

GOVERNMENT OF ALBERTA

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# Annual Report

## Environment and Protected Areas 2022-2023

Environment and Protected Areas, Government of Alberta | Environment and Protected Areas Annual Report 2022–2023

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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 ministry.

**On October 24, 2022, the government announced new ministry structures. As such, some of the responsibilities of the former Ministry of Environment and Parks were transferred to the Ministries of Forestry, Parks and Tourism, and Agriculture and Irrigation.** The *Environment and Protected Areas Annual Report 2022-23* reflects the 2022-25 ministry business plans, the *Government of Alberta 2022-25 Strategic Plan*, as well as the ministry's activities and accomplishments during the 2022-23 fiscal year, which ended on March 31, 2023.

The *Government of Alberta 2022-23 Annual Report* contains Budget 2022 Key Results, the audited Consolidated Financial Statements and Performance Results, which compares actual performance results to desired results set out in the government's strategic plan.

This annual report of the Ministry of Environment and Protected Areas contains the Minister's Accountability Statement, the ministry's Financial Information and Results Analysis, a comparison of actual performance results to desired results set out in the ministry business plans. This ministry annual report also includes:

- the financial statements of entities making up the ministry including the regulated funds, and the provincial agencies for which the minister is responsible as of March 31, 2023;
- other financial information as required by the *Financial Administration Act* and *Fiscal Planning and Transparency Act*, as separate reports, to the extent that the ministry has anything to report; and
- financial information relating to trust funds.

All ministry annual reports should be considered along with the Government of Alberta Annual Report to provide a complete overview of government's commitment to openness, accountability and fiscal transparency.

## Minister's Accountability Statement

The ministry's annual report for the year ended March 31, 2023, 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 28, 2023 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

Original signed by Honourable Rebecca Schulz  
Minister of Environment and Protected Areas

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## Message from the Minister



As the new Minister for Environment and Protected Areas in Alberta, I am honoured to head a department dedicated to preserving the province's air, land, water and biodiversity resources. Alberta has paved the way on climate and emissions policy for more than two decades, and I am pleased to support the continued sustainable development of natural resources through a practical and proven approach that balances energy security, reliability, affordability and emissions reduction.

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

I look forward to working with our public servants, businesses, experts in environmental fields and Indigenous communities to ensure our province remains a world leader in conserving our valuable environmental assets for generations to come. Our approach will balance the needs of Albertans, always focused on protecting the ecosystems and landscapes that define so much of our province's character.

Our government is committed to responsible planning, strong climate and energy policy and a sensible and results-based approach to tackling important environmental issues. We'll maintain our province's status as an environmental leader and ensure the province's emissions are managed through innovative and effective programming.

Though we are early in our mandate, we have an ambitious approach to many of the issues noted in the attached report. I look forward to implementing positive changes that build on our success stories and learn from past mistakes to create the best conditions for our environment and our economy to thrive – to the benefit of all Albertans.

Original signed by Honourable Rebecca Schulz  
Minister of Environment and Protected Areas

## Management's Responsibility for Reporting

The Ministry of Environment and Protected Areas includes the Department of Environment and Protected Areas and other reporting entities listed in the Ministry Overview section of this report.

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

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

Responsibility for the integrity and objectivity of the accompanying ministry financial information and performance results for the ministry rests with the Minister of Environment and Protected Areas. Under the direction of the Minister, I oversee the preparation of the ministry's annual report, which includes the financial information, performance results on all objectives and initiatives identified in the ministry business plan, and performance results for all ministry-supported commitments that were included in the *2022-25 Government of Alberta Strategic Plan*. The financial information and performance results, out of necessity, include amounts that are based on estimates and judgments. The financial information is prepared using the government's stated accounting policies, which are based on Canadian public sector accounting standards. The performance measures are prepared in accordance with the following criteria:

- Reliable – information used in applying performance measure methodologies agrees with the underlying source data for the current and prior years' results.
- Understandable – the performance measure methodologies and results are presented clearly.
- Comparable – the methodologies for performance measure preparation are applied consistently for the current and prior years' results.
- Complete – outcomes, performance measures and related targets match those included in the ministry's *Budget 2022*.

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

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- provide information to manage and report on performance;
- safeguard the assets and properties of the province under ministry administration;



- provide Executive Council, the President of Treasury Board and Minister of Finance, and the Minister of Environment and Protected Areas 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, I have relied, as necessary, on the executives of the individual entities within the ministry.

Original signed by Tom Davis acting for  
Deputy Minister Kasha Piquette  
Deputy Minister of Environment and Protected Areas  
June 28, 2023

## Results Analysis

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## Ministry Overview

The Ministry of Environment and Protected Areas works to protect and enhance the environment and ecosystems throughout the province. Alberta, as a leader in environmental conservation and protection, works to secure a sustainable future including economic prosperity and quality of life for Albertans.

The ministry delivers a balanced made-in-Alberta approach for provincial Crown land that meets the needs of communities, Indigenous Peoples, and job creators without compromising conservation values. The Alberta Crown Land Vision outlines the ministry's approach for the continued conservation of Crown land and biodiversity to ensure land uses are sustainable into the future. Environment and ecosystem health and integrity are a foundation for a healthy economy and communities, and the safety and well-being of Albertans. Achieving this requires the ministry to leverage effective consultation, engagement, collaboration, and partnerships to implement the Alberta Crown Land Vision, regional and sub-regional land use plans, and environmental management frameworks, as well as complementary strategies to support the protection and recovery of species at risk, the wise and sustainable use of fish and wildlife, and habitat conservation.

Through a collaborative approach to environmental stewardship, the ministry provides direction and regulates access, allocation and use of natural resources through planning, policy, and regulatory assurance. The ministry administers several grant programs that provide funding to our partners and support the economy by creating jobs to achieve the outcomes important to Albertans.

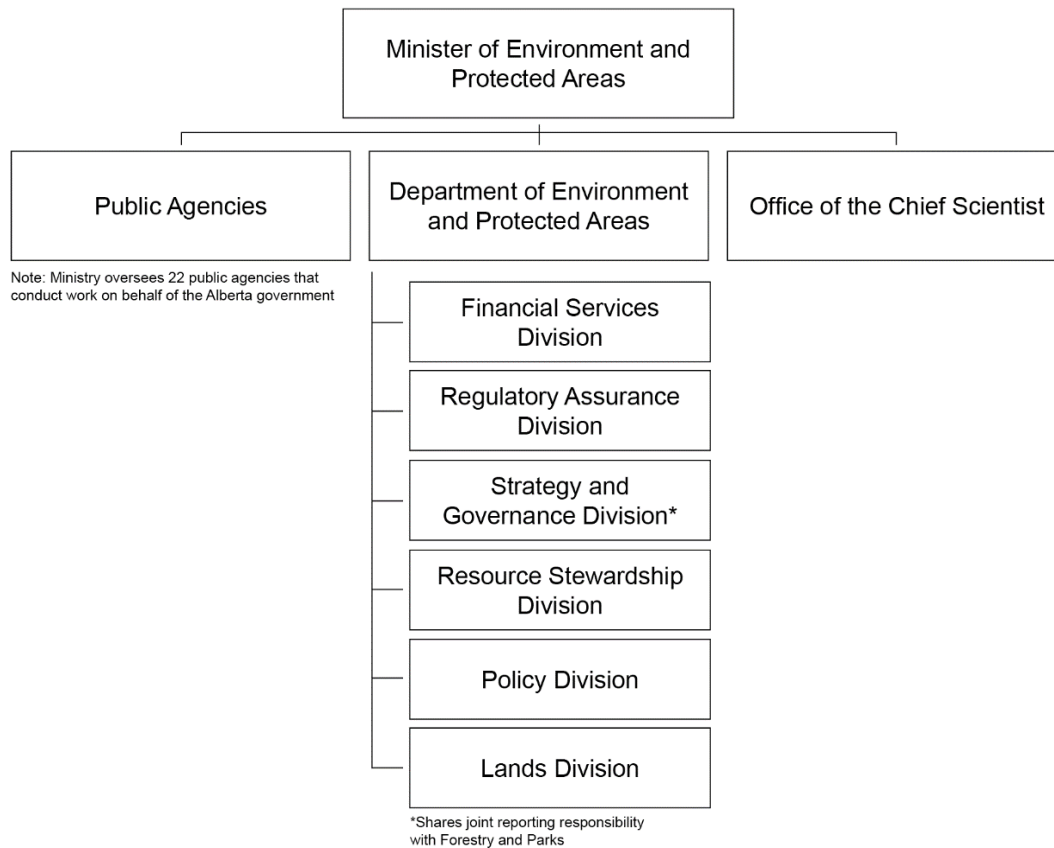
Under its continued leadership, the ministry delivers the Technology Innovation and Emissions Reduction Fund, and provides certainty and stability for investment into large emission reducing projects while maintaining industry competitiveness. The ministry is home to the Land Use Secretariat and the Integrated Resource Management Secretariat responsible for cross-ministry integration and collaboration in policy coordination, resource management, and delivery of the land use framework.

The Office of the Chief Scientist provides Albertans and the ministry with expert environmental science knowledge, research, and advice to address the complex environmental challenges and opportunities facing Alberta and reports on the condition of Alberta's environment.

The Ministry of Environment and Protected Areas remains committed to regulatory approaches and program delivery that reduce unnecessary government oversight and emphasizes outcomes to improve access to government services, attract investment, support innovation and competitiveness, and grow Alberta businesses.

On October 24, 2022, the government announced new ministry structures. As a result all of the Key Objectives, related Supporting Initiatives and Performance Measures from the [2022-25 Environment and Parks Business Plan](#) became the reporting responsibility of the Ministry of Environment and Protected Areas.

## Organizational Structure as of March 31, 2023



Information provided in this annual report aligns with the Government of Alberta 2022-23 strategic direction. This annual report highlights results achieved from delivery of key strategies and performance measurement, how they contributed to achieving outcomes described in the [Environment and Parks Business Plan 2022-25](#) and key factors that influenced those results.

Results described considered identification and potential impact of risks facing the organization and their ongoing management through risk management activities. Department operations also include:

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

## Operational Overview

### Department of Environment and Protected Areas

The department represents the interests of Albertans in delivering a balanced and results-based approach to stewardship of Alberta's environment, while enabling sustainable resource development that supports public and economic well-being. The department strives for operational excellence, as well as developing and implementing effective environmental policies and programs.

### Office of the Chief Scientist

The Office of the Chief Scientist (OCS) communicates environmental science information to Albertans and government and provides scientific oversight for the Alberta Environmental Science Program using a multiple evidence-based approach. The OCS provides scientific advice to address complex environmental challenges and opportunities facing the province and the government.

### Financial Services Division

The division provides leadership in financial planning, manages financial reporting and systems, and supports the achievement of financial outcomes for the ministry.

### Lands Division

The division enables an integrated approach to crown land management including policy, planning and decision-making. The policy and planning work of the division considers the many values and uses of Crown land including conservation, ecosystem services, industrial development, exercise of treaty rights and traditional use, and recreational land use. Planning work includes watershed planning, sub-regional planning, regional planning, Indigenous cooperative management, policy work spans conservation, recreation, agricultural use and industrial use, reclamation and remediation, and liability management. The division also has responsibility for delivery of programs. The division work requires engagement and collaboration across government and with Indigenous communities, local communities and industry stakeholders.

### Policy Division

The division is responsible for the integration of the ministry's policy agenda and legislative, cabinet and policy systems coordination including a lead role in air, climate, water and waste policy, and a strategic coordinating role in lands, and fish and wildlife policy. The division is instrumental in modernizing legislation and regulations, developing and implementing policy frameworks. The division serves as the Integrated Resource Management System Secretariat and the Land-use Secretariat to enable cross-ministry coordination for responsible natural resource management in Alberta, and implementation of the Land-use Framework, including statutory land use planning.

### Regulatory Assurance Division

The division ensures the regulatory framework and regulatory decision-making processes deliver policy outcomes through innovation, modernization, and systems transformation. The division also prepares departmental response and coordination in the event of environmental emergencies and leads coordination of the department's overall efforts for red tape reduction.

### Resource Stewardship Division

The division leads the department's approach to resource stewardship including advancing partnerships related to fish and wildlife management, data collection and management, citizen science and community-based monitoring, and the overall oil sands monitoring program.

### Strategy and Governance

The division provides integrated, coordinated and results-based business support services for key transformation initiatives, evaluation, continuous improvement, risk management and business continuity. The division is also responsible for delivering intergovernmental, Indigenous and community engagement and education activities, and providing oversight of external agencies and partnerships. The division also provides client services for various operational responsibilities and provides services to Ministry of Forestry, Parks and Tourism.

## Public Agencies

Public Agencies are arm's length entities that are linked to ministries based on their mandate and are accountable to the responsible minister(s). The Ministry of Environment and Protected Areas provides oversight of 22 public agencies that are classified as advisory, regulatory/adjudicative, and service delivery.

The Ministry of Environment and Protected Areas shares a common responsibility with the:

- Ministry of Forestry, Parks and Tourism for eight public agencies listed in this section (\*);
- Ministry of Energy for the Alberta Energy Regulator (\*\*); and
- Ministry of Agriculture and Irrigation for the Natural Resources Conservation Board (\*\*).

## Service Delivery

### Alberta Conservation Association\*

Alberta Conservation Association (ACA) encourages all Albertans to enjoy the outdoors. Members of the Association study the wildlife, fish and plants that live in Alberta to find ways to help them flourish. A key aspect of the Association is sharing its learnings about fish, wildlife, and habitat with the public. ACA also provides funding and has awarded over \$16.7 million dollars through grants.

### Alberta Professional Outfitters Society\*

The Alberta Professional Outfitters Society is responsible for qualifying the province's guides and outfitters, the distribution, transfer, and leasing of game allocations and waterfowl privileges provided by the department, sale of licenses and permits for guide-outfitting activities, and discipline.

### Climate Change and Emissions Management Corporation

The Climate Change and Emissions Management Corporation operates as Emissions Reduction Alberta (ERA). ERA invests in a diverse portfolio of technologies that will reduce greenhouse gas (GHG) emissions and we're helping innovators address barriers to commercialization. The Board of Directors provides governance and strategic direction to ERA. To date, ERA has provided \$884 million in funding across 246 projects.

## Regulatory/Adjudicative

### Alberta Energy Regulator\*\*

The Alberta Energy Regulator ensures the safe, efficient, orderly, and environmentally responsible development of hydrocarbon resources over their entire life cycle. This includes allocating and conserving water resources, managing public lands, and protecting the environment while providing economic benefits for all Albertans.

### Alberta Recycling Management Authority

The Alberta Recycling Management Authority (ARMA) manages the provincially regulated recycling programs for scrap tires, waste electronics, waste paint and paint containers, and used oil materials. Since 1992, ARMA has secured valuable relationships with a multistakeholder board, four industry councils, over 5,300 registered suppliers and producers, and 27 recyclers. ARMA is also designated as the management board for administration and oversight of Alberta's extended producer responsibility systems for single-use products, packaging and paper products, and hazardous and special products.

### Beverage Container Management Board

The Beverage Container Management Board is a not-for-profit organization incorporated under the *Societies Act of Alberta*. It leads the development of policy and programs that enable the recycling of beverage containers in Alberta. The Board works with stakeholders such as the Alberta bottle depots, the Alberta Beverage Container Recycling Corporation, and Brewers Distributors Ltd. to ensure the collection and processing of used beverage containers.

### **Environmental Appeals Board**

The Board hears appeals relating to administrative decisions regarding environmental approvals, water licenses, enforcement orders, reclamation/remediation certificates, preliminary certificates, administrative penalties, and environmental protection orders. The Board generally makes recommendations to the Minister for final decision and has final decision on matters related to requests for confidentiality, administrative penalties, preliminary motions, and cost.

### **Natural Resources Conservation (NRC) Board\*\*\***

The Board provides Albertans with a mechanism to address concerns and grievances related to the forestry industry, non-energy mining, recreational and water management development proposals. The Board is also responsible for the review, approval, monitoring and enforcement of confined feeding operations.

### **Public Lands Appeal Board\***

The Public Lands Appeal Board 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.

### **Advisory**

#### **Birch Mountains Wildland Provincial Park Cooperative Management Board\***

#### **Birch River Wildland Provincial Park Cooperative Management Board\***

#### **Dillon Wildland Provincial Park Cooperative Management Board\***

#### **Kazan Wildland Provincial Park Cooperative Management Board\***

#### **Richardson Wildland Provincial Park Cooperative Management Board\***

The Boards were established to provide recommendations to the Minister on matters related to the development of a park-specific management plan and implementation oversight. In addition to the government appointed positions, there are an additional twenty-three members and their alternates, representing many Indigenous communities.

### **Caribou Sub-Regional Council**

The Council provides recommendations to the Minister based upon local knowledge and expertise for sub-regional planning areas encompassing one or more of Alberta's 15 caribou ranges. Recommendations address caribou priorities, including achieving and maintaining naturally self-sustaining caribou populations, and consideration for multi-species conservation, economic opportunities, recreational pursuits, other societal interests, and the impact on the exercise of Treaty rights and traditional uses.

### **Endangered Species Conservation Committee**

The Endangered Species Conservation Committee brings together scientific expertise and the knowledge of people who own, manage, or use the land on which wild species depend, to effectively plan for the management of species at risk. The main role of the Committee is to advise the Minister on matters related to the identification, conservation and recovery of species at risk in Alberta.

### **Indigenous Wisdom Advisory Panel**

The Panel provides advice to the Chief Scientist and the Minister and is dedicated to ensuring that Indigenous knowledge systems, languages, oral traditions, understandings, natural laws and cultures are represented and respected equitably within the Alberta Environmental Science Program.

### **Mackenzie River Basin Board**

The Board is an interjurisdictional third-party board. The Board's role is to administer the Mackenzie River Basin Transboundary Waters Master Agreement. The agreement relates to water quantity and quality sharing among Alberta, Saskatchewan, British Columbia, Yukon and Northwest Territories for waterbodies that cross provincial and/or territorial borders.

### **Prairie Provinces Water Board**

As an interjurisdictional third-party board, the Board's role is to administer the Master Agreement on Apportionment. This relates to water quantity and quality sharing among Alberta, Saskatchewan, and Manitoba for waterbodies that cross provincial and/or territorial borders.

### **Ronald Lake Bison Herd Cooperative Management Board**

The Board advises the Minister on matters related to the long-term sustainability of the Ronald Lake Bison Herd, including sustainability of Indigenous traditional use of and cultural connection to the herd. In developing its recommendations, the Board shall consider both Indigenous knowledge and western science.

### **Science Advisory Panel**

The Panel reviews the scientific quality and relevance of the Alberta Environmental Science Program, including its related monitoring and research programs, to assess the scientific integrity of the program and comment publicly when considered necessary. The Panel also provides independent scientific advice on environmental issues and opportunities to the Chief Scientist and the Minister.

### **Water and Wastewater Operator Certification Advisory Committee**

The Committee meets to make recommendations on certification program policy, applications for certification, facility classifications, applications for certification renewal, certification examinations, evaluation of specific training/education with respect to the Certification Program, experience and education relevance, and determination of Certification Program fees.



## Key Highlights

The following represents Environment and Protected Area's significant achievements for 2022-2023 including progress toward commitments in the [2022-2025 Government of Alberta Strategic Plan](#).

- Amended the TIER regulatory system providing ongoing and longer-term certainty to industry, continuing to protect competitiveness, and making continuous improvements to drive emission reduction in Alberta. For the 2022 year, the system serialized over 6.4 million tonnes, which were registered as emission offsets and 35 new projects were initiated.
- Released Alberta's second annual [upstream oil and gas methane progress report](#) for the 2021 reporting year, demonstrating Alberta's significant progress on methane emission reductions, achieving a 44 per cent reduction from 2014 levels in 2021.
- Government invested \$201.3 million in 2022-23 to support a range of investments in emissions reductions technology and climate resiliency programming including:
  - Emissions Reduction Alberta was granted \$75 million from the TIER Fund and \$27 million from the federal Low Carbon Economy Leadership Fund (LCELF) to support programs.
  - Municipal Climate Change Action Centre was granted \$5 million from the TIER Fund to help Alberta municipalities and communities reduce greenhouse gas emissions.
  - International CCS Knowledge Centre was granted \$3 million from the TIER Fund to support the establishment and operations of a new carbon capture utilization and storage knowledge-sharing platform to enable knowledge sharing between projects receiving public funding and share expertise in Alberta, Canada and internationally.
- Further reduced the ministry's regulatory requirements to 27.5 per cent (37,728 counts) without compromising environmental standards. 107 red tape reduction initiatives are now complete.
- Approved the Cold Lake Sub-regional Plan and the Bistcho Lake Sub-regional Plan.
- Approved new surface water quality management frameworks for the North Saskatchewan Region and Upper Athabasca Region.
- Released the South Saskatchewan Regional Plan and Lower Athabasca Regional Plan progress reports for 2017–2021.
- The Land Use Secretariat, on behalf of the government, launched a 10-year review of the Lower Athabasca Regional Plan to assess ongoing relevance and effectiveness in accordance with requirements of the [Alberta Land Stewardship Act](#).
- The new [Extended Producer Responsibility Regulation](#) came into force ensuring producers take responsibility at end-of-life for the products and packaging they put on the market.
- Under the Renewable Energy Risk Framework, developed a fish and wildlife risk assessment tool to evaluate wind and solar project applications enhancing the ability to forecast project ranking resulting in clarity and transparency to industry.
- Alberta waters remained free of invasive mussels due to prevention efforts through partnerships with internal and external partners conducting water sampling, substrate, and shoreline inspections.

## Discussion and Analysis of Results

### Actions that support the priorities of the *2022-25 Government of Alberta Strategic Plan*

#### Key Priority One

Enhancing government services now and for the future

##### **Objective 5 Ensuring Alberta's environment and ecosystems support Albertans' well-being**

**Action 1** Supporting environmental resource stewardship through proactive public and stakeholder engagement and targeted strategies and frameworks including Alberta's Clean Air Strategy, government's commitment to wise management of air quality, and the Water for Life Strategy, which ensures a safe and secure drinking water supply, healthy aquatic ecosystems and reliable, quality water supplies for a sustainable economy.

Detailed reporting on Environment and Protected Areas actions is found in [Key Objective 1.2](#) on page 22 of this report.

##### **Objective 5 Ensuring Alberta's environment and ecosystems support Albertans' well-being**

**Action 2** Continuing to enhance Alberta's approach to climate change mitigation and adaptation including through the Technology Innovation and Emissions Reduction system.

Detailed reporting on Environment and Protected Area actions is found in [Key Objective 2.2](#) on page 27 of this report.

##### **Objective 5 Ensuring Alberta's environment and ecosystems support Albertans' well-being**

**Action 3** Using an Environmental, Social and Governance approach and partnerships to deliver effective ambient environmental condition monitoring, evaluation and reporting to support resource stewardship, including through the new Surface Water Quality Management Frameworks which monitor and manage long-term, cumulative changes in water quality in the North Saskatchewan, Battle and Upper Athabasca rivers.

Detailed reporting on Environment and Protected Area actions is found in [Key Objective 2.2](#) on page 27 and [Key Objective 2.4](#) on page 30 of this report.

#### Key Priority Two

Growing Alberta's Economy

##### **Objective 3: Reducing Red Tape**

**Action 7:** Increasing the effectiveness of Alberta's environmental approval and compliance processes while reducing administrative, regulatory and process burdens through ongoing development and implementation of an integrated regulatory assurance framework.

Detailed reporting on Environment and Protected Area actions is found in the **Red Tape Reduction** on page 17, [Key Objective 2.1](#) on page 26, and [Key Objective 2.5](#) on page 30 of this report.

## Targeted Reporting

### Red Tape Reduction

The Ministry of Environment and Protected Areas remains committed to regulatory approaches and program delivery that reduces unnecessary government oversight and emphasizes outcomes, in order to improve access to government services, attract investment, support innovation and competitiveness, and grow Alberta businesses.

In 2022-23, Environment and Protected Areas continued to review program forms, services and policies on an ongoing basis to identify administrative reductions that will make the ministry more effective and efficient while ensuring effective regulatory oversight over vital consumer, environmental, health and safety protections and fiscal accountability. The ministry has seen success in reducing administrative burdens, and while this does not always count towards reducing government's counted regulatory requirements, it has been an important component of the ministry's efforts.

The ministry has made it more efficient for Albertans, industry and municipalities to conduct common, low-risk activities such as restoring a wetland, constructing or maintaining a transmission line, or placing a dock at the lake for the summer. At the end of 2022-23, EPA reduced its regulatory requirements by 27.5 per cent (37,728 counts) without compromising environmental and human health standards. The red tape reduction work includes completion of 107 initiatives since 2019-2020, 18 of which were completed in 2022-23. Another 27 initiatives are in progress, with most of them anticipated for completion in 2023-24.

### Strategic Projects and Key Initiatives

- **Regulatory Transformation:** EPA has transformed its regulatory system to address application backlogs, increase efficiency and transparency, and enable clear, expedient decision-making that supports environmental protection and sustainable development. The new Digital Regulatory Assurance System has been the technological backbone of this transformation.
- Following the launch of DRAS in June 2021, the average timeline to issue a decision on a *Water Act* application decreased by 97 days from submission, or approximately 51 per cent (from an average of 189 days to 92 days). The Crown Land Reservation Data Layer contains about 15,000 Crown Land Reservations.
- **Align First Nation Consultation Processes:** EPA established a Memorandum of Understanding with the Aboriginal Consultation Office to clarify roles and responsibilities and streamline processes on consultation with First Nations for natural resource development. Implementation will take place incrementally and is anticipated to result in cost savings of up to \$2 million per year.
- **Public Land Sale Policy Consolidation:** Public land sale policy was consolidated to ensure direction is housed in one document, eliminating duplication, improving policy clarity for public land sales, and improving transparency.
- **Survey and Mapping Project Alternative Technology – Phase 2:** Public Lands Administration Regulation Tables A1 and A2 were updated to replace requirements for surveyed boundary plans with less costly sketch plans for many dispositions.
- **Updated Exploration Directive used to regulate seismic exploration activity:** Updates included reduced tag requirements for non-explosive programs, move to an outcomes-based product listing, updated setback distances in response to advances in technology to provide an option of reduced setbacks from some structures with consent, and clarified application and security deposit requirements. A reduction of 61 operational, technical, and administrative requirements were achieved through amendments to the directive, without compromising environmental protection.

For more information on Environment and Protected Areas initiatives, please refer to the results analysis for [Key Objective 1.1](#) and [Key Objective 2.1](#) on pages 18 and 26 of this report.

## COVID-19/Recovery Plan

As part of Alberta's recovery plan, the ministry made significant investments in programs and strategies. Implementation of Alberta's TIER Economic Stimulus programming continued in 2022-23, with \$27 million expensed as reimbursable funds under the federal LCELF.

This is part of up to \$306 million that was announced since 2020-21 from TIER and federal LCELF funds to support COVID-19 recovery programs delivered by ERA. These programs are implemented over multiple years to help unlock the development and deployment of technologies to stimulate the economy and lower emissions. Alberta's contributions from TIER are provided upfront to ERA while the federal LCELF contributions are tracked as a department expense and reimbursement (revenue) on an annual basis. The following ERA programs supported through this funding continued implementation in 2022-23:

- Shovel Ready Challenge supporting leading-edge technologies at large industrial facilities.
- Energy Savings for Business Program helping Alberta's small and medium-sized facilities benefit from industrial and commercial projects that can be installed quickly to cut emissions and support jobs.
  - As of February 2023, more than 1,800 projects have been supported through the Energy Savings for Business Portfolio.
  - These projects are estimated to support more than 1,100 jobs in the province and reduce 3 Mt of lifetime emissions.
- Partnership Intake Program creating opportunities for new technologies and emissions reduction projects such as energy efficiency, hydrogen, geothermal, natural gas and nature-based solutions.

## 2022-25 Environment and Parks Business Plan

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

#### Key Objectives

#### 1.1 Effectively balance environmental, economic and social concerns through Crown land management modernization, integrated policy development and collaborative and integrated regional, sub-regional environmental and parks management planning

##### Supporting Initiatives

- \$15.7 million allocated for caribou recovery planning and actions in 2022-23
- \$9.8 million is allocated to land-use planning and stewardship tools in 2022-23

Land-use plans are being developed and implemented to support a cumulative effects management approach by setting and integrating economic, environmental and social outcomes, and by managing new and existing land activities to achieve these outcomes. Environmental management frameworks establish threshold values, and provide for monitoring and reporting and as needed, require management responses to ensure regional environmental outcomes are achieved. Overall land-use planning supports coordinated and efficient land use by identifying environmental, social and economic outcomes and approaches for meeting the outcomes while improving efficiency and transparency in regulatory processes. Examples of this work are listed below.

#### Caribou Recovery and Sub-Regional Planning

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

Three Caribou Sub-regional task forces, Northeast, Northwest and West Central, support six planning areas and provide recommendations to inform the development of sub-regional plans.

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

Progress continued on Cold Lake, Bistcho Lake, and Upper Smoky sub-regional plans.

- The sub-regional plans for Bistcho Lake and Cold Lake were completed and publicly released in April 2022. Implementation is underway.
- Detailed assessments were also completed for the Bistcho Lake and Cold Lake sub-regions and the corresponding sub-regional plans were completed and publicly released in April 2022 with regulatory implementation ongoing.
- Following the Upper Smoky task force recommendations received by government in fall 2021, drafting of the Upper Smoky sub-regional plan is ongoing.

The Wandering River and Berland Task Forces, which were already established, and the Chinchaga Task Force established summer 2022 are providing recommendations to address caribou conservation for the East-Side Athabasca, Little Smoky/À la Piche, and Chinchaga caribou ranges, respectively.

- The Wandering River task force provided recommendations to government in July 2022.
- The Berland and Chinchaga task forces are expected to provide recommendation reports in 2023-24.
- Interested First Nations communities have received approximately \$24,000 each in capacity funding to support their participation in the Wandering River, Chinchaga and Berland sub-regional planning processes.

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

The Government of Alberta and 23 Indigenous communities in northeast Alberta continued working on the cooperative management planning initiative launched in 2022. The initiative to develop management plans for five northeast wildland parks: Birch River, Birch Mountains, Kazan, Richardson, and Dillon River. Indigenous communities each received \$46,000 in grant funding to support their participation in the initiative. The Terms of Reference is nearing completion in March 2024.

### **Lower Athabasca and South Saskatchewan**

Frameworks for the [Lower Athabasca](#) and [South Saskatchewan regions](#) continue to be implemented in 2022-23. Status reporting for air quality and [surface water quality management frameworks](#) were completed along with reporting on the surface water quantity management framework for the Lower Athabasca Region.

In December 2022, the ministry approved new surface water quality management frameworks for the [North Saskatchewan Region](#) and [Upper Athabasca Region](#). These frameworks were initiated ahead of regional plans to allow for additional protections of water quality in the eastern slopes and enhance surface water quality management more broadly in these regions. Implementation and status reporting will begin in 2023-2024.

### **Designated Industrial Zone**

Advice provided to the Government of Alberta for the [North Saskatchewan Region](#) about planning for industrial clustering indicated stakeholders were supported in effective land management through initiatives such as the Edmonton Metropolitan Region Growth Plan and piloting a designated industrial zone (DIZ) in Alberta's Industrial Heartland (IH). The IH-DIZ pilot includes enhanced regulatory performance, environmental outcomes, and cluster infrastructure.

Through a multi-stakeholder approach the department worked with partner organizations, including the Capital Region Oversight Advisory Committee, Red Deer Air Advisory Committee, and the Industrial Heartland Capital Region Water Management Advisory Committee to facilitate implementation of place-based initiatives with the overarching goal to advance environmental outcomes within the North Saskatchewan Region. See [Key Objective 2.1](#) on page 26 of this report for related results on the IH-DIZ.

### Lower Athabasca Region

The Alberta's government remains committed to implementation of the [Lower Athabasca Regional Plan](#) by working together with stakeholders and Indigenous Peoples. The plan includes environmental management frameworks for air, surface water quality, surface water quantity, groundwater and tailings management. It also commits to developing a biodiversity management framework. These frameworks help manage the long-term cumulative effects of development and activities on the regional environment. The following actions were completed:

- Continued to advance sub-regional planning including recreation management areas and caribou range areas, reflecting the principles of working landscapes with multiple uses and resource values (e.g., habitat conservation and restoration, access management, energy, forest harvest, etc.).
- Continued to promote outdoor recreation and tourism development including development of the Lakeland Country Destination Development Strategy and Tourism Opportunity Plan, and implementation of outcomes and actions identified in the current Regional Municipality of Wood Buffalo, Lac La Biche County and the Municipal District of Bonnyville's tourism strategies and destination development plans.
- Continued to support implementation of the [Wood Buffalo National Park World Heritage Action Plan](#).

Work continues under the [Moose Lake Access Management Plan](#) with Indigenous peoples and stakeholders. This work directs land use resource development for industry and regulators for the 10-kilometre Moose Lake planning area. Actions support achievement of three outcomes: ecological integrity; exercise of Section 35 rights and traditional land uses; and well-managed development of resources.

- Work to restore legacy seismic disturbance in the planning area is underway.
- Work to establish a Technical Advisory Committee and the development of a groundwater/surface water model is underway with Indigenous communities and resource development stakeholders. Ongoing restoration efforts will reduce habitat fragmentation and support traditional use and ecosystem outcomes.

### South Saskatchewan Region

The South Saskatchewan Region environmental management frameworks remain a focus for 2022-2023, as well as the [Livingstone-Porcupine Hills Land Footprint Management Plan](#) and the [Livingstone Porcupine Hills Recreation Management Plan](#). These plans provide direction for the use and enjoyment for recreationalists while managing the cumulative effects of industrial activities. This includes managing motorized access of all activities to maintain biodiversity and watershed integrity outcomes.

Non-motorized trails on public lands have been designated under the *Trails Act*, and the ministry is advancing some of the key recommendations from the work of the Castle-Livingstone-Porcupine Hills Recreation Advisory Group, such as:

- a motorized Porcupine Hills hunting pilot;
- assessing the existing motorized trails in the north Castle; and
- development of a mountain bike trail master plan in the Crowsnest Pass.

The ministry initiated and continued to work on the development of a land use plan for the [Springbank Off-Stream Reservoir Project](#). This included setting up advisory committees to include First Nations, Metis groups, stakeholders, municipalities and local landowners in the process to develop a plan. Flood mitigation will be the primary use of the reservoir lands, followed by First Nation access for the exercise of Treaty rights and traditional uses. The land use plan will also provide direction for other compatible activities when the reservoir is not being used for flood mitigation purposes such as non-motorized recreation and livestock grazing.

Following a 2021-22 commitment of \$100,000, an additional commitment of \$205,000 in 2022-23 was made for capacity funding to ensure Treaty 6 and Treaty 7 First Nations are able to participate



in the planning process and to ensure the exercise of Treaty rights and traditional uses are supported.

### Land Use Reservation Program

A Land Use Reservation is issued under the *Public Lands Act* as a record that identifies and provides notice of a specified management intent supported by Government of Alberta policy that applies to a parcel of public land. Land use reservations have been issued under the *Public Lands Act* for over 65 years, and are an important tool used to convey policy and program interests on public land. There was a need to modernize land use reservation policy, program and information system to address the variety of interests of regulators and land-users to support the sustainable, long-term use of Alberta's public lands. As public lands are a complex landscape, multiple users, partner ministries and regulators rely on reservation information derived from policy and program mandates as part of land use allocation and management systems on 60 per cent of the province's land base.

As the ministry undertakes significant regulatory transformation in releasing modernized environmental regulatory systems, the ministry partnered with Forestry, Parks and Tourism to enhance the [Land Use Reservation Program](#). The project clarified policy guidance and reduced the variety of land use reservations to support economic development activity and maintain environmental management expectations. The launch of the modernized Land Use Reservation Program, now a responsibility of Forestry, Parks and Tourism, has been one of the first successful data transformations in support of regulatory transformation, by its ability to effectively translate a variety of integrated resource policy objectives to regulators and applicants on public land.

### Crown Land Administration Improvements

Through Bill 21, the [Red Tape Reduction Statutes Amendment Act, 2022](#), the Alberta government made changes to the *Provincial Parks Act* and *Public Lands Act* to authorize department officials to put directives in place to provide for local and regional needs, as well as seasonal or emerging issues. Bill 21 amended the *Public Lands Act* and *Provincial Parks Act* to adopt or incorporate legally enforceable standards, directives, practices, codes, guidelines, objectives or other rules that are relating to the management of activities on Crown land.

Amendments to the Provincial Parks (General) Regulation (PPGR) and Public Lands Administration Regulation enable management of activities on Crown land. The PPGR was amended to place operational and administrative details related to activities in Provincial Parks, Wildland Provincial Parks and Provincial Recreation Areas, from the PPGR Directive incorporated by reference into this regulation.

The Directive provides clarity on animal control and some aspects of hunting within provincial parks, wildland provincial parks and provincial recreation areas where hunting is already permitted. The Public Lands Administration Regulation was amended to remove duplication and use consistent language to provide clarity of requirements.

This work implements the Alberta Crown Land Vision providing a land-use system that is clear and understandable. These changes support a more outcomes-focused and placed based approach to Crown land management by enabling more efficient and flexible ways to support management of activities on Crown land, while maintaining environmental oversight and reducing red tape. The changes reduce descriptive regulatory requirement, avoids a one size fits all approach, reduces administrative burden and provides clarity to Albertans on access requirements to Crown lands.

## **1.2 Support environmental resource stewardship through proactive public and stakeholder engagement and targeted strategies and frameworks including Alberta's Clean Air Strategy, Water for Life Strategy, efficient regulated waste and recycling programs plus supporting a natural gas strategy**

### **Land Use Secretariat Initiatives**

The Land Use Secretariat, in collaboration with government-wide partners, focused their efforts on the Land-use Framework and the Lower Athabasca and South Saskatchewan Regional Plans. In fall 2022, the South Saskatchewan Regional Plan and Lower Athabasca Regional Plan released their progress reports for 2017–2021. An online portal for Land Use Framework indicator reporting was launched.

In August 2022, the Land Use Secretariat, on behalf of the government, launched a 10-year review of the Lower Athabasca Regional Plan to assess ongoing relevance and effectiveness in accordance with requirements of the [Alberta Land Stewardship Act](#). The review process is seeking feedback from Albertans, Indigenous communities, municipal governments, industry, non-governmental organizations, and others to assist in determining the ongoing relevancy and effectiveness to support the long-term vision for economic, social, and environmental needs in the region.

### **New Extended Producer Responsibility Regulation and Framework**

In November 2022, the new [Extended Producer Responsibility Regulation](#) (EPR Regulation) came into force. The new regulatory framework ensures producers take responsibility at end-of-life for the products and packaging they put on the market. The burden of recycling programs is shifted from municipalities to industry, creating cost savings for municipalities and municipal taxpayers. The regulation established the framework for Alberta's first two priority extended producer responsibility systems: single-use plastics, packaging and paper products, and hazardous and special products.

Advancing a plastics circular economy is one key growth area identified in Alberta's Natural Gas Vision and Strategy. The EPR Regulation helps Alberta advance a plastics circular economy by growing markets and attracting investment in plastics recycling. Materials in a circular economy are reused, recycled, and remanufactured, so the full value of material is retained across multiple lifecycles. The EPR Regulation supports a circular economy by encouraging industry to be innovative in the packaging and products they create to make them more recyclable and durable.

### **International Conference Participation in Support of Environmental Resource Stewardship**

Participation in both Conference of Parties 27 (COP27) and Conference of Parties 15 (COP15) supported a path forward on ensuring Alberta's narrative is comprehensive on the climate and nature fronts. The Minister of Environment and Protected Areas led a mission to Egypt for the COP27 in November 2022 and to Montreal for COP15 in December 2022.

The objective of participation in COP27 was to highlight Alberta's climate and energy policies that balance the environment and energy security, our global leadership on innovative technology like carbon capture, utilization and storage, our investments in hydrogen and critical and rare earth minerals, and key areas Alberta is delivering on such as lowering methane emissions in the oil and gas sector.

The objective of participating in COP15 was to develop an enhanced understanding of how the federal government is positioning Canada's efforts towards biodiversity loss and protecting nature. Participation at COP15 also provided an opportunity to hear firsthand efforts by other national governments, subnational governments, indigenous communities, non-governmental organizations, interest of business and the financial community in this area as well.

### **Water for Life Program**

Under the [Water for Life Program](#) municipalities can apply for funding for new regional water supply and treatment facilities, and wastewater treatment facilities. The program provides cost-shared funding to regional commissions or groups of two or more municipalities and consists of two funding streams: [Water for life – New regional water systems](#), and [Water for life – Existing regional water systems](#).



Regional water systems are a Water for Life initiative to provide safe and secure drinking water to citizens of Alberta. With ongoing department support for drinking water system regionalization and amalgamation, seven small systems were connected to regional supplies. Nine municipalities had [projects approved in 2022](#).

### **1.3 Using an Environmental, Social and Governance approach and partnerships deliver effective ambient environmental condition monitoring, evaluation and reporting to support resource stewardship**

#### **Supporting Initiative**

- \$72.9 million in combined operating and capital is allocated in 2022-23 for environmental science and monitoring, and provision of credible and objective information

Alberta is positioning itself to be a global Environmental, Social and Governance (ESG) leader for clean, secure and ethically sourced energy. EPA and the ESG Secretariat will use the Jurisdictional ESG Framework to map government's policies and programs that enable strong ESG performance across all ministries, industries and businesses and to communicate commitment to and ambition for ESG excellence.

#### **Alberta Environmental Monitoring System**

Work continues with the airshed organizations and other partners to implement "A five-year provincial air quality and deposition monitoring, evaluation and reporting plan (2021-2025)". Since its 2021's release, progress has been made towards improving Alberta's air monitoring system by testing and implementing low-cost air quality sensors to improve provincial coverage for air monitoring, especially in communities susceptible to wildfire smoke. The operation of Edmonton, St. Albert and Airdrie air monitoring stations were contracted, freeing up internal resources to continue expansion of the air monitoring network and allowing increasing audits of partner-operated air monitoring stations, while still providing timely and relevant air quality information to Albertans.

Provincial monitoring programs for rivers, lakes, groundwater, wetlands, and climate continue with focused studies and collaboration with academic partners on relevant research projects. Data and information from the monitoring programs are used in evaluation and reporting products to understand and communicate the condition of Alberta's water resources and any changes occurring. In 2022-23, reporting products included condition of surface water quality and quantity reports under regional environmental management frameworks, as well as numerous peer-reviewed journal publications.

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

The Oil Sands Monitoring Program (OSMP) is a collaborative process with more than fifty internal and external partnerships with industry, Indigenous communities, federal and provincial governments, academic institutions, environmental non-government organizations and various monitoring agencies. The program works with numerous Indigenous and Métis communities to expand community-based monitoring in the oil sands region. In 2022-23, \$49.1 million was provided to the OSMP to deliver ambient environmental monitoring within the oil sands region. This funding enhanced the understanding of the cumulative effects of oil sands management, implemented regional plan environmental management frameworks, and informed future regulatory decisions and plans. Over half of OSMP's 2022-23 budget was dedicated to external monitoring organizations to support its mandate. Since 2019-2020, Indigenous-led community-based monitoring has increased spending on average over \$5 million annually for stand-alone and integrated projects.

#### **Alberta Environmental Science Program**

Open and transparent reporting on the condition of Alberta's environment is integral to Alberta's Environmental Science Program, the science-based ambient environmental monitoring, evaluation, and reporting program. The Office of the Chief Scientist, responsible for reporting on the condition of Alberta's environment (Section 15.1[1] *Environmental Protection and Enhancement Act*) delivers

this program which provides the public with environmental indicators that convey trends in the condition of Alberta's air, water, climate, fish, wildlife, plants, land, and wetlands. Reporting in these areas provides condition of environment information to the public in a plain-language, easy-to-access format via the [Alberta's Environmental Science Program](#) website.

### **Scientific, Indigenous, and local knowledge rooted in multiple knowledge systems**

For environmental stewardship and land use decision making in Alberta, the best available knowledge rooted in multiple knowledge systems – scientific, Indigenous, and local is required. The ministry works collaboratively with Indigenous and local communities and their partners across Alberta to advance place-based environmental stewardship through community-based monitoring, knowledge co-production, and citizen science. Processes, tools, and partnerships are supported that enable ethically and culturally appropriate sharing and coproduction between diverse knowledge systems, improving the efficiency and quality of environmental data collection.

### **2022-23 Advancements to support Environmental Stewardship**

An evaluation of the Indigenous Climate Change Observation Network (ICCON) initiative continued. The initiative originally started in 2018 to enable Alberta's Indigenous knowledge holders and scientists to coproduce the best available knowledge of climate change. Evaluation activities and outputs will be used to assess how ICCON meets the Indigenous communities needs, including opportunities to improve program design and implementation.

An evaluation of the Indigenous Lake Monitoring Program (ILMP) was completed in 2022-23. Four First Nations – Bigstone Cree Nation, Whitefish Lake First Nation, Cold Lake First Nations, Dene Tha' First Nation – were directly involved in the ILMP pilot and evaluation process. An evaluation report was developed by external consultants in working with participating First Nations and ministry staff.

- This report informs opportunities for strengthening relationships, supporting Indigenous knowledge sharing and potential to engage on follow-up actions.
- Further work will continue to engage on these opportunities supporting Piikani Nation work to plan, develop, and implement a biocultural framework for Indigenous community-based monitoring, research, and stewardship through a three-year grant, 2022-2025.
- Piikani Traditional Knowledge Services identified biocultural design as an important holistic tool for bridging the gap between Indigenous and scientific knowledge systems.
- The framework will add value to existing programs and initiatives related to Indigenous Peoples and environmental stewardship in Alberta, particularly the role of Indigenous Knowledge in research, monitoring, and stewardship.

Guided by the Citizen Science Principles of Good Practice (2020), the Alberta Citizen Science Community of Practice hosted several virtual gatherings and initiated planning of an online Citizen Science Collaboration Hub. The Community of Practice is a collaborative effort led by a steering committee including members from the ministry (Resource Stewardship Division and Office of the Chief Scientist), the Alberta Lake Management Society, the Miistakis Institute, Nature Alberta, the Pigeon Lake Watershed Association, the Battle River Watershed Alliance and Inside Education.

## **1.4 Update environmental legislation, regulation, and processes to address current and emerging issues, considering red tape reduction while maintaining robust environmental standards and safety**

### **Regulation Amendments**

As part of a staged approach to implementing the *Mineral Resource Development Act*, six regulations were amended to enable the AER as the full life-cycle regulator for Alberta's brine-hosted mineral resources. The one-window approach for regulatory authority provides clarity and certainty for investors and industry, while ensuring the safe and responsible development of Alberta's brine-hosted mineral resources. Alberta's Minerals Strategy and Action Plan provides a roadmap for Alberta to meet growing demand for the metals and critical minerals essential for products that support a low carbon economy.

The ministry and the AER worked to support the Water Conservation Policy for Upstream Oil and Gas Implementation. This policy places a greater emphasis on using alternatives to high quality fresh water, such as industrial or municipal wastewater and alternative non-saline groundwater, to balance environmental net effect considerations. The AER issued an additional directive and released its manual for the *Water Act* applications, advancing policy implementation by clarifying application requirements and providing regulatory guidance to operators. Applicants must investigate the availability of alternatives prior to applying to develop a non saline water source, thereby reducing application requirements for licences and renewals under the *Water Act*.

### **Environmental Standards Investigations**

Two separate Imperial Oil incidents occurred at Imperial's Kearl Oil Sands Project site in the Athabasca Oil Sands Region of Alberta, approximately 45 kilometres northeast of Fort McKay. The AER has launched a formal investigation into these two incidents and the ministry remains in close contact with the AER, as they investigate for compliance and enforcement. The ministry's sampling team analyzed and communicated the water sampling results for the affected communities supplied by the Fort Chipewyan water treatment facility.

To bring government and community representatives together, the Fort Chipewyan Working Group was established. Its focus was to keep drinking water safe and secure, to provide a forum for a shared understanding of information and to ensure community perspectives are reflected in government plans for additional monitoring. A commitment was made to work with the Regional Municipality of Wood Buffalo and Indigenous communities to ensure the continued safety of their drinking water supply.

### **Other 2022-23 initiatives include:**

- Amended the *Surveys Act* to better reflect modern technologies and remove unnecessary burdens reducing surveyors' work plus brought up to date many expiring disposition renewals and revised related standards and directives to reflect the amendments.
- Established a Memorandum of Understanding with the Aboriginal Consultation Office to clarify roles and responsibilities on consultation with First Nations for natural resource development and streamline processes with an anticipated cost savings of up to \$2 million per year (~\$25,000 per application).
- Updated the Exploration Directive used to regulate seismic exploration activity, including reducing tag requirements for non-explosive programs, moving to an outcomes-based product listing, updating setback distances in response to advances in technology that provide for an option of reduced setbacks from some structures with consent, and clarifying on application and security deposit requirements. A reduction of 61 operational, technical, and administrative requirements were achieved through amendments to the directive, without compromising environmental protection.
- Developed a clear regulatory centralized fluid storage framework and technical requirements that consider the lifespan of the storage activity to ensure hydraulic fracturing fluids are securely contained in storage systems. This provides a solution to increased water use requirements for hydraulic fracturing operations associated with unconventional resource development, as reliance on fresh water for reuse diminishes.
- Published Alberta's Domestic Use Aquifer Guide that simplifies the process to calculate remediation requirements using Alberta's Tier 2 Soil and Groundwater Guidelines where there is a municipal bylaw that restricts access to groundwater and provides those responsible for contaminated sites a clearer path to risk management and site closure.
- Enabled new Standards for Micro Waterworks Systems to reduce regulatory red tape and outline minimum treatment and operational requirements with guidance and best practices relevant to micro waterworks systems while still ensuring Canadian drinking water quality guidelines are met.
- Under the Renewable Energy Risk Framework, developed a fish and wildlife risk assessment tool to evaluate wind and solar project applications enhancing the ability to forecast project ranking resulting in clarity and transparency to industry.

## **1.5 Advance environmental issues work with Indigenous communities and organizations to develop long-term, trust-based relationships**

Advancing environmental issues work with Indigenous communities and organizations to develop long-term, trust-based relationships continues to be a shared priority for the Government of Alberta and the ministry. Activities in 2022-23 were:

- Continuation of engagement of Indigenous communities and organizations in processes for caribou sub-regional planning task forces and working groups to provide recommendations and inform the development of sub-regional plans.
- Advancing cooperative management of Northeast Wildland Parks, as well as collaborations with Indigenous communities and organizations on the development of the Ronald Lake Bison Herd Cooperative Management with both Indigenous knowledge and western knowledge informing processes/plan.
- Continuing engagement with First Nations on the development of a land use plan for the Springbank Off-Stream Reservoir Project, a water infrastructure project for flood mitigation.
- Continued working with the Piikani Nation to ratify an agreement in principle regarding the Lethbridge Northern Headworks and the cultural and environmental impacts identified by Piikani Nation in relation to the Oldman Dam.

### **Performance Metrics**

#### **1.a: Performance Measure: under development**

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

#### **Key Objectives**

#### **2.1 Complete the integrated regulatory assurance system transformation to enhance Alberta's environmental approval and compliance processes while reducing the administrative, regulatory and process burdens**

##### **Supporting Initiative**

- The Digital Regulatory Assurance System (DRAS) build continued in 2022-23 with \$8.2 million allocated

Transformation of the regulatory system continued with the integration of the Regulatory Assurance Framework. This framework describes the approach to enabling development activity while maintaining environmental standards. The framework drives increased focus on delivering clear and consistent regulatory processes, risk-based environmental management, and the use of digital technology.

DRAS is the technological backbone of the transformed regulatory system, enabling clear, expedient decision making and straightforward environmental monitoring. DRAS will replace multiple systems and consolidate applications, approvals, long-term monitoring, and reporting. When completed, it will include all activities authorized under the *Water Act*, *Environmental Protection and Enhancement Act* (EPEA) and *Public Lands Act*.

All activities authorized under the *Water Act* are now within DRAS including temporary diversion licences, effective April 4, 2022. Future releases are targeted for completion in 2023-2024 and include aggregates (including private lands) and commercial and industrial activities; regulatory assessment and response; and EPEA-related authorizations.

#### **Industrial Heartland Designated Industrial Zone**

The ministry established an Industrial Heartland Designated Industrial Zone (IH-DIZ) Applicant Advisory Service which aims to reduce approval times, improve transparency, increase compliance with zones' policies and regulations and ensure applications are accurate and complete at time of submission. Also, an IH-DIZ topsoil management guideline was developed to address the

management of zone topsoil to reduce costs and the industrial footprint associated with managing topsoil. The guideline seeks to ensure that the conservation intent is met while enabling beneficial uses of topsoil. It outlines best practices for the handling, storage, and reuse of topsoil, as well as the disposal of excess topsoil. By providing clear guidance on these issues, the guideline helps to reduce the costs associated with managing topsoil, as well as the industrial footprint associated with topsoil management.

Consistent and streamlined regulatory systems within the IH-DIZ is achieved through the IH-DIZ Directive. The directive lays out zone operational and regulatory requirements for new and existing industries. It provides regulatory certainty to new and existing industries before committing to any investments or operations within the zone. Which helps promote the long-term sustainability of the zone and supports the development of a thriving and vibrant economic ecosystem.

**Other 2022-2023 initiatives include:**

The Water Supply and Distribution Operational policy was developed to enable new water intakes applications in the zone that will support hydrogen development in the region while ensuring clustering efficiencies and minimizing impacts to the North Saskatchewan River.

The ministry completed an air pollution abatement equipment feasibility study that informed the Air Emissions Requirements policy necessary to achieve the Air Quality Standards with space for new facilities. It also developed and implemented Phase 1 of the Water Quality Management Program to achieve outcomes for surface water quality for the North Saskatchewan River.

**2.2 Develop and implement a coherent climate economic framework including the TIER Carbon Capture, Utilization and Storage system to mitigate and adapt to the effects climate change**

**Supporting Initiative**

- In 2022-23, \$136.7 million derived from TIER system was allocated to Environment and Protected Areas to support investments in innovation and technology in Alberta

**TIER Fund – Investment in Clean Technology and Innovation**

The ministry continued to develop and implement climate change and emissions management policies and programs tailored to Alberta's economy and communities. Alberta's TIER regulatory system continues to drive emissions reductions at regulated facilities, in other sectors of the economy covered by Alberta carbon offsets, and through investments of TIER funds in innovation and technology.

The TIER system combined with Alberta's electricity market continues to drive innovation and electricity sector emissions reductions, with benefits to local air quality. Based on forecast data, coal-fired power plants have reduced their emissions to the lowest level on records dating back 20 years, representing less than half the emissions reported in 2016.

The ministry released Alberta's second annual upstream oil and gas methane progress report for the 2021 reporting year, demonstrating Alberta's significant progress on methane emission reductions, achieving a 44 per cent reduction from 2014 levels in 2021.

**TIER Regulatory System Amendments**

The ministry amended the TIER regulatory system effective January 1, 2023, providing ongoing and longer-term certainty to industry, continuing to protect competitiveness, and making continuous improvements to drive emission reduction in Alberta. The review of the TIER regulatory system was based on engagement feedback solicited from stakeholders in summer 2022. The amendments were provided for the 2023–2030 period. Highlights of amendments include:

- increasing the carbon price to \$65 per tonne in 2023, rising annually to \$170 per tonne in 2030, in \$15 increments;
- tightening facility benchmarks by two per cent annually and tightening the oil sands sector benchmarks at a rate of four per cent in 2029 and 2030; Carbon Capture, Utilization and Storage (CCUS) and enhanced oil recovery through new credit classes that provide incentives for deployment.



### Emission Offset Projects

There are currently over 350 emission offset projects listed on the Alberta emission offset registry. Since 2002, 74 million tonnes of emission offsets have been generated by voluntary projects that are above and beyond business-as-usual approved activities in Alberta.

For the 2022 year, the system serialized over 6.4 million tonnes, which were registered as emission offsets and 35 new projects were initiated. The ministry has 18 active, approved quantification protocols for emission offsets; these define a scope of activities that are measurable, quantifiable, and verifiable for project developers to use to generate offsets.

Implementation of the TIER Regulation for the 2021 reporting period resulted in 455 facilities submitted annual compliance reports with 159 megatonnes of total regulated emissions reported and about 20 megatonnes of true-up obligations (can be covered by use of emissions performance credits, purchase of emissions offsets, or compliance payments into the TIER Fund). The number of regulated facilities more than doubled since 2019, with the ability for smaller facilities to opt-in; and approximately 239 aggregate facilities, comprising of 54,000 conventional oil and gas sites. Note: the most recent verified data available is from 2021.

### TIER Program Highlights and Results

Between 2019-20 and 2022-23, the Government of Alberta allocated up to \$1.48 billion from the TIER Fund in programming to support innovation and technology, CCUS, industrial energy efficiency and climate resiliency programs. These investments are estimated to support emissions reductions of approximately 70 million tonnes by 2030 and over 21,000 jobs/years of employment for Albertans, when factoring in total value of supported projects, which includes funding from companies and other sources.

Government invested \$201.3 million in 2022-23 to support a range of investments in emissions reductions technology and climate resiliency programming including:

- ERA was granted \$75 million from the TIER Fund and \$27 million from the federal Low Carbon Economy Leadership Fund (LCELF) to support programs that include the following:
  - \$50 million of TIER funding was for an Industrial Transformation Challenge, focusing on technology opportunities as key solutions for achieving net-zero emissions and securing the competitiveness of existing and new industries in Alberta.
  - \$27 million of federal LCELF funding supports continued implementation of ERA programs, including the Shovel Ready Challenge and the Energy Savings for Business program.
- \$21 million of TIER funding invested for technology and innovation programming, including support for the Hydrogen Centre of Excellence, Climate Change Innovation & Technology, and Alberta Innovates projects.
- The Municipal Climate Change Action Centre was granted \$5 million from the TIER Fund to help Alberta municipalities and communities reduce greenhouse gas emissions. This funding will be used to support low-carbon community capacity-building and community energy transition programming, aimed at transitioning communities to cleaner energy sources and reduce their carbon footprint.
- The ministry's Industrial Energy Efficiency and Carbon Capture Utilization and Storage grant program supported the efforts of Alberta's large industrial emitters to reduce emissions, increase competitiveness, lower carbon compliance costs, and improve energy efficiency through technology and equipment upgrades. An additional \$20 million was committed in 2022-23 for a total of \$151 million invested in this program since 2020-21, supporting a total of 12 projects.
- The International CCS Knowledge Centre was granted \$3 million from the TIER Fund to support the establishment and operations of a new carbon capture and storage knowledge-sharing platform to enable knowledge sharing between projects receiving public funding and sharing expertise in Alberta, Canada and internationally.

## 2.3 Provincial policy encourages and increases the use of development credits and conservation offsets

In 2022-23, the ministry administered grant programs to conserve, restore and enhance Alberta's environment. By working with over 50 partners in municipalities, non-profits, land trusts, and others, these funds helped support a wide variety of environmental stewardship programs across the province.

### Alberta Land Trust Grant Program and Conservation Easements

In 2022-23, EPA continued to encourage the use of conservation easement through the Alberta Land Trust Grant Program. This program has been very effective and has resulted in significant leveraging by our partners to conserve 240,000 acres in Alberta. It provided \$12.9 million to support 19 projects by eight registered land trusts, conserving 68,388 acres of private land throughout the province. This investment was funded through the Land Stewardship Fund.

The program helps establish and administer new conservation easements on private land and/or administer new conservation projects on existing land trusts. Any registered Alberta land trust organization with the stated mission of land conservation can apply for funding. The program provides funds to pay for administrative and cash components of establishing conservation easements, making conservation easements more accessible for interested landowners. Program projects in 2022-23 contributed to the conservation of ecologically important areas to prevent habitat fragmentation, maintain biodiversity and preserve Alberta's native landscapes.

### Watershed Resiliency and Restoration Program

The Watershed Resiliency and Restoration Program (WRRP) provided \$3.5 million to fund 22 projects throughout the province, delivered by 20 partnership organizations. The WRRP program has a long and successful history working with Alternative Land Use Services (ALUS) Canada, who provide expertise, resources, and direct financial support to farming communities for nature-based solutions. ALUS has received multi-year project funding of over \$1.2 million for 'Investing in the Benefits of Natural Infrastructure on Agricultural Lands in the North Saskatchewan Watershed'.

- This project will enable communities to create, restore, and enhance wetlands and riparian areas to provide valuable natural infrastructure that will build resiliency for floods and droughts.
- These on-the-ground restoration and enhancement projects are in partnership with farmers, ranchers, academic institutions including the University of Guelph, and municipalities including Brazeau County, Parkland County, Sturgeon County, County of Vermilion River, Lac St Anne County, County of Two Hills, Wetaskiwin County, and Leduc County.

### Alberta Wetland Replacement Program

Wetlands are a vital part of Alberta's ecological landscape and necessary for a sustainable economy and healthy communities. Under the Alberta Wetland Policy and the Wetland Replacement Program, the ministry works with non profit organizations and municipalities to replace wetlands and prioritize work in areas of the highest wetland loss. The Wetland Replacement Program aims to re-establish wetlands in partnership with Albertans by providing resources for collaborative restoration projects across the province.

In 2022-23, \$5.8 million in funding was provided for 16 projects with four municipalities and two non-profit organizations, resulting in 157 hectares of wetland being replaced. These projects will create valuable wetland habitat and are funded through the reinvestment of fees collected through the *Water Act* approval process, where wetland loss is unavoidable. The Wetland Replacement Program is an implementation tool of the Alberta Wetland policy, and its mandate is to facilitate the replacement of wetlands within all municipalities and watersheds across Alberta.

## **2.4 Ensure all major environmental protection proposals undergo social-economic impact assessments to support the appropriate balance between economic growth and environmental protection**

### **Sub-regional Planning and Socio-Economic Assessment**

Comprehensive socio-economic assessments are completed to inform the development of sub-regional plans. A socio-economic assessment to the support development of the Surface Water Quality Management Frameworks for the North Saskatchewan and Upper Athabasca regions was completed in 2022. Socio-economic assessments for the Upper Smoky and Wandering River sub-regions are ongoing to help understand the potential impacts and opportunities of land management approaches and ensure decisions are fully informed. Corresponding sub-regional plans are under development and socio-economic assessments for the Berland, and Chinchaga sub-regions are anticipated to be initiated in 2024.

### **Socioeconomic analysis to support the TIER Amendments**

A socio-economic impact analysis was completed fall 2022 to support the policy decision on amendments to the TIER regulation. It found the regulatory amendments result in moderate greenhouse gas emission reductions as well as a slight increase in Alberta's gross domestic product, jobs, and investment relative to the previous TIER system. Reductions in greenhouse gas provide corollary co-benefits, including reduced environmental pollutants that are associated with combustion of fossil fuels.

### **Socioeconomic analysis to support the Emission Reduction and Energy Development Plan**

Early 2023, Alberta, in collaboration with Alberta Innovates, completed preliminary analysis on the economic impacts net zero by 2050 scenarios for Alberta to support development of the Emission Reduction and Energy Development Plan. The preliminary cost analysis was completed on a range of potential changes to the Renewable Fuel Standard Regulation and a minimum low-carbon gaseous blend rate for utility natural gas. The preliminary cost analysis determined the achievability of a 75-80 per cent reduction in conventional oil and gas methane emissions by 2030 from 2014 levels. More engagement and detailed socio-economic analysis will be completed as part of the exploration and development of elements outlined in the plan.

## **2.5 Address reclamation and remediation responsibilities with improved contaminated site management, liability management policies, reclamation security payment options and broader land reclamation outcomes policy work**

### **Contaminated Sites Management**

EPA is implementing Alberta's Regulatory Assurance Framework requirements are outcomes-focused, making data-driven decisions in a timely and coordinated manner. The ministry is streamlining the regulatory system and modernizing information collection and storage by developing and implementing the DRAS. Implementation will support responsible parties to understand and fulfill regulatory requirements, enhance data collection and storage, and simplify analysis and performance reporting. Contaminated sites are expected to be incorporated within the next year with added functionality occurring the following year.

### **Liability Management Framework**

The Government of Alberta continues to work with AER to implement the oil and gas liability management framework announced in July 2020. In 2022-23, this work focused on taking a holistic approach to managing the liability of the oil and gas sector. A key element of this approach is the inventory reduction program. The purpose of inventory reduction is to increase the amount of closure work occurring in Alberta, and ultimately increase the amount of land being returned to equivalent capabilities. To do this, the AER sets mandatory minimum closure quotas, and launched the closure nomination program, which began accepting nominations for eligible inactive or abandoned oil and gas wells and facilities for closure on April 3, 2023.

### **Mine Financial Security Program Review**

In 2022, EPA committed to conducting a review of the Mine Financial Security Program (MFSP) to develop a more permanent solution to the issue of the asset calculation. The review was in



response to the Alberta Auditor General's MFSP's findings, previous oil price fluctuations, and feedback from Indigenous communities and stakeholder organizations that the MFSP holds insufficient financial security. The review focused on the program asset calculation, information reporting, and timing of security payments during mine life with ensuring sufficient security is available to address reclamation obligations and protecting the public from project closure costs.

Mine operators and Indigenous communities and organizations were engaged in the program review from January to November 2022. The input gathered from stakeholders and Indigenous communities and organizations helped to inform the program review and to find long-term solutions for collecting funds from industry to cover oil sands and coal mine reclamation liabilities. Options are under review for long-term solutions for fund collections from industry to cover oil sands and coal mine reclamation liabilities.

### **Reclamation Security Payment Options**

In 2022, the ministry supported the AER in their decision to accept a demand forfeiture bond as security under the Mine Financial Security Program. Work is occurring on implementing a parallel demand forfeiture bond as an option for regulated activities in 2023-24, while continuing to ensure there is adequate security in place to address reclamation obligations. Currently, reclamation security can be submitted using letters of credit, cash, and in some cases, performance bonds.

### **Land Reclamation and Remediation Policy**

In August 2022, the Supplemental Guidance on Site-specific Risk Assessments in Alberta was published. The guide provides additional clarification on the requirements and expectations for completing site-specific risk assessments (SSRAs) for contaminated sites in Alberta. The guide is anticipated to facilitate regulatory review and acceptance of SSRAs.

## **2.6 Manage sustainable economic development and environmental outcomes through land planning initiatives**

### **Land Use Planning and Environmental Management Frameworks**

The ministry is committed to advancing a comprehensive, collaborative, and integrative approach in land use planning to support management of cumulative effects, and to identify and achieve desired economic, social, and environmental goals. Environmental management frameworks are a key approach for management of cumulative effects on air and water resources, supporting responsible resource development now and into the future.

Information on land and environmental planning is provided under [Key Objective 1.1](#) on page 18 of this report. Information on environmental management frameworks is provided under [Key Objective 1.2](#) on page 22 of this report.

### **Caribou Habitat Recovery Program**

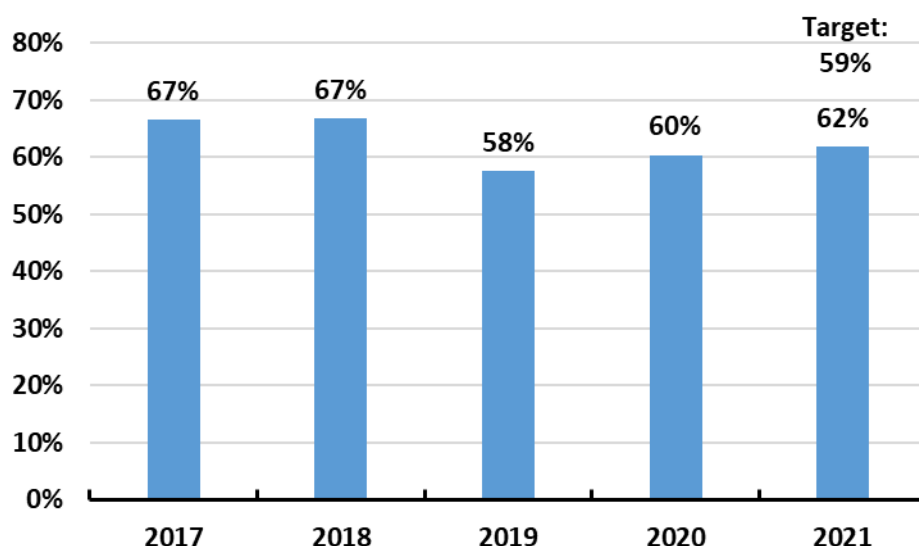
As a key action to support the recovery of caribou, Alberta is committed to the restoration of legacy seismic lines within caribou ranges. The department estimates that 175,000 km of legacy seismic lines require treatment/reforestation. Habitat restoration involves identifying site-specific factors that will affect restoration success; determining an action plan to re-establish vegetation working with Indigenous communities, trappers, and other stakeholders to understand access needs; and considering future operations that may conflict with restoration work.

Alberta's Caribou Habitat Recovery Program (CHRP) complements sub-regional planning work. Since 2018, more than \$40 million has been invested in the program. This includes \$7.2 million in federal funding; just over \$1 million from industry; \$33.3 million in provincial funding.

Alberta is also developing a five-year strategic framework, the Provincial Restoration and Establishment Framework for Legacy Seismic Lines in Alberta. It outlines restoration targets, objectives, and monitoring for projects under the CHRP. A series of success measures have been established to evaluate whether habitat is on a trajectory to become effective habitat. The framework is targeted for completion in 2023.

## Performance Metrics

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



**Source:** Environment and Climate Change Canada, Treasury Board and Finance, Environment and Protected Areas

**Note:** Environment and Climate Change Canada greenhouse gas emissions results have an 18 month reporting lag, therefore the ministry 2021-24 business plan target is used for reporting. Prior year results have been corrected to account for updates to Alberta's emissions inventory in the National Inventory Report 1990-2021: Greenhouse Gas Sources and Sinks and provincial carbon levy revenues reported in Treasury Board and Finance annual reports.

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

In 2017, priced greenhouse gas emissions coverage was 67 per cent, a 20 per cent increase from previous years as a result of the introduction of the provincial carbon levy in January 2017, broadening the carbon price to include emissions from the combustion of transportation and heating fuels. In 2018, the emissions coverage remained at 67 per cent.

Alberta discontinued the provincial carbon levy which resulted in a 9 percentage point decrease in provincially priced greenhouse gas emissions, with the percentage of priced emissions dropping to 58 per cent in 2019. In 2023, the Federal Fuel Charge will rise incrementally to \$65 per tonne from the federal government's 2019 rate of \$20 per tonne. Implementing the Federal Fuel Charge did not impact the percentage of provincially priced emissions.

When the Carbon Competitiveness Incentive Regulation was replaced by the Technology Innovation and Emissions Reduction Regulation in January 2020, a provision was made for aggregated facilities to opt-in to allow emitters to avoid paying the Federal Fuel Charge on the entirety of their emissions. The percentage of provincially-priced emissions rose to 62 per cent in 2021, a slight increase of two percent from the previous year.

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

### **Key Objectives**

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

#### **Supporting Initiative**

- \$42.5 million is allocated to improve angling opportunities, the provincial fish stocking program in 2022-23

#### **Wildlife Management**

Continuous improvement in the wildlife management system and processes support overall management and recovery of species at risk in the province. Improvement examples are:

- Continued data transparency by providing annual hunting allocation summaries to support hunters in their special licence draw choices.
- Reviewed all publicly available data to update and develop tools and processes to provide all data in a more easily used fashion to increase transparency with the public.
- Work with the OCS on an integrated population model to better inform mule deer population dynamics and the impacts of Chronic Wasting Disease (CWD) on socio-economic values and outcomes is under development. Investments in oral vaccine development for CWD applicable to wild cervids and a project to better understand environmental contamination concerns related to CWD prion presence in vegetation and soils were also supported.

#### **Fisheries Management and Stocking**

Alberta continues to implement and develop leading edge, science-based systems to support fisheries management and recovery of species at risk in the province. The continuous improvement in the fisheries management system and processes ensure Alberta's fish and fisheries are managed sustainably in concert with Albertans, inclusive of fulfilling the harvesting rights of Indigenous harvesters. Improvement examples are:

- Implementation of time-of-day angling restrictions to help protect fish angled during times of low flows and high temperatures.
- Piloting an electronic tagging option for special harvest licence walleye fisheries and creation of a free veterans fishing licence to recognize the service of Albertans in Canada's military.
- Review by the independent Alberta Science Advisory Panel on Alberta's science supporting the northern pike and walleye management frameworks with advice showing strong support for the current approaches and outcomes.
- Publication of fisheries management processes, regulatory options, and research projects, online and presented during annual engagements which were very well received by Albertans.
- Successful annual fisheries engagements with Albertans in 2023, resulted in increased opportunities for special harvest walleye licenses and new management options for lake trout harvest in Cold Lake, with implementation targeted for 2024.
- Provision of Alberta's sportfishing regulations guide in three forms for easy access: print, viewable and downloadable online document plus as a web-based application.

#### **Angling Opportunities and Investments**

Alberta's fisheries offer diverse, sustainable angling opportunities for numerous sportfish species from walleye and pike to native and stocked trout and lake sturgeon which were supported by capital investments of \$6.8 million to the Sam Livingstone Fish Hatchery, Cold Lake Fish Hatchery, Allison Brood Creek Trout Station, and the new Raven Creek Brood Trout station.

In 2022-23 the wild walleye stocking program continued to increase angling and harvest opportunities with many of Alberta's southern reservoirs and some lakes stocked multiple times. Ten waterbodies were stocked in 2021 and 16 waterbodies were stocked in 2022.

Other significant actions were:

- Over a total of 240 waterbodies were stocked with trout each year throughout Alberta.
- 735 pike and walleye fisheries continued in Alberta and 76 per cent of those fisheries allowed some form of harvest.
- Recorded increases in population numbers for lake sturgeon which is one of the fish species at risk in the province.

### **Alberta's Native Trout Recovery Program**

Alberta's Native Trout Recovery Program (NTRP) is a comprehensive, long-term fish conservation initiative aimed at assessing, recovering, and monitoring populations of Athabasca rainbow trout, bull trout and westslope cutthroat trout in the watersheds of the Eastern Slopes. In February 2023, the Office of the Chief Scientist hosted the Alberta Native Trout Science Workshop bringing international, national and provincial native trout experts together to discuss native trout ecology, conservation and recovery efforts.

The Canada Nature Fund for Aquatic Species at Risk (CNFASAR) under the Department of Fisheries and Oceans Canada supported the NTRP with \$2,000,000 in 2022-23. The funding was allocated to the Native Trout Collaborative, which includes the ministry and its partners, Trout Unlimited Canada, Alberta Riparian Habitat Management Society, Canadian Parks and Wilderness Society, Foothills Research Institute, and Alberta Conservation Association.

Together, they addressed the key factors limiting at-risk native trout populations, including various habitat remediation projects mitigating sedimentation and fragmentation. The CNFASAR also supported the fish culture facility construction at Allison Creek brood station to support recovery stocking activities and numerous fish and fish habitat inventories. Over time, collective actions will improve populations of Athabasca rainbow trout, bull trout and westslope cutthroat trout ultimately enhancing angling opportunities and experiences for these species.

### **3.3 Effectively work to mitigate the adverse effects of flood and drought; and manage water supply through government owned or operated water management and monitoring infrastructure**

#### **Supporting Initiatives**

- \$3.6 million is allocated to effectively address environmental issues during emergency response including expanding external emergency management agencies, partners and industry relationships and partnerships
- \$48.5 million is allocated to flood mitigation and resilience in combined operating and capital funding in 2022-23
- \$42.2 million is allocated to water management infrastructure operations in 2022-23

#### **Flood Mitigation Grant Programs**

Throughout 2022-23, combined operating and capital funding of \$48.5 million was provided to numerous projects supporting community and infrastructure mitigation investments to help address future flood and drought events.

- Nearly \$18 million was advanced by the federal Investing in Canada's Infrastructure Program on eligible expenditures for eleven flood adaptation projects. Many projects have deferred costs due to issues such as supply chain delays.
- \$3.3 million supported the Bow River Reservoir Options initiative and provincial flood damage risk assessments for communities.
- Approximately \$1 million was spent on flood mapping and related products to support planning efforts of communities at risk of flooding events.

#### **Environmental Emergency Management**

EPA is accountable for leading an environmental emergency management program on behalf of the Government of Alberta. This includes communicating and coordinating department-wide environmental emergency mitigation, preparedness, planning, response, and recovery capabilities. The program includes the Alberta Support and Emergency Response Team (ASERT), which

provides 24/7/365 environmental emergency response for the province of Alberta. In 2022, the team activated the Department Coordination Centre to respond to the 2022 South and Central Alberta flood and rainfall event. Their actions included triaging and coordinating response to emergency incident notifications and deploying department staff to provide on-site assistance.

The team hosted exercises with staff from across key ministries, municipalities, and industry partners, to train on safe response to environmental emergencies, share best practices, and improve skills. Outreach and engagement sessions were conducted with emergency management partners such as Parks Canada, Kananaskis Emergency Services, Calgary Emergency Management Agency, and Edmonton Office of Emergency Management, to improve outcomes during environmental emergencies.

As delegated by the *Emergency Management Act*, EPA has lead responsibilities for floods, water shortage and drought, and aquatic invasive species. The team ensures that plans are in place and exercised so that partners practice and clarify emergency roles and responsibilities; assess and validate test response procedures; identify gaps in resources, training, plans and procedures; identify opportunities for improvement, and improve individual and organizational performance.

### **Notable proactive planning and engagement exercises**

- The ASERT Annual Exercise occurred on September 26-30, 2022 at the Hinton Training Centre. This training brought together the department's emergency response staff from across the province to train on safe responses to environmental emergencies, share best practices, and improve skills. Participants included regional responders, ASERT and department subject matter experts, managers, and key ministry staff.
- In December 2022, the team conducted an Aquatic Invasive Species (AIS) exercise to test the department's ability to efficiently manage an AIS event and prepare staff for possible real-world activation in the future. This session was an opportunity to exercise how the Department Coordination Centre would run if an invasive species was discovered in an Alberta waterbody.
- Emergency Management Exercise 2023 occurred from January 31 to February 2, 2023. In collaboration with Public Safety and Emergency Services (PSES) and Alberta Agriculture and Irrigation, the ministry supported the annual Government of Alberta emergency management exercise which simulates a disaster to test and validate the integration of response activities of all levels of government.
- On March 30, 2023, the team hosted an information session for staff to prepare for the 2023 flood season. The session included presentations on the department's flood plans, the Flood and Water Shortage Team and River Forecast Centre. There were approximately 70 participants including EPA, Agriculture and Irrigation, and PSES staff.

### **Reducing the Risk of Flooding and Potential Flood Damage**

To support Alberta regarding flood and drought situations, improvements were made to the River Forecast Centre water information system through building and implementing failover capabilities to provide certainty during disaster recovery and made major upgrades to the Alberta River Basin Website and Mobile App to provide all users visual depiction of river advisories. Additional mitigation initiatives included:

- Flood support provided to the community of Chateh through interpreting satellite data for flood extent estimations and ensuring ongoing information/communication throughout the prolonged 2022 flood event and evacuation.
- Consistent forecasting and messaging in the summer of 2022 provided to the City of Calgary, TransAlta and Environment and Climate Change Canada along with other local authorities during potential major flooding forecasts for Calgary and the surrounding area.
- Support given to the government of the Northwest Territories during breakup of the Hay River and the major flooding that occurred in the Town of Hay River.

### **Flood Mapping Studies and Stakeholder Expertise**

Ten new flood mapping studies were started with technical completion expected in 2024. They include Vegreville, Red Deer County and Markerville. Stettler flood studies started in September

2022. The flood studies for Grande Prairie, Lacombe, Lamont, Manning, Paddle Prairie, Ponoka and Watino started in March 2023.

Advanced flood mapping was initiated across the province to help ensure municipalities and Indigenous communities become as flood resilient as possible. Draft flood inundation maps and related technical reports were shared for six ongoing flood mapping studies (Marten Beach, Milk River Rochester, Rocky Mountain House, Sangudo, Stand Off) with local authorities. Flood Mapping Studies are expected to be shared with the public in summer 2023.

### **Bow River Flood Mitigation and Drought Risk Progress**

Initiated in May 2021, phase 2 of the Bow River Reservoir Options feasibility assessment continued to explore options to mitigate flood and drought risk upstream of Calgary. The Bow River Working Group is providing technical water-manager and water-user stakeholder expertise. Field visits are provided for Indigenous organizations and with property owners who have the potential to be directly affected by potential dam and reservoir construction projects. This past fiscal year saw the completion of field engineering and environmental activities for the “Glenbow East” and “Relocated Ghost Dam” concepts, and initiated engineering evaluation, design, and reporting work.

### **Drinking Water and Wastewater Program**

Of the \$42.2 million allocated to water management infrastructure operations in 2022-23, approximately \$19.3 million was transferred to other ministries as part of the October 2022 reorganization, and the remainder remained within the EPA wetlands dedicated revenue and regulatory programs.

The Drinking Water and Wastewater program establishes regulations, standards and guidelines that apply to municipal drinking water and wastewater systems across the province to ensure public health and environmental protection.

Alberta's Potable Water Regulation was recently modernized to remove outdated content and minimize regulatory red tape, while ensuring continued access to clean water for Albertans. Changes to the Potable Water Regulation included ensuring alignment for the requirements around naturally occurring fluoride in groundwater with Health Canada drinking water guidelines and continuation that operators of all sizes are meeting Health Canada drinking water guidelines.

In addition, stakeholder engagement around a right-sized regulatory approach specific to micro waterworks systems (i.e., non-municipal waterworks serving fewer than 300 people) was completed and the resulting Micro Waterworks Standard was published June 29, 2022.

Management of wastewater is another key program aspect. In 2022-23, a new standard template for building approvals for wastewater systems was completed and is now in use. This is a significant internal process improvement to streamline the wastewater approval process and increase staff productivity.

### **Water and Wastewater Operator Certification Program**

The water and wastewater operator certification program sets the minimum educational, work experience and examination requirements for water and wastewater operators in Alberta. This program is key component of ensuring safe drinking water and environmental protection through treated drinking water.

In 2022-23, significant upgrades were completed to Compliance 365, the system used to track certifications for over 2,800 certified operators in the province. These upgrades will make it easier for operators to find information and submit applications, plus it will ensure alignment with the *Labour Mobility Act* making it easier for out-of-province certified operators to move to Alberta to work.

## **3.4 Update the approach to managing invasive species and their impacts**

The department is responsible for the key role of controlling invasive species and it is taking actions to update its approach:

- Developing educational materials on invasive species and their impacts.
- Identifying the public's role in helping with solutions.



- Working with stakeholder groups to coordinate control efforts.
- Enhancing legislation, regulations and risk assessment tools.

In 2022-23, EPA, academics, industry, stewardship groups and the public all played an important role in increasing awareness about invasive species. These sectors worked together to prevent invasive species from establishing and spreading.

This collaborative approach to invasive species management has helped improve awareness and preparedness, enhanced communication and coordination, and improved resource allocation to decrease the risk of invasive species in Alberta. Key actions that supported this approach were:

- Alberta waters remained free of invasive mussels due to prevention efforts through partnerships with internal and external partners conducting water sampling, substrate, and shoreline inspections.
- Continuation of the [Clean, Drain, Dry Your Gear](#) and [Don't Let It Loose](#) messages as the backbone of actionable prevention for education and outreach efforts for aquatic invasive species. Conveyed these messages to thousands of people during watercraft inspections, tradeshows, presentations, and canine demonstrations.
- Intercepted nineteen mussel-fouled watercrafts out of 8032 inspections conducted in 2022. Any one of these watercrafts had the potential to introduce invasive mussels to the province and potentially result in hundreds of thousands of dollars in economic impacts.
- Led by Cold Lake Fish Hatchery, continued prussian carp removal at the Blood Indian Reservoir for the third and final year. Removal efforts will be assessed in 2023-24. New detections in the North Saskatchewan watershed triggered a management plan to support province and municipalities in considering response options for prussian carp.
- As goldfish occurrence continues to increase, Alberta led Canadian efforts in removal with five municipalities initiating removal projects in stormwater ponds. In 2022 approximately 100,000 invasive fish were removed from entering Alberta waterways. Response at municipal storm water management ponds is priority as no selective removal options exist when other native or stocked fish are present in provincial waters.
- Continued with year four (of five) of a collaborative project with the Municipal District of Wainwright to conduct herbicide control in the Enstrom Pond, south of the city of Wainwright, to prevent purple loosestrife being transferred to Battle River, where response would be exponentially more difficult.
- Exercised rapid response at Lacombe Lake, south of the town of Lacombe, where a new population of pale-yellow iris (prohibited plant species) was detected. Subsequently, the province joined with Lacombe County for removal efforts. Monitoring activities will occur over the next few years.
- Rapid response practice occurred under an emergency AIS table-top exercise involving a simulated detection of invasive mussels in November 2022. Gaps and lessons learned will be incorporated into the Alberta Aquatic Invasive Species Early Detection Rapid Response Plan.

## Performance Measure and Indicator Methodology

### Performance Metrics

#### 1.a Performance Metric under development

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

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

Total provincial greenhouse gas emissions are reported by Environment and Climate Change Canada through the National Inventory Report 1990-2021: Greenhouse Gas Sources and Sinks in Canada. Total tonnes of provincial CO<sub>2</sub> equivalent emissions include emissions from agriculture, energy, industrial processes, solvent and other product use and waste source categories, but excludes CO<sub>2</sub> from biomass combustion, and emissions from land use, land-use change and forestry. Environment and Climate Change Canada has a rigorous quality control/quality assurance process following international best practices that results in an 18-month reporting lag time for the total provincial emissions.

Source: Environment and Climate Change Canada, Treasury Board and Finance, Environment and Parks (Specified Gas Emitters Regulation, Carbon Competitiveness Incentive Regulation (2018-2020), Technology Innovation and Emissions Reduction Regulation (2020)).



# Financial Information

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## Reporting Entity and Method Consolidation

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

The reporting entity is the ministry for which the minister is accountable as at March 31, 2023. The accounts of the ministry, which includes the department and the entities making up the ministry, are consolidated using the line-by-line method.

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

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

## Ministry Financial Highlights

### Statement of Revenues and Expenses (unaudited) Year Ended March 31, 2023

| Revenues  | 2023                 |                       | 2022                 | Change from    |               |
|---|----------------------|-----------------------|----------------------|----------------|---------------|
|   | Budget<br>(Restated) | Actual <sup>(3)</sup> | Actual<br>(Restated) | Budget         | 2022 Actual   |
| (In thousands)  |                      |                       |                      |                |               |
| Government Transfers  |                      |                       |                      |                |               |
| Internal government transfers                               |                      | 20                    | 13                   | 20             | 7             |
| Federal government transfers                                | 84,364               | 62,685                | 49,432               | (21,679)       | 13,253        |
| Investment income   | 913                  | 7,613                 | 858                  | 6,700          | 6,755         |
| Premiums, fees and licences <sup>(1)</sup>                  | 21,438               | 25,413                | 19,635               | 3,975          | 5,778         |
| Technology Innovation and Emissions Reduction Fund          | 420,000              | 764,253               | 704,932              | 344,253        | 59,321        |
| Other revenue <sup>(2)</sup>                                | 69,041               | 73,844                | 61,490               | 4,803          | 12,354        |
| Ministry total  | 595,756              | 933,828               | 836,360              | 338,072        | 97,468        |
| Inter-ministry consolidation adjustments <sup>(4)</sup>     | (11,830)             | (16,322)              | (10,442)             | (4,492)        | (5,880)       |
| Adjusted Ministry Total <sup>(4)</sup>                      | 583,926              | 917,506               | 825,918              | 333,580        | 91,588        |
| <b>Expenses - directly incurred Programs <sup>(4)</sup></b> |                      |                       |                      |                |               |
| Ministry Support Services                                   | 24,900               | 22,115                | 25,243               | (2,785)        | (3,128)       |
| Air   | 12,729               | 12,328                | 14,259               | (401)          | (1,931)       |
| Land  | 38,270               | 37,771                | 42,139               | (499)          | (4,368)       |
| Water   | 88,407               | 73,125                | 64,376               | (15,282)       | 8,749         |
| Fish & Wildlife   | 55,913               | 62,332                | 48,803               | 6,419          | 13,529        |
| Integrated Planning   | 33,623               | 48,710                | 30,062               | 15,087         | 18,648        |
| Land Use Secretariat  | 5,008                | 943                   | 976                  | (4,065)        | (33)          |
| Science and Monitoring                                      | 70,154               | 68,087                | 64,734               | (2,067)        | 3,353         |
| Emissions Management  | 137,541              | 138,892               | 165,556              | 1,351          | (26,664)      |
| Quasi-Judicial Bodies                                       | 6,957                | 31,877                | 27,396               | 24,920         | 4,481         |
| 2013 Alberta Flooding                                       | -                    | -                     | 8                    | -              | (8)           |
| Alberta Fires   | -                    | -                     | 31                   | -              | (31)          |
| Ministry Total  | 473,502              | 496,180               | 483,583              | 22,678         | 12,597        |
| Inter-ministry Consolidation Adjustments <sup>(4)</sup>     | (12,825)             | (12,460)              | (15,271)             | 365            | 2,811         |
| Adjusted ministry total <sup>(4)</sup>                      | 460,677              | 483,720               | 468,312              | 23,043         | 15,048        |
| <b>Annual surplus</b>                                       | <b>\$123,249</b>     | <b>433,786</b>        | <b>357,606</b>       | <b>310,537</b> | <b>76,180</b> |

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

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

This number agrees to the 2023-25 Fiscal Plan - Expense by Object.

- (1) Premiums, fees and licenses include \$13.1 million Fish and Wildlife; \$10.8 million Wetland Replacement; and various from other premium fees and licenses.
- (2) Other revenue includes \$49.2 million Oil Sands Monitoring; Other Shared Service Revenue of \$8.5 million; \$6.6 million Expenditure Refunds; and \$9.6 million various other revenue.
- (3) Programs are presented on the same program structure as the Ministry Statement of Operations on the 2022 - 23 Government Estimates. The amount of a ministry's program activity for the year includes voted amounts and amounts not required to be voted.
- (4) Inter-ministry consolidation revenue of \$16.3 million includes \$6.8 million from Treasury Board and Finance; \$5.3 million from Forestry, Parks and Tourism; and \$4.2 million from Agriculture and Irrigation. This is offset by \$12.5 million expense inter-ministry consolidation includes \$4.3 million to Forestry, Parks and Tourism; \$4.2 million to Agriculture and Irrigation; and \$4.0 million miscellaneous amounts from other Ministries.

## Revenue and Expense Highlights

### Revenues

- Increased \$97.5 million from prior year. Increase is primarily due to higher revenue from the Technology Innovation and Emissions Reduction (TIER) Fund of \$59.3 million, transfers from Government of Canada of \$13.3 million and Other Revenue of \$12.4 million.
- Transfers from Government of Canada were \$21.7 million lower than budgeted. This is primarily due to the:
  - Investing in Canada Infrastructure Program grant of \$9.8 million is deferred to future years and lower submitted expenditures for the Low Carbon Emissions Leadership Fund by \$16.5 million. This was offset by an increase of \$3.0 million in Caribou Habitat Recovery Program.
  - Increases of \$0.7 million for Flood Mitigation Studies, \$0.5 million for Species at Risk Native Trout and \$0.5 million for Wood Bison.
- Investment Income was \$6.7 million higher than budgeted due to higher interest rates received in 2022-23.
- TIER Fund actual revenue is higher by \$344.3 million than budgeted. This is primarily due to increased stringency to regulatory updates, and expectations for higher economic activity in Mining, oil and gas extraction sector.
- Other Revenue is \$4.8 million higher than budgeted due to a groundwater monitoring equipment donations and money received for Certificate of Variance.

### Expenses

- Ministry expenses totaled \$496.2 million before the inter-ministry consolidation, which is an increase of \$22.7 million from the budget and an increase of \$12.6 million from 2021-22.
- Ministry support services showed a decrease of \$3.1 million from 2021-22. The decrease is primarily due to one-time IT maintenance service expenses in 2021-22.
- Expenses for Air were \$1.9 million lower than 2021-22 primarily due to a higher amount of grants issued in 2021-22 and lower salaries, wages and benefit costs due to delays in hiring and manpower vacancies.
- Land program expenses were \$4.4 million lower than 2021-22 primarily due to less grants to Land Trusts from the Land Stewardship Fund and lower salaries, wages and benefit costs due to delays in hiring and manpower vacancies.
- Expenses for Water were \$15.3 million lower than budgeted primarily due to \$14.6 million in Investing in Canada Infrastructure Program capital grants that were deferred to 2023-24.
- Fish & Wildlife expenses increased from 2021-22 by \$13.5 million. The increase is primarily due to higher spending in the Caribou Habitat Recovery Program and increased grants for wildlife and harvesting programs.
- Integrated planning is \$18.7 million higher than 2021-22, primarily due to a legal settlement which occurred in 2022-23.
- Ministry expenditures for Land Use Secretariat were lower than budget by \$4.1 million primarily due to projects being deferred to future years.
- Science and Monitoring expenditures were higher than 2021-22 spending by \$3.4 million primarily due to an increase in Oil Sands Monitoring Program grants in 2022-23.
- Emissions management expenses decreased from 2021-22 by \$26.7 million. The decrease is primarily due to lower spending of \$24.1 million in Low Carbon Emission Economy Leadership Fund because of delays in program implementation and \$2.1 million in grant spending on Industrial Energy Efficiency, Carbon Capture Utilization and Storage, and Environmental Social and Governance for Global Education initiative.
- Quasi-Judicial expenses were \$24.9 million higher than budgeted spending primarily due to compensation payments to landowners as per section 36 of the *Surface Rights Act*.

## Breakdown of Revenues (unaudited)

### 2023 Actual

|  | 2023                 |           | 2022                 |
|--|----------------------|-----------|----------------------|
|  | Budget<br>(Restated) | Actual    | Actual<br>(Restated) |
|  | (in thousands)       |           |                      |
| Government transfers                               |                      |           |                      |
| Transfers from Government of Canada <sup>(1)</sup> | 84,364               | 62,685    | 49,432               |
|  | 84,364               | 62,685    | 49,432               |
| Net investment income <sup>(2)</sup>               | 913                  | 7,613     | 858                  |
| Premiums, fees and licences <sup>(3)</sup>         | 21,438               | 25,413    | 19,635               |
| Technology Innovation and Emissions Reduction Fund | 420,000              | 764,253   | 704,932              |
| Other revenue <sup>(4)</sup>                       | 69,041               | 73,864    | 61,503               |
|  | \$511,392            | 871,143   | 786,928              |
| Total ministry revenues                            | \$595,756            | \$933,828 | \$836,360            |

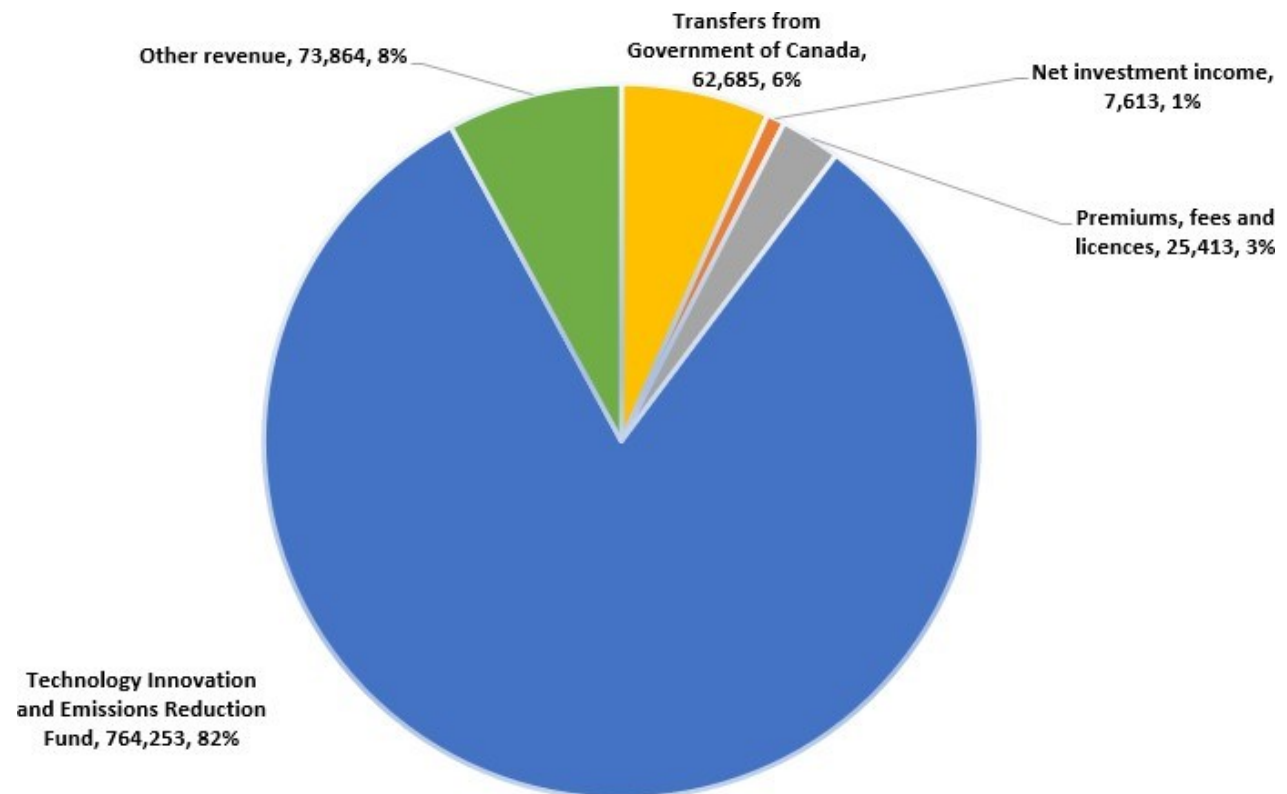
This number agrees to the Statement of Revenues and Expenses (before consolidation adjustments).

- (1) Transfers from Government of Canada included \$27.3 million Low Carbon Emissions Leadership Fund; \$18.0 million Investing in Canada Infrastructure Program; \$7.8 million Boreal Caribou and Southern Mountain Caribou; \$5 million Caribou Habitat Recovery program; \$2.1 million Species At Risk; and remaining revenue from Wildlife Predator, various flood study and other programs.
- (2) Investment Income is the interest earned on cash balances in Technology Innovation and Emissions Reduction Fund and Land Stewardship Fund.
- (3) Premiums, fees and licenses include \$13.1 million Fish and Wildlife; \$10.8 million Wetland Replacement; and various from other premium fees and licenses.
- (4) Other revenue includes \$49.2 million Oil Sands Monitoring; Other Shared Service Revenue of \$8.5 million; \$6.6 million Expenditure Refunds; and \$9.6 million various other revenue.

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

The following information presents detailed revenues of the ministry.

**2023 Actual**  
(In thousands)



## Expenses – Directly Incurred Detailed by Object (unaudited) 2023 Actual

|   | 2023                                |                       | 2022                                |
|---|-------------------------------------|-----------------------|-------------------------------------|
|   | Budget <sup>(1)</sup><br>(Restated) | Actual <sup>(2)</sup> | Actual <sup>(1)</sup><br>(Restated) |
|   | (In thousands)                      |                       |                                     |
| Salaries, wages and employee benefits   | \$150,029                           | 133,256               | \$ 143,734                          |
| Supplies and services                   | 99,513                              | 109,658               | 86,918                              |
| Grants                                  | 208,226                             | 242,896               | 242,106                             |
| Amortization of tangible capital assets | 14,641                              | 4,367                 | 6,558                               |
| Other <sup>(2)</sup>                    | 1,093                               | 6,003                 | 4,267                               |
| Total Ministry Expenses                 | \$473,502                           | \$496,180             | \$483,583                           |

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

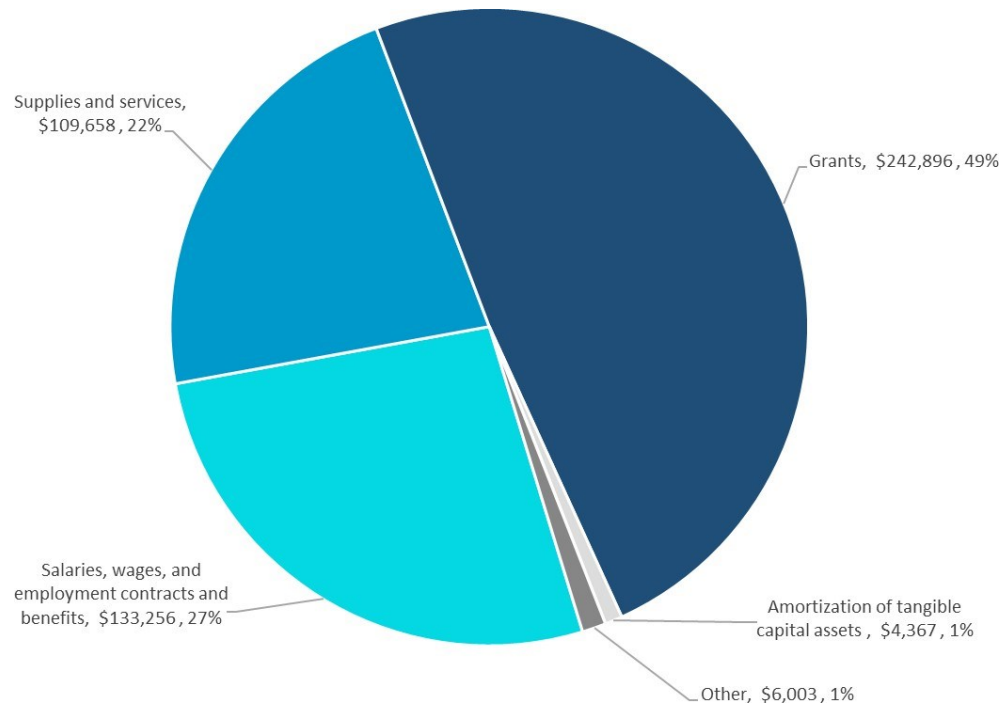
(1) Restatement required for fiscal 2022-23.

(2) Other expenses incurred include provision for doubtful account of \$4.3 million and various other expenses of \$1.7 million for items such as tariffs on supplies, loss on disposal of capital assets, other provisions and bad debts

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

### 2023 Actual

(In thousands)



- The ministry's largest operating expense object was Grants which amounted to \$242.9 million (49 per cent). The ministry administers several grant programs that provide funding to our partners and support the economy by creating jobs to achieve the outcomes important to Albertans.
- Salaries, wages and employee benefit expenses totaled \$133.3 million (27 per cent) and included support for community groups and administration of grant programs.
- Supplies and services of \$109.7 million (22 per cent) included contracts for projects supporting environmental conservation and protection, sustainable economic prosperity and quality of life. It also included ongoing supply requirements for the ministry.
- The remainder of ministry expenses were classified as amortization of tangible capital assets \$4.4 million (1 per cent) and other expenses \$6 million (1 per cent).



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## Supplemental Financial Information

### Other Ministry Level Disclosures

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

1. Contractual obligations and commitments are \$410.3 million in contrast to the prior year 2021-22 of \$450.5 million. This difference relates to Investing in Canada Infrastructure Program and Oil Sand Innovation Funds.
2. The department has identified various sites where contamination exists, and the level of contamination is either known or unknown at this time and totals \$11 million. As at March 31, 2023, \$4.3 million has been recognized as liabilities for contaminated sites, as compared to \$4.7 million in prior year. Additionally, certain contingent liabilities exist for site remediation and reclamation which will likely be the responsibility of the Department. The potential costs relate to future site remediation works associated with various properties owned or acquired by the Province as a result of abandonment of contaminated properties. The preliminary estimate of the amount of such contingent liabilities is \$6.3 million and remains the same as the prior year.

## Tangible Capital Assets (unaudited)

(In thousands)

|                                    | General Capital Assets <sup>(a)</sup> |                          |   |                      |  | Infrastructure Assets                             |         |  |            | 2023<br>Total | 2022<br>Total<br><i>(Restated)</i> |
|------------------------------------|---------------------------------------|--------------------------|---|----------------------|--|---|---------|--|------------|---------------|------------------------------------|
|                                    | Buildings                             | Equipment <sup>(b)</sup> | Computer<br>hardware<br>and<br>software | Other <sup>(c)</sup> | Land<br>improve-<br>ments <sup>(d)</sup> | Provincial<br>highways,<br>roads and<br>airstrips | Bridges | Dams and<br>water<br>management<br>structures <sup>(e)</sup> |            |               |                                    |
| Historical cost <sup>(f)</sup>     |                                       |                          |   |                      |  |   |         |  |            |               |                                    |
| Beginning of year                  | \$ 12,283                             | \$ 53,017                | \$ 74,079                               | \$ -                 | \$ 3,146                                 | \$ 137  | \$ -    | \$ 955   | \$ 143,617 | \$ 84,069     |                                    |
| Additions <sup>(g)</sup>           | 9,913                                 | 7,991                    | 270                                     | 89                   | 29                                       | -   | -       | 38   | 18,330     | 60,482        |                                    |
| Adjustments                        | -                                     | 18                       | 11                                      | -                    | 108                                      | (137)   | -       | -  | -          | 577           |                                    |
| Disposals including<br>write-downs | (6)                                   | (622)                    | (154)                                   | -                    | (24)                                     | -   | -       | -  | (806)      | (1,511)       |                                    |
|                                    | 22,190                                | 60,404                   | 74,206                                  | 89                   | 3,259                                    | -   | -       | 993  | 161,141    | 143,617       |                                    |
| Accumulated<br>amortization        |                                       |                          |   |                      |  |   |         |  |            |               |                                    |
| Beginning of year                  | \$ 5,250                              | \$ 37,145                | \$ 69,200                               | \$ -                 | \$ 1,692                                 | \$ -  | \$ -    | \$ (137)   | \$ 113,150 | \$ 61,202     |                                    |
| Amortization<br>expense            | 89                                    | 2,970                    | 1,092                                   | -                    | 216                                      | -   | -       | -  | 4,367      | 52,580        |                                    |
| Adjustments                        | -                                     | -                        | -                                       | -                    | 99                                       | -   | -       | 137  | 236        | 565           |                                    |
| Disposals including<br>write-downs | (3)                                   | (616)                    | (154)                                   | -                    | -  | -   | -       | -  | (773)      | (1,197)       |                                    |
|                                    | 5,336                                 | 39,499                   | 70,138                                  | -                    | 2,007                                    | -   | -       | -  | 116,980    | 113,150       |                                    |
| Net book value at                  |                                       |                          |   |                      |  |   |         |  |            |               |                                    |
| March 31, 2023                     | \$ 16,854                             | \$ 20,905                | \$ 4,068                                | \$ 89                | \$ 1,252                                 | \$ -  | \$ -    | \$ 993   | \$ 44,161  | \$ 30,467     |                                    |
| Net book value at                  |                                       |                          |   |                      |  |   |         |  |            |               |                                    |
| March 31, 2022                     | \$ 7,033                              | \$ 15,872                | \$ 4,879                                | \$ -                 | \$ 1,454                                 | \$ 137  | \$ -    | \$ 1,092   | \$ 30,467  |               |                                    |

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

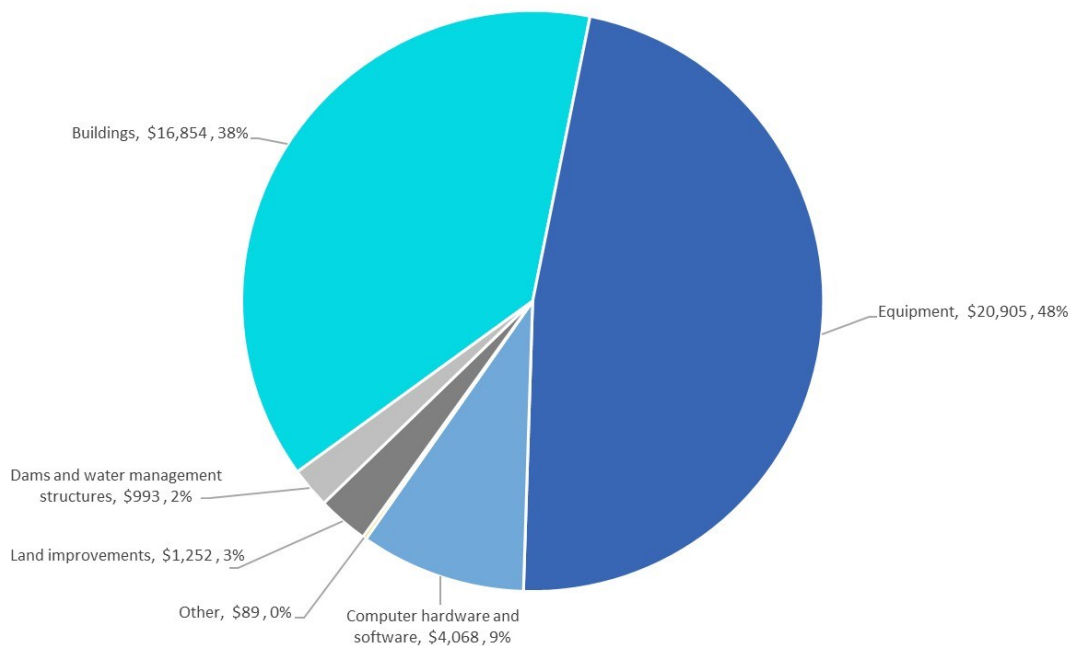
*(In thousands)*

- (a) As at March 31, 2023, there are no capital assets under capital lease.
- (b) Equipment includes vehicles, heavy and mobile equipment, office equipment and furniture, laboratory equipment.
- (c) Other includes improvements on a trout pond.
- (d) Land improvements includes observation wells, wastewater, lift stations, parking lots, and sewer lines.
- (e) Dams and water management structures include dams, reservoirs, weirs, canals, dikes, ditches, channels, diversions, cut-offs, pump houses and erosion protection structures.
- (f) Historical costs include \$28.0 million in construction in progress which are not amortized until the tangible capital assets are completed and in use.
- (g) For the year ended March 31, 2023, there are no contributed/non-cash assets received.

## Tangible Capital Assets (unaudited) (Cont'd)

### Net Book Value as of March 31, 2023

(In thousands)



- The ministry's largest category of tangible capital assets, Equipment, represents costs of \$20.9 million (48 per cent) of the Net Book Value (NBV). This category is comprised of vehicles, heavy and mobile equipment, office equipment and furniture, and laboratory equipment.
- Buildings, with a cost of \$16.9 million (38 per cent) of NBV, is the second largest category of tangible capital assets and includes ranger and monitoring stations, and other support buildings and structures.
- Computer hardware and software, representing a total cost \$4.1 million (nine per cent), includes laptop, desktop computers, printers, plotters, scanners, servers, and software applications.
- Land improvements with a NBV of \$1.3 million (three per cent) includes observation wells, wastewater lift stations, parking lots, and sewer lines.

# Financial Statements of Other Reporting Entities

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**Technology Innovation and Emissions Reduction Fund**

**Financial Statements**  
**Year Ended March 31, 2023**

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## Independent Auditor's Report

To the Minister of Environment and Protected Areas

### Report on the Financial Statements

#### Opinion

I have audited the financial statements of the Technology Innovation and Emissions Reduction Fund (the Fund), which comprise the statement of financial position as at March 31, 2023, and the statements of operations, change in net financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2023, and the results of its operations, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### Basis for opinion

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

#### Other information

Management is responsible for the other information. The financial statements of the Fund are included in the *Annual Report of the Ministry of Environment and Protected Areas*. The other information comprises the information included in the *Annual Report of the Ministry of Environment and Protected Areas* relating to the Fund, but does not include the financial statements of the Fund and my auditor's report thereon.

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

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

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

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

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

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

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

## **Auditor's responsibilities for the audit of the financial statements**

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

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

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



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

[Original signed by W. Doug Wylie FCPA, FCMA, ICD.D]  
Auditor General  
June 28, 2023  
Edmonton, Alberta

**Technology Innovation and Emissions Reduction Fund**  
**Statement of Operations**  
**Year Ended March 31, 2023**

|   | <b>2023</b>           |                   | <b>2022</b>       |
|---|-----------------------|-------------------|-------------------|
|   | <b>Budget</b>         | <b>Actual</b>     | <b>Actual</b>     |
|   | <i>(In thousands)</i> |                   |                   |
| <b>Revenues (Note 2)</b>                        |                       |                   |                   |
| Facility purchases of fund credits by sector    |                       |                   |                   |
| Mining, oil and gas extraction                  | \$ 147,431            | \$ 383,714        | \$ 247,450        |
| Utilities                                       | 231,519               | 237,104           | 388,583           |
| Manufacturing                                   | 30,770                | 56,103            | 51,645            |
| Transportation and warehousing                  | 10,280                | 87,332            | 17,254            |
| Investment income                               | 600                   | 6,650             | 529               |
| Other revenue                                   | -                     | 1,199             | 3,987             |
|   | <u>420,600</u>        | <u>772,102</u>    | <u>709,448</u>    |
| <b>Expenses – (Note 2 and Schedule 1)</b>       |                       |                   |                   |
| Administration                                  | 800                   | 530               | 552               |
| Innovation and technology                       | 185,561               | 181,105           | 205,137           |
| Transfers to the General Revenue Fund           | 159,300               | 335,451           | 311,949           |
|   | <u>345,661</u>        | <u>517,086</u>    | <u>517,638</u>    |
| <b>Annual surplus</b>                           | 74,939                | 255,016           | 191,810           |
| <b>Accumulated surplus at beginning of year</b> | 336,805               | 336,805           | 144,995           |
| <b>Accumulated surplus at end of year</b>       | <u>\$ 411,744</u>     | <u>\$ 591,821</u> | <u>\$ 336,805</u> |

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

**TechnologyInnovation and Emissions Reduction Fund**  
**Statement of Financial Position**  
**As at March 31, 2023**

|   | 2023                  | 2022       |
|---|-----------------------|------------|
|   | <i>(in thousands)</i> |            |
| <b>Financial assets</b>                                 |                       |            |
| Cash and cash equivalents (Note 4)                      | \$ 167,281            | \$ 168,877 |
| Accounts receivable (Note 5)                            | 942,019               | 685,189    |
|   | 1,109,300             | 854,066    |
| <b>Liabilities</b>                                      |                       |            |
| Accounts payable and other accrued liabilities (Note 6) | 517,479               | 517,261    |
|   | 517,479               | 517,261    |
| <b>Net financial assets</b>                             | 591,821               | 336,805    |
| <b>Net assets</b>                                       | \$ 591,821            | \$ 336,805 |
| <b>Net assets</b>                                       |                       |            |
| Accumulated surplus                                     | \$ 591,821            | \$ 336,805 |
|   | \$ 591,821            | \$ 336,805 |

Contractual obligations (Note 7)

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

Original signed by Tom Davis acting for  
Kasha Piquette, Deputy Minister of  
Environment and Protected Areas  
June 28, 2023

Original signed by Ryan Fernandez  
Assistant Deputy Minister, Senior Financial  
Officer of Environment and Protected Areas  
June 28, 2023

**Technology Innovation and Emissions Reduction Fund**  
**Statement of Change in Net Financial Assets**  
**Year Ended March 31, 2023**

|  | 2023                  |            | 2022       |
|--|-----------------------|------------|------------|
|  | Budget                | Actual     | Actual     |
|  | <i>(In thousands)</i> |            |            |
| <b>Annual surplus</b>                            | \$ 74,939             | \$ 255,016 | \$ 191,810 |
| <b>Increase in net financial assets</b>          | 74,939                | 255,016    | 191,810    |
| <b>Net financial assets at beginning of year</b> | 336,805               | 336,805    | 144,995    |
| <b>Net financial assets at end of year</b>       | \$ 411,744            | \$ 591,821 | \$ 336,805 |

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

**Technology Innovation and Emissions Reduction Fund**  
**Statement of Cash Flows**  
**Year Ended March 31, 2023**

|   | <b>2023</b>           | <b>2022</b>       |
|---|-----------------------|-------------------|
|   | <i>(in thousands)</i> |                   |
| <b>Operating transactions</b>   |                       |                   |
| Annual surplus  | \$ 255,016            | \$ 191,810        |
| (Increase) in accounts receivable                                     | (256,830)             | (143,756)         |
| Increase (Decrease) in accounts payable and other accrued liabilities | 218                   | (366,644)         |
| Cash (applied to) operating transactions                              | (1,596)               | (318,590)         |
| <b>(Decrease) in cash and cash equivalents</b>                        | (1,596)               | (318,590)         |
| <b>Cash and cash equivalents at beginning of year</b>                 | 168,877               | 487,467           |
| <b>Cash and cash equivalents at end of year</b>                       | <u>\$ 167,281</u>     | <u>\$ 168,877</u> |

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

## Technology Innovation and Emissions Reduction Fund

### Notes to the Financial Statements

### March 31, 2023

#### Note 1 AUTHORITY

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

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

Alberta Regulation (A.R.251/2022)<sup>1</sup> introduced amendments to the TIER Regulation that took effect on January 1, 2023. Additionally, TIER incorporated standards were revised to maintain equivalency with the federal benchmark stringency requirements. Changes with effect on revenue for 2023 and subsequent compliance years include but are not limited to updated Global Warming Potentials (GWP) used for quantification of emissions, expanded emissions scope for conventional oil and gas facilities, increased stringencies for facility specific and high-performance benchmarks and increases to future credit use limits.

#### Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

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

##### Basis of Financial Reporting

##### Revenues

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

TIER Fund revenues operate as follows:

- Revenues to the TIER Fund include forecasted purchases of fund credits as a method of compliance under the TIER regulation for April 1, 2022, to March 31, 2023, covering portions of the 2022 and 2023 compliance years which are based on the calendar year.

<sup>1</sup>A.R.251/2022. [https://kings-printer.alberta.ca/documents/Orders/Orders\\_in\\_Council/2022/2022\\_403.html](https://kings-printer.alberta.ca/documents/Orders/Orders_in_Council/2022/2022_403.html)

## Technology Innovation and Emissions Reduction Fund

### Notes to the Financial Statements

#### March 31, 2023

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

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

- These credits can be purchased at a rate of \$50 per tonne for the 2022 compliance year and \$65 per tonne for the 2023 compliance year and may be used to ensure that the facility net emissions do not exceed the facility allowable emissions.
- Under the TIER regulation, facilities which have emitted over one million tonnes of carbon dioxide equivalent (CO<sub>2</sub>e) in 2016 or a subsequent year and which have not had a true-up obligation less than 50,000 tonnes in the two previous years are required to submit a forecasting report by November 30th which forecasts their emissions, production, true-up obligation and ratio of fund credits to other credits used to meet their true-up obligation for the coming compliance year. This forecast is to be updated by March 15th of the year following the year being forecast.
- Emissions measurement at facilities involves the use of different methodologies including estimation techniques and use of emission factors. Such techniques can involve using equipment with varying degrees of precision. Use of different techniques and emission factors may produce different results.
- Management has provided guidance to facilities and verifiers in setting the quantification methodology, and the calculation and verification requirements of emissions and production. Every facility submitting a compliance report is required to have a third party verify the report. These verifications are required to be at a reasonable assurance level since January 1, 2012.

Under the TIER regulation, facilities that demonstrate that emissions are less than allowable emissions are eligible to request emission performance credits for the difference. These credits may be used for compliance in future periods.

##### Investment income

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

##### Facility purchases of fund credits

These revenues are from estimates of amounts not yet assessed by management based on cash and fund credit purchase information received from facilities that relates to compliance periods ending December 31, 2022 and December 31, 2023. Revenues also include adjustments resulting from reviews and audits of previous years' submissions and include adjustments resulting from the difference between prior year's estimate and current year's payments received. It also includes revenues recognized when corrected compliance reports and/or true-up obligations are submitted as a result of new facility-specific benchmarks assigned.

## Technology Innovation and Emissions Reduction Fund

### Notes to the Financial Statements

### March 31, 2023

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

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

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

Management can require errors below the threshold to be corrected. The materiality threshold for facilities with total regulated emissions and allowed emissions less than 500,000 tonnes is five per cent. The materiality threshold for facilities with total regulated emissions or allowed emissions over 500,000 tonnes is two per cent.

##### Completeness of revenues from facility purchases of fund credits

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

##### **Measurement Uncertainty**

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

The revenues and accounts receivable include an estimate of \$788 million for the period April 1, 2022 to March 31, 2023 (2022: \$560 million). There are uncertainties with the inputs used to calculate this forecast. Based on our estimate, the revenue for this period is expected to be between \$706 million and \$996 million based on the full range of Monte Carlo samples that were run. The minimum revenue that could occur if credits are fully utilized is \$376 million while if fund credit payment is used exclusively revenue could be \$1,179 million. Additional details on the forecast approach and accounting of uncertainty are provided below.

Under the TIER regulation revenue occurs when individual facilities make payments to cover all or part of their true up obligation<sup>2</sup>. The TIER Fund estimate is based on the sum of each regulated facility's estimated true-up obligation multiplied by a forecast fund contribution percentage<sup>3</sup> multiplied by \$50 per tonne for compliance year 2022 and \$65 per tonne for compliance year 2023.

- The estimate of true-up obligation is based on the most recent available data, such as compliance or forecasting reports submitted under the TIER regulation, CCIR, Specified Gas Emitters Regulation (SGER), and from public data sources included Petrinex data<sup>4</sup>, Alberta Energy Regulator, and Alberta Electric System Operator (AESO).

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

<sup>3</sup> Fund contribution percentage is the share of a facility's true up obligation that is met through payment to the TIER Fund. This can range from 40 per cent to 100 per cent for this period.

<sup>4</sup> Petrinex is a system used in Saskatchewan, Alberta and British Columbia for reporting oil and gas data including data on production and fuel use.



## Technology Innovation and Emissions Reduction Fund

### Notes to the Financial Statements

#### March 31, 2023

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

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

##### Measurement Uncertainty (Cont'd)

- For forecasting facilities, the TIER Fund percentage is based on the values indicated in the forecasting report. For the non-forecasting facilities in the TIER Fund 2022 Final Estimate and 2023 Forecasts, the TIER Fund contribution percentage is varied according to historic observations as set out in the section regarding Monte Carlo simulation. The TIER Fund rates of \$50 per tonne of carbon dioxide equivalent and \$65 per tonne of carbon equivalent is set by Ministerial Order 62/2022 for 2022 and 2023, respectively, in accordance with section 21(2) of the TIER regulation.

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

| True-Up  |   |
|--|---|
| April 1 to Dec 31, 2022  | Jan 1 to Mar 31, 2023   |
| <ul style="list-style-type: none"> <li>Forecasting facilities– based on observed ratios of compliance report true-up to forecast report true-up from 2020 and 2021.</li> </ul>   |   |
| <ul style="list-style-type: none"> <li>Non-forecasting electricity, in situ, and gas plants uncertainty ranges were established by comparing an estimate for the full year and actual values for the last 12 months of activity data. Since the year and the full year is equal to the last 12 months, no uncertainty remains and the bounds tend to 0%.</li> </ul>  | <ul style="list-style-type: none"> <li>Non-forecasting facilities from electricity, in situ and gas plants sectors adjusted based on comparing an estimate for the full year and actual values for the last 12 months of activity data. Since the year is incomplete at the time of forecasting, some remaining uncertainty results. These ranges of uncertainty at the time of forecasting 2023 data are:               <ul style="list-style-type: none"> <li>Mean of 2% with a standard deviation of 36% for electricity.</li> <li>Mean of -2% with a standard deviation of 18% for in situ.</li> <li>Mean of 2% with a standard deviation of 21% for gas plants.</li> </ul> </li> </ul> |
| <ul style="list-style-type: none"> <li>Aggregate true-up varied by factor of 0.98 to 1.00 to reflect variability possible with benchmark applications.</li> <li>All others except aggregates – based on the range of uncertainty from prior year actual to forecast true-up. The uncertainty ranges are established based on facility-level variability within a sector filtering out facilities with forecasted or actual true-up obligations below 1,000 tonnes of CO<sub>2</sub>e.</li> </ul> |   |

## Technology Innovation and Emissions Reduction Fund

### Notes to the Financial Statements

#### March 31, 2023

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

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

##### Measurement Uncertainty (Cont'd)

| Fund Credits  |                       |
|---|-----------------------|
| April 1 to Dec 31, 2022   | Jan 1 to Mar 31, 2023 |
| <ul style="list-style-type: none"> <li>For forecasting facilities, fund credit ratios varied based on observed ratios of compliance report to forecast report values from 2018-2021.</li> <li>For non-forecasting facilities, fund credit ratios varied randomly and uniformly between the lowest and highest observed values for each facility from 2018-2021.</li> <li>For facilities with no historic data, the fund credit ratios are varied randomly and uniformly between the low (40%) and high (100%) ranges allowed in TIER Fund.</li> </ul> |                       |
| Monte Carlo   |                       |
| Run 400 times, varying within the distributions described above. For the period from January 1st to December 31st, 2022, the forecast is based on the 50th percentile case as the most likely estimate. For the period from January 1st to March 31st, 2023, the forecast is based on the 25th percentile case for conservatism.  |                       |

On December 14, 2022, A.R.251/2022 introduced amendments to the TIER Regulation that came into force on January 1st, 2023. Changes due to regulatory amendments had not been fully implemented at the time of forecasting the Jan 1 to Mar 31, 2023 period which creates an uncertainty in forecast values.

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

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

Technology Innovation and Emissions Reduction Fund  
Notes to the Financial Statements  
March 31, 2023

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

Basis of Financial Reporting (Cont'd)

Expenses

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

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

Transfers to the General Revenue Fund

Out of a total of \$772 million recorded as TIER Fund revenue, \$181 million was used for new and cleaner Alberta-based technologies that reduce greenhouse gas emissions or support Alberta's ability to adapt to climate change and \$335 million was recognized as a transfer to the General Revenue Fund in accordance with Section 10(4.1) of the *Emissions Management and Climate Resilience Act* and \$530,000 for administration. The remaining \$255 million will be retained as assets in the TIER Fund. As TIER Fund revenue is subject to measurement uncertainty, a change in estimate that impacts the transfer amount would be accounted for in the following year. Transfers to General Revenue Fund was not paid as at March 31, 2023 so it creates measurement uncertainty to accounts payable as well.

Valuation of Financial Assets and Liabilities

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

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

**Technology Innovation and Emissions Reduction Fund**  
**Notes to the Financial Statements**  
**March 31, 2023**

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

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

**Financial Assets**

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets are the TIER Fund's financial claims on external organizations and individuals, as well as cash at year end.

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

Cash and cash equivalents

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

Accounts receivable

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

**Liabilities**

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

Accounts payable and other accrued liabilities

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

Asset Retirement Obligations

Asset retirement obligations are legal obligations associated with the retirement of a tangible capital assets. Asset retirement activities include all activities relating to an asset retirement obligation. Management has reviewed the accounting standard PS 3280 and has concluded that the TIER Fund does not have any asset retirement obligation liabilities.

## Technology Innovation and Emissions Reduction Fund

### Notes to the Financial Statements

#### March 31, 2023

#### Note 3 FUTURE CHANGES IN ACCOUNTING STANDARDS

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

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

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

#### Note 4 CASH AND CASH EQUIVALENTS

Effective July 4, 2022, the Consolidated Liquidity Solution (CLS) replaces the Consolidated Cash Investment Trust Fund (CCITF) as the Province's cash pooling structure. The new CLS structure will enhance the effectiveness and efficiency from the Province's cash management perspective. A CLS participant is paid interest on monthly basis on their cash balance at an interest rate based on the 12 week rolling average of the Province's 3 month cost of borrowing.

#### Note 5 ACCOUNTS RECEIVABLE

(In thousands)

Accounts receivables are unsecured and non-interest bearing.

|  | 2023              | 2022              |
|--|-------------------|-------------------|
| Facility purchases of fund credits by sector                               |                   |                   |
| Mining, oil and gas extraction   | \$ 445,629        | \$ 228,092        |
| Utilities  | 352,505           | 384,804           |
| Manufacturing  | 58,029            | 49,664            |
| Transportation and warehousing   | 84,630            | 21,987            |
| Accounts receivable from the Department of Environment and Protected Areas | 586               | 586               |
| Interest Receivable  | 640               | -                 |
| Other  |                   | 56                |
|  | <u>\$ 942,019</u> | <u>\$ 685,189</u> |

## Technology Innovation and Emissions Reduction Fund

### Notes to the Financial Statements

#### March 31, 2023

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

(In thousands)

|                                      | 2023              | 2022              |
|--------------------------------------|-------------------|-------------------|
| Accrued grants                       | \$ 181,105        | \$ 205,137        |
| Transfer to the General Revenue Fund | 335,451           | 311,949           |
| Accrued liabilities                  | 923               | 175               |
|                                      | <u>\$ 517,479</u> | <u>\$ 517,261</u> |

#### Note 7 CONTRACTUAL OBLIGATIONS

(in thousands)

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

|                             | 2023          | 2022          |
|-----------------------------|---------------|---------------|
| Obligations under contracts | 430           | 178           |
|                             | <u>\$ 430</u> | <u>\$ 178</u> |

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

|         | Contracts     |
|---------|---------------|
| 2023-24 | \$ 245        |
| 2024-25 | 185           |
|         | <u>\$ 430</u> |

#### Note 8 APPROVAL OF FINANCIAL STATEMENTS

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

## Schedule 1

**Technology Innovation and Emissions Reduction Fund**  
**Expenses – Detailed By Object**  
**March 31, 2023**

|                                       | 2023                  |            | 2022       |
|---------------------------------------|-----------------------|------------|------------|
|                                       | Budget                | Actual     | Actual     |
|                                       | <i>(in thousands)</i> |            |            |
| Administration                        | 800                   | 530        | 552        |
| Grants - Innovation and Technology    | \$ 185,561            | \$ 181,105 | \$ 205,137 |
| Transfers to the General Revenue Fund | 159,300               | 335,451    | 311,949    |
| Total expenses                        | \$ 345,661            | \$ 517,086 | \$ 517,638 |



**Technology Innovation and Emissions Reduction Fund**  
**Related Party Transactions**  
**March 31, 2023**

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

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

|   | <b>2023</b>           | <b>2022</b>         |
|---|-----------------------|---------------------|
|   | <i>(in thousands)</i> |                     |
| <b>Revenues</b>   |                       |                     |
| Interest from CLS   | \$ 5,883              | \$ -                |
| <b>Expenses</b>   |                       |                     |
| Environment and Protected Areas - grants                    | \$ 181,105            | \$ 205,137          |
| Treasury Board & Finance – transfer to General Revenue Fund | 335,451               | 311,949             |
| <b>Total</b>  | <b>\$ 516,556</b>     | <b>\$ 517,086</b>   |
| <b>Receivable From Environment and Protected Areas</b>      | \$ 586                | \$ 586              |
| <b>Interest Receivable from CLS</b>                         | 640                   |                     |
| <b>Total</b>  | <b>\$ 1,226</b>       | <b>\$ 586</b>       |
| <b>Payable to Environment and Protected Areas</b>           | <b>\$ (516,556)</b>   | <b>\$ (517,086)</b> |

Land Stewardship Fund

Financial Statements

Year Ended March 31, 2023

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## Independent Auditor's Report

To the Minister of Environment and Protected Areas

### Report on the Financial Statements

#### Opinion

I have audited the financial statements of the Land Stewardship Fund (the Fund), which comprise the statement of financial position as at March 31, 2023, and the statements of operations, change in net financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2023, and the results of its operations, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### Basis for opinion

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

#### Other information

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

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

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

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

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

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

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

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

[Original signed by W. Doug Wylie FCPA, FCMA, ICD.D]  
Auditor General  
June 14, 2023  
Edmonton, Alberta

**Land Stewardship Fund**  
**Statement of Operations**  
**Year Ended March 31, 2023**

|   | <b>2023</b>           |                  | <b>2022</b>      |
|---|-----------------------|------------------|------------------|
|   | <b>Budget</b>         | <b>Actual</b>    | <b>Actual</b>    |
|   | <i>(in thousands)</i> |                  |                  |
| <b>Revenues (Note 8 and Schedule 2)</b>                 |                       |                  |                  |
| Internal government transfers                           |                       |                  |                  |
| proceeds from surplus land sales                        | \$ 5,000              | \$ 1,000         | \$ 53            |
| Interest income (Note 4)                                | 75                    | 891              | 108              |
| Other revenue   | -                     | 2,865            | 10               |
|   | <u>5,075</u>          | <u>4,756</u>     | <u>171</u>       |
| <b>Expenses – (Note 2 and Schedule 1)</b>               |                       |                  |                  |
| Grants to the Department of Forestry, Parks and Tourism |                       |                  |                  |
| to acquire land   | 5,000                 | -                | -                |
| Grants to land trusts                                   | 10,000                | 12,926           | 14,500           |
| Land transaction expenses                               | -                     | 153              | 55               |
|   | <u>15,000</u>         | <u>13,079</u>    | <u>14,555</u>    |
| <b>Annual operating (deficit)</b>                       | \$ (9,925)            | \$ (8,323)       | \$ (14,384)      |
| <b>Accumulated surplus at beginning of year</b>         | 28,462                | 28,462           | 42,846           |
| <b>Accumulated surplus at end of year</b>               | <u>\$ 18,537</u>      | <u>\$ 20,139</u> | <u>\$ 28,462</u> |

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

**Land Stewardship Fund**  
**Statement of Financial Position**  
**As at March 31, 2023**

|   | 2023                  | 2022             |
|---|-----------------------|------------------|
|   | <i>(in thousands)</i> |                  |
| <b>Financial assets</b>                                 |                       |                  |
| Cash and cash equivalents (Note 4)                      | \$ 19,958             | \$ 42,996        |
| Accounts receivable (Note 5)                            | 9,449                 | 14               |
|   | <u>29,407</u>         | <u>43,010</u>    |
| <b>Liabilities</b>                                      |                       |                  |
| Accounts payable and other accrued liabilities (Note 6) | 9,268                 | 14,548           |
|   | <u>9,268</u>          | <u>14,548</u>    |
| <b>Net financial assets</b>                             | <u>20,139</u>         | <u>28,462</u>    |
| <b>Net assets</b>                                       | <u>\$ 20,139</u>      | <u>\$ 28,462</u> |
| <b>Net assets (Note 7)</b>                              |                       |                  |
| Accumulated surplus                                     | 20,139                | 28,462           |
|   | <u>\$ 20,139</u>      | <u>\$ 28,462</u> |

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

Original signed by Kasha Piquette  
 Deputy Minister  
 June 14, 2023

Original signed by Ryan Fernandez  
 Assistant Deputy Minister, Senior Financial Officer  
 June 14, 2023

**Land Stewardship Fund****Statement of Change in Net Financial Assets  
Year Ended March 31, 2023**

|  | <b>2023</b>           |               | <b>2022</b>   |
|--|-----------------------|---------------|---------------|
|  | <b>Budget</b>         | <b>Actual</b> | <b>Actual</b> |
|  | <i>(in thousands)</i> |               |               |
| <b>Annual deficit</b>                            | \$ (9,925)            | \$ (8,323)    | \$ (14,384)   |
| <b>Decrease in net financial assets</b>          | (9,925)               | (8,323)       | (14,384)      |
| <b>Net financial assets at beginning of year</b> | 28,462                | 28,462        | 42,846        |
| <b>Net financial assets at end of year</b>       | \$ 18,537             | \$ 20,139     | \$ 28,462     |

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



**Land Stewardship Fund**  
**Statement of Cash Flows**  
**Year Ended March 31, 2023**

|  | <b>2023</b>             | <b>2022</b>             |
|--|-------------------------|-------------------------|
|  | <i>(in thousands)</i>   |                         |
| <b>Operating transactions</b>  |                         |                         |
| Annual deficit   | \$ (8,323)              | \$ (14,384)             |
| (Increase) decrease in accounts receivable                               | (9,435)                 | 4,271                   |
| (Decrease) increase in accounts payable and other<br>accrued liabilities | (5,280)                 | 3,100                   |
| Cash applied to operating transactions                                   | <u>(23,038)</u>         | <u>(7,013)</u>          |
| <b>Decrease in cash and cash equivalents</b>                             | (23,038)                | (7,013)                 |
| <b>Cash and cash equivalents at beginning of year</b>                    | 42,996                  | 50,009                  |
| <b>Cash and cash equivalents at end of year</b>                          | <u><u>\$ 19,958</u></u> | <u><u>\$ 42,996</u></u> |

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

## Land Stewardship Fund

### Notes to the Financial Statements

#### March 31, 2023

#### NOTE 1 AUTHORITY

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

#### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

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

##### Basis of Financial Reporting

##### Revenues

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

##### Government transfers

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

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

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

##### Grants and donations for land

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

Land Stewardship Fund  
Notes to the Financial Statements  
March 31, 2023

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

Basis of Financial Reporting (Cont'd)

Expenses

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

Transfers include entitlements and grants. Transfers are recognized as expenses when the transfer is authorized and eligibility criteria have been met by the recipient.

Valuation of the Financial Assets and Liabilities

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

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

Financial Assets

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

Financial assets of the Fund are limited to financial claims, such as cash and cash equivalents, accounts receivable from related parties and other external organizations.

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

Cash and Cash Equivalents

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

Accounts Receivable

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

## Land Stewardship Fund

### Notes to the Financial Statements

#### March 31, 2023

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

##### Liabilities

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

##### Asset Retirement Obligations

Asset retirement obligations are legal obligations associated with the retirement of a tangible capital assets. Asset retirement activities include all activities relating to an asset retirement obligation. Management has reviewed the accounting standard PS 3280 and has concluded that the Land Stewardship Fund does not have any asset retirement obligation liabilities.

#### NOTE 3 FUTURE ACCOUNTING CHANGES

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

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

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

#### NOTE 4 CASH AND CASH EQUIVALENTS

Effective July 4, 2022, the Consolidated Liquidity Solution (CLS) replaces the Consolidated Cash Investment Trust Fund (CCITF) as the Province's cash pooling structure. The new CLS structure will enhance the effectiveness and efficiency from Province's cash management perspective. A CLS participant is paid interest on monthly basis on their cash balance at an interest rate based on the 12 week rolling average of the Province's 3 month cost of borrowing.

## Land Stewardship Fund

### Notes to the Financial Statements

#### March 31, 2023

#### NOTE 5 ACCOUNTS RECEIVABLE

(In thousands)

Accounts receivable are unsecured and non-interest bearing.

|                          | 2023            | 2022      |
|--------------------------|-----------------|-----------|
| Land sales               | \$ 190          | \$ 14     |
| Interest                 | 106             | -         |
| Grant Receivable Accrual | 9,153           | -         |
|                          | <u>\$ 9,449</u> | <u>14</u> |

#### NOTE 6 ACCOUNTS PAYABLE AND OTHER ACCRUED LIABILITIES

(In thousands)

|                           | 2023            | 2022             |
|---------------------------|-----------------|------------------|
| Accounts Payable - Others | \$ 113          | \$ 14,536        |
| Supplies and services     | 2               | 12               |
| Grants Payable Accrual    | 9,153           | -                |
|                           | <u>\$ 9,268</u> | <u>\$ 14,548</u> |

#### NOTE 7 NET ASSETS

(In thousands)

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

#### NOTE 8 TRANSFER FROM THE DEPARTMENT OF FORESTRY, PARKS AND TOURISM

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

#### NOTE 9 APPROVAL OF FINANCIAL STATEMENTS

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

**Schedule 1**

**Land Stewardship Fund**  
**Expenses – Detailed By Object**  
**March 31, 2023**

|                       | <b>2023</b>           |               | <b>2022</b>   |
|-----------------------|-----------------------|---------------|---------------|
|                       | <b>Budget</b>         | <b>Actual</b> | <b>Actual</b> |
|                       | <i>(In thousands)</i> |               |               |
| Supplies and Services | \$ -                  | \$ 153        | \$ 55         |
| Grants                | 15,000                | 12,926        | 14,500        |
| Total Expenses        | \$ 15,000             | \$ 13,079     | \$ 14,555     |

**Land Stewardship Fund**  
**Related Party Transactions**  
**March 31, 2023**

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:

|  | 2023                  | 2022         |
|--|-----------------------|--------------|
|  | <i>(In thousands)</i> |              |
| <b>Revenues</b>  |                       |              |
| Forestry, Parks and Tourism - proceeds from surplus land sales | \$ 1,000              | \$ 53        |
| Interest from CLS  | 808                   | -            |
|  | <u>\$ 1,808</u>       | <u>\$ 53</u> |
| <br><b>Receivable from Forestry, Parks and Tourism</b>         | <br>\$ 190            | <br>\$ 14    |
| <b>Interest Receivable from CLS</b>                            | 106                   | -            |
|  | <u>\$ 296</u>         | <u>\$ 14</u> |

# Natural Resources Conservation Board

## Financial Statements

Year Ended March 31, 2023

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## Management's Responsibility for Financial Reporting

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

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

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the NRCB has developed and maintains systems of internal controls to produce reliable information for reporting requirements. The systems are designed to provide reasonable assurance that the 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.

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

Original signed by Sean Royer  
Chief Executive Officer

May 31, 2023



## Independent Auditor's Report

To the Members of the Natural Resources Conservation Board

### Report on the Financial Statements

#### Opinion

I have audited the financial statements of the Natural Resources Conservation Board (the Board), which comprise the statement of financial position as at March 31, 2023, and the statements of operations, change in net financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2023, and the results of its operations, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### Basis for opinion

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

#### Other information

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

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

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

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

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

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

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

to the date of my auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.

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

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

[Original signed by W. Doug Wylie FCPA, FCMA, ICD.D]  
Auditor General  
May 31, 2023  
Edmonton, Alberta

**Natural Resources Conservation Board**  
**Statement of Operations**  
**Year Ended March 31, 2023**

|  | 2023         |              | 2022         |
|--|--------------|--------------|--------------|
|  | Budget       | Actual       | Actual       |
| <b>Revenues</b>  |              |              |              |
| Government transfers   |              |              |              |
| Transfer from the Department of Environment and Protected Areas (Note 4)               |              |              |              |
| Investment income  | \$ 5,397,000 | \$ 5,397,000 | \$ 5,397,000 |
| Other revenue  | 5,000        | 72,412       | 5,605        |
|  | 1,000        | 1,979        | 1,060        |
|  | 5,403,000    | 5,471,391    | 5,403,665    |
| <b>Expenses – directly incurred (Note 2(a) and Schedules 1 and 4)</b>                  |              |              |              |
| Board reviews and hearings   |              |              |              |
| Regulating confined feeding operations   | 1,154,000    | 1,011,865    | 1,113,376    |
|  | 4,270,000    | 4,228,210    | 3,876,982    |
|  | 5,424,000    | 5,240,075    | 4,990,358    |
| <b>Annual operating surplus (deficit)</b>  | (21,000)     | 231,316      | 413,307      |
| Transfer amount returned to the Department of Environment and Protected Areas (Note 4) |              |              | (250,000)    |
| <b>Annual surplus (deficit)</b>  | (21,000)     | 231,316      | 163,307      |
| <b>Accumulated surplus at beginning of year</b>  | 1,750,552    | 1,750,552    | 1,587,245    |
| <b>Accumulated surplus at end of year</b>  | \$ 1,729,552 | \$ 1,981,868 | \$ 1,750,552 |

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

**Natural Resources Conservation Board**  
**Statement of Financial Position**  
**Year Ended March 31, 2023**

|   | 2023                | 2022                |
|---|---------------------|---------------------|
| <b>Financial assets</b>                                 |                     |                     |
| Cash and cash equivalents (Note 5)                      | \$ 2,272,915        | \$ 1,998,557        |
| Accounts receivable                                     | 11,221              | 1,359               |
|   | <u>2,284,136</u>    | <u>1,999,916</u>    |
| <b>Liabilities</b>                                      |                     |                     |
| Accounts payable and other accrued liabilities (Note 7) | 377,985             | 302,442             |
| <b>Net financial assets</b>                             | <u>1,906,151</u>    | <u>1,697,474</u>    |
| <b>Non-financial assets</b>                             |                     |                     |
| Tangible capital assets (Note 8)                        | 62,717              | 31,078              |
| Prepaid expenses  | 13,000              | 22,000              |
|   | <u>75,717</u>       | <u>53,078</u>       |
| <b>Net assets</b>                                       |                     |                     |
| Accumulated surplus (Note 10)                           | <u>\$ 1,981,868</u> | <u>\$ 1,750,552</u> |

Contractual obligations (Note 11)

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

Approved:

Approved:

Original signed by Peter Woloshyn  
Chair  
Edmonton, Alberta May 31, 2023

Original signed by Sean Royer  
Chief Executive Officer

**Natural Resources Conservation Board**  
**Statement of Change in Net Financial Assets**  
**Year Ended March 31, 2023**

|  | <b>2023</b>         |                     | <b>2022</b>         |
|--|---------------------|---------------------|---------------------|
|  | <b>Budget</b>       | <b>Actual</b>       | <b>Actual</b>       |
| <b>Annual surplus (deficit)</b>                    | \$ (21,000)         | \$ 231,316          | \$ 163,307          |
| Acquisition of tangible capital assets (Note 8)    | (17,000)            | (39,424)            | -                   |
| Amortization of tangible capital assets (Note 8)   | 30,000              | 7,785               | 9,724               |
| Decrease/(Increase) in prepaid expenses            | (2,000)             | 9,000               | (22,000)            |
| <b>Increase/(Decrease) in net financial assets</b> | (10,000)            | 208,677             | 151,031             |
| <b>Net financial assets at beginning of year</b>   | 1,697,474           | 1,697,474           | 1,546,443           |
| <b>Net financial assets at end of year</b>         | <u>\$ 1,687,474</u> | <u>\$ 1,906,151</u> | <u>\$ 1,697,474</u> |

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

**Natural Resources Conservation Board**  
**Statement of Cash Flows**  
**Year Ended March 31, 2023**

|   | <b>2023</b>                | <b>2022</b>                |
|---|----------------------------|----------------------------|
| <b>Operating transactions</b>   |                            |                            |
| Annual surplus  | \$ 231,316                 | \$ 163,307                 |
| Non-cash item included in annual surplus:                             |                            |                            |
| Amortization of tangible capital assets (Note 8)                      | 7,7857                     | 9,724                      |
|   | <u>239,101</u>             | <u>173,031</u>             |
| <br>(Increase)/Decrease in accounts receivable                        | <br>(9,862)                | <br>775                    |
| Decrease/(Increase) in prepaid expenses                               | 9,000                      | (22,000)                   |
| Increase/(Decrease) in accounts payable and other accrued liabilities | <u>75,543</u>              | <u>(38,832)</u>            |
| Cash provided by operating transactions                               | <u>313,782</u>             | <u>112,974</u>             |
| <b>Capital transactions</b>   |                            |                            |
| Acquisition of tangible capital assets (Note 8)                       | <u>(39,424)</u>            | -                          |
| Cash applied to capital transactions                                  | <u>(39,424)</u>            | -                          |
| <b>Increase in cash and cash equivalents</b>                          | 274,358                    | 112,974                    |
| <b>Cash and cash equivalents at beginning of year</b>                 | <u>1,998,557</u>           | <u>1,885,583</u>           |
| <b>Cash and cash equivalents at end of year</b>                       | <u><u>\$ 2,272,915</u></u> | <u><u>\$ 1,998,557</u></u> |

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



**Natural Resources Conservation Board**  
**Notes to the Financial Statements**  
**March 31, 2023**

**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). The 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.

**Basis of Financial Reporting**

**Revenues**

All revenues are reported on the accrual basis of accounting.

Government transfers

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

Government transfers and associated externally restricted investment income are recognized as deferred contributions if the eligibility criteria for use of the transfer, or the stipulations together with the 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, the NRCB complies with its communicated use of these transfers.

Investment income

Investment income includes interest income and is recognized when earned.

**Expenses**

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

Directly incurred

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

Incurred by others

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

**Natural Resources Conservation Board**  
**Notes to the Financial Statements**  
**March 31, 2023**

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

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

**Valuation of Financial Assets and Liabilities**

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

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

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

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

**Financial Assets**

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

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

Cash and Cash Equivalents

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

Accounts Receivable

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

## Natural Resources Conservation Board

### Notes to the Financial Statements

#### March 31, 2023

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

##### Liabilities

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

Liabilities also include:

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

##### Asset Retirement Obligations

Asset retirement obligations are legal obligations associated with the retirement of a tangible capital assets. Asset retirement activities include all activities relating to an asset retirement obligation. Management has reviewed the accounting standard PS 3280 and has concluded that the NRCB does not have any asset retirement obligation liabilities.

##### Environmental Liabilities

Contaminated sites are a result of contamination of a chemical, organic or radioactive material or live organism that exceeds an environmental standard, being introduced into soil, water or sediment. A liability for remediation of a contaminated site may arise from an operation that is either in productive use or no longer in productive use and may also arise from an unexpected event resulting in contamination. Management has reviewed the accounting standards PS 3200 and PS 3260 and has concluded that the NRCB does not have any environmental liabilities.

##### Non-Financial Assets

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

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

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

##### Tangible capital assets

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

|                   |                                  |
|-------------------|----------------------------------|
| Computer hardware | Straight line – 3 to 6 years     |
| Computer software | Straight line – 2 to 7 years     |
| Office equipment  | Declining balance – 20% per year |
| Office furniture  | Declining balance – 20% per year |

**Natural Resources Conservation Board**  
**Notes to the Financial Statements**  
**March 31, 2023**

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

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

Prepaid expenses

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

**Measurement Uncertainty**

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

**NOTE 3 FUTURE CHANGES IN ACCOUNTING STANDARDS**

On April 1, 2023, the NRCB will adopt the following new accounting standards approved by the Public Sector Accounting Board:

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

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

**NOTE 4 GOVERNMENT TRANSFERS**

|   | 2023                | 2022                |
|---|---------------------|---------------------|
| Budgeted transfer from the Department of Environment and Protected Areas      | \$ 5,397,000        | \$ 5,397,000        |
| Transfer amount returned to the Department of Environment and Protected Areas | -                   | (250,000)           |
|   | <u>\$ 5,397,000</u> | <u>\$ 5,147,000</u> |

## Natural Resources Conservation Board

### Notes to the Financial Statements

#### March 31, 2023

#### NOTE 4 GOVERNMENT TRANSFERS (Cont'd)

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

#### NOTE 5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include demand deposits in the Consolidated Liquidity Solution (CLS). Effective July 4, 2022, the CLS replaces the Consolidated Cash Investment Trust Fund (CCITF) as the Province's cash pooling structure. The new CLS structure will enhance the effectiveness and efficiency from the Province's cash management perspective. A CLS participant is paid interest on monthly basis on their cash balance at an interest rate based on 12 week rolling average of the Province's 3 month cost of borrowing.

#### NOTE 6 FINANCIAL INSTRUMENTS

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

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

##### 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.

##### Credit Risk

The NRCB is exposed to credit risk from potential non-payment of accounts receivable. As at March 31, 2023, there were no uncollectible receivable balances.

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

|   | 2023              | 2022              |
|---|-------------------|-------------------|
| Accounts payable                        | \$ 168,931        | \$ 55,692         |
| Accrued liabilities - employee benefits | 209,054           | 246,750           |
|   | <u>\$ 377,985</u> | <u>\$ 302,442</u> |

**Natural Resources Conservation Board**  
**Notes to the Financial Statements**  
**March 31, 2023**

**NOTE 8 TANGIBLE CAPITAL ASSETS**

|  | <b>Computer<br/>Hardware</b> | <b>Computer<br/>Software</b> | <b>Office<br/>Equipment</b> | <b>Office<br/>Furniture</b> | <b>2023<br/>Total</b> | <b>2022<br/>Total</b> |
|--|------------------------------|------------------------------|-----------------------------|-----------------------------|-----------------------|-----------------------|
| <b>Historical Cost</b>                           |                              |                              |                             |                             |                       |                       |
| Beginning of year                                | \$ 233,374                   | \$ 25,884                    | \$ 94,468                   | \$ 126,826                  | \$ 480,552            | \$ 540,892            |
| Additions  | 20,176                       | 10,100                       | 9,148                       | -                           | 39,424                |                       |
| Disposals including<br>write-downs               | (140,189)                    |                              |                             |                             | (140,189)             | (60,340)              |
|  | 113,361                      | 35,984                       | 103,616                     | 126,826                     | 379,787               | 480,552               |
| <b>Accumulated Amortization</b>                  |                              |                              |                             |                             |                       |                       |
| Beginning of year                                | 233,374                      | 22,051                       | 68,821                      | 125,228                     | 449,474               | 500,090               |
| Amortization expense                             | 336                          | 2,000                        | 5,129                       | 320                         | 7,785                 | 9,724                 |
| Effect of disposals<br>including write-<br>downs | (140,189)                    | -                            | -                           | -                           | (140,189)             | (60,340)              |
|  | 93,521                       | 24,051                       | 73,950                      | 125,548                     | 317,070               | 449,474               |
| <b>Net Book Value at<br/>March 31, 2023</b>      | <u>\$ 19,840</u>             | <u>\$ 11,933</u>             | <u>\$ 29,666</u>            | <u>\$ 1,278</u>             | <u>\$ 62,717</u>      |                       |
| <b>Net Book Value at<br/>March 31, 2022</b>      | <u>\$</u>                    | <u>\$ 3,833</u>              | <u>\$ 25,647</u>            | <u>\$ 1,598</u>             |                       | <u>\$ 31,078</u>      |

**NOTE 9 BENEFIT PLANS**

The NRCB participates in the following multi-employer pension plans: Management Employees Pension Plan (MEPP) and Supplementary Retirement Plan for Public Service Managers (SRP). The expense for these pension plans is equivalent to the annual contribution of \$25,617 for the year ended March 31, 2023 (2022 - \$16,965). 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, 2022, the MEPP reported a surplus of \$924,735,000 (2021 – surplus \$1,348,160,000), and the SRP reported a deficiency of \$25,117,000 (2021 – deficiency \$20,982,000).

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 \$260,043 for the year ended March 31, 2023 (2022 - \$253,729). Pension expense comprises the cost of employer contributions during the year.

## Natural Resources Conservation Board

### Notes to the Financial Statements

#### March 31, 2023

#### NOTE 10 ACCUMULATED SURPLUS

Accumulated surplus is comprised of the following:

|                                  | Investments in<br>Tangible<br>Capital Assets | Unrestricted<br>Surplus | 2023<br>Total       | 2022<br>Total       |
|----------------------------------|--|-------------------------|---------------------|---------------------|
| Balance at beginning of year     | \$ 31,078                                    | \$ 1,719,474            | \$ 1,750,552        | \$ 1,587,245        |
| Annual surplus                   | -  | 231,316                 | 231,316             | 163,307             |
| Net investment in capital assets | 31,639                                       | (31,639)                | -                   | -                   |
| Balance at end of year           | <u>\$ 62,717</u>                             | <u>\$ 1,919,151</u>     | <u>\$ 1,981,868</u> | <u>\$ 1,750,552</u> |

#### 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, 2023, the NRCB had contractual obligations under operating leases and contracts totaling \$290,244 (2022 - \$474,837).

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

|         |                   |
|---------|-------------------|
| 2023-24 | \$ 161,024        |
| 2024-25 | 129,220           |
|         | <u>\$ 290,244</u> |

#### NOTE 12 BUDGET

The budget was included in the 2022-23 Government Estimates under the Ministry of Environment and Protected Areas (previously Environment and Parks). The budget was approved by the Board on June 2, 2022.

#### NOTE 13 APPROVAL OF FINANCIAL STATEMENTS

The Board approved the financial statements of the NRCB.

**Natural Resources Conservation Board****Expenses – Directly Incurred Detailed By Object  
March 31, 2023**

|  | 2023         |              | 2022         |
|--|--------------|--------------|--------------|
|  | Budget       | Actual       | Actual       |
| Salaries, wages and employee benefits            | \$ 4,487,266 | \$ 4,373,083 | \$ 4,322,266 |
| Supplies and services                            | 906,734      | 859,207      | 658,368      |
| Amortization of tangible capital assets (Note 8) | 30,000       | 7,785        | 9,724        |
| Total expenses                                   | \$ 5,424,000 | \$ 5,240,075 | \$ 4,990,358 |



**Natural Resources Conservation Board**  
**Salary and Benefits Disclosure**  
**March 31, 2023**

|                               | 2023                       |                                    |  |            | 2022       |
|-------------------------------|----------------------------|------------------------------------|--|------------|------------|
|                               | Base Salary <sup>(1)</sup> | Other Cash Benefits <sup>(2)</sup> | Other Non-cash Benefits <sup>(3)</sup> | Total      | Total      |
| Chair <sup>(4)(5)</sup>       | \$ 185,571                 | \$ 31,432                          | \$ 16,180                              | \$ 233,183 | \$ 241,120 |
| Board Member A <sup>(6)</sup> | 97,672                     | 12,892                             | 17,957                                 | 128,521    | 107,760    |
| Board Member B <sup>(7)</sup> | 90,407                     | 14,049                             | 14,724                                 | 119,180    | 112,888    |
| Chief Executive Officer       | 182,424                    | -                                  | 38,727                                 | 221,151    | 177,403    |

- (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 2023.
- (3) Other non-cash benefits include employer's share of all employee benefits and contributions or payments made on behalf of employees including Employment Insurance, Canada Pension Plan, pension, health benefits, professional memberships and WCB premiums. The NRCB is a participant in the Alberta Energy Regulator (AER) flexible health benefit plan.
- (4) Automobile allowance included in other cash benefits.
- (5) The position is 80% permanent part-time.
- (6) The position was 60% permanent part-time and changed to 80% permanent part-time effective October 1, 2022.
- (7) The position is 60% permanent part-time. The position worked at an 80% part-time basis from October 1 to December 31, 2022.

**Natural Resources Conservation Board**  
**Related Party Transactions**  
**March 31, 2023**

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

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

|   | 2023         | 2022         |
|---|--------------|--------------|
| Revenues  | \$ 5,462,883 | \$ 5,397,000 |
| Revenue returned to the Department of Environment and Protected Areas | \$ -         | \$ (250,000) |
| Expenses – Directly Incurred  | \$ 240,767   | \$ 59,794    |
| Receivable from   | \$ 8,785     | \$ -         |
| Payable to  | \$ 17,455    | \$ 21,827    |

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

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

**Natural Resources Conservation Board**  
**Allocated Costs**  
**March 31, 2023**

|  | 2023                           |  | 2022                |                     |
|--|--------------------------------|--|---------------------|---------------------|
|  | Expenses Incurred<br>by Others |  | Total<br>Expenses   | Total<br>Expenses   |
| <b>AOPA and NRCBA Mandates</b>                           | <b>Expenses<sup>(1)</sup></b>  | <b>Accommodation Costs<sup>(2)</sup></b> |                     |                     |
| Board reviews and hearings <sup>(3)</sup>                | \$ 1,011,865                   | \$ 88,583                                | \$ 1,100,448        | \$ 1,209,055        |
| Regulating confined<br>feeding operations <sup>(4)</sup> | 4,228,210                      | 370,156                                  | 4,598,366           | 4,210,155           |
|  | <u>\$ 5,240,075</u>            | <u>\$ 458,739</u>                        | <u>\$ 5,698,814</u> | <u>\$ 5,419,210</u> |

(1) Expenses - Directly Incurred as per Statement of Operations.

(2) Accommodation Costs, including grants in lieu of taxes, allocated by square footage.

(3) Board reviews and hearings comprise expenses related to AOPA appeals and NRCBA reviews.

(4) Regulating confined feeding operations comprise expenses related to (a) the approval, monitoring and compliance activities under AOPA and (b) science and technical activities in support of AOPA and NRCBA mandates.

Other Financial Information

Department of Environment and Protected Areas

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**Department Of Environment and Protected Areas**  
**Statement of Credit or Recovery (unaudited)**  
**Year Ended March 31, 2023**

(In thousands)

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

| 2023                     |                |                           |   |  |                    |
|--------------------------|----------------|---------------------------|---|--|--------------------|
|                          | Authorized (1) | Actual Revenue Recognized | Unearned Revenue/Deferred Contributions | Actual Cash/Donation Received/Receivable | (Shortfall)/Excess |
| Provincial Mapping Data  | 1,250          | 677                       | 18                                      | 695                                      | (555)              |
| Remediation Certificates | 25             | 17                        | -                                       | 17                                       | (8)                |
| Bow Habitat Station      | 300            | 164                       | 69                                      | 233                                      | (67)               |
| Fish and Wildlife        | 6,836          | 7,372                     | 313                                     | 7,686                                    | 850                |
| \$                       | 8,411          | \$ 8,230                  | \$ 401                                  | \$ 8,631                                 | \$ 220             |

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

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

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

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

**Fish and Wildlife** – Contributions from stakeholders and revenue from the sale of recreational fishing and hunting licences are used to fund the costs related to the delivery and management of those licences and associated resources, game surveys, and the promotion of industry stewardship and investment in this provincial resource. This amount includes an agreement with the Agriculture Financial Services for Wildlife Predator Compensation in which Alberta Environment and Protected Areas received \$0.2 million in 2022-23 for work on this program. Elements 5.1 and 5.3

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

**Department of Environment and Protected Areas**  
**Statement of Lapse/Encumbrance (unaudited)**  
**Year Ended March 31, 2023**

(In thousands)

|                                  | Voted<br>Estimate | Supplementary<br>Estimate | Adjustments | Adjusted<br>Voted<br>Estimate | Voted<br>Actuals | Over<br>Expended<br>(Unexpended) |
|----------------------------------|-------------------|---------------------------|-------------|-------------------------------|------------------|----------------------------------|
| <b>EXPENSE VOTE BY PROGRAM</b>   |                   |                           |             |                               |                  |                                  |
| Ministry Support Services        |                   |                           |             |                               |                  |                                  |
| 1.1 Minister's Office            | \$ 941            | \$ -                      | \$ -        | \$ 941                        | \$ 938           | \$ (3)                           |
| 1.2 Deputy Minister's Office     | 642               | -                         | -           | 642                           | 641              | (1)                              |
| 1.3 Legal Services               | 319               | -                         | -           | 319                           | 251              | (68)                             |
| 1.4 Corporate Services           | 16,409            | -                         | -           | 16,409                        | 16,478           | 69                               |
|                                  | 18,311            | -                         | -           | 18,311                        | 18,309           | (2)                              |
| Air                              |                   |                           |             |                               |                  |                                  |
| 2.1 Air Policy                   | 6,095             | -                         | -           | 6,095                         | 5,278            | (817)                            |
| 2.2 Air Partners and Stewardship | 6,322             | -                         | -           | 6,322                         | 5,406            | (916)                            |
| 2.3 Air Quality Management       | 6,431             | -                         | 914         | 7,345                         | 2,459            | (4,886)                          |
|                                  | 18,848            | -                         | 914         | 19,762                        | 13,143           | (6,619)                          |
| Land                             |                   |                           |             |                               |                  |                                  |
| 3.1 Land Policy                  | 8,005             | -                         | -           | 8,005                         | 6,165            | (1,840)                          |
| 3.2 Public Land Management       | 27,755            | -                         | 1,257       | 29,012                        | 19,297           | (9,715)                          |
| 3.3 Rangeland Management         | 1,257             | -                         | (1,257)     | -                             | 402              | 402                              |
|                                  | 37,017            | -                         | -           | 37,017                        | 25,864           | (11,153)                         |

**Department of Environment and Protected Areas**  
**Statement of Lapse/Encumbrance (unaudited)**  
**Year Ended March 31, 2023**

(Cont'd)

*(In thousands)*

|                     |  |        |        |       |        |        |          |
|---------------------|--|--------|--------|-------|--------|--------|----------|
| Water               |  |        |        |       |        |        |          |
| 4.1                 | Water Policy                           | 4,867  | -      | -     | 4,867  | 3,787  | (1,080)  |
| 4.2                 | Water Partners and Stewardship         | 6,302  | 2,646  | -     | 8,948  | 7,459  | (1,489)  |
| 4.3                 | Water Management                       | 22,898 | -      | -     | 22,898 | 33,962 | 11,064   |
| 4.4                 | Flood Adaptation                       | 42,474 | 5,374  | 700   | 48,548 | 29,652 | (18,896) |
|                     |  | 76,541 | 8,020  | 700   | 85,261 | 74,861 | (10,400) |
| Fish & Wildlife:    |  |        |        |       |        |        |          |
| 5.1                 | Fish and Wildlife Policy               | 6,127  | -      | -     | 6,127  | 10,640 | 4,513    |
| 5.2                 | Fisheries Management                   | 11,390 | 75     | 465   | 11,930 | 13,680 | 1,750    |
| 5.3                 | Wildlife Management                    | 28,668 | 6,900  | 944   | 36,512 | 38,280 | 1,768    |
|                     |  | 46,185 | 6,975  | 1,409 | 54,569 | 62,600 | 8,031    |
| Integrated Planning |  |        |        |       |        |        |          |
| 6.1                 | Resource Management                    | 21,916 | 18,700 | -     | 40,616 | 34,872 | (5,744)  |
| 6.2                 | Regional Cumulative Effects Management | 4,627  | -      | -     | 4,627  | 13,075 | 8,448    |
| 6.3                 | Environmental Emergency Response       | 3,628  | -      | -     | 3,628  | 2,547  | (1,081)  |
|                     |  | 30,171 | 18,700 | -     | 48,871 | 50,495 | 1,624    |

**Department of Environment and Protected Areas**  
**Statement of Lapse/Encumbrance (unaudited)**  
**Year Ended March 31, 2023**

(Cont'd)

(In thousands)

|   | Voted<br>Estimate | Supplementary<br>Estimate | Adjustments | Adjusted<br>Voted<br>Estimate | Voted<br>Actuals | Over<br>Expended<br>(Unexpended) |
|---|-------------------|---------------------------|-------------|-------------------------------|------------------|----------------------------------|
| Land Use Secretariat  |                   |                           |             |                               |                  |                                  |
| 7 Land Use Secretariat  | 5,124             | -                         | -           | 5,124                         | 974              | (4,150)                          |
| Science and Monitoring  |                   |                           |             |                               |                  |                                  |
| 8.1 Environmental Science Monitoring, Evaluation<br>and Reporting | 20,017            | -                         | -           | 20,017                        | 17,562           | (2,455)                          |
| 8.2 Oil Sands Environmental Monitoring                            | 49,892            | -                         | (284)       | 49,608                        | 49,080           | (528)                            |
|   | 69,909            | -                         | (284)       | 69,625                        | 66,641           | (2,984)                          |
| Emissions Management  |                   |                           |             |                               |                  |                                  |
| 9.1 Regulatory and Operations                                     | 10,541            | -                         | -           | 10,541                        | 7,097            | (3,444)                          |
| 9.2 Technology Innovation and Emissions<br>Reduction              | 123,200           | 34,704                    | -           | 157,904                       | 131,670          | (26,234)                         |
| 9.3 Oil Sands Innovation  | 3,000             | -                         | -           | 3,000                         | -                | (3,000)                          |
|   | 136,741           | 34,704                    | -           | 171,445                       | 138,767          | (32,678)                         |
| Quasi-judicial Land-use and Compensation Decisions                |                   |                           |             |                               |                  |                                  |
| 10.1 Natural Resources Conservation Board                         | 5,397             | -                         | -           | 5,397                         | 5,397            | -                                |
| 10.2 Environmental and Public Lands Appeal Board                  | 1,568             | -                         | -           | 1,568                         | 1,502            | (66)                             |
|   | 6,965             | -                         | -           | 6,965                         | 6,899            | (66)                             |
| Total   | 445,812           | 68,399                    | 2,739       | 516,950                       | 458,552          | (58,398)                         |
| Credit or Recovery Shortfall                                      |                   |                           | -           | -                             |                  | -                                |
|   | \$445,812         | \$ 68,399                 | \$ 2,739    | \$516,950                     | \$458,552        | \$ (58,398)                      |
| <b>(Lapse)/Encumbrance</b>  |                   |                           |             |                               |                  | <b>\$ (58,398)</b>               |



**Department of Environment and Protected Areas**  
**Statement of Lapse/Encumbrance (unaudited)**  
**Year Ended March 31, 2023**

(Cont'd)

(In thousands)

|   | Voted<br>Estimate | Supplementary<br>Estimate | Adjustments | Adjusted<br>Voted<br>Estimate | Voted<br>Actuals | Over<br>Expended<br>(Unexpended) |
|---|-------------------|---------------------------|-------------|-------------------------------|------------------|----------------------------------|
| <b>CAPITAL INVESTMENT VOTE BY PROGRAM</b>                       |                   |                           |             |                               |                  |                                  |
| Ministry Support Services                                       |                   |                           |             |                               |                  |                                  |
| 1.4 Corporate Services  | 425               | -                         | 472         | 897                           | 1,018            | 121                              |
|   | 425               | -                         | 472         | 897                           | 1,018            | 121                              |
| Air   |                   |                           |             |                               |                  |                                  |
| 2.3 Air Quality Management                                      | 1,306             | -                         | (914)       | 392                           | -                | (392)                            |
|   | 1,306             | -                         | (914)       | 392                           | -                | (392)                            |
| Land  |                   |                           |             |                               |                  |                                  |
| 3.2 Public Land Management                                      | 5,402             | -                         | 1,085       | 6,487                         | -                | (6,487)                          |
| 3.3 Rangeland Management  | 200               | -                         | 383         | 583                           | -                | (583)                            |
|   | 5,602             | -                         | 1,468       | 7,070                         | -                | (7,070)                          |
| Water   |                   |                           |             |                               |                  |                                  |
| 4.2 Water Partners and Stewardship                              | -                 | -                         | 27          | 27                            | 118              | 91                               |
| 4.3 Water Management  | -                 | -                         | -           | -                             | 375              | 375                              |
| 4.4 Flood Adaptation  | 6,000             | -                         | 1,624       | 7,624                         | 3,334            | (4,290)                          |
|   | 6,000             | -                         | 1,651       | 7,651                         | 3,827            | (3,824)                          |
| Fish & Wildlife:  |                   |                           |             |                               |                  |                                  |
| 5.2 Fisheries Management  | 31,094            | -                         | 354         | 31,448                        | 6,827            | (24,621)                         |
| 5.3 Wildlife Management   | 349               | -                         | 547         | 896                           | 282              | (614)                            |
|   | 31,443            | -                         | 901         | 32,344                        | 7,108            | (25,236)                         |
| Integrated Planning   |                   |                           |             |                               |                  |                                  |
| 6.2 Regional Cumulative Effects Management                      | -                 | -                         | -           | -                             | 27               | 27                               |
| 6.3 Environmental Emergency Response                            | -                 | -                         | -           | -                             | 91               | 91                               |
|   | -                 | -                         | -           | -                             | 117              | 117                              |
| Science and Monitoring  |                   |                           |             |                               |                  |                                  |
| 8.1 Environmental Science, Monitoring, Evaluation and Reporting | 3,000             | -                         | 1,215       | 4,215                         | 5,957            | 1,742                            |
| 8.2 Oil Sands Environmental Monitoring                          | -                 | -                         | 284         | 284                           | 259              | (25)                             |
|   | 3,000             | -                         | 1,499       | 4,499                         | 6,216            | 1,717                            |
| Total   | 47,776            | -                         | 5,077       | 52,853                        | 18,287           | (34,566)                         |
| Creditor Recovery Shortfall                                     | -                 | -                         | -           | -                             | -                | -                                |
|   | \$ 47,776         | \$ -                      | \$ 5,077    | \$ 52,853                     | \$ 18,287        | \$ (34,566)                      |
| <b>(Lapse)/Encumbrance</b>                                      |                   |                           |             |                               |                  | <b>\$ (34,566)</b>               |

**Department of Environment and Protected Areas**  
**Statement of Lapse/Encumbrance (unaudited)**

Year Ended March 31, 2023

(In thousands)

(Cont'd)

|   | Voted<br>Estimate | Supplementary<br>Estimate | Adjustments | Adjusted<br>Voted<br>Estimate | Voted<br>Actuals | Over<br>Expended<br>(Unexpended) |
|---|-------------------|---------------------------|-------------|-------------------------------|------------------|----------------------------------|
| <b>FINANCIAL TRANSACTIONS VOTE BY PROGRAM</b> |                   |                           |             |                               |                  |                                  |
| Water   |                   |                           |             |                               |                  |                                  |
| 4.3 Water Management                          | 100               | -                         | -           | 100                           | 2,073            | 1,973                            |
| Integrated Planning                           |                   |                           |             |                               |                  |                                  |
| 6.3 Environmental Emergency Response          | 3,919             |                           |             | 3,919                         | (5)              | (3,924)                          |
| Total   | 4,019             | -                         | -           | 4,019                         | 2,069            | (1,950)                          |
| <hr/>   |                   |                           |             |                               |                  |                                  |
| Creditor Recovery Shortfall                   |                   |                           | -           | -                             |                  | -                                |
|   | \$ 4,019          | \$ -                      | \$ -        | \$ 4,019                      | \$ 2,069         | \$ (1,950)                       |
| <b>(Lapse)/Encumbrance</b>                    |                   |                           |             |                               |                  | <u>\$ (1,950)</u>                |

## Department Of Environment and Protected Areas

### Statement of Remissions, Compromises, Write-Offs (unaudited)

Year Ended March 31, 2023

(In thousands)

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

|   |     |     |
|---|-----|-----|
| Remissions under Section 21 of the <i>Financial Administration Act</i>  | \$  | -   |
| Compromises under Section 22 of the <i>Financial Administration Act</i> |     | -   |
| Write-offs:   |     |     |
| Department Accounts Receivable  | 108 |     |
| Department Accounts Payable Credits                                     | -   |     |
| Total Write-offs  |     | 108 |
| Total Remissions, Compromises and Write-offs                            | \$  | 108 |

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**Department Of Environment and Protected Areas**  
**Payments Based on Agreements (unaudited)**  
**Year Ended March 31, 2023**

*(In thousands)*

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

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

## Annual Report Extracts and Other Statutory Reports

### Public Interest Disclosure (Whistleblower Protection) Act

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

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

There were no disclosures of wrongdoing filed with my office for your department between April 1, 2022 and March 31, 2023.