	Budget	Actual	Actual (Restated)
	<i>(in thousands)</i>		
Salaries, Wages and Employee Benefits	\$ 223,882	\$ 257,151	\$ 236,910
Supplies and Services	248,890	177,566	168,554
Grants	474,696	357,142	150,057
Amortization of Tangible Capital Assets	43,971	49,249	42,631
Financial Transactions and Other	2,320	13,638	4,244
Land Stewardship Fund	10,000	420	2,680
Total Expenses	<u>\$ 1,003,759</u>	<u>\$ 855,166</u>	<u>\$ 605,076</u>

DEPARTMENT OF ENVIRONMENT AND PARKS
SCHEDULE TO FINANCIAL STATEMENTS
LAPSE/ENCUMBRANCE
Year ended March 31, 2018

Schedule 4

	Voted Estimate ⁽¹⁾	Supplementary Estimate ⁽²⁾	Adjustments ⁽³⁾	Adjusted Voted Estimate	Voted Actuals ⁽⁴⁾	Unexpended (Over Expended)
(in thousands)						
Program Operating Expense						
Ministry Support Services						
1.1 Minister's Office	\$ 722	\$ -	\$ -	\$ 722	\$ 722	\$ -
1.2 Deputy Minister's Office	676	-	-	676	673	3
1.3 Communications	3,784	-	(3,784)	-	218	(218)
1.4 Human Resources	5,422	-	-	5,422	5,501	(78)
1.5 Legal Services	327	-	-	327	318	9
1.6 Corporate Services	60,972	-	-	60,972	52,780	8,192
	71,903	-	(3,784)	68,119	60,212	7,907
Air						
2.1 Air Policy	7,196	-	-	7,196	7,034	162
2.2 Air Partners and Stewardship	4,552	-	-	4,552	6,892	(2,340)
2.3 Air Quality Management	5,528	-	-	5,528	6,481	(953)
	17,276	-	-	17,276	20,407	(3,131)
Land						
3.1 Land Policy	5,403	-	-	5,403	7,256	(1,853)
3.2 Public Land Management	30,089	-	-	30,089	38,759	(8,670)
3.3 Rangeland Management	4,035	-	-	4,035	4,378	(343)
3.4 Rangeland Programs and Stewardship	3,566	-	-	3,566	3,878	(312)
	43,093	-	-	43,093	54,271	(11,178)
Water						
4.1 Water Policy	3,433	-	-	3,433	4,912	(1,479)
4.2 Water Partners and Stewardship	3,478	-	-	3,478	3,327	151
4.3 Water Management	48,096	-	-	48,096	44,771	3,325
4.4 Flood Adaptation	11,783	-	-	11,783	11,072	711
	66,790	-	-	66,790	64,082	2,708
Fish and Wildlife						
5.1 Fish and Wildlife Policy	12,107	-	-	12,107	5,348	6,759
5.2 Fisheries Management	9,976	-	-	9,976	12,214	(2,238)
5.3 Wildlife Management	22,403	-	-	22,403	22,287	116
	44,486	-	-	44,486	39,849	4,637
Integrated Planning						
6.1 Resource Management	26,316	-	-	26,316	27,538	(1,222)
6.2 Regional Cumulative Effects Management	7,819	-	-	7,819	7,586	233
6.3 Environmental Emergency Response	1,390	-	-	1,390	1,795	(405)
	35,525	-	-	35,525	36,919	(1,394)

DEPARTMENT OF ENVIRONMENT AND PARKS
SCHEDULE TO FINANCIAL STATEMENTS
LAPSE/ENCUMBRANCE
Year ended March 31, 2018

Schedule 4
(Cont'd)

	Voted Estimate ⁽¹⁾	Supplementary Estimate ⁽²⁾	Adjustments ⁽³⁾	Adjusted Voted Estimate	Voted Actuals ⁽⁴⁾	Unexpended (Over Expended)
	<i>(in thousands)</i>					
Parks						
7.1 Parks Operations	40,299	-	2,049	42,348	45,463	(3,115)
7.2 Parks Visitor Experience	8,709	-	-	8,709	8,217	492
7.3 Parks Conservation Management	5,910	-	-	5,910	5,991	(81)
7.4 Parks Public Safety and Security	12,695	-	-	12,695	14,064	(1,369)
7.5 Parks Infrastructure Management	17,305	-	-	17,305	13,262	4,043
	84,918	-	2,049	86,967	86,997	(30)
Land Use Secretariat	10,263	-	-	10,263	4,283	5,980
Science and Monitoring						
9.1 Environmental Science, Monitoring, Evaluation and Reporting	23,798	-	-	23,798	25,320	(1,522)
9.2 Oil Sands Environmental Monitoring	52,000	-	(2,900)	49,100	47,788	1,312
	75,798	-	(2,900)	72,898	73,108	(210)
Climate Leadership Plan						
10.1 Adjustments for Communities	-	-	-	-	-	-
10.2 Regulatory and Operations	18,591	-	(795)	17,796	14,725	3,071
10.3 Green Infrastructure	34,917	-	-	34,917	3,276	31,641
10.4 Renewables/Bioenergy	25,440	-	-	25,440	23,395	2,045
10.5 Other Investments	-	-	-	-	1,350	(1,350)
10.6 Energy Efficiency	186,760	-	-	186,760	109,156	77,604
10.7 Emerging Projects	138,900	-	(126,152)	12,748	-	12,748
	404,608	-	(126,947)	277,661	151,902	125,759
Quasi-Judicial Bodies						
11.1 Natural Resources Conservation Board	6,474	-	-	6,474	5,574	900
11.2 Surface Rights and Land Compensation Boards	889	-	-	889	388	501
11.3 Environmental and Public Lands Appeal Board	1,924	-	-	1,924	1,830	94
	9,287	-	-	9,287	7,792	1,495
2013 Alberta Flooding						
12.1 Infrastructure Recovery	-	-	-	-	-	-
12.2 Flood Hazard Mapping	-	-	-	-	-	-
12.3 Parks Flood Recovery	-	-	-	-	1,023	(1,023)
12.4 Community Stabilization	-	-	-	-	-	-
	-	-	-	-	1,023	(1,023)

DEPARTMENT OF ENVIRONMENT AND PARKS
SCHEDULE TO FINANCIAL STATEMENTS
LAPSE/ENCUMBRANCE
Year ended March 31, 2018

Schedule 4
(Cont'd)

	Voted Estimate ⁽¹⁾	Supplementary Estimate ⁽²⁾	Adjustments ⁽³⁾	Adjusted Voted Estimate	Voted Actuals ⁽⁴⁾	Unexpended (Over Expended)
	<i>(in thousands)</i>					
Program – Capital Grants						
Land						
3.2 Public Land Management	\$ 1,250	\$ -	\$ -	\$ 1,250	\$ -	\$ 1,250
Water						
4.4 Flood Adaptation	65,085	-	-	65,085	129,360	(64,275)
Integrated Planning						
6.1 Resource Management	-	-	-	-	75	(75)
Parks						
7.1 Parks Operations	-	-	-	-	50	(50)
Climate Leadership Plan						
10.3 Green Infrastructure	150	-	-	150	-	150
10.6 Energy Efficiency	-	-	-	-	54,000	(54,000)
2013 Alberta Flooding						
12.4 Community Stabilization	20,050	-	-	20,050	-	20,050
Total	\$ 950,482	\$ -	\$ (131,582)	\$ 818,900	\$ 784,330	\$ 34,570
Lapse/(Encumbrance)						\$ 34,570
Program – Capital Investment						
Ministry Support Services						
1.6 Corporate Services	425	-	-	425	-	425
Air						
2.3 Air Quality Management	-	-	-	-	17	(17)
Land						
3.2 Public Land Management	5,402	-	-	5,402	1,635	3,767
3.3 Rangeland Management	200	-	-	200	-	200
3.4 Rangeland Programs and Stewardship	-	-	-	-	61	(61)
Water						
4.3 Water Management	-	-	-	-	325	(325)
4.4 Flood Adaptation	-	-	-	-	530	(530)
Fish and Wildlife						
5.2 Fisheries Management	5,368	-	-	5,368	480	4,888
5.3 Wildlife Management	3,659	-	-	3,659	26	3,633
Integrated Planning						
6.1 Resource Management	-	-	-	-	940	(940)
Parks						
7.1 Parks Operations	-	-	-	-	281	(281)
7.3 Parks Conservation	-	-	-	-	13	(13)
7.4 Parks Public Safety and Security	-	-	-	-	36	(36)
7.5 Parks Infrastructure Management	47,932	-	3,310	51,242	51,278	(36)
Science and Monitoring						
9.1 Environmental Science, Monitoring, Evaluation and Reporting	1,000	-	-	1,000	1,057	(57)
9.2 Oil Sands Environmental Monitoring	-	-	2,900	2,900	1,117	1,783
Climate Leadership Plan						
10.3 Green Infrastructure	-	-	13	13	-	13
10.7 Emerging Projects	118,247	-	(118,247)	-	-	-
2013 Alberta Flooding						
12.1 Infrastructure Recovery	3,090	-	3,198	6,288	-	6,288
12.3 Parks Flood Recovery	6,300	-	7,336	13,636	1,587	12,049
12.4 Community Stabilization	35,143	-	1,100	36,243	8,860	27,383
Total	\$ 226,766	\$ -	\$ (100,390)	\$ 126,376	\$ 68,243	\$ 58,133
Lapse/(Encumbrance)						\$ 58,133

DEPARTMENT OF ENVIRONMENT AND PARKS
SCHEDULE TO FINANCIAL STATEMENTS
LAPSE/ENCUMBRANCE
Year ended March 31, 2018

Schedule 4
(Cont'd)

	Voted Estimate ⁽¹⁾	Supplementary Estimate ⁽²⁾	Adjustments ⁽³⁾	Adjusted Voted Estimate	Voted Actuals ⁽⁴⁾	Unexpended (Over Expended)
	<i>(in thousands)</i>					
Financial Transactions						
Environmental Site Liability Retirement						
Water						
4.3 Water Management	\$ 100	\$ -	\$ -	\$ 100	\$ -	\$ 100
Total	\$ 100	\$ -	\$ -	\$ 100	\$ -	\$ 100
Lapse/(Encumbrance)						<u>\$ 100</u>

- (1) As per "Expense Vote by Program", "Capital Grant Vote by Program", "Capital Investment Vote by Program" and "Financial Transaction Vote by Program" page 128, 129, 130 and 131 of 2017-18 Government Estimates.
- (2) There was no Supplementary Supply Estimate during the year.
- (3) Adjustments include encumbrances, capital carry forward amounts, transfers between votes and credit or recovery increases approved by Treasury Board and credit or recovery shortfalls (Schedule 2). An encumbrance is incurred when, on a vote by vote basis, the total of actual disbursements in the prior year exceed the total adjusted estimate. All calculated encumbrances from the prior year are reflected as an adjustment to reduce the corresponding voted estimate in the current year.
- (4) Actuals exclude non-voted amounts such as amortization and valuation adjustments.

DEPARTMENT OF ENVIRONMENT AND PARKS
SCHEDULE TO FINANCIAL STATEMENTS
LOTTERY FUND ESTIMATES
Year ended March 31, 2018

Schedule 5

	2017-18 Lottery Fund Estimates	2017-18 Actual	Unexpended (Over Expended)
	<i>(in thousands)</i>		
Parks Operations	\$ 10,000	\$ 10,000	\$ -
Integrated Planning	500	500	-
	<u>\$ 10,500</u>	<u>\$ 10,500</u>	<u>\$ -</u>

This table shows details of the initiatives within the department that are funded by the Lottery Fund and compares it to the actual results.

DEPARTMENT OF ENVIRONMENT AND PARKS
SCHEDULE TO FINANCIAL STATEMENTS
SALARY AND BENEFITS DISCLOSURE
Year ended March 31, 2018

Schedule 6

	2018			2017	
	Base Salary ⁽¹⁾	Other Cash Benefits ⁽²⁾	Other Non-cash Benefits ⁽³⁾	Total	Total (Restated)
Environment and Parks					
Deputy Minister ⁽⁴⁾⁽⁵⁾	\$ 282,579	\$ -	\$ 65,235	\$ 347,814	\$ 358,034
Deputy Minister ⁽⁶⁾ ACCO	285,877	-	65,393	351,270	373,326
Assistant Deputy Ministers					
Strategy Division	196,961	18,939	47,667	263,567	272,768
Policy and Planning Division	194,904	-	52,815	247,719	233,805
Corporate Services Division	198,994	-	48,975	247,969	254,979
Parks Division	182,106	-	23,677	205,783	233,462
Operations Division ⁽⁷⁾	192,517	-	63,977	256,494	260,360
Environmental Monitoring and Science Division	234,273	-	55,563	289,836	287,899
Integrated Resource Management System Secretariat	157,315	-	35,259	192,574	189,901
Implementation Engagement and Regulation	200,405	-	63,847	264,252	253,937
Policy, Legislation and Evaluation	180,467	26,543	42,057	249,067	188,459
Consultation and Stakeholder Engagement ⁽⁸⁾⁽⁹⁾	165,581	27,282	39,995	232,858	-
Other Executives					
Human Resources	150,457	-	37,241	187,698	175,212
Land Use Secretariat ⁽¹⁰⁾	164,061	2,680	42,816	209,557	209,508
Communications ⁽¹¹⁾	155,173	-	35,056	190,229	175,619
Communications ⁽¹²⁾ ACCO	-	-	-	-	123,243

(1) Base Salary includes regular salary and earnings such as acting pay.

(2) Other cash benefits include vacation payouts and lump sum payments. There were no bonuses paid in 2018.

(3) Other non-cash benefits include the government's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships, tuition fees, parking and health spending benefit.

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

(5) The position was occupied by two individuals throughout the year. Effective date of change was March 21, 2018.

(6) Effective March 21, 2018 Deputy Minister of Alberta Climate Change Office (ACCO) also appointed as Deputy Minister of Environment and Parks.

DEPARTMENT OF ENVIRONMENT AND PARKS
SCHEDULE TO FINANCIAL STATEMENTS
SALARY AND BENEFITS DISCLOSURE
Year ended March 31, 2018

Schedule 6
(Cont'd)

- (7) The position was occupied by two individuals throughout the year. Effective date of change was October 23, 2017. Executive Director appointed as Acting incumbent and then appointed as Permanent on January 29, 2018.
- (8) Effective March 27, 2017 the new Consultation and stakeholder Engagement Division was created.
- (9) No compensation or related payments were paid in the 2016-17 fiscal year related to appointments made on March 27, 2017.
- (10) Effective April 1, 2017, the role of this position changed from informational to advisory.
- (11) Effective September 14, 2017 the administration of Communications and Public Engagement staff transferred to Treasury Board and Finance. This position remains an active member of Environment and Parks' Executive team but salary and benefits are paid by Treasury Board and Finance.
- (12) Effective September 14, 2017 the administration of Communications and Public Engagement staff transferred to Treasury Board and Finance and this position is no longer an active member of the Executive team.

DEPARTMENT OF ENVIRONMENT AND PARKS
SCHEDULE TO FINANCIAL STATEMENTS
RELATED PARTY TRANSACTIONS
Year ended March 31, 2018

Schedule 7

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

The department and its employees paid or collected 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 department had the following transactions with related parties reported on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2018	2017	2018	2017 (Restated)
	<i>(in thousands)</i>			
Revenues				
Internal Government Transfers	\$ 68,870	\$ 74,518	\$ 685	\$ 1,363
Premiums Fees and Licences	-	-	6	13
Transfer of Tangible Capital Assets	-	-	105,715	-
Shared Service Agreements	-	-	16,146	-
	<u>\$ 68,870</u>	<u>\$ 74,518</u>	<u>\$ 122,552</u>	<u>\$ 1,376</u>
Expenses – Directly Incurred				
Grants	\$ 114,615	\$ 5,674	\$ 2,616	\$ 1,133
Transfer of Tangible Capital Assets	-	-	2,225	-
Support Service Arrangements	-	-	667	562
Shared Service Agreements	-	-	10,985	9,771
Other Services	-	-	2,980	2,330
Land Stewardship Fund	-	2,680	-	-
	<u>\$ 114,615</u>	<u>\$ 8,354</u>	<u>\$ 19,473</u>	<u>\$ 13,796</u>
 Tangible Capital Assets Transferred In	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,607</u>
 Receivable from	<u>\$ 68,890</u>	<u>\$ 71,433</u>	<u>\$ 934</u>	<u>\$ 2,742</u>
 Payable To	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,168</u>	<u>\$ 180</u>

The department also had the following 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 recognized in the financial statements and are allocated to programs in Schedule 8.

DEPARTMENT OF ENVIRONMENT AND PARKS
SCHEDULE TO THE FINANCIAL STATEMENTS
ALLOCATED COSTS
Year ended March 31, 2018
(in thousands)

Schedule 8

Program	2018					2017	
	Expenses – Incurred by Others					Total Expenses	Total Expenses (Restated)
	Expenses ⁽¹⁾	Accommodation Costs ⁽²⁾	Legal Services ⁽³⁾	Business Services ⁽⁴⁾	Water Management Infrastructure and Parks Maintenance		
Ministry Support Services	\$ 74,261	\$ 5,313	\$ 534	\$ 854	\$ -	\$ 80,962	\$ 68,046
Air	20,408	2,474	375	235	-	23,492	27,133
Land	57,379	4,947	847	660	-	63,833	52,903
Water	213,062	5,413	946	2,451	2,736	224,608	169,502
Fish and Wildlife	40,389	4,250	440	465	-	45,544	33,844
Integrated Planning	37,920	4,565	826	436	-	43,747	41,286
Parks	111,883	8,035	293	1,287	848	122,346	109,346
Climate Leadership Plan	205,904	1,644	79	2,369	-	209,996	61,360
Land Use Secretariat	4,302	315	60	49	-	4,726	5,197
Science and Monitoring	75,142	2,274	13	865	-	78,294	67,733
Quasi-Judicial Bodies	13,360	166	-	154	-	13,680	16,577
2013 Alberta Flooding	1,156	266	-	-	-	1,422	9,375
	<u>\$ 855,166</u>	<u>\$ 39,662</u>	<u>\$ 4,413</u>	<u>\$ 9,825</u>	<u>\$ 3,584</u>	<u>\$ 912,650</u>	<u>\$ 662,302</u>

(1) Expenses – Directly Incurred as per Statement of Operations.

(2) Accommodation Costs, allocated by full time equivalent employment.

(3) Legal Services Costs, allocated by estimated costs incurred by each program.

(4) Business Services Costs, allocated by percentage of total costs incurred includes Administration for \$9,433 (2017 - \$10,776), Corporate Internal Audit Services (CIAS) for \$86 (2017 - \$52), and Corporate Human Resources Learning for \$306 (2017 Restated - \$154).

Climate Change and
Emissions Management Fund

Financial Statements

Year Ended March 31, 2018

CLIMATE CHANGE AND EMISSIONS MANAGEMENT FUND
FINANCIAL STATEMENTS
Year ended March 31, 2018

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Independent Auditor's Report

To the Minister of Environment and Parks

Report on the Financial Statements

I have audited the accompanying financial statements of the Climate Change and Emissions Management Fund, which comprise the statement of financial position as at March 31, 2018, and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Climate Change and Emissions Management Fund as at March 31, 2018, 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.

[Original signed by W. Doug Wylie FCPA, FCMA, ICD.D]
Auditor General
June 5, 2018
Edmonton, Alberta

CLIMATE CHANGE AND EMISSIONS MANAGEMENT FUND
STATEMENT OF OPERATIONS
Year ended March 31, 2018

	2018		2017
	Budget	Actual	Actual
	<i>(in thousands)</i>		
Revenues (Note 2(b))			
Facility Purchases of Fund Credits by Sector			
Mining, Oil and Gas Extraction	\$ 64,680	\$ 114,352	\$ 33,358
Utilities	95,060	121,437	80,127
Manufacturing	17,150	6,593	17,278
Transportation and Warehousing	19,110	3,287	29,651
Investment Income	-	4,579	2,618
Other Revenue	-	3	21
	<u>196,000</u>	<u>250,251</u>	<u>163,053</u>
Expenses – Directly Incurred (Note 2(b) and Schedule 1)			
Administration	-	397	287
Grants to Energy Efficiency Alberta	-	-	10,000
Innovation and Technology	50,000	134,500	33,000
Other Investments	165,000	68,870	71,393
	<u>215,000</u>	<u>203,767</u>	<u>114,680</u>
Annual (Deficit) Surplus	<u>\$ (19,000)</u>	<u>\$ 46,484</u>	<u>\$ 48,373</u>

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

CLIMATE CHANGE AND EMISSIONS MANAGEMENT FUND
STATEMENT OF FINANCIAL POSITION
As at March 31, 2018

	2018	2017
	<i>(in thousands)</i>	
Financial Assets		
Cash and Cash Equivalents (Note 3)	\$ 487,875	\$ 505,338
Accounts Receivable (Note 4)	179,721	16,181
	<u>667,596</u>	<u>521,519</u>
Liabilities		
Accounts Payable and Accrued Liabilities (Note 5)	204,054	104,461
	<u>204,054</u>	<u>104,461</u>
Net Financial Assets	<u>463,542</u>	<u>417,058</u>
Net Assets	<u>463,542</u>	<u>417,058</u>
Net Assets at Beginning of Year	\$ 417,058	\$ 368,685
Annual Surplus	46,484	48,373
Net Assets at End of Year	<u>\$ 463,542</u>	<u>\$ 417,058</u>

Contractual Obligations (Note 6)

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

CLIMATE CHANGE AND EMISSIONS MANAGEMENT FUND
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year ended March 31, 2018

	2018		2017
	Budget	Actual	Actual
	<i>(in thousands)</i>		
Annual (Deficit) Surplus	\$ (19,000)	\$ 46,484	\$ 48,373
Increase in Net Financial Assets		\$ 46,484	\$ 48,373
Net Financial Assets at Beginning of Year		417,058	368,685
Net Financial Assets at End of Year		<u>\$ 463,542</u>	<u>\$ 417,058</u>

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

CLIMATE CHANGE AND EMISSIONS MANAGEMENT FUND
STATEMENT OF CASH FLOWS
Year ended March 31, 2018

	2018	2017
	<i>(in thousands)</i>	
Operating Transactions		
Annual Surplus	\$ 46,484	\$ 48,373
(Increase) Decrease in Accounts Receivable	(163,540)	51,924
Increase in Accounts Payable and Accrued Liabilities	99,593	104,461
Cash (Applied to) Provided by Operating Transactions	(17,463)	204,758
(Decrease) Increase in Cash and Cash Equivalents	(17,463)	204,758
Cash and Cash Equivalents at Beginning of Year	505,338	300,580
Cash and Cash Equivalents at End of Year	<u>\$ 487,875</u>	<u>\$ 505,338</u>

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

CLIMATE CHANGE AND EMISSIONS MANAGEMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (in thousands)
March 31, 2018

NOTE 1 AUTHORITY AND PURPOSE

The Climate Change and Emissions Management Fund (CCEMF) operates under the authority of the *Climate Change and Emissions Management Act*, Chapter C-16.7 and the *Oil Sands Emissions Limit Act*, Chapter O-7.5.

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

In June 2015, the Government of Alberta announced changes to the *Specified Gas Emitters Regulation* that increases required emission intensity reductions from 12% to 15% in 2016 and 20% in 2017, and price per tonne increased from \$15 to \$20 in 2016 and \$30 in 2017. Emissions intensity is the ratio of annual greenhouse gas emissions to facilities' production for the same period.

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

CLIMATE CHANGE AND EMISSIONS MANAGEMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (in thousands)
March 31, 2018

NOTE 1 AUTHORITY AND PURPOSE (Cont'd)

The CCEMF operates as follows:

- Revenues in the CCEMF are primarily from purchases of fund credits under the *Specified Gas Emitters Regulation* (\$20 per tonne in 2016, and \$30 per tonne in 2017) used in meeting net emissions intensity limits. Facilities can also make improvements to their operations, submit Alberta-based offsets or emission performance credits in meeting net emissions intensity limits. Net emission intensity limit is the required emission intensity for the facility; this is set as the reduction target (15% in 2016, and 20% in 2017) below the approved baseline emission intensity.
- Purchase of fund credits is also a method of compliance under the *Carbon Competitiveness Incentive Regulation* which applies starting January 1, 2018. These credits can also be purchased at a rate of \$30 per tonne and may be used to ensure that the facility net emissions do not exceed the facility output-based allocation.
- Under the *Carbon Competitiveness Incentive Regulation*, facilities which have emitted over one million tonnes of carbon dioxide equivalent (CO₂e) in 2016 or a subsequent year are required to submit annual forecasts which include expected payments to the CCEMF. These facilities are also required to submit interim compliance reports including fund payment, where applicable, on May 15, August 15, and November 15 for the current year.
- 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 of emissions intensity. Every facility submitting a compliance report is required to have a third party verify the report. These verifications have needed to be at a reasonable assurance level since January 1, 2012.

Facilities that demonstrate that the emission reduction target has been met and improved upon may be eligible to request emission performance credits for the portion of the exceeded reduction.

CLIMATE CHANGE AND EMISSIONS MANAGEMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (in thousands)
March 31, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

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

(a) Reporting Entity

The reporting entity is the CCEMF for which the Minister of Environment and Parks is accountable. Other entities reporting to the minister are the Department of Environment and Parks, the Land Stewardship Fund, the Natural Resources Conservation Board, and Energy Efficiency Alberta. The activities of these organizations are not included in these financial statements. The ministry annual report provides a more comprehensive accounting of the financial position and results of the ministry's operations for which the minister is accountable.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting.

Facility Purchases of Fund credits

These revenues are based on cash and fund credit purchase information received from facilities that relates to compliance period ended December 31, 2017. Revenues also include adjustments resulting from reviews and audits of previous years' submissions.

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

Completeness of Revenues from Facility Purchases of Fund Credits

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

CLIMATE CHANGE AND EMISSIONS MANAGEMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (in thousands)
March 31, 2018

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

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

Measurement Uncertainty

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

The revenues and accounts receivable include an estimate for non-forecasting facilities (those that have not had emissions greater than one million tonnes of carbon dioxide equivalent (CO₂e) since 2016) of \$16,484 for the period January 1 to March 31, 2018. This estimate in these financial statements, is subject to measurement uncertainty. Management estimates this amount drawing on past performance of facilities, preference for fund payment taken from forecasting facilities and year to date production where available and appropriate. Preference for compliance mechanism of each facility is significantly influenced by the policy decision in the changes of price per tonne. The preparation of these financial statements requires management to make estimates and assumption that affect the amounts of assets and revenues reported.

Expenses

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

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

Valuation of Financial Assets and Liabilities

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

The fair values of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short-term nature of these instruments.

CLIMATE CHANGE AND EMISSIONS MANAGEMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (in thousands)
March 31, 2018

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

(b) 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 of the CCEMF are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

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.

(c) Change in Accounting Policy

The Fund has prospectively adopted the following standards from April 1, 2017: PS 2200 Related Party Disclosures, PS 3420 Inter-Entity Transactions, PS 3210 Assets, PS 3320 Contingent Assets and PS 3380 Contractual Rights which are reflected in Note 2, Schedule 1 and Schedule 2.

(d) Future Accounting Changes

The Public Sector Accounting Board has approved the following accounting standards:

- **PS 3430 Restructuring Transactions (effective April 1, 2018)**
This standard provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/ or liabilities, together with related program or operating responsibilities.

CLIMATE CHANGE AND EMISSIONS MANAGEMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (in thousands)
March 31, 2018

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

(d) Future Accounting Changes (Cont'd)

- **PS 3450 Financial Instruments (effective April 1, 2021)**
 Adoption of this standard requires corresponding adoption of: PS 2601, Foreign Currency Translation; PS 1201, Financial Statement Presentation; and PS 3041, Portfolio Investments in the same fiscal period. These standards provide guidance on: recognition, measurement, and disclosure of financial instruments; standards on how to account for and report transactions that are denominated in a foreign currency; general reporting principles and standards for the disclosure of information in the financial statements; and how to account for and report portfolio investments.

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

NOTE 3 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, 2018, securities held by the Fund have a time-weighted return of 1.1% per annum (2017: 0.9% per annum). Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable are unsecured and non-interest bearing.

	2018	2017
Facility Purchases of Fund Credits by Sector		
Mining, Oil and Gas Extraction	\$ 57,096	\$ 6,281
Utilities	108,272	1,400
Manufacturing	9,140	3,200
Transportation and Warehousing	5,213	5,300
	<u>\$ 179,721</u>	<u>\$ 16,181</u>

CLIMATE CHANGE AND EMISSIONS MANAGEMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (in thousands)
March 31, 2018

NOTE 5 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
Accrued Grants	\$ 203,370	\$ 104,392
Accrued Liabilities	684	69
	<u>\$ 204,054</u>	<u>\$ 104,461</u>

NOTE 6 CONTRACTUAL OBLIGATIONS

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

	2018	2017
Grants	\$ 38,000	\$ -
	<u>\$ 38,000</u>	<u>\$ -</u>

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

Fiscal Year	Total
2018-19	\$ 20,000
2019-20	18,000
2020-21	-
2021-22	-
2022-23	-
Thereafter	-
	<u>\$ 38,000</u>

NOTE 7 SUBSEQUENT EVENTS

On June 1, 2018 the *Carbon Competiveness Incentive Regulation* was amended (AR 96/2018). This amendment extends the period over which new facilities are not subject to the regulation from up to two years to up to three years.

CLIMATE CHANGE AND EMISSIONS MANAGEMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (in thousands)
March 31, 2018

NOTE 7 SUBSEQUENT EVENTS (Cont'd)

It also allows facilities which can demonstrate economic hardship due to the incremental costs associated with the *Carbon Competitiveness Incentive Regulation* over and above the *Specified Gas Emitters Regulation* (AR 137/2014) to apply for cost containment status (section 34). Cost containment designation can be granted for any period from 2018 through 2022 if a facility, which applies, meets the criteria for those periods. A designation under section 34.6 allows a facility unlimited usage of emissions offset credits or emissions performance credits for compliance purposes. In addition, where necessary to mitigate economic hardship, additional allocations can be granted to facilities designated under section 34.6. The deadline for applying for cost containment designation for the 2018 year is November 1, 2018. For subsequent years the deadline is November 30 of the year prior to the desired designation.

An estimate of the impact to the CCEMF statements cannot be made at this time as cost containment is application based.

NOTE 8 COMPARATIVE FIGURES

Certain 2017 figures have been reclassified to conform to the 2018 presentation.

NOTE 9 APPROVAL OF FINANCIAL STATEMENTS

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

CLIMATE CHANGE AND EMISSIONS MANAGEMENT FUND
SCHEDULE TO FINANCIAL STATEMENTS
EXPENSES – DIRECTLY INCURRED DETAILED BY OBJECT
Year ended March 31, 2018

Schedule 1

	2018		2017
	Budget	Actual	Actual
	<i>(in thousands)</i>		
Supplies and Services	\$ -	\$ 397	\$ 287
Grants	215,000	203,370	114,393
Total Expenses	<u>\$ 215,000</u>	<u>\$ 203,767</u>	<u>\$ 114,680</u>

CLIMATE CHANGE AND EMISSIONS MANAGEMENT FUND
SCHEDULE TO FINANCIAL STATEMENTS
RELATED PARTY TRANSACTIONS
Year ended March 31, 2018
(in thousands)

Schedule 2

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

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

	Entities in the Ministry	
	2018	2017
Expenses – Directly Incurred		
Grants to Energy Efficiency Alberta	\$ -	\$ 10,000
Grants to the Department of Environment and Parks	68,870	71,393
Transfer to the Department of Environment and Parks	-	3
	<u>\$ 68,870</u>	<u>\$ 81,396</u>
 Payable To the Department of Environment and Parks	 <u>\$ 68,870</u>	 <u>\$ 71,396</u>

Land Stewardship Fund

Financial Statements

Year Ended March 31, 2018

LAND STEWARDSHIP FUND
FINANCIAL STATEMENTS
Year ended March 31, 2018

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Independent Auditor's Report

To the Minister of Environment and Parks

Report on the Financial Statements

I have audited the accompanying financial statements of the Land Stewardship Fund, which comprise the statement of financial position as at March 31, 2018, and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Land Stewardship Fund as at March 31, 2018, 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.

[Original signed by W. Doug Wylie FCPA, FCMA, ICD.D]
Auditor General
June 5, 2018
Edmonton, Alberta

LAND STEWARDSHIP FUND
STATEMENT OF OPERATIONS
Year ended March 31, 2018

	2018		2017
	Budget	Actual	Actual
	<i>(in thousands)</i>		
Revenues			
Internal Government Transfers – Proceeds from Surplus Land Sales (Note 2(b) and 5)	\$ 5,000	\$ 420	\$ 2,680
Investment Income	400	773	686
Other Revenue	-	812	175
	<u>5,400</u>	<u>2,005</u>	<u>3,541</u>
Expenses – Directly Incurred (Note 2(b) and Schedule 1)			
Grants to the Department of Environment and Parks to Acquire Land	5,000	-	3,122
Grants to Land Trusts	5,000	7,120	10,562
Land Transaction Expenses	-	77	234
	<u>10,000</u>	<u>7,197</u>	<u>13,918</u>
Annual Deficit	<u>\$ (4,600)</u>	<u>\$ (5,192)</u>	<u>\$ (10,377)</u>

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

LAND STEWARDSHIP FUND
STATEMENT OF FINANCIAL POSITION
As at March 31, 2018

	2018	2017
	<i>(in thousands)</i>	
Financial Assets		
Cash and Cash Equivalents (Note 3)	\$ 70,790	\$ 79,561
	<u>70,790</u>	<u>79,561</u>
Liabilities		
Accounts Payable and Accrued Liabilities	7,173	10,752
	<u>7,173</u>	<u>10,752</u>
Net Financial Assets	<u>63,617</u>	<u>68,809</u>
Net Assets	<u>\$ 63,617</u>	<u>\$ 68,809</u>
Net Assets at Beginning of Year	\$ 68,809	\$ 79,186
Annual Deficit	(5,192)	(10,377)
Net Assets at End of Year (Note 4)	<u>\$ 63,617</u>	<u>\$ 68,809</u>

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

LAND STEWARDSHIP FUND
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year ended March 31, 2018

	2018		2017
	Budget	Actual	Actual
	<i>(in thousands)</i>		
Annual Deficit	\$ (4,600)	\$ (5,192)	\$ (10,377)
Decrease in Net Financial Assets		\$ (5,192)	\$ (10,377)
Net Financial Assets at Beginning of Year		68,809	79,186
Net Financial Assets at End of Year		\$ 63,617	\$ 68,809

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

LAND STEWARDSHIP FUND
STATEMENT OF CASH FLOWS
Year ended March 31, 2018

	2018	2017
	<i>(in thousands)</i>	
Operating Transactions		
Annual Deficit	\$ (5,192)	\$ (10,377)
(Increase) Decrease in Accounts Receivable	-	25
(Decrease) Increase in Accounts Payable and Accrued Liabilities	(3,579)	9,782
Cash Applied to Operating Transactions	(8,771)	(570)
Decrease in Cash and Cash Equivalents	(8,771)	(570)
Cash and Cash Equivalents at Beginning of Year	79,561	80,131
Cash and Cash Equivalents at End of Year	<u>\$ 70,790</u>	<u>\$ 79,561</u>

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

LAND STEWARDSHIP FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2018

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, the Fund may be used to provide grants made by the Minister under the *Environment Grant Regulation (AR 182/2000)* to persons for the purchase of an estate or interest in land for conservation purposes.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

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

(a) Reporting Entity

The reporting entity is the Fund, which is part of the Ministry of Environment and Parks (the Ministry) for which the Minister of Environment and Parks is accountable.

(b) 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.

Government transfers

Transfers from the Government of Alberta, federal and other governments are referred to as government transfers.

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

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

LAND STEWARDSHIP FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2018

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

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

Expenses

Directly Incurred

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

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include grants which are recognized as expenses when authorized, eligibility criteria, if any, are met and a reasonable estimate of the amount can be made.

Valuation of Financial Assets and Liabilities

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

The fair value of Cash and Cash Equivalents, Accounts Receivable, and Accounts Payable and Accrued Liabilities are estimated to approximate their carrying values because of the short-term nature of these instruments.

Financial Assets

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

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

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 a government to others arising from past transactions or events, 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 reasonable estimate the amounts.

LAND STEWARDSHIP FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2018

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

(c) Change in Accounting Policy

The Fund has prospectively adopted the following standards from April 1, 2017: PS 2200 Related Party Disclosures, PS 3420 Inter-Entity Transactions, PS3210 Assets, PS3320 Contingent Assets and PS 3380 Contractual Rights which are reflected in Note 2, Schedule 1 and Schedule 2.

(d) Future Accounting Changes

The Public Sector Accounting Board has approved the following accounting standards:

- **PS 3430 Restructuring Transactions (effective April 1, 2018)**
This standard provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/ or liabilities, together with related program or operating responsibilities.
- **PS 3280 Asset Retirement Obligations (effective April 1, 2021)**
Effective April 1, 2021, this standard provides guidance on how to account for and report a liability for retirement of a tangible capital asset.
- **PS 3450 Financial Instruments (effective April 1, 2021)**
Adoption of this standard requires corresponding adoption of PS 2601 Foreign Currency Translation, PS 1201 Financial Statement Presentation, and PS 3041 Portfolio Investments in the same fiscal period. These standards provide guidance on: recognition, measurement and disclosure of financial instruments; standards on how to account for and report transactions that are denominated in a foreign currency; general reporting principles and standards for the disclosure of information in financial statements; and how to account for and report portfolio investments.

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

LAND STEWARDSHIP FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2018

NOTE 3 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, 2018, securities held by the Fund have a time-weighted return of 1.1% per annum (2017: 0.9% per annum). Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

NOTE 4 NET ASSETS
(in thousands)

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

NOTE 5 TRANSFER FROM THE DEPARTMENT OF ENVIRONMENT AND PARKS

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

NOTE 6 COMPARATIVE FIGURES

Certain 2017 figures have been reclassified to conform to the 2018 presentation.

NOTE 7 APPROVAL OF FINANCIAL STATEMENTS

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

LAND STEWARDSHIP FUND
SCHEDULE TO FINANCIAL STATEMENTS
EXPENSES – DIRECTLY INCURRED DETAILED BY OBJECT
Year ended March 31, 2018

Schedule 1

	2018		2017
	Budget	Actual	Actual
	<i>(in thousands)</i>		
Supplies and Services	\$ -	\$ 77	\$ 234
Grants	10,000	7,120	13,684
Total Expenses	\$ 10,000	\$ 7,197	\$ 13,918

LAND STEWARDSHIP FUND
SCHEDULE TO FINANCIAL STATEMENTS
RELATED PARTY TRANSACTIONS
Year ended March 31, 2018

Schedule 2

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

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

	Entities in the Ministry		Other Entities	
	2018	2017	2018	2017
	<i>(in thousands)</i>			
Revenues				
Internal Government Transfers – Proceeds from Surplus Land Sales (Note 2(b) and 5)	\$ 420	\$ 2,680	\$ -	\$ -
Expenses – Directly Incurred				
Grants to the Department of Environment and Parks to Acquire Land	\$ -	\$ 3,122	\$ -	\$ -
Payable to	\$ -	\$ -	\$ 5	\$ -

Natural Resources Conservation Board

Financial Statements

Year Ended March 31, 2018

NATURAL RESOURCES CONSERVATION BOARD
FINANCIAL STATEMENTS
Year ended March 31, 2018

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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 a system of internal control 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 Walter Ceroici]
Acting Chief Executive Officer
May 22, 2018

To the Members of the Natural Resources Conservation Board

Report of the Financial Statements

I have audited the accompanying financial statements of the Natural Resources Conservation Board, which comprise the statement of financial position as at March 31, 2018, and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Natural Resources Conservation Board as at March 31, 2018, and the results of its operations, its remeasurement gains and losses, its change in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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

Auditor General

May 22, 2018

Edmonton, Alberta

NATURAL RESOURCES CONSERVATION BOARD
STATEMENT OF OPERATIONS
Year ended March 31, 2018

	2018		2017
	Budget	Actual	Actual
Revenues			
Government Transfers			
Transfer from the Department of Environment and Parks (Note 4)	\$6,474,000	\$ 5,574,000	\$ 5,674,000
Investment Income	39,000	53,899	41,848
Other Revenue	1,000	6,679	3,967
	<u>6,514,000</u>	<u>5,634,578</u>	<u>5,719,815</u>
Expenses – Directly Incurred (Note 2(b) and Schedules 1 and 4)			
Board Reviews and Hearings	1,353,000	1,092,410	1,001,130
Regulating Confined Feeding Operations	5,150,000	4,412,198	4,485,220
	<u>6,503,000</u>	<u>5,504,608</u>	<u>5,486,350</u>
Annual Operating Surplus	11,000	129,970	233,465
Accumulated Surplus at Beginning of Year	<u>3,628,566</u>	<u>3,628,566</u>	<u>3,395,101</u>
Accumulated Surplus at End of Year	<u><u>\$3,639,566</u></u>	<u><u>\$ 3,758,536</u></u>	<u><u>\$ 3,628,566</u></u>

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

NATURAL RESOURCES CONSERVATION BOARD
STATEMENT OF FINANCIAL POSITION
As at March 31, 2018

	2018	2017
Financial Assets		
Cash and Cash Equivalents (Note 5)	\$ 3,993,576	\$ 3,924,829
Accounts Receivable	1,679	778
	<u>\$ 3,995,255</u>	<u>\$ 3,925,607</u>
Liabilities		
Accounts Payable and Accrued Liabilities (Note 7)	\$ 346,189	\$ 381,595
Net Financial Assets	<u>3,649,066</u>	<u>3,544,012</u>
Non-Financial Assets		
Tangible Capital Assets (Note 8)	109,470	81,326
Prepaid Expenses	-	3,228
	<u>109,470</u>	<u>84,554</u>
Net Assets	<u>\$ 3,758,536</u>	<u>\$ 3,628,566</u>
Net Assets		
Accumulated Surplus (Note 10)	<u>\$ 3,758,536</u>	<u>\$ 3,628,566</u>

Contractual Obligations (Note 11)

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

NATURAL RESOURCES CONSERVATION BOARD
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year ended March 31, 2018

	2018		2017
	Budget	Actual	Actual
Annual Operating Surplus	\$ 11,000	\$ 129,970	\$ 233,465
Acquisition of Tangible Capital Assets (Note 8)	(17,000)	(62,980)	(66,663)
Amortization of Tangible Capital Assets (Note 8)	30,000	34,836	5,162
(Increase) Decrease in Prepaid Expenses		3,228	(670)
Increase in Net Financial Assets in the Year	24,000	105,054	171,294
Net Financial Assets at Beginning of Year	3,544,012	3,544,012	3,372,718
Net Financial Assets at End of Year	<u>\$ 3,568,012</u>	<u>\$ 3,649,066</u>	<u>\$ 3,544,012</u>

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

NATURAL RESOURCES CONSERVATION BOARD
STATEMENT OF CASH FLOWS
Year ended March 31, 2018

	2018	2017
Operating Transactions		
Annual Operating Surplus	\$ 129,970	\$ 233,465
Non-Cash Item:		
Amortization of Tangible Capital Assets (Note 8)	34,836	5,162
	<u>164,806</u>	<u>238,627</u>
 (Increase) Decrease in Accounts Receivable	 (901)	 706
(Increase) Decrease in Prepaid Expenses	3,228	(670)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(35,406)	49,643
	<u>131,727</u>	<u>288,306</u>
Cash Provided by Operating Transactions		
Capital Transactions		
Acquisition of Tangible Capital Assets (Note 8)	(62,980)	(66,663)
	<u>(62,980)</u>	<u>(66,663)</u>
Cash Applied to Capital Transactions		
	<u>(62,980)</u>	<u>(66,663)</u>
Increase in Cash and Cash Equivalents	68,747	221,643
Cash and Cash Equivalents at Beginning of Year	3,924,829	3,703,186
Cash and Cash Equivalents at End of Year	<u>\$ 3,993,576</u>	<u>\$ 3,924,829</u>

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

NATURAL RESOURCES CONSERVATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2018

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) Reporting Entity

The financial statements reflect the assets, liabilities, revenues, and expenses of the reporting entity, which is the Natural Resources Conservation Board. The NRCB is controlled by and fully consolidated in the Ministry of Environment and Parks, for which the Minister of Environment and Parks is accountable. Inter-entity accounts and transactions between NRCB and any of the entities included in the ministry are eliminated upon consolidation within the ministry's financial statements.

(b) Basis of Financial Reporting

Revenue

All revenues are reported on the accrual basis of accounting.

Government transfers

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

Government transfers and the associated externally restricted investment income are recognized as deferred capital contributions or deferred revenue 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 the transfer.

Investment Income

Investment income includes interest income and is recognized when earned.

NATURAL RESOURCES CONSERVATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2018

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

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

Expenses

Expenses are reported on an accrual basis. The costs 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 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.

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

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

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

Financial Assets

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

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

Cash and Cash Equivalents

Cash comprises 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.

NATURAL RESOURCES CONSERVATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2018

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

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

Financial Assets (Cont'd)

Accounts Receivable

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

Liabilities

Liabilities are present obligations of the NRCB to external organizations and individuals arising from 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 amount.

Liabilities also include:

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

Liability for Contaminated Sites

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

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 are limited to tangible capital assets and prepaid expenses.

NATURAL RESOURCES CONSERVATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2018

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

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

Non-Financial Assets (Cont'd)

Tangible Capital Assets

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

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

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 Expense

Prepaid expense is 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. 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.

(c) Change in Accounting Policy

The NRCB has prospectively adopted the following standards from April 1, 2017: PS 2200 Related Party Disclosures, PS 3420 Inter-Entity Transactions, PS 3210 Assets, PS 3320 Contingent Assets and PS 3380 Contractual Rights which are reflected in Note 2 and Schedule 3. The NRCB did not have contingent assets and contractual rights as at March 31, 2018.

NATURAL RESOURCES CONSERVATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2018

NOTE 3 FUTURE ACCOUNTING CHANGES

The Public Sector Accounting Board has approved the following accounting standards:

- **PS 3430 Restructuring Transactions (effective April 1, 2018)**
This standard provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities.
- **PS 3280 Asset Retirement Obligations (effective April 1, 2021)**
Effective April 1, 2021, this standard provides guidance on how to account for and report a liability for retirement of a tangible capital asset.

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

NOTE 4 GOVERNMENT TRANSFERS

	2018	2017
Original transfer from the Department of Environment and Parks	\$ 6,474,000	\$ 6,474,000
Transfer amounts returned to the Department of Environment and Parks	(900,000)	(800,000)
Adjusted transfer from the Department of Environment and Parks	\$ 5,574,000	\$ 5,674,000

NOTE 5 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents consist of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high quality, short-term securities with a maximum term to maturity of three years. As at March 31, 2018, securities held by the fund have a time-weighted rate of return of 1.1% per annum (2017 - 0.9% per annum). Due to the short-term nature of the CCITF investments, the carrying value approximates fair value.

NATURAL RESOURCES CONSERVATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2018

NOTE 6 FINANCIAL INSTRUMENTS

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

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

(a) Liquidity Risk

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

(b) Credit Risk

The NRCB is exposed to credit risk from potential non-payment of accounts receivable. As at March 31, 2018, there were no uncollectible receivable balances.

NOTE 7 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
Accounts Payable	\$ 56,593	\$ 60,855
Accrued Liabilities - Employee Benefits	289,596	320,740
	\$ 346,189	\$ 381,595

NATURAL RESOURCES CONSERVATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2018

NOTE 8 TANGIBLE CAPITAL ASSETS

	2018				2017	
	Computer Hardware	Computer Software	Office Equipment	Office Furniture	Total	Total
Historical Costs						
Beginning of year	\$ 241,444	\$ 33,626	\$ 45,406	\$ 201,785	\$ 522,261	\$ 456,228
Additions	34,047	-	28,933	-	62,980	66,663
Disposals, including write-downs	(42,117)	(13,742)	(2,771)	(6,514)	(65,144)	(630)
	233,374	19,884	71,568	195,271	520,097	522,261
Accumulated Amortization						
Beginning of year	190,389	13,742	42,484	194,320	440,935	436,403
Amortization expense	21,443	6,628	5,022	1,743	34,836	5,162
Effects of disposals including write-downs	(42,117)	(13,742)	(2,771)	(6,514)	(65,144)	(630)
	169,715	6,628	44,735	189,549	410,627	440,935
Net Book Value at March 31, 2018	\$ 63,659	\$ 13,256	\$ 26,833	\$ 5,722	\$ 109,470	
Net Book Value at March 31, 2017	\$ 51,055	\$ 19,884	\$ 2,922	\$ 7,465		\$ 81,326

NATURAL RESOURCES CONSERVATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2018

NOTE 9 BENEFIT PLANS

The NRCB participates in the multi-employer pension plans: Management Employees Pension Plan (MEPP) and Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contribution of \$19,957 for the year ended March 31, 2018 (2017 - \$45,102). 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, 2017, MEPP reported a surplus of \$866,006,000 (2016 - surplus \$402,033,000), and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of \$54,984,000 (2016 - deficiency \$50,020,000).

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 \$240,768 for the year ended March 31, 2018 (2017 - \$239,519). Pension expense comprises the cost of employer contributions during the year.

NOTE 10 ACCUMULATED SURPLUS

Accumulated surplus is comprised of the following:

	2018			2017
	Investment in Tangible Capital Assets	Unrestricted Surplus	Total	Total
Balance at Beginning of Year	\$ 81,326	\$3,547,240	\$3,628,566	\$ 3,395,101
Annual Operating Surplus	-	129,970	129,970	233,465
Net Investment in Capital Assets	28,144	(28,144)	-	-
Balance at End of Year	\$ 109,470	\$3,649,066	\$3,758,536	\$ 3,628,566

NATURAL RESOURCES CONSERVATION BOARD
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2018

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, 2018, the NRCB had contractual obligations under operating leases and contracts totalling \$147,148 (2017 - \$232,114).

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

2018-19	\$	137,889
2019-20		7,384
2020-21		1,875
Thereafter		Nil
	\$	<u>147,148</u>

NOTE 12 BUDGET

The budget was included in the 2017-18 Government Estimates under the Ministry of Environment and Parks. The budget was approved by the Board on May 2, 2017.

NOTE 13 APPROVAL OF FINANCIAL STATEMENTS

The Board approved the financial statements of the NRCB.

NATURAL RESOURCES CONSERVATION BOARD
SCHEDULE TO FINANCIAL STATEMENTS
EXPENSES – DIRECTLY INCURRED DETAILED BY OBJECT
Year ended March 31, 2018

Schedule 1

	2018		2017
	Budget	Actual	Actual
Salaries, Wages and Employee Benefits	\$ 5,351,520	\$ 4,573,652	\$ 4,782,424
Supplies and Services	1,121,480	896,120	698,764
Amortization of Tangible Capital Assets (Note 8)	30,000	34,836	5,162
	<u>\$ 6,503,000</u>	<u>\$ 5,504,608</u>	<u>\$ 5,486,350</u>

NATURAL RESOURCES CONSERVATION BOARD
SCHEDULE TO FINANCIAL STATEMENTS
SALARY AND BENEFITS DISCLOSURE
Year ended March 31, 2018

Schedule 2

	2018			2017	
	Base Salary ⁽¹⁾	Other Cash Benefits ⁽²⁾	Other Non-cash Benefits ⁽³⁾	Total	Total
Chair A ⁽⁴⁾⁽⁵⁾⁽⁷⁾	\$ 127,911	\$ 24,437	\$ 23,778	\$ 176,126	\$ 231,266
Chair B ⁽⁴⁾⁽⁵⁾⁽⁸⁾	47,535	9,075	7,211	63,821	-
Board Member A ⁽⁶⁾⁽⁹⁾	29,252	11,182	5,116	45,550	102,596
Board Member B ⁽⁶⁾⁽¹⁰⁾	-	-	-	-	80,218
Board Member C ⁽⁶⁾⁽¹¹⁾	-	-	-	-	15,030
Board Member D ⁽⁶⁾⁽¹²⁾	65,067	9,344	14,309	88,720	-
Board Member E ⁽⁶⁾⁽¹³⁾	49,299	2,618	21,355	73,272	-
Chief Executive Officer ⁽¹⁴⁾	143,048	16,455	24,126	183,629	266,194
Acting Chief Executive Officer ⁽¹⁵⁾	44,421	315	11,585	56,321	-

(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 2018 and 2017.

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

(4) Automobile allowance included in other cash benefits.

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

(6) The position is 60% permanent part-time.

(7) The former Chair's last day was December 21, 2017.

(8) The position commenced on December 21, 2017.

(9) The term of the position expired on August 14, 2017.

(10) The position became vacant on April 1, 2017.

(11) The position became vacant on April 29, 2016.

(12) The position commenced on June 1, 2017.

(13) The position commenced on August 15, 2017.

(14) The former Chief Executive Officer left the position on December 18, 2017.

(15) The Acting Chief Executive Officer was appointed to the position on January 1, 2018.

NATURAL RESOURCES CONSERVATION BOARD
SCHEDULE TO FINANCIAL STATEMENTS
RELATED PARTY TRANSACTIONS
Year ended March 31, 2018

Schedule 3

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

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

	<u>2018</u>	<u>2017</u>
Revenues	\$ 5,574,000	\$ 5,674,000
Expenses – Directly Incurred	\$ 124,273	\$ 46,342
Payable To	\$ 4,175	\$ 16,075

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

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

NATURAL RESOURCES CONSERVATION BOARD
SCHEDULE TO FINANCIAL STATEMENTS
ALLOCATED COSTS
Year ended March 31, 2018

Schedule 4

	2018		2017	
	Expenses incurred by others			
AOPA and NRCBA Mandates	Expenses ⁽¹⁾	Accommodation Costs ⁽²⁾	Total Expenses	Total Expenses
Board Reviews and Hearings ⁽³⁾	\$1,092,410	\$ 99,287	\$ 1,191,697	\$1,090,450
Regulating Confined Feeding Operations ⁽⁴⁾	4,412,198	401,014	4,813,212	4,885,387
	\$5,504,608	\$ 500,301	\$ 6,004,909	\$5,975,837

(1) Expenses – Directly Incurred as per Statement of Operations.

(2) Accommodation Costs, including grants in lieu of taxes, allocated by square footage.

(3) Board reviews and hearings comprise expenses related to AOPA appeals and NRCBA reviews.

(4) Regulating confined feeding operations comprise expenses related to (a) the approval, monitoring and compliance activities under AOPA and (b) science and technical activities in support of AOPA and NRCBA mandates.

Energy Efficiency Alberta

Financial Statements

Year Ended March 31, 2018

ENERGY EFFICIENCY ALBERTA
FINANCIAL STATEMENTS
Year ended March 31, 2018

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

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

[Original signed by Monica Curtis]
Chief Executive Officer
May 25, 2018

[Original signed by Stephen Appleton]
Vice President, Corporate Services
May 25, 2018

Independent Auditor's Report

To the Board of Directors of Energy Efficiency Alberta



Report on the Financial Statements

I have audited the accompanying financial statements of Energy Efficiency Alberta, which comprise the statement of financial position as at March 31, 2018, and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Energy Efficiency Alberta as at March 31, 2018, and the results of its operations, its remeasurement gains and losses, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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

Auditor General

May 25, 2018

Edmonton, Alberta

ENERGY EFFICIENCY ALBERTA
STATEMENT OF OPERATIONS
Year ended March 31, 2018

	Year Ended 2018		Five Months Ended 2017
	Budget	Actual	Actual
	<i>(in thousands)</i>		
Revenues			
Transfer from the Department of Environment and Parks	\$ 185,000	\$ 107,431	\$ -
Grants from the Climate Change and Emissions Management Fund	-	-	10,000
Investment Income	-	614	-
	185,000	108,045	10,000
Expenses – Directly Incurred (Note 2(b) and Schedule 1 and 3)			
Energy Efficiency Initiatives	185,000	107,431	1,430
	185,000	107,431	1,430
Annual Surplus	-	614	8,570
Accumulated Surplus at Beginning of Year/Period	8,570	8,570	-
Accumulated Surplus at End of Year/Period	\$ 8,570	\$ 9,184	\$ 8,570

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

ENERGY EFFICIENCY ALBERTA
STATEMENT OF FINANCIAL POSITION
As at March 31, 2018

	2018	2017
	<i>(in thousands)</i>	
Financial Assets		
Cash and Cash Equivalents (Note 5)	\$ 39,426	\$ 9,506
Accounts Receivable (Note 6)	43	
	<u>39,469</u>	<u>9,506</u>
Liabilities		
Accounts Payable and Accrued Liabilities (Note 8)	29,195	936
Deferred Contributions (Note 12)	1,191	-
	<u>30,386</u>	<u>936</u>
Net Financial Assets	<u>9,083</u>	<u>8,570</u>
Non-Financial Assets		
Prepaid Expenses	101	-
	<u>101</u>	<u>-</u>
Net Assets	<u>\$ 9,184</u>	<u>\$ 8,570</u>
Net Assets		
Net Assets at Beginning of Year	8,570	-
Accumulated Surplus	614	8,570
	<u>\$ 9,184</u>	<u>\$ 8,570</u>

Contingent liabilities and contractual obligations (Notes 9 and 10)

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

ENERGY EFFICIENCY ALBERTA
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year ended March 31, 2018

	Year Ended 2018		Five Months Ended 2017
	Budget	Actual	Actual
	<i>(in thousands)</i>		
Annual Surplus	\$ -	\$ 614	\$ 8,570
(Increase) Decrease in Prepaid Expenses		(101)	-
Increase in Net Financial Assets in the Year/Period		513	8,570
Net Financial Assets at Beginning of Year/Period		8,570	-
Net Financial Assets at End of Year/Period		\$ 9,083	\$ 8,570

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

ENERGY EFFICIENCY ALBERTA
STATEMENT OF CASH FLOWS
Year ended March 31, 2018

	Year Ended 2018	Five Months Ended 2017
	<i>(in thousands)</i>	
Operating Transactions		
Annual Surplus	\$ 614	\$ 8,570
(Increase) Decrease in Accounts Receivable	(43)	-
Increase in Accounts Payable and Accrued Liabilities	28,259	936
(Increase) Decrease in Prepaid Expenses	(101)	-
Increase (Decrease) in Unearned Revenues	1,191	-
Cash Provided by Operating Transactions	29,920	9,506
Increase in Cash and Cash Equivalents	29,920	9,506
Cash and Cash Equivalents at Beginning of Year/Period	9,506	-
Cash and Cash Equivalents at End of Year/Period	\$ 39,426	\$ 9,506

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

ENERGY EFFICIENCY ALBERTA
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2018

NOTE 1 AUTHORITY AND PURPOSE

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

The mandate of EEA is:

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

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

(a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity, which is Energy Efficiency Alberta. EEA is controlled by and fully consolidated in the Ministry of Environment and Parks, for which the Minister of Alberta Environment and Parks is accountable. Inter-entity accounts and transactions between EEA and any of the entities included in the ministry are eliminated upon consolidation within the ministry's financial statements.

(b) Basis of Financial Reporting

Revenue

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recognized as unearned revenue.

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

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

Government transfers

Transfers from all governments are referred to as government transfers.

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

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

Investment Income

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

Expenses

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

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

Valuation of Financial Assets and Liabilities

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

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

EEA does not have any financial instruments classified in the fair value category, and does not hold derivative contracts. As a consequence, these statements do not present a statement of remeasurement gains and losses as EEA is not exposed to remeasurement gains and losses.

ENERGY EFFICIENCY ALBERTA
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2018

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

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

Financial Assets

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

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

Cash and Cash Equivalents

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

Accounts Receivable

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

Liabilities

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

Non-Financial Assets

Prepaid Expenses

Prepaid expense is recognized at cost and amortized based on the terms of the agreement.

(c) Change in Accounting Policy

EEA has prospectively adopted the following standards from April 1, 2017: PS 2200 Related Party Disclosures, PS 3420 Inter-Entity Transactions, PS3210 Assets, PS3320 Contingent Assets and PS 3380 Contractual Rights which are reflected in Note 2, Schedule 1 and Schedule 3.

ENERGY EFFICIENCY ALBERTA
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2018

NOTE 3 FUTURE ACCOUNTING CHANGES

The Public Sector Accounting Board has approved the following accounting standards:

- **PS 3430 Restructuring Transactions (effective April 1, 2018)**
This standard provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/ or liabilities, together with related program or operating responsibilities.
- **PS 3280 Asset Retirement Obligations (effective April 1, 2021)**
Effective April 1, 2021, this standard provides guidance on how to account for and report a liability for retirement of a tangible capital asset.

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

NOTE 4 BUDGET

The budget was included in the 2017-18 Government Estimates under the Ministry of Environment and Parks. The budget was approved by the Board.

NOTE 5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist primarily of cash on hand and demand deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. 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 investments in high-quality, short-term securities with a maximum term to maturity of three years. For the year ended March 31, 2018, securities held by the CCITF had a time-weighted return of 1.1% (2017 – 0.9%) per annum. Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

NOTE 6 ACCOUNTS RECEIVABLE
(in thousands)

Accounts receivable are unsecured and non-interest bearing.

	2018	2017
Accounts Receivable	\$ 27	\$ -
GST Receivable	16	-
	<u>\$ 43</u>	<u>\$ -</u>

ENERGY EFFICIENCY ALBERTA
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2018

NOTE 7 FINANCIAL RISK MANAGEMENT

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

(a) Credit Risk

Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. EEA conducts a significant amount of business through contracts. Credit risk on accounts receivable is considered low as amounts owing by third parties are usually immaterial and significant amounts owing are due from related parties.

(b) Liquidity Risk

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

NOTE 8 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

(in thousands)

	2018	2017
Accounts Payable General	\$ 19,506	\$ -
Accrued Liabilities	9,689	936
	<u>\$ 29,195</u>	<u>\$ 936</u>

NOTE 9 CONTINGENT LIABILITIES

At March 31, 2018, EEA was not named as defendant in any specific legal actions.

ENERGY EFFICIENCY ALBERTA
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2018

NOTE 10 CONTRACTUAL OBLIGATIONS

(in thousands)

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

	2018	2017
Service Contracts (including long term lease)	\$ 154,638	\$ 64,958
	<u>\$ 154,638</u>	<u>\$ 64,958</u>

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

	2018
Obligations Under Contracts (including long term lease):	
2018-19	\$ 101,620
2019-20	42,361
2020-21	9,351
2021-22	435
2022-23	435
Thereafter	436
	<u>\$ 154,638</u>

NOTE 11 TRUSTS UNDER ADMINISTRATION

(in thousands)

EEA administers trusts on behalf of the beneficiaries specified in the agreement or statute. These amounts are held on behalf of others with no power of appropriation and therefore are not reported in these financial statements.

At March 31, 2018 trusts under administration were as follows: EEA held \$750 in letters of credit as security for contracts.

NOTE 12 DEFERRED CONTRIBUTIONS

(in thousands)

	Year Ended 2018	Five Months Ended 2017
Balance at Beginning of Year/Period	\$ -	\$ -
Conditional Grant Contributions Received/Receivable from Environment and Parks During Year	108,622	-
Less: Amounts Recognized as Revenue	(107,431)	-
Balance at Year End	<u>\$ 1,191</u>	<u>\$ -</u>

ENERGY EFFICIENCY ALBERTA
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2018

NOTE 13 BENEFIT PLAN
(in thousands)

EEA also provides benefits whereby it makes available contributions for Registered Retirement Savings Plans (RRSP) on behalf of certain employees of EEA. The contributions are calculated based on a fixed percentage of the employee's salary to a maximum of the RRSP contribution limit as specified in the *Income Tax Act (Canada)*. The expense of \$226 (2017 - \$0) included in these financial statements represents the current contributions made on behalf of these employees.

NOTE 14 COMPARATIVE FIGURES

Certain 2017 figures have been reclassified to conform to the 2018 presentation.

NOTE 15 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of EEA.

ENERGY EFFICIENCY ALBERTA
SCHEDULE TO FINANCIAL STATEMENTS
EXPENSES – DETAILED BY OBJECT
Year ended March 31, 2018

Schedule 1

	Year Ended 2018		Five Months Ended 2017
	Budget	Actual	Actual
	<i>(in thousands)</i>		
Salaries, Wages and Employee Benefits	\$ 2,171	\$ 2,079	\$ -
Supplies and Services	179,829	94,136	1,430
Grants	3,000	11,156	-
Financial Transactions and Other	-	60	-
	\$ 185,000	\$ 107,431	\$ 1,430

ENERGY EFFICIENCY ALBERTA
SCHEDULE TO FINANCIAL STATEMENTS
SALARY AND BENEFITS DISCLOSURE
Year ended March 31, 2018

Schedule 2

	2018			2017	
	Base Salary ⁽¹⁾	Other Cash Benefits ⁽²⁾	Other Non-cash Benefits ⁽³⁾	Total	Total
Board of Directors					
Chair ⁽⁴⁾	\$ -	\$ 46,767	\$ 1,130	\$ 47,897	\$ 5,639
Board Members ⁽⁴⁾	-	63,046	1,379	64,425	28,696
Executive					
Chief Executive Officer ⁽⁵⁾⁽¹⁰⁾	178,013	1,665	40,076	219,754	-
Vice President of Corporate Services ⁽⁶⁾	103,602	5,634	26,199	135,435	-
Vice President of Marketing and Communications ⁽⁷⁾	91,342	3,873	22,823	118,038	-
Vice President of Corporate Performance ⁽⁸⁾	86,782	3,796	21,661	112,239	-
Vice President of Performance Design and Delivery ⁽⁹⁾	33,716	-	8,922	42,638	-

- (1) Base salary includes regular salary.
- (2) Other cash benefits include honoraria payments, and other lump sum payments.
- (3) Other non-cash benefits include employer's share of all employee benefits and contributions or payments made on behalf of employees including health care, dental coverage, group life insurance, short and long term disability plans, conference fees and parking.
- (4) The board was appointed by the Lieutenant Governor in Council by Order in Council O.C. 286/2016. The effective date of the appointments was October 27, 2016 and will expire on April 27, 2018. Remuneration and expenses of the Board are prescribed as that specified in Schedule 1, Part A of the Committee Remuneration Order.
- (5) The position was vacant in 2016-17. The position was filled effective April 10, 2017.
- (6) The position was vacant in 2016-17. The position was filled effective August 8, 2017.
- (7) The position was vacant in 2016-17. The position was filled effective September 5, 2017.
- (8) The position was vacant in 2016-17. The position was filled effective August 17, 2017.
- (9) The position was vacant in 2016-17. The position was filled effective January 15, 2018.
- (10) Automobile provided, no dollar amount included in other non-cash benefits.

ENERGY EFFICIENCY ALBERTA
SCHEDULE TO FINANCIAL STATEMENTS
RELATED PARTY TRANSACTIONS
Year ended March 31, 2018
(in thousands)

Schedule 3

Related Parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties also include key management personnel and close family members of those individuals in EEA. As a result of an assessment made by management there are no transactions to report.

EEA and its employees paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect changes applicable to all users, and have been excluded from this schedule.

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

	Year Ended 2018		Five Months Ended 2017	
	Entities in the Ministry	Other Entities	Entities in the Ministry	Other Entities
Revenues				
Grants from the Department of Environment and Parks (Note 12)	\$ 107,431	\$ -	\$ -	\$ -
Grants from the Climate Change and Emissions Management Fund	-	-	10,000	-
	<u>\$ 107,431</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ -</u>
Expenses				
Other Services	-	188	-	-
	<u>\$ -</u>	<u>\$ 188</u>	<u>\$ -</u>	<u>\$ -</u>
Payable to				
Department of Environment and Parks	\$ 19	\$ 70	\$ 37	\$ -

Other Financial Information

Ministry of Environment and Parks

Unaudited Statement of Remissions, Compromises and Write-offs

Year ended March 31, 2018

The following statement has been prepared in 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.

The Remission under Section 21 of the <i>Financial Administration Act</i>	\$	-
Compromises Under Section 22 of the <i>Financial Administration Act</i>		-
Write-offs:		
Departmental Accounts Receivable	234,870	
Department Accounts Payable Credits	<u>-</u>	
Total Write-offs		234,870
Total Remissions, Compromises and Write-offs	\$	<u>234,870</u>

Statutory Report

Public Interest Disclosure (Whistleblower Protection) Act

Section 32 of the *Public Interest Disclosure (Whistleblower Protection) Act* requires the ministry to report annually on the following parts of the Act:

- (a) The number of disclosures received by the designated officer of the Public Interest Disclosure Office, 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.

There were two disclosures of wrongdoing filed with the Public Interest Disclosure Office for the Alberta Environment and Parks department between April 1, 2017 and March 31, 2018. The first (PIDA 2018-102) was determined to be non-jurisdictional as the discloser was not an employee of the government. The discloser was referred to the Office of the Public Interest Commissioner. The second (PIDA 2018-105) is currently in the review process. Any investigation, if warranted, will take place in 2018-19.

There were no disclosures of wrongdoing filed with the Public Interest Disclosure Office for the Alberta Climate Change Office between April 1, 2017 and March 31, 2018.