

The logo for the Government of Alberta, featuring the word "Alberta" in a stylized, cursive script. A small grey square is positioned to the right of the letter 'a'.

Freedom To Create. Spirit To Achieve.

Sustainable Resource Development

A photograph of two people sitting on a grassy hill, looking out over a wide river valley. The river winds through the valley, and there are hills in the background. The entire image has a light green tint.

Annual Report
2008-2009

Government of Alberta ■

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Bertie Beaver celebrated his 50th birthday and met a group of Grade 1 Hillside School students as part of Arbour Day celebrations in Grande Prairie. The ministry distributes tree seedlings to Grade 1 students across Alberta to promote appreciation and awareness of forests.



Cover photo credit: Travel Alberta

The public accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The public accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 24 ministries.

The annual report of the Government of Alberta released June 30, 2009, contains ministers' accountability statements, the consolidated financial statements of the province, and the *Measuring Up* report, which compares actual performance results to desired results set out in the government's business plan.

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

- **the financial statements of entities making up the ministry including the Department of Sustainable Resource Development, regulated funds, and provincial agencies for which the Minister is responsible**
- **other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as a part of the financial statements, to the extent that the ministry has anything to report**

All bighorn sheep have soft hooves with hard outer rims that give them good footing on precarious ledges.



The ministry's annual report for the year ended March 31, 2009, was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at August 31, 2009, with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

original signed by:

Ted Morton
Minister of Sustainable Resource Development

Mountain pine beetles (MPB) are the most damaging insect pest of pine trees in western North America. The ministry is managing the MPB infestation to protect the health of our forests and reduce the opportunity for the infestation to spread eastward across Canada.



MESSAGE FROM
THE MINISTER



Forestry staff in Peace
River conduct a timber
production inventory audit.



Alberta is unique. Our plains, foothills, mountains, parklands, and boreal forests support a magnificent array of fish and wildlife, and provide the clean water on which all life depends.

At the same time, energy resources occupy much of the subsurface of our province. The forests that provide habitat and recreation also are a valuable economic resource. Alberta's rich biodiversity is a source of enjoyment, tourism, and subsistence. Our natural resources have provided generations of Albertans with good jobs and economic opportunity.

My ministry's challenge is to manage natural resources and their development in a way that maintains Alberta's beauty and ecological health, so the future is as good for our children and grandchildren as it has been for our generation.

Leading the ministry's accomplishments in 2008-09 is the release of the final Land-use Framework in December 2008. This is the most comprehensive planning approach in Canada. Integrated regional planning will consider the combined impact of all activity on the land, air, water, and biodiversity to balance economic, environmental, and social objectives. Stakeholder input into the draft framework resulted in an additional strategy—to promote the efficient use of land—and an additional region for the Red Deer area.

On the heels of the framework came the first Regional Advisory Council, advising government on the development of a regional plan for the Lower Athabasca region of northeast Alberta, which includes Lac La Biche County and the municipal districts of Wood Buffalo and Bonnyville. Work in 2008-09 also resulted in naming the South Saskatchewan Regional Advisory Council in May of 2009 to work on a plan for southern Alberta.

Integrated planning will rely heavily on shared information. In 2008, the ministry worked with the ministries of Energy and Environment to start development of GeoDiscover Alberta, an information-sharing system for land, geographic, and natural resource data.

Biodiversity information from the Alberta Biodiversity Monitoring Institute will support regional planning. The institute's first report released early in 2009 shows that close to seven per cent of the landscape in the Lower Athabasca region has been altered by human activities, and the region's living resources are 94 per cent intact. This information will help set regional indicators and targets, assess outcomes, and help resource industries meet their stewardship commitments. Regional plans will also support efforts to protect species at risk.

The ministry continued to work to ensure that grizzly bears remain a vital part of Alberta's heritage and landscape. For example, we continued a DNA-based census for accurate population data on which to base future grizzly bear management strategies.

Alberta continued to take action to help restore the global economic competitiveness of the province's forest industry. My ministry directed a committee of MLAs and forest company executives—the Forest Industry Sustainability Committee (FISC)—to examine steps that could be taken to improve the financial health of the industry. After the end of the fiscal year, in May 2009, Alberta accepted nearly 90 per cent of the recommendations in the FISC report and initiated cross-ministry discussions to implement actions.

In 2008-09, the ministry invested \$55.2 million to continue the fight against the mountain pine beetle, which threatens about six million hectares of Alberta's pine forest, and a forest industry that is the economic driver for about 50 Alberta communities. In areas where direct, targeted treatment was conducted, the number of infested trees decreased, particularly in the Whitecourt, Slave Lake, and Hinton areas. The mountain pine beetle population increased in southern Alberta due to the influx of beetles from other regions. This increase likely would have been significantly larger had Alberta not implemented an active beetle management program. In 2009, efforts will continue to focus on limiting the spread of beetle infestations along the eastern slopes of the Rockies, and on preventing beetles from spreading eastward in the boreal forest.

The ministry also continued to protect Alberta's forests from wildfire. Timely and effective wildfire operations kept the area burned in 2008 at well below average, even though the number of wildfires was above average, at more than 1,700.

In 2008-09, my ministry had ongoing discussions with the forest industry, the Government of Canada, and Alberta's representative in Washington, D.C. to counter the negative impacts on Alberta producers of a U.S. tax credit for "black liquor"—a by-product of the pulping process that mills burn in boilers to generate heat and power. Following these discussions, after the end of the fiscal year, Ottawa announced a \$1 billion program to improve the environmental or energy efficiency of Canadian pulp mills and restore a level playing field for producers in both countries.

In a moving and inspiring ceremony, a special monument was unveiled at the Hinton Training Centre to commemorate 21 Alberta firefighters who lost their lives in service to Albertans since 1944.

The province continued to implement its Forest Operations Monitoring Protocol that monitors industries' compliance with timber harvesting and reforestation requirements. In 2009, Alberta became the only province to have its monitoring program achieve International Organization for Standardization (ISO) 9001 certification.

To help Albertans enjoy the bounty of the forests, grasslands, and other habitats, the My Wild Alberta website was launched in June 2008 to provide online access to a wealth of resources and information that promote recreational enjoyment of Alberta's natural resources. My Wild Alberta

Outreach events for Alberta Forest Week in May at the Telus World of Science Edmonton, allowed the public to explore a camp scene to learn more about responsible recreation, and the FireSmart and BearSmart programs.



MESSAGE FROM THE MINISTER

also links to our new online licence application website, AlbertaRELM. All recreational hunting licences can now be purchased online, including both general and special licences. Additionally, hunters will be able to reserve undersubscribed special licences online. For 2008, Alberta saw a record number of almost 238,000 draw applications. During the first year of online availability, the web accounted for 38 per cent of all applications.

Hunting and fishing are valuable tools in wildlife management. For example, a highly successful special bison hunt in northwest Alberta reduced numbers to a healthier population. Hunters are a vital component in monitoring chronic wasting disease in deer. I am pleased that in 2008 compared to 2006, we sold 8,000 more new wildlife certificates, 14,000 more sport fishing licences, and 29,000 more bird and big game licences.

Efforts continued over the past year to improve hunting opportunities and ensure a strong hunting tradition, especially for our youth. Provincial Hunting Day was designated to occur the fourth Saturday of September. Alberta youth now have the opportunity to hunt waterfowl and upland game birds on Waterfowler Heritage Days and Provincial Hunting Day, respectively, in September. Alberta youth aged 12 to 17 are permitted to hunt on those days without a provincial Game Bird Licence or Migratory Game Bird Hunting Permit, respectively. In addition, both migratory waterfowl and upland game birds can now be hunted throughout Alberta on Sundays during an open season. Big game hunting on Sundays was expanded to most of the province, with the exception of some areas in southern Alberta. The rifle season was also expanded in southern Alberta from a three- to four-day season.

In 2008-09, we pioneered the new Recreational Access Management Program (RAMP) to create more hunting opportunities on private land, with compensation for landowners for providing access and managing habitat. RAMP will be piloted in southern Alberta for the fall of 2009 hunting season.

This annual report details a year of achievements, program initiatives, and efforts to manage Alberta's public lands, forests, and fish and wildlife resources. My thanks and appreciation go to the more than 2,000 scientists, enforcement officers, administrators, and managers whose hard work continues to secure a sustainable environmental and economic legacy for generations of Albertans.

My thanks also go to the many Albertans and stakeholder organizations who have contributed so much to Alberta's fish and wildlife management, land management, and development of the Land-use Framework. Your efforts are an investment in Alberta's future beauty and prosperity, and will continue to make Alberta the best place in Canada in which to live, work, and play.

original signed by:

Ted Morton
Minister of Sustainable Resource Development

The ministry teamed up with several Hinton-area municipal partners to conduct the Operation West Yellowhead mock wildfire exercise. More than 400 residents came out to watch the demonstration.



The Ministry of Sustainable Resource Development includes the Department of Sustainable Resource Development, the Natural Resources Conservation Board, the Surface Rights Board, the Land Compensation Board, and the Environmental Protection and Enhancement Fund.

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 business plans, annual reports, quarterly reports, and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the ministry rests with the Minister of Sustainable Resource Development. Under the direction of the minister, I oversee the preparation of the ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The consolidated financial statements are prepared in accordance with the Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The performance measures are prepared in accordance with the following criteria:

- Reliability - Information agrees with the underlying data and with the sources used to prepare it.
- Understandability and Comparability - Actual results are presented clearly and consistently with the stated methodology and presented on the same basis as targets and prior years' information.
- Completeness - Performance measures and targets match those included in Budget 2008. Actual results are presented for all measures.

As Deputy Minister, in addition to program responsibilities, I establish and maintain 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 achieve the following:

- 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, Treasury Board, the Minister of Finance and Enterprise, and the Minister of Sustainable Resource Development with any information needed to fulfill their responsibilities.
- Facilitate preparation of ministry business plans and annual reports required under the *Government Accountability Act*.

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

original signed by:

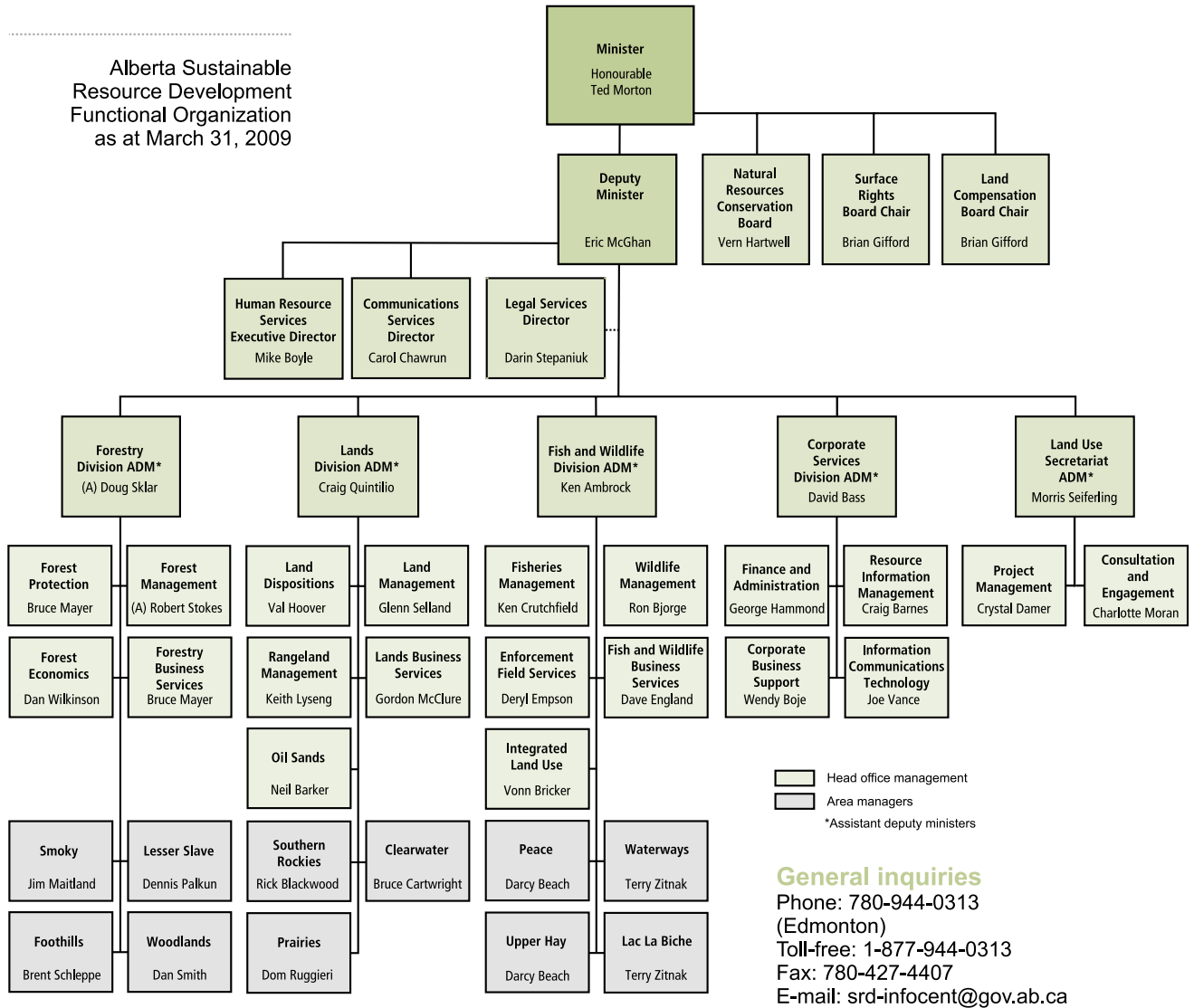
Eric J. McGhan
Deputy Minister
August 31, 2009

Ministry staff and volunteers work to clean up illegal dumping on Crown land, promoting ethics of stewardship and responsible recreation.



Organization Chart

Alberta Sustainable Resource Development
Functional Organization
as at March 31, 2009



The Ministry of Sustainable Resource Development

The Ministry of Sustainable Resource Development consists of the Department of Sustainable Resource Development, the Natural Resources Conservation Board, the Surface Rights Board, the Land Compensation Board, and the Environmental Protection and Enhancement Fund. The ministry also delegates administration for certain legislative responsibilities to three delegated administrative organizations: the Alberta Conservation Association, the Forest Resource Improvement Association of Alberta, and the Alberta Professional Outfitters Society.

The Department of Sustainable Resource Development

The Department of Sustainable Resource Development has four main operating divisions: Lands, Land Use Secretariat, Forestry, and Fish and Wildlife. Support for these divisions is provided by Communications, Corporate Services, Human Resource Services, and Legal Services.

Lands Division

The Lands Division manages the use of Alberta's public land to reduce land-use conflicts and balance social and ecological needs. The division is also responsible for delivering integrated operational programs and management decisions in three regional areas: Southern Rockies, Clearwater, and Prairies. The division focuses on several key areas:

- managing the use of all public land in the province to support diverse interests including recreation, agriculture, commercial tourism, geophysical exploration, metallic and industrial mineral exploration, and aggregate (gravel and sand) exploration and extraction, as well as oil, gas, coal, oil sands, and quarry development
- issuing land-use dispositions (approvals to use Alberta's public land), regulating geophysical activities, maintaining disposition conditions, and collecting revenue
- allocating and managing rangeland resources and maintaining sustainable grazing on public agricultural land
- managing, reducing, and reclaiming the physical disturbances that industrial and recreational users cause on public land
- developing and implementing appropriate public land legislation, policies, procedures, and guidelines, as well as operational land-use plans

Programs to manage Alberta's public land are delivered through five branches: Land Management, Rangeland Management, Land Dispositions, Oil Sands, and Lands Business Services.

Land Use Secretariat

The Land Use Secretariat provides the leadership, support, and expertise to government ministries to implement Alberta's Land-use

OVERVIEW

Held in February and July each year across Alberta, free fishing weekends allow the public to fish without a licence in any public water body in Alberta that has an open fishing season (excluding national parks). At Sturgeon Lake, participants learned about important fish-handling techniques and best practices, while enjoying the outdoors.



Framework. It will also help the seven regional advisory councils being established under the framework to provide advice to government on the development of regional plans. Following the framework's public release in December 2008, the Land Use Secretariat's first priorities were to draft legislation to support the framework and develop regional plans for the Lower Athabasca (northeastern Alberta) and South Saskatchewan (southern Alberta) regions by the end of 2010. The remaining five regional plans are targeted for completion by the end of 2012. In early 2009, the secretariat held public consultation and information sessions on the *Alberta Land Stewardship Act*. This Act was introduced into the legislature and received royal assent in the spring of 2009.

Forestry Division

The Forestry Division manages and protects Alberta's forest resource through effective and efficient wildfire management, sustainable forest management practices, forest industry development, and forest health activities. These initiatives are supported using the best science and technology available to ensure long-term benefits for present and future generations. This division is also responsible for delivering integrated operational programs and management decisions in four regional areas: Woodlands, Foothills, Smoky, and Lesser Slave. The division focuses on several key areas:

- preventing, detecting, and suppressing wildfire using science and best practices
- managing mountain pine beetle infestations
- ensuring forest management and forest health plans are in place and followed, auditing timber production and reforestation, collecting revenue, and allocating forest resources for industry use
- managing long-term strategic forestry initiatives such as the forest industry sustainability initiative, timber royalty program, forest product market intelligence analysis, value-added program, and forest management research
- delivering training and safety programs offered through the Hinton Training Centre
- ensuring effective and efficient legislation, policies, and procedures
- delivering summer natural resource work experience and training through the Junior Forest Ranger and Aboriginal Junior Forest Ranger programs

Programs to manage Alberta's forests are delivered through four branches: Forest Protection, Forest Management, Forest Economics, and Forestry Business Services.

Fish and Wildlife Division

The Fish and Wildlife Division ensures that Alberta's wild species are managed and used in a manner that optimizes the economic, environmental, and social benefits Albertans receive from these resources, while ensuring they are sustained for present and future

A prescribed burn is when fire is intentionally used to meet forest management or other land-use objectives. Prescribed burns can reduce fire hazards, protecting communities, wildlife, and forests.



generations. It is also responsible for delivering integrated operational programs and management decisions in four regional areas: Peace, Upper Hay, Lac La Biche, and Waterways. The division focuses on several key areas:

- managing fish and wildlife populations for domestic, recreational, and commercial uses through assessment, planning, and allocation
- managing protected species and species at risk through assessment, planning, and recovery actions
- working with land managers to manage and conserve wildlife habitat
- ensuring a clear and effective policy and legislative framework for managing wild species
- maintaining high levels of compliance with fish and wildlife legislation through education, prevention, and enforcement programs
- minimizing human-wildlife conflicts by providing assistance and information to landowners and the public
- minimizing threats from fish and wildlife diseases and invasive alien species

Programs to manage Alberta's fish and wildlife are delivered through four branches: Wildlife Management, Fisheries Management, Enforcement-Field Services, and Fish and Wildlife Business Services.

Natural Resources Conservation Board

The Natural Resources Conservation Board conducts independent public reviews of major non-energy natural resource projects and also regulates Alberta's confined feeding operations.

Surface Rights Board

The Surface Rights Board conducts hearings when operators and landowners or occupants fail to agree on entry or compensation related to resource activity on privately owned lands or occupied public lands.

Land Compensation Board

The Land Compensation Board establishes compensation when private land is expropriated by a public authority for projects in the public interest.

Environmental Protection and Enhancement Fund

This fund is used for environmental emergencies and environmental protection or enhancement. Sustainable Resource Development contributes to the fund's revenues primarily through timber royalties and fees. The ministry draws from the fund's Natural Resources Emergency program to cover firefighting expenses, forest health initiatives, and feeding and fencing programs to control wildlife.

In Hinton, a fish and wildlife officer scans an abandoned elk carcass for the presence of a bullet to help determine if this was a possible case of poaching.



Vision

Alberta's lands, forests, fish, and wildlife benefit present and future Albertans.

Mission

Sustainable Resource Development encourages balanced and responsible use of Alberta's natural resources through the application of leading practices in management, science, and stewardship.

Core Businesses

The ministry organizes delivery of its programs and services around the following four core businesses and five goals:

Core Business 1 – Lands

Goal 1 – Alberta's public lands, including rangelands, are healthy, productive, and sustainable

Core Business 2 – Forests

Goal 2 – Alberta's forests and forest communities are protected from wildfires

Goal 3 – Alberta's forests and forest landscapes support healthy ecosystems and vibrant communities

Core Business 3 – Fish and Wildlife

Goal 4 – Alberta's fish and wildlife resources and their habitats are healthy, productive, and sustainable

Core Business 4 – Quasi-judicial Land-use and Compensation Decisions

Goal 5 – Albertans have access to timely quasi-judicial processes that consider the collective and individual benefits derived from Alberta's natural resources

On Gosling Lake near Rimbey, fisheries technicians take dissolved oxygen readings, an important tool in monitoring Alberta's fish populations. Very high or low levels of dissolved oxygen in water can affect the ability of fish to survive the winter.



Program Initiatives and Significant Improvements

Land-use Framework Released

Alberta's new Land-use Framework, released in December 2008, is a comprehensive strategy to manage public and private lands and natural resources to achieve Alberta's long-term economic, environmental, and social goals. The framework provides a blueprint for land-use management and decision-making.

The framework was developed with extensive public, stakeholder, and Aboriginal input. It provides the necessary forward-looking clarity and guidance under which specific policy development can be directed and progress can be measured. It provides a decision-making framework that reflects province-wide goals, principles, and priorities. More specifically, the framework provides the following:

- an overarching vision and outcomes for land use on private and public land in the province
- seven strategies to establish a decision-making framework, providing context and direction for integrated land-use policies, and planning and decision-making at different scales (e.g., provincial, regional, and municipal). The seven strategies include the following:
 - development of seven regional land-use plans based on seven new land-use regions
 - creation of a Land Use Secretariat and establishment of a regional advisory council for each region
 - management of the cumulative effects of development on land, water, air, and biodiversity at the regional level
 - development of a strategy for conservation and stewardship on private and public lands
 - promotion of efficient use of land to reduce the footprint of human activities
 - establishment of an information monitoring and knowledge system to contribute to the continuous improvement of land-use planning and decision-making
 - inclusion of Aboriginal peoples in land-use planning

Priorities for immediate action include legislation to support the framework and completion of the regional plans for the Lower Athabasca (northeastern Alberta) and South Saskatchewan (southern Alberta) regions.

Alberta Land Stewardship Act Developed

The Alberta Land Stewardship Act (ALSA) provides the legal structure to implement the Land-use Framework. This Act creates seven planning regions in Alberta, authorizes the creation of regional plans, and specifies compliance with those plans. It also creates new conservation and stewardship tools that will protect Alberta's natural heritage on public and private lands. ALSA will provide a blueprint for

Ministry staff attend cross-cultural sessions with First Nations.



The Alberta Land Stewardship Act provides legislative support for the Land-use Framework, helping to sustain economic growth, while meeting Albertans' social and environmental objectives.

sustainable growth, and a policy balance that meets the needs of the present generation without compromising the opportunities of future generations.

Sustaining Alberta's Forest Industry

Alberta's forest industry generates more than \$7 billion a year in revenues and provides more than 38,000 jobs for Albertans. Forestry is the primary industry in at least 50 Alberta communities. The vital role that forestry plays in Alberta's economy has been threatened in recent years due to many factors, including the recent economic downturn.

In August 2008, the Forest Industry Sustainability Committee, made up of three members of the Legislative Assembly and three industry representatives, submitted its final report that contained 49 recommendations for enhancing Alberta's current forestry business model. Upon receipt of the report, Sustainable Resource Development consulted with affected Government of Alberta ministries to develop a final response to the report's recommendations on behalf of the Alberta government.

Sustainable Resource Development is committed to maintaining a healthy Alberta forest industry and will continue to encourage the development of renewable fuels as well as green sources of energy as a way to diversify forest industry operations. Consistent with the Provincial Energy Strategy, Sustainable Resource Development is working with the forest industry to help it develop bioenergy projects. The Provincial Energy Strategy is part of the government response to economic challenges and efforts to ensure rural community development. Sustainable Resource Development staff worked closely with the ministries of Energy, and Agriculture and Rural Development to help develop bioeconomy projects in rural communities throughout Alberta. As of March 31, 2009, 15 bioenergy grants have been awarded to the forest industry.

GeoDiscover Alberta Initiated

In 2008-09, Sustainable Resource Development and the ministries of Energy and Environment started work on an information-sharing system that will search, discover, and access land and natural resource information. Improved sharing of geographic information in Alberta will support more efficient and effective resource development, decision-making, and management. GeoDiscover Alberta is designed to optimize the province's collective investment in geographic information through better discovery and use of spatial information across sectors. Starting with the initial development of a rudimentary portal within the provincial government, the concept of collecting information once, closest to its source, and making it widely available, is beginning to take shape. GeoDiscover Alberta supports the implementation of the Land-use Framework and is foundational to the ministry's overall vision of excellence in resource and

environmental management. Sustainable Resource Development's focus has been to publish and share geospatial information within each of the three ministries; however, the expectation is to expand participation in this initiative to other ministries and eventually include municipal and federal governments, industry partners, non-government organizations, and the public.

Biodiversity Action Plan Developed

Biological diversity, or biodiversity, refers to the variety of species and ecosystems, and the ecological processes of which they are a part. Managing biodiversity affects the quality of life for all Albertans. The biodiversity of ecosystems is a source of food, clothing, and shelter, yet it is largely unappreciated and poorly understood. Human economies are linked to the sustainable development of biodiversity resources. Shifts in biodiversity caused by natural processes like fire and flooding, or by human activities, can alter the resource base of regional economies, sometimes to the detriment of human populations.

Within the Government of Alberta, the responsibility for the conservation of biodiversity and the sustainable use of biological resources is shared by a number of ministries and agencies. Sustainable Resource Development plays a central role through its mandate to manage public land, forests, fish, and wildlife. In addition to supporting the Alberta Biodiversity Monitoring Institute, Sustainable Resource Development led a working group to develop a Biodiversity Action Plan, which was approved by eight government ministries in September 2008. An implementation plan is now being developed to carry out that action plan.

Managing Mountain Pine Beetle

The objectives of Alberta's mountain pine beetle management strategy are to contain infestations and minimize the spread of beetles along the eastern slopes of the province, and to prevent the spread eastward in the boreal forest. Approximately six million hectares of Alberta's pine forest are susceptible. The viability of the province's forest industry and sustainability of communities, watersheds, wildlife habitat, recreational access, and tourism is also at risk from the effects of mountain pine beetle infestations. The Mountain Pine Beetle Action Plan and Healthy Pine Strategy are designed to restore the health of Alberta's pine forests. These strategies provide for a more natural age-class balance in the province's pine forest, which will be more resilient to wildfires, disease, and insects. Detection surveys, single-tree controls, stand-level harvesting, and prescribed fire are important tools the ministry uses to manage mountain pine beetle in Alberta.

Planting Alberta native species like these rhombic-leaved sunflowers helps protect the province's biodiversity. This sunflower is drought tolerant and will attract birds, especially gold finches.



Key Factors that Influenced Performance in the Past Year

Alberta was not immune to the downturn in the economy in 2008-09. With significant declines in energy prices and worsening global economic conditions, real business investment in Alberta is expected to drop in 2009. Oil sands-related investment is also expected to fall in 2009, as several companies have cancelled or postponed large-scale projects in Alberta. The forestry sector is also being affected by sharp declines in commodity prices and manufacturing exports, as the global recession lowers demand for forestry products.

Sustainable Resource Development devoted time and resources in 2008-09 to the development of the Land-use Framework to sustain our economy, while balancing Alberta's environmental and social goals. Alberta's Land-use Framework will integrate multiple activities on our landscapes, reducing the cumulative effects of these developments. Consultations with the public, stakeholders, and Aboriginal communities throughout the province in 2008 provided key improvements to the draft framework, which will ensure that future land development considers cumulative environmental impacts as well as social and economic factors.

The 2008 fire season was marked by above-average lightning strikes, including a record-breaking 120,000 on August 9. There were also periods of record-high temperatures. The number of wildfires was above average (over 1,700); however, the size of the area burned was significantly below average (under 21,000 hectares). On average, half of Alberta's wildfires are caused by human activity, and half by lightning strikes.

The launch of the My Wild Alberta website on June 2, 2008, created new capacity and streamlined the process for Albertans to purchase hunting and fishing licences online by linking to our new licence application website, AlbertaRELM. My Wild Alberta is dedicated to Alberta's anglers, hunters, and trappers, and was developed in cooperation with numerous community stakeholder organizations. My Wild Alberta provides a wealth of resources and information related to fishing, hunting, and trapping, enhances service to clients, and promotes recreational use of Alberta's natural resources.

A memorial ceremony was held in September at the Hinton Training Centre to commemorate the contributions of 21 fallen firefighters.



Financial Highlights

Ministry of Sustainable
Resource Development
for the Year Ended
March 31, 2009
(in thousands)

	2008-09		2007-08
	Budget	Actual	Actual
Revenues	\$ 151,420	\$ 162,093	\$ 199,867
Expenses			
Program Expenses	376,154	485,068	480,408
Valuation Adjustments	1,055	1,702	591
	377,209	486,770	480,999
Gain on Disposal of Capital Assets	12,600	6,747	4,202
Net Operating Results	\$ (213,189)	\$ (317,930)	\$ (276,930)
Capital Assets, Inventory and Equipment Purchases	\$ 33,244	\$ 47,696	\$ 20,708

Revenues were greater than budget by \$10.7 million, or 7 per cent. The increase in revenue over the budget was primarily due to an increase in retroactive surcharges on softwood lumber export taxes.

The current year revenue was lower than prior year figures by \$37.8 million or 18.9 per cent. The decrease in revenue in 2008-09 compared to 2007-08 was primarily due to a decrease of \$38.9 million from the Government of Canada for softwood lumber export taxes and mountain pine beetle programs. This decrease in revenue was partly offset by an increase of \$3.6 million from premiums, fees, and licences.

Program expenses (excluding valuation adjustments) were \$108.9 million or 29 per cent more than budget, primarily for costs associated with emergency action against mountain pine beetle and wildfires. Supplementary estimates were received to cover this overrun of costs.

Comparison of actual expenses (excluding valuation adjustments) with the prior year showed a slight increase of \$4.7 million or 1 per cent. The increase was due to an increase in staffing expenses of \$10.4 million offset by a reduction in expenses of \$5.7 million. This reduction was due to a decrease in wildfire and mountain pine beetle activities compared to 2007-08.

Gains on disposal of capital assets were \$5.8 million less than budget, primarily due to reduced transfers of tax recovery land to municipalities for a nominal sum.

OVERVIEW

Ministry staff electrofishing at Onion Creek southwest of Nordegg. Used in research, electrofishing is a sampling tool used to estimate populations.



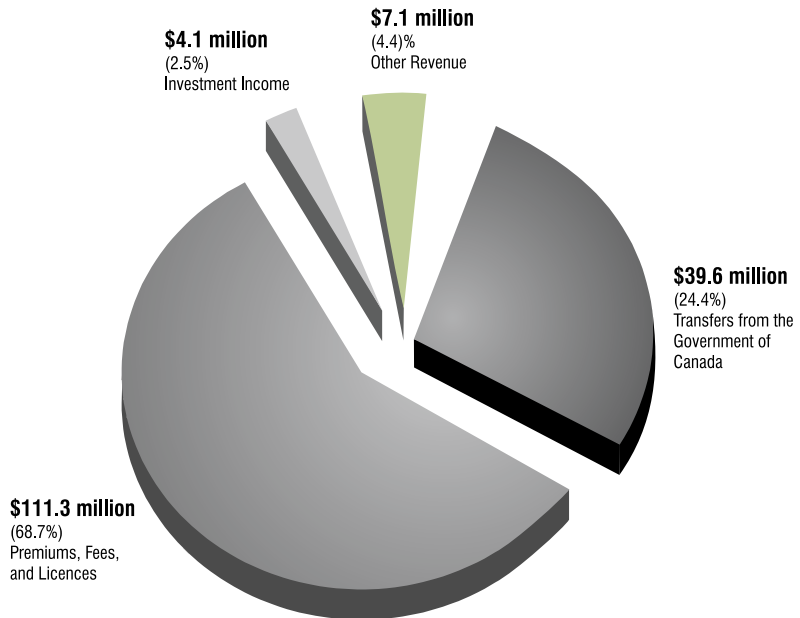
Ministry Revenue by Source

Revenues

(in thousands)

	2008-09	2007-08
Transfers from Government of Canada	\$ 39,505	\$ 78,411
Investment Income	4,162	4,869
Premiums, Fees, and Licences	111,295	107,647
Other Revenue	7,131	8,940
	<u>\$ 162,093</u>	<u>\$ 199,867</u>

The decline in revenue by \$37.8 million or 18.9 per cent was primarily due to a reduction in revenue of \$38.9 million from the Government of Canada for softwood lumber export taxes and mountain pine beetle programs.



TOTAL REVENUE (in millions) \$162.1

Ministry staff remove test equipment from the top of Mount Kidd, the highest Firenet site at 10,000 feet. A province-wide radio system, Firenet plays an important role in Sustainable Resource Development's wildfire prevention, detection, and suppression operations.



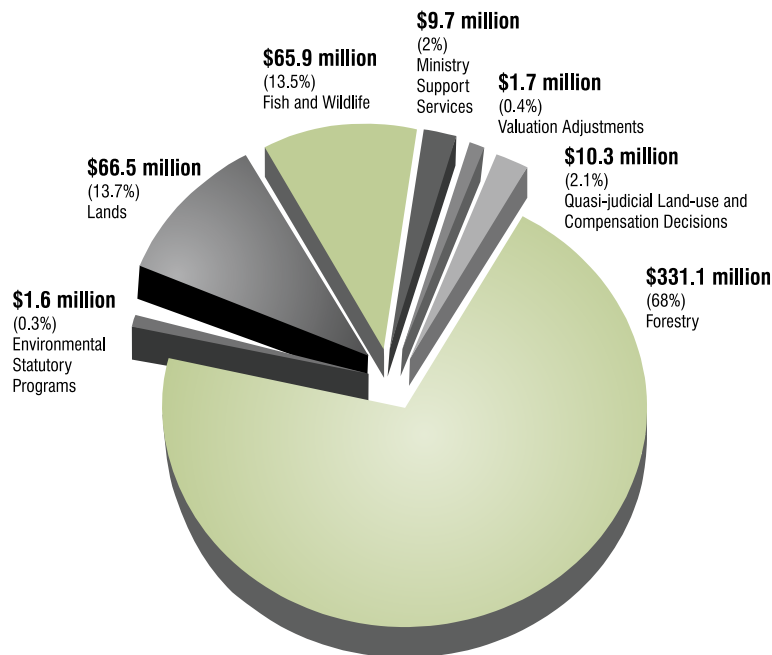
Ministry Voted Program and Statutory Expenses

Voted and Statutory Expenses

(in thousands)

	2008-09	2007-08
Forestry	\$ 331,108	\$ 337,060
Lands	66,535	59,717
Fish and Wildlife	65,858	62,294
Quasi-judicial Land-use and Compensation Decisions	10,295	9,636
Ministry Support Services	9,664	10,267
Environmental Statutory Programs	1,608	1,434
Valuation Adjustments	1,702	591
TOTAL	\$ 486,770	\$ 480,999

Total expenses in 2008-09 were \$5.8 million, or 1.2 per cent higher than in 2007-08. There was increased spending on managing public lands, which resulted from increased staffing expenses and increased expenses for developing the Land-use Framework. The increase in fish and wildlife costs resulted from increased spending to prevent the spread of chronic wasting disease and on various wildlife issues, including grizzly bear management, recreational access management, and caribou management initiatives. These increases in program expenses were partially offset by a reduction in spending on forest management, the result of a reduction in wildfire activity and mountain pine beetle program costs.



TOTAL VOTED AND STATUTORY EXPENSES (in millions) \$486.8

Responsible recreation, such as riding your off-highway vehicle on a trail, helps to ensure that wildlife habitat, outdoor opportunities, and healthy landscapes remain for future generations.



Deputy Minister's Message

It has been a privilege to help the minister and ministry in managing Alberta's public lands, forests, fish, and wildlife as economic, environmental, and recreational resources.

The 2008-09 fiscal year was marked by achievement across all divisions of the ministry, with work completed, underway or begun to sustain Albertans' natural resources as an enduring legacy.

About half the ministry's budget was devoted to protecting the province's forest resources, with the largest expense and effort to protect forests and forest communities from wildfire. More than usual lightning strikes, including a record-breaking 120,000 strikes on August 9, contributed to a higher than usual number of wildfires—1,712. However, rapid response and favourable wildfire hazard conditions meant the total area burned was significantly less than usual.

Fire is also an effective forest management tool. The ministry used prescribed fire to control the spread of the mountain pine beetle, reduce wildfire hazards, and help restore rangelands. A partnership with the ministry of Municipal Affairs through the FireSmart Community Grant program provided funding to local FireSmart projects.

Protecting the forest also protects a valuable economic resource. The ministry evaluated the final report of the Forest Industry Sustainability Committee and worked with ministries across government to recommend changes to government policies and programs to help sustain Alberta's forest industry as a major employer and economic driver. The minister released government's response shortly after the end of the fiscal year, in May of 2009.

Resource development in Alberta has focused growing public attention on impacts to the environment, especially fish and wildlife. Over the past year, the ministry considered planning information for caribou in different landscapes and is modelling future scenarios to achieve conservation of this species.

The ministry worked with the Foothills Research Institute to complete a map of core and secondary grizzly bear habitat, and a ministry grant is funding a continuing DNA-population census of grizzly bears. The ministry has worked for four years to contribute to a Canada-Alberta Bilateral Agreement for species at risk, which is now nearing completion.

Alberta's deer face a different kind of risk: chronic wasting disease moving west from Saskatchewan. This is a prion disease, and the ministry relies on hunters to submit the heads of their deer for testing. In the 2008-09 hunting season, the ministry provided three mobile

Firefighter recruits training
at Virginia Hills near
Whitecourt.



trailers and increased the number of 24-hour freezers by almost 50 per cent from 24 to 40, in the area of highest risk, in south-central Alberta near the Saskatchewan border. Of the 4,347 samples collected and tested, only eight new cases of the disease were identified.

In 2008, fish and wildlife officer recruits from all western provinces and the Yukon trained together for the first time at the Western Conservation Law Enforcement Academy in Hinton. The intensive 16-week training program graduated 16 new fish and wildlife officers for Alberta, who benefited from the experiences and knowledge of their counterparts.

The single largest ministry effort in 2008-09 was working across government and with stakeholders throughout the province to develop the Land-use Framework, released in December 2008, and supporting the creation of the Lower Athabasca Regional Advisory Council. From ministry resources, we created a separate Land Use Secretariat to support this and all advisory councils, and assist government in developing regional plans.

A major strategy under the Land-use Framework is promoting the efficient use of land. The Integrated Land Management program is an effective tool that was implemented in 2008. More than 400 stakeholders were involved in developing the program's components, and it was recognized with a Premier's Award of Excellence. Examples of integrated land use include aligning forest harvest schedules to road and site construction projects to reduce the overall development footprint.

Grazing on public land helps preserve the integrity of habitats that evolved during the days of the free-roaming bison herds. In 2008, the ministry established the two-year Provincial Grazing Reserve Multiple-use Reconstruction Project. This project is replacing worn-out grazing reserve assets like fences and water pipes, and enhancing infrastructure to serve multiple uses, including wildlife habitat and recreation.

The achievements of 2008-09 form a strong foundation for work in 2009-10 and well into the future. The ministry will build on this foundation to ensure that land, forest, fish, and wildlife management secure a wealth of economic, environmental, and social benefits for Albertans for generations to come.

original signed by:

Eric J. McGhan
Deputy Minister
August 31, 2009

Fish and wildlife officers
administer oxygen to a
tranquilized grizzly bear.





Review Engagement Report

To the Members of the Legislative Assembly

I have reviewed the performance measures identified as "Reviewed by Auditor General" included in the Ministry of Sustainable Resource Development's *2008-09 Annual Report*. These performance measures are prepared based on the following criteria:

- Reliability – Information agrees with the underlying data and with sources used to prepare it.
- Understandability and Comparability – Actual results are presented clearly and consistently with the stated methodology and presented on the same basis as targets and prior years' information.
- Completeness – Performance measures and targets match those included in Budget 2008. Actual results are presented for all measures.

My review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to me by the ministry. My review was not designed to provide assurance on the relevance of these performance measures.

A review does not constitute an audit and, consequently, I do not express an audit opinion on these performance measures.

Based on my review, nothing has come to my attention that causes me to believe that the "Reviewed by Auditor General" performance measures in the ministry's 2008-09 annual report are not, in all material respects, presented in accordance with the criteria of reliability, understandability, comparability, and completeness as described above. However, my review was not designed to provide assurance on the relevance of these performance measures.

original signed by:

Fred J. Dunn

FCA

Auditor General

Edmonton, Alberta

September 1, 2009

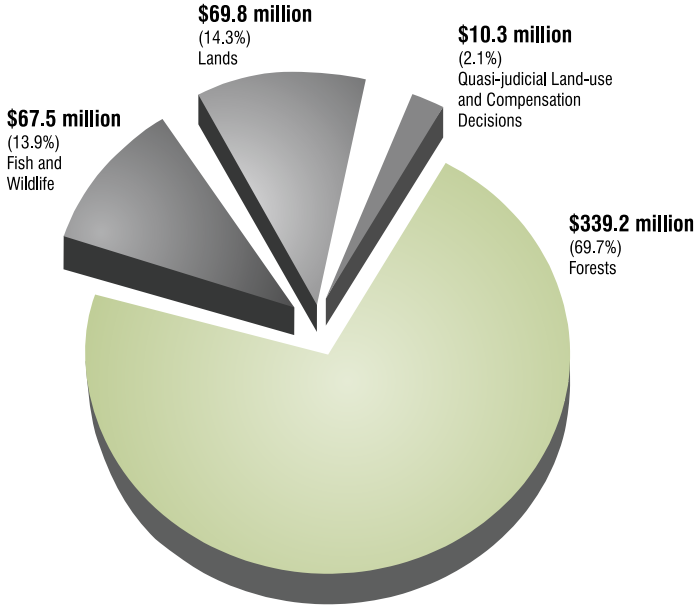
This silver sage contributes to the natural beauty of drier prairie lands, and provides important cover and food for sage grouse and pronghorn antelope winter grazing. Properly designed livestock fences help maintain healthy plant communities and allow wildlife to pass.

Expense by Core Business

Ministry of Sustainable
Resource Development
for the Year Ended
March 31, 2009
(in millions)

	2008-09		2007-08
	Budget	Actual	Actual
1 Lands	\$ 82.0	\$ 69.8	\$ 60.8
2 Forests	223.3	339.2	348.1
3 Fish and Wildlife	62.1	67.5	62.4
4 Quasi-judicial Land-use and Compensation Decisions	9.8	10.3	9.6
Total	\$ 377.2	\$ 486.8	\$ 480.9

Note: The numbers are representative of the approved budget. Supplementary estimates are not included. The above expenses include an allocation of ministry support services expenses and valuation adjustments.



TOTAL VOTED AND STATUTORY EXPENSES (in millions) \$486.8

Karelian bear dogs, like Koda and Kuma, help fish and wildlife officers track bears as part of the ministry's research and management efforts.



RESULTS ANALYSIS

The ministry budget for expenses was approved at a total of \$377.2 million, which was composed of the following:

Program Expenses	\$ 376.1 million
Valuation Adjustments	1.1 million
Total	\$ 377.2 million

The ministry subsequently received approval for supplementary estimates totaling \$134.3 million to provide for incremental costs and emergency funding for the following:

Wildfire Management	\$ 117.3 million
Prevention of the Spread of Chronic Wasting Disease	1.0 million
Various Wildlife Issues	1.0 million
Mountain Pine Beetle Survey and Control	15.0 million
Total	\$ 134.3 million

Total ministry expenses exceeded the original budget by \$109.6 million. These expenses related primarily to costs associated with emergency action against mountain pine beetle infestations and wildfires.

Supplementary estimates were received to cover these costs. While not all of the supplementary estimates were required, these additional funds provided the ministry with the tools to continue to control the spread of chronic wasting disease, mountain pine beetles, and wildfires.

	2008-09		2007-08
	Budget	Actual	Actual
1 Lands	\$ 82.0	\$ 69.8	\$ 60.8
2 Forests	355.6	339.2	348.1
3 Fish and Wildlife	64.1	67.5	62.4
4 Quasi-judicial Land-use and Compensation Decisions	9.8	10.3	9.6
Total	\$ 511.5	\$ 486.8	\$ 480.9

Note: Budget numbers for expenses include supplementary estimates of \$134.3 million.

Wetlands provide habitat for many species of birds, insects, and fish; support a wide variety of plant life; and contribute to the health of watersheds.



Expense by Government Function

*Ministry of Sustainable
Resource Development
for the Year Ended
March 31, 2009
(in millions)*

	2008-09		2007-08
	Budget	Actual	Actual
Agriculture, Resource Management, and Economic Development	\$ 221.5	\$ 226.8	\$ 234.5
Protection of Persons and Property	111.8	223.2	213.0
Environment	43.9	36.8	33.4
Total	\$ 377.2	\$ 486.8	\$ 480.9

The ministry's expenses by government function are outlined above. Although 58.7 per cent of the budget was allocated to the agriculture, resource management, and economic development function, the fire season caused 45.9 per cent of actual gross expenses to be incurred in the protection of persons and property function.

Pronghorn antelope are found mainly in southeastern Alberta. They are one of many animals that Sustainable Resource Development monitors and manages to ensure strong and healthy populations.



CONSOLIDATED
STRATEGIES:

- Complete and implement the Land-use Framework to address competing uses of land.
- Manage public lands in a manner that integrates and balances diverse uses with natural resource and stewardship values.
 - Offer long-term, secure grazing on public rangeland that promotes sustainable resource management and sustains shoreland health.
- Consult with First Nations regarding land use and authorization of activities on public lands that have the potential to adversely impact First Nations' rights and traditional use of Crown lands.

Goals, Results and Measures
by Core Business**Core Business One: Lands**

In 2008-09, 14.3 per cent of the ministry's operating expenses related to delivering the lands core business. Through this core business, the ministry manages the demands of multiple stakeholders using Alberta's public land by integrating planning and management best practices to sustain the benefits Albertans receive from their natural resources and public lands.

Goal 1: Alberta's public lands, including rangelands, are healthy, productive, and sustainable

The ministry supports this goal on an ongoing basis through several activities:

- creating and implementing policies and programs
- developing and enforcing legislation
- approving land use and monitoring compliance with all requirements
- supporting sustainable land management practices and decisions through coordinated inventories, knowledge transfer, and research
- consulting and collaborating with Aboriginal communities and stakeholders
- providing public information and outreach programs that promote stewardship and responsible use

Important Results

The draft Land-use Framework released in May 2008 received responses from more than 700 Albertans through a workbook survey, with other feedback collected through stakeholder meetings and survey reports, and more than 50 meetings with Aboriginal communities. This feedback created some important changes in the draft framework:

- a new strategy—the Efficient Use of Land—to reduce the human footprint on the land
- a new region, the Red Deer Region, to better address southern Alberta's significant population, the number and size of municipalities, and the diversity of its landscapes
- new names for the planning regions: these are now named for their major watersheds to better reflect integrated land-use and watershed planning
- a new priority: legislation to support the framework, including regional land-use planning

Following the release of Alberta's new Land-use Framework in December 2008, work was initiated to develop land-use plans in the seven regions identified in the framework. Of those seven regional plans, the Lower Athabasca (northeastern Alberta) and South Saskatchewan (southern Alberta) regional plans are expected to be completed in 2010, with the other five plans being completed by the

end of 2012. The Regional Advisory Council for the Lower Athabasca plan was named on December 19, 2008, with representatives from a cross-section of interests including industry, municipal, and provincial bodies. The government held seats on the council for the subsequent appointment of two Aboriginal representatives.

Legislation to implement the framework (*Alberta Land Stewardship Act*), along with numerous consequential amendments to related government legislation, was introduced in April 2009. The framework brings a new approach to long-term regional planning that will help to reduce land-use conflicts and provide a foundation for orderly land use and development into the future.

Integrated Land Management (ILM) is an important approach in encouraging users of public land to work together to reduce their disturbance footprint on the land. The ILM program was implemented in 2008. The program plan aimed to identify and address barriers to reducing the disturbance footprint, enhance understanding of environmental stewardship, and support the realization that managing and reducing the footprint is the responsibility of all land users. The rigorous and comprehensive initiative created 11 program principles, four primary and four supporting outcomes, and performance measures for monitoring, reporting, and ensuring continuous improvement of the ILM program. The fundamental outcome is a cross-ministry commitment to ILM, building on existing land management mechanisms, and creating new ones where necessary. This important work received a Premier's Award of Excellence this year.

Examples of planning alignments being achieved between industries operating on the landscape include aligned harvest schedules, joint-access construction, and collaborative site development to reduce the number of trees harvested. Other collaborations have reduced the overall footprint of industrial and recreational activities.

As part of the Land-use Framework, Sustainable Resource Development worked with Alberta Tourism, Parks and Recreation to develop a comprehensive strategy for managing the growing recreational pressures on Alberta's public lands. When completed, the Recreation Management Strategy will support recreation opportunities on public lands, reduce impacts to public lands and natural resources, and improve public safety, as well as reduce conflicts and increase cooperation among public land users.

Sustainable Resource Development continued to partner with the RCMP and the ministries of Tourism, Parks and Recreation; Transportation; and Solicitor General and Public Security to enhance enforcement during the long weekends from May through to September. This coordinated effort helped to deter inappropriate behaviour and encourage responsible recreation.



In 2008-09, Sustainable Resource Development received \$5.4 million from 40 sales of public land.

The ministry continued to align its Oil Sands program with the implementation of the Land-use Framework and its regional plans during 2008-09. Sustainable Resource Development's Oil Sands program works with other government departments to provide a quality regulatory system for major projects such as oil sands mines, coal mines, upgraders, and in-situ projects.

In 2008-09, Sustainable Resource Development received \$5.4 million from 40 sales of public land and transferred 30 parcels consisting of 4,732 acres of tax-recovery land to various municipalities and counties for nominal sums. Tax recovery land is land once privately owned that was forfeited to the Alberta Government for non-payment of property taxes prior to the 1950s. In the years this land has been held by the province, any grazing revenue has been transferred to the appropriate municipality. The *Public Lands Act* permits the transfer of public land to a municipality at a price determined by the minister.

Over the past 75 years, the Alberta Government created 32 provincial grazing reserves covering approximately 720,000 acres. These reserves are used primarily for livestock grazing, developing tame pasture, and providing fences, stock water, and other facilities. Every year, approximately 1,300 local livestock producers graze around 62,000 head of livestock on these community pastures. Over time, these reserves have also become choice destinations for recreational use, as well as good locations for preserving wildlife habitat, and conducting industrial and commercial activities.

While the responsibility for the maintenance of government-owned capital assets on the 32 provincial grazing reserves was transferred to patron associations in the 1990s, the ministry, as the landlord and owner of infrastructure on these reserves, is responsible for replacing the worn-out grazing reserve assets such as fences and water pipes. In 2008, the ministry established the provincial grazing reserve Multiple-use Reconstruction Project with enhanced infrastructure to serve multiple uses to replace the existing infrastructure designed for grazing. The project was allocated a \$7.4 million budget over two years. Government fully funds projects for multiple uses, such as the following:

- wildlife-friendly fences
- off-site stock water development and other projects to improve water sources and protect the health of shorelands
- trail development that reduces the impact of other users on the livestock operations
- tame pasture (land that has been seeded to introduce species such as hay and alfalfa for forage) and irrigation redevelopment that integrates the needs of livestock operations with wildlife habitat
- new multi-use pasture field development

Sustainable Resource Development has partnered with the University of Alberta in a study to better understand the movements of feral horses through the use of radio collar information. Five global positioning system (GPS) collars have been placed on horses in the area west of Bragg Creek. Data from the GPS collars will help to determine horse use patterns and habitat selection. This will provide the ministry with better information about the behaviour of feral horses and their interaction with their environment for future management recommendations and decisions.

During 2008-09, Sustainable Resource Development continued to partner with municipalities to control weeds on vacant public lands. Approximately 20 municipalities work with the ministry each year to control weeds across the province. Additional benefits from this program include data acquisition from surveys that municipalities complete for the ministry.

The ministry started reviewing all operations that extract gravel from public land to ensure Albertans receive a fair return from commercial use of this resource. A new Land Management Inspection Protocol implemented during 2008 provides a consistent approach to all land-use inspections and addresses operations not complying with the requirements of land-use dispositions.

The process for allocating public land for commercial tourism and recreation was also reviewed, and a new policy for this process is being completed. This policy will help the ministry allocate public land in a fair, comprehensive, and timely manner. The review resulted in 28 recommendations for enhancing the ministry's current guidelines and processes.

The ministry continued to be involved in the development of a provincial policy for conserving wetlands. After receiving the Alberta Water Council's advice for a policy, Sustainable Resource Development staff joined staff from the Energy Resources Conservation Board on a regulatory team to review the recommendations and draft a policy for government review.

Work is underway to establish a replacement system for the Land Status Automated System (LSAS). A 25-year old mainframe system, LSAS is the registry that contains data for Crown land throughout the province. It is vital that this information continues to be available and maintained. The replacement system, named Alberta Land Information (ALI), will be SRD's land disposition registry.

The Enhanced Land Stewardship program was approved in principle, with a capital budget of \$5 million for the coming fiscal year. The 10-year program aims to develop a business process to sell public land with little conservation value in urban centres, and use the sale

A new Land Management Inspection Protocol implemented during 2008 provides a consistent approach to all land-use inspections and addresses operations not complying with the requirements of land-use dispositions.

The Enhanced Land Stewardship program will sell public land with little conservation value in urban centres and use the proceeds to purchase land with more conservation value in rural areas.

proceeds to purchase land with more conservation value in rural areas. A review of public land parcels in Edmonton and Calgary is almost complete, and the government expects to proceed with this program in 2009-10.

Land-use Framework Regions



Performance Measures Review

In prior years, the Auditor General applied specified auditing procedures to all ministry performance measures included in the annual report. In the current year, the Auditor General conducted a limited assurance (review) of selected performance measures that are identified in the annual reports as “Reviewed by the Auditor General.” The measures were selected for review by ministry management based on the following criteria established by government:

- Measures represent the goal and mandated initiatives.
- Measures have well established methodology and reporting of data.
- Measures have outcomes over which the government has a greater degree of influence.
- Each goal has at least one reviewed performance measure.

Performance Measure Results for Goal 1: Public Lands

Target: Average number of working days for completing industrial dispositions is less than 20 working days and less than 10 working days for completion of geophysical approvals.

Results:

Year Ending March 31

	2006-07	2007-08	2008-09
1.a Timely, Efficient Disposition Decisions			
<ul style="list-style-type: none"> Average number of working days for completing industrial dispositions 	21.77 ¹	23.30 ¹	27.47
<ul style="list-style-type: none"> Average number of working days for completing geophysical approvals 	9.5	10.7	8.81

Source: Land Status Automated System (LSAS)

¹ These results have been restated using the new methodology explained in the sidebar to the right. Sustainable Resource Development's 2007-08 annual report indicated that it took 25.9 days to complete industrial dispositions in 2006-07 and 25.8 days to complete them in 2007-08. These results are slightly above the restated results noted in the table above for the same time periods, but both the original and restated results exceed the 20-day target.

Analysis:

In previous years, calculating the number of days to complete industrial and geophysical disposition approvals involved the exclusion of applications that were in abeyance due to external factors (i.e., application deficiencies needing client clarification or additional information, or First Nation consultation taking longer than expected). In 2008-09, the ministry was unable to identify these exclusions because data is being prepared for conversion from paper to electronic format, supporting a transition from the Land Status Automated System (LSAS) to the ministry's new land disposition registry called Alberta Land Information (ALI). Containing data for provincial Crown land, LSAS is a 25-year old computer system that will no longer be supported after 2011. Since the wellsite disposition files are currently being scanned electronically, the ministry was unable to easily access the files to identify the exclusion list.

For 2008-09 results, the ministry has used another procedure instead of an exclusion list to come up with an estimate of average turnaround time through the elimination of outliers. Called the Windsor mean (also known as truncated or trimmed mean), it involves the calculation of the mean after discarding an equal amount of samples, usually 10 to 25 per cent, from both the high and low ends. To ensure comparable previous results, the turnaround times for the past two years (2006-07 and 2007-08) have also been restated using the Windsor mean. The restated results exceed the target for this measure, just as the original ones did.

Similarly, the ministry did not meet its target of 20 working days for completing industrial dispositions in 2008-09, when the new calculation methodology was used for attaining the result. The actual timeframe for approval was 27.47 days.

Measure: Timely, Efficient Disposition Decisions

Methodology:

Applications for industrial dispositions involving well sites and pipelines are entered into the Land Status Automated System (LSAS). Applications for geophysical approvals are entered in the Application Disposition Process and Tracking System and downloaded to LSAS. LSAS automatically captures and stores the date of application and the subsequent date of approval. The number of working days (Monday to Friday, excluding public sector holidays) spent approving dispositions is then divided by the number of dispositions approved.

The sample for determining an estimate of average turnaround time is arrived at by eliminating the outliers, which represent files that are held in abeyance for reasons beyond the ministry's control (clarification/ additional information required from applicant or First Nation consultation taking longer than expected). The process used to eliminate the outliers is called Windsor mean (also known as the truncated or trimmed mean). It involves calculating the mean after discarding an equal amount of samples from both the high and low ends. For this statistical application, 10 per cent of the ends were discarded. The turnaround times for the past two years have also been restated using the Windsor mean to establish uniformity in calculation.

The target of 10 working days for completing geophysical approvals was met and exceeded.

The target was missed mainly for three reasons:

- First Nation consultation was not completed within the 20-day target period.
- Applications were submitted incomplete, so companies needed to submit clarification or additional information.
- Consent for existing interests was not provided within the 20-day target period.

In 2008-09, the ministry received only one formal complaint from an industry client regarding delays in approval of the applications. A detailed review of those applications indicated that the delays were primarily a result of the above three reasons. Senior ministry staff met with the client, and issues are being resolved to the client's satisfaction.

The target of 10 working days for completing geophysical approvals was met and exceeded. The previous actual turnaround time of 10.7 days was reduced to 8.81 days in 2008-09. This improved result was achieved through more thorough tracking of delays for each geophysical application that exceeded the turnaround time of 10 days. The same process was used in 2007-08, but changes were made in 2008-09 to ensure the accuracy and thoroughness of the data.

TIME TO COMPLETE:

- **INDUSTRIAL DISPOSITIONS FOR USING PUBLIC LAND**
- **GEOPHYSICAL APPROVALS FOR USING PUBLIC LAND**



Target: Public rangeland will support 1.6 million animal unit months.

Results:

Year Ending March 31

	2006-07	2007-08	2008-09
1.b Public Rangeland Allocation Animal unit months allocated (millions)	1.7	1.7	1.7

Source: Geographic Land Information Management and Planning System, Provincial Grazing Reserves Grazing Management Agreement Schedule C information, and ministry files.

Note: An animal unit month (AUM) is the amount of forage required to feed one cow with calf at side (an animal unit) for 30 days. This amount is equivalent to 455 kg (1,000 pounds) of forage dry matter.

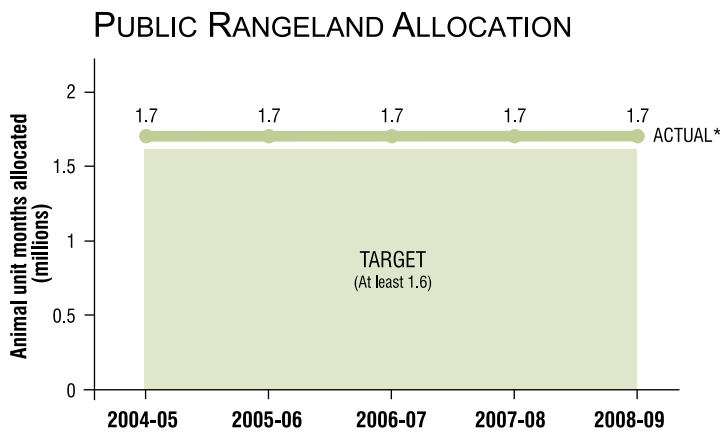
Analysis:

The number of animal unit months (AUMs) that are allocated measures the amount of grazing available on public land in Alberta. These long-term agreements on public lands help provide stability in the livestock industry. There are more than 6,000 grazing dispositions issued in the province and, as of March 31, 2009, there were 1,713,195 AUMs allocated, which exceeds the ministry's target of 1.6 million AUMs. The result is a reflection of the ministry's continued successful efforts to integrate grazing with other uses on the landscape, including timber, recreation, wildlife habitat, and watershed protection.

Measure: Public Rangeland Allocation

Methodology:

The total number of animal unit months approved for grazing leases, licences and permits as well as those for the forest reserves, provincial grazing reserves, and Camp Wainwright are counted each year.



* Exceeding the target for this measure is positive because it demonstrates that more public land is being made available for livestock grazing than expected. This means public land is being better shared among agricultural, recreational, and industrial users.

RESULTS ANALYSIS

Core Business One: LANDS

Measure: Rangeland Sustainability (percentage of rangeland leases in good standing)

Methodology:

During 2008-09, 644 grazing leases scheduled for renewal (approximately 10 per cent of total grazing leases held in the province) were assessed for sustainable rangeland health and management practices. Lease selection is drawn from the Geographic Land Information Management and Planning System and collected data is subsequently entered into the same system. The number of leases in good standing is divided by the total number of leases and multiplied by 100 to obtain the percentage of leases in good standing.

Target: 90 per cent of assessed rangeland leases will be in good standing.

Results:

Year Ending March 31

	2006-07	2007-08	2008-09
1.c Rangeland Sustainability Percentage of rangeland leases in good standing	90%	89%	87%

Source: Geographic Land Information Management and Planning System

Note: A rating of good standing means productivity, site stability, capture and beneficial release of water, nutrient cycling, plant diversity, and proper grazing management practices are demonstrated, and the livestock is owned by the leaseholder except in special circumstances that are approved beforehand.

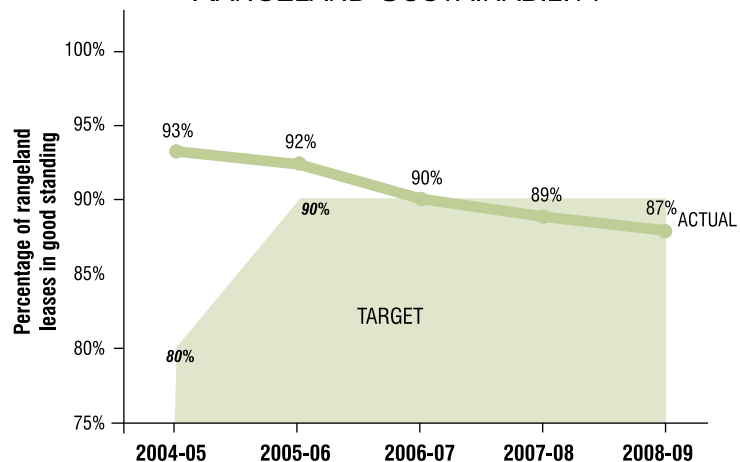
Analysis:

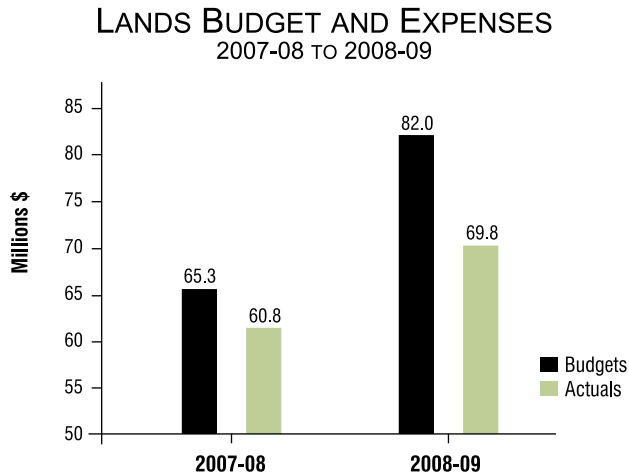
Results decreased slightly to 87 per cent of rangeland leases considered to be in good standing, which just misses the target of 90 per cent. The sample for this measure includes short-term lease renewals that indicate compliance action is underway on specific leases, and these are being monitored more often than usual. Short-term renewals are used to monitor and address problems. If short-term renewals are removed from the sample, the result increases to 89 per cent of leases considered to be in good standing.

Information from field areas indicates that of the 644 inspections, 563 were determined to be in good standing and 81 were not. The leases not in good standing mainly have fencing and utilization deficiencies, with a much smaller number having stewardship deficiencies. The continued economic downturn in the livestock industry has resulted in some producers considering closing their operations, putting the future of their grazing leases in doubt. This situation has led to some producers not using their leases or not completing perimeter fencing during the past year.

Reviewed by Auditor General

RANGELAND SUSTAINABILITY





Lands 2008-09 actual expense was less than the budget.

Lands' 2008-09 actual expense of \$69.8 million was less than the budget by \$12.2 million or 14.9 per cent. This is a result of the nominal sum land transfers to municipalities not being completed as planned and a dedicated revenue fund shortfall from the collection of fees related to the mapping of titled Crown lands. The increase to both 2008-09 budget and expenses over the 2007-08 budget and expenses resulted because of the design and implementation of the Land Use Secretariat office, an increased provision for nominal sum disposals, and an increase to cover the cost-of-living salary adjustments.

CONSOLIDATED
STRATEGIES:

- Provide a preparedness framework that enables the province to respond to wildfires in the Forest Protection Area. Key elements of the framework include effective policies, readiness, training, prevention, detection, and early response.

- Reduce the risk and damage caused by wildfires by incorporating FireSmart practices and principles, such as prescribed fire and other vegetation management techniques, in cooperation with the public, industry, and local governments.

Core Business Two: Forests

In 2008-09, 69.7 per cent of the ministry's operating expenses related to delivering the forests core business. This core business focuses on providing leadership and guidance to ensure the multiple benefits received from the province's forests, including watersheds and biodiversity, are realized by using the best possible forest management, wildfire management, and forest industry practices.

Goal 2: Alberta's forests and forest communities are protected from wildfires

The ministry supports this goal on an ongoing basis through several activities:

- preventing and fighting wildfire through an effective pre-suppression system, fire control plans, and best practices in firefighting
- creating and implementing leading science, technology, policies, and programs
- developing, maintaining, and enforcing legislation and standards
- monitoring forest resource use
- consulting and collaborating with Aboriginals and other stakeholders
- providing public information and outreach programs that promote stewardship and responsible forest use

Important Results

The 2008 fire season started on April 1 and ended October 31, characterized by above-average lightning strikes (including a record-breaking 120,000 on August 9) and periods of record-high temperatures. While the number of wildfires was above average, the size of the area burned was significantly below average, due to effective responses from firefighting crews and favourable wildfire hazard conditions. Alberta recorded 1,712 wildfires in the Forest Protection Area, and those wildfires consumed just under 21,000 hectares, an area more than twice the size of Red Deer. Firefighting resources were imported from Ontario when conditions warranted in early summer. On average, half of Alberta's wildfires are caused by human activity, and half by lightning strikes.

Fifteen Mexican firefighters worked in Alberta from May to September as part of Alberta's memorandum of understanding with the state of Jalisco, Mexico. They were placed with Alberta firefighting crews throughout the province. In July, 19 Mexican emergency firefighters were also brought to Alberta to test the newly signed Mutual Aid Resource Sharing Agreement between the two jurisdictions. They received firefighting training and experience, and worked on a fire in High Level. Six Junior Forest Ranger crews, made up of 52 individuals, were hired in 2008. Eight Aboriginal communities were also involved in the Aboriginal Junior Forest Ranger program, resulting in 85 individuals from these communities gaining ranger experience. These programs provide summer work experience and educational opportunities in natural resource management for youth (ages 16-18).

FORESTSCONSOLIDATED
STRATEGIES:

The Fallen Firefighters Memorial ceremony was held in September 2008 to pay tribute to the 21 individuals who have lost their lives while performing wildfire suppression operations in the province since 1944. A monument was unveiled at the memorial ceremony on the grounds of the Hinton Training Centre to commemorate the contributions of these 21 Alberta firefighters who worked to protect Alberta's forests.

In June 2008, Sustainable Resource Development teamed up with several Hinton-area municipal partners to conduct the Operation West Yellowhead mock wildfire exercise. The event helped prepare local emergency responders in the event a wildfire were to threaten the community. It also served as an educational opportunity for the more than 400 residents who came out to watch the demonstration.

In 2008-09, the FireSmart program received increased support from industry and municipal stakeholders. FireSmart is a program that helps reduce the threat of wildfire and its impact on communities across Alberta. A partnership with the ministry of Municipal Affairs resulted in \$375,000 (\$250,000 from Sustainable Resource Development and \$125,000 from Municipal Affairs) being committed to FireSmart through the FireSmart Community Grant program. As well, federal funds from the Community Development Trust were used for retraining and to conduct FireSmart projects.

The FireSmart Community Series was held from March 10-12, 2009, in Banff. Approximately 130 experts and municipal representatives attended. The goal was to provide information on how to help communities avoid losses from wildfire.

The Prescribed Fire program (fire is intentionally used to meet management objectives) had a successful year. The area of prescribed burns in 2008 nearly doubled, rising from an average annual area of less than 2,000 hectares to roughly 3,500 hectares. Several large-scale burns were started along the eastern slopes of the Rockies to help control the spread of mountain pine beetle. Prescribed burns were also initiated to meet rangeland restoration objectives, including the Flying E Ranch burn that was completed in 2008.

Sustainable Resource Development continued to support a major University of Alberta forest hydrology study in the foothills of southern Alberta, through a \$500,000 contribution to the \$1.4 million, five-year project. The results will show how watersheds along the eastern slopes may be affected by forest disturbances from wildfires or mountain pine beetle infestations.

The ministry's airtankers and bases continued to be upgraded, with \$20 million allocated in 2008-09. The airtankers are being converted from piston to turbine-powered engines, allowing them to work at higher temperatures and elevations. Upgrades to the Whitecourt base

- Respond to wildfires through a management regime that quickly contains and suppresses wildfires within the Forest Protection Area to minimize related losses.
- Encourage wildfire prevention in Alberta's forests through information, outreach, and monitoring.
- Consult with First Nations regarding wildfire management activities that have the potential to adversely impact First Nations' rights and traditional use of Crown lands.
- Manage Alberta's forests and forest landscapes through a policy, legislative, consultation, and regulatory framework that optimizes the benefits Albertans receive from their forest resource.
- Protect watersheds and biodiversity.
- Consult with First Nations regarding forest management activities and authorizations for timber harvesting that have the potential to adversely impact First Nations' rights and traditional use of Crown lands.

were completed in the spring of 2008. The Pincher Creek base was also upgraded to provide safer landing and parking for airtankers, and to better support fully loaded planes.

Performance Measure Results for Goal 2: Forests

Measure: Detection

Target: 90 per cent of detected wildfires are reported within five minutes by lookout tower or air.

Methodology:

The wildfire detection performance measure tracks the reporting times for the systems over which the ministry has direct control (e.g., fire lookouts and aircraft patrols). This measure assesses the success of Sustainable Resource Development's fixed and mobile detection system.

Detection results compare the number of wildfires detected and reported by ministry lookout or air patrols in five minutes or less, against all wildfires detected and reported by ministry lookout or air patrols during the same time period.

Results:

Year Ending March 31

	2006-07	2007-08	2008-09
2.a Detection			
Detected wildfires reported within five minutes:			
• By Lookout	99%	97%	98%
• By Air	100%	98%	100%

Source: Fire Information Resource System (FIRES)

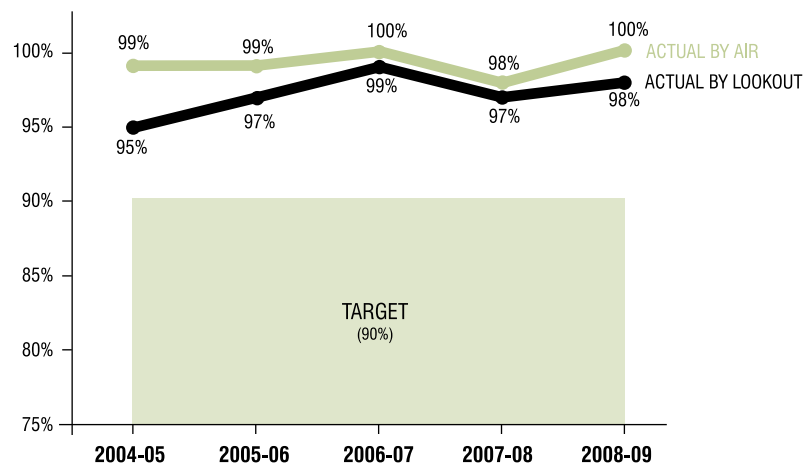
Notes:

1. Performance data are based on wildfires occurring between April 1 and October 31 in the Forest Protection Area.
2. In the 2009-12 Business Plan, measures 2a and b were removed. Measure 2c was retained as it best describes the desired final outcome of firefighting.

Analysis:

Early discovery and prompt reporting of wildfires is essential to suppression efforts as it allows for rapid deployment of initial response resources. The 2008 results for detecting wildfires within five minutes (98 per cent by lookout and 100 per cent by air) were well above the 90 per cent target. The results indicate that personnel responsible for reporting wildfires are properly trained, aware of the importance of quick reporting, and following standard operating procedures.

WILDFIRES REPORTED WITHIN FIVE MINUTES OF DETECTION



Measure: Response

Methodology:

Alberta uses a computer decision model, the Spatial Fire Management System, which collectively takes into account forest fuels, topography, and fire weather to provide resource deployment strategies to fight wildfires in their initial stages. This measure's results are calculated as a percentage of all wildfires in which firefighting began at two hectares or less, and ministry resources provided the initial response.

Target: 90 per cent of wildfires are actioned before they reach 2.0 hectares in size.

Results:

Year Ending March 31

	2006-07	2007-08	2008-09
2.b Response Wildfires actioned before they reach 2.0 hectares in size	93%	94%	95%

Source: Fire Information Resource System (FIRES)

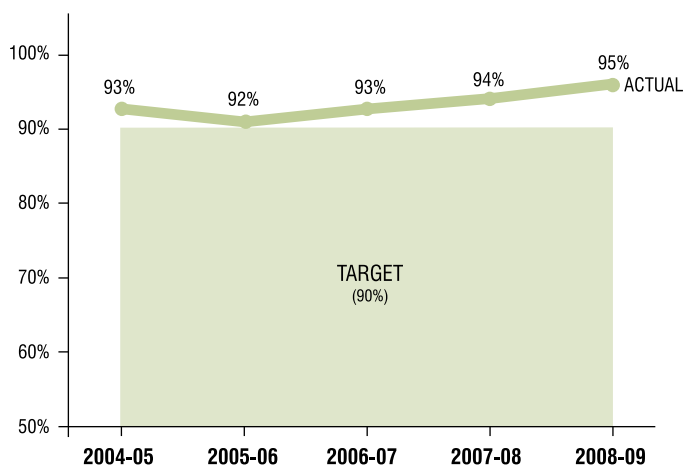
Notes:

1. Performance data are based on wildfires occurring between April 1 and October 31 in the Forest Protection Area.
2. In the 2009-12 Business Plan, measures 2a and b were removed. Measure 2c was retained as it best describes the desired final outcome of firefighting.

Analysis:

This performance measure reports how successfully Sustainable Resource Development achieves its objective of timely and effective initial action on reported wildfires in the Forest Protection Area. The ministry was successful in actioning 95 per cent of wildfires by the time they reached 2.0 hectares in size, exceeding the target of 90 per cent. This result is similar to the previous year. The result demonstrates the ministry's commitment to fighting wildfires in their initial stages to reduce damage and loss.

WILDFIRES ACTIONED BY TWO HECTARES IN SIZE



Measure: Containment and Suppression

Methodology:

The number of wildfires contained within the first burning period is expressed as a percentage of all wildfires that occur during the fire season (April 1 to October 31).

Target: 90 per cent of wildfires contained within the first burning period.

Results:

Year Ending March 31

	2006-07	2007-08	2008-09
2.c Containment and Suppression Wildfires contained within the first burning period	96%	97%	98%

Source: Fire Information Resource System (FIRES)

Notes:

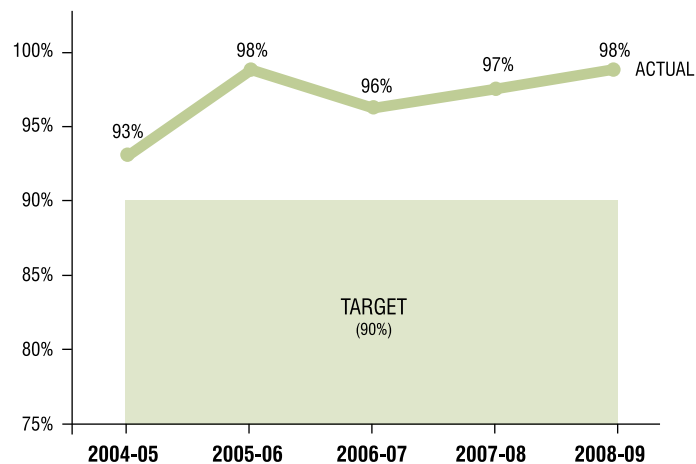
- 1 Performance data are based on wildfires occurring between April 1 and October 31 in the Forest Protection Area.
- 2 First burning period means contained by 10 a.m. the day following when the wildfire was first reported.
- 3 In the 2009-12 Business Plan, measures 2a and b were removed. Measure 2c was retained as it best describes the desired final outcome of firefighting.

Analysis:

This performance measure reports how successfully the ministry contains wildfires in the critical initial stages within the first burning period (by 10 a.m. the day following detection). The 2008-09 result was well above the target and similar to previous years' results. Quickly controlling wildfires that escape initial attack is crucial, not only to minimize fire loss, but also to reduce suppression costs. Escaped wildfires in areas where Albertans' values are at risk (e.g., communities, natural resources, and developments like oil and gas infrastructure) are rapidly supplied with additional human resources by ground and air transport, heavy equipment, and airtankers, in an effort to contain these fires and any damage within the first burning period.

Reviewed by Auditor General

WILDFIRES CONTAINED WITHIN FIRST BURNING PERIOD



Goal 3: Alberta's forests and forest landscapes support healthy ecosystems and vibrant communities

The ministry supports this goal on an ongoing basis through several activities:

- managing forests effectively and maintaining their health
- creating and implementing policies and programs based on leading science and technology
- developing, maintaining, and enforcing legislation and standards
- monitoring forest resource use
- consulting and collaborating with Aboriginals and other stakeholders
- providing public information and outreach programs that promote stewardship and responsible forest use

Important Results

Alberta's forest industry continued to face unprecedented competitive pressures in 2008-09. Poor market conditions, rising energy costs, the fluctuating value of the Canadian dollar, softwood lumber countervailing and anti-dumping duties imposed by the United States, transportation costs, and competition from the oil and gas sector for labour and materials threatened the forest industry. These pressures jeopardized the long-term benefits that Albertans have come to expect from the forest resource. In August 2008, the Forest Industry Sustainability Committee, made up of three members of the Legislative Assembly and three industry representatives, submitted its final report containing 49 recommendations for enhancing Alberta's current forestry business model. Upon receipt of the report, Sustainable Resource Development consulted with affected Government of Alberta ministries to develop a draft response to the report's recommendations on behalf of the Alberta government. The government provided its response in May 2009.

Sustainable Resource Development is committed to maintaining a healthy Alberta forest industry and is encouraging the development of renewable fuels and green sources of energy as a way to diversify forest industry operations. Consistent with the Provincial Energy Strategy, Sustainable Resource Development is working with the forest industry to help it develop bioenergy projects. The Provincial Energy Strategy is part of the Alberta government's response to economic challenges and efforts to ensure rural community stability. Sustainable Resource Development staff worked closely with the ministries of Energy, and Agriculture and Rural Development to help develop bioeconomy projects in rural communities throughout Alberta. These projects will diversify rural economies and enable communities to weather downturns in commodity markets.

The Alberta government also has access to \$23.2 million over the next three fiscal years from the federal Community Development

Sustainable Resource Development is committed to maintaining a healthy Alberta forest industry and is encouraging the development of renewable fuels and green sources of energy as a way to diversify forest industry operations.

The majority of the 2008 aerial survey program was completed by the end of August, indicating an increasing number of attacked trees in the Southern Rockies, Smoky, and Peace areas.

Trust. The fund was established in 2008 to help provinces assist communities and workers suffering economic hardship caused by the current volatility in global financial and commodity markets. A total of \$15 million is allocated to FireSmart initiatives, while the remaining \$8.2 million will be used to implement recommendations contained in *A Workforce Strategy for Alberta's Forestry Industry*. The ministry has been working with the ministry of Employment and Immigration and the forest industry to identify funding needs and initiatives. Money is expected to be spent by March 31, 2011.

The ministry continued to work to contain infestations and minimize the spread of mountain pine beetle in all areas along the eastern slopes of the province and to prevent eastward spread of the beetle in the boreal forest. Emergency funding of \$50 million was added to the ministry's \$5.2 million base budget for combating the beetle infestation in the province. The funding was used for control measures to remove beetle-killed and at-risk trees, and continue surveys to detect any further infestations. The majority of the 2008 aerial survey program was completed by the end of August, indicating an increasing number of attacked trees in the Southern Rockies, Smoky, and Peace areas. Central parts of the province reflected the effects of the cold winter in 2007, with limited attacked trees being noted in the Whitecourt area. Three mountain pine beetle media tours were held between May and July 2008 to inform the media of the status of the mountain pine beetle infestation in various places in Alberta and to demonstrate survey and control methods.

New operating ground rules were established for Alberta Pacific's forest management agreement area. Many small operators work within it, and it has significant industrial challenges from integrating both conventional and mineable oil and gas. Achieving agreement from numerous operators on the new ground rules was an important accomplishment.

Sustainable Resource Development also worked with the Foothills Research Institute to investigate options for applying natural disturbance principles (how fire, insects, tree diseases, and wind affect forests) to manage the forest in the Spray Lake Sawmills forest management agreement area.

Performance Measure Results for Goal 3: Forest Management

Target: Harvest does not exceed the annual allowable cut on a five-year rolling average.

Results:

Year Ending March 31

	2005-06	2006-07	2007-08
3.a Timber Allocation			
• Annual allowable cut (in million cubic metres)	25	25	26
• Harvest (in million cubic metres)	20	21	21

Source: Timber Production and Revenue System (TPRS) and ministry files

Note: The most recent data available for reporting are from 2007-08.

Analysis:

This measure reflects the ministry’s ability to manage Alberta’s timber resources in a sustainable manner. It indicates the status of Alberta’s timber stocks by comparing the actual annual timber harvest with the annual amount of timber allowed to be cut in the forested portion of the province. The annual allowable cut (AAC) is the amount of timber that can be harvested on a sustainable basis (in accordance with the policy of sustained yield) within a defined planning area. The target for this measure was met. The most recent available results for 2007-08 indicate that the actual timber harvest (21 million cubic metres) was 5 million cubic metres below the approved annual allowable cut (26 million cubic metres).

Measure: Timber Allocation

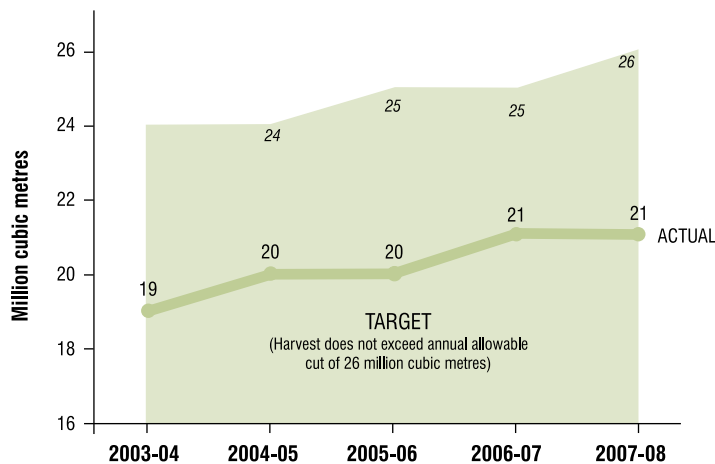
Methodology:

Annual allowable cut (AAC) is the amount of timber that can be harvested on a sustainable basis (in accordance with the policy of sustained yield) within a defined planning area. Recreation areas, wildlife reserves, and stream buffers are excluded from the AAC calculation. The AAC is determined on either an individual forest management unit basis or specific forest management agreement area basis.

Information is compiled in a database to determine the AAC for the province. Data from the Timber Production and Revenue System is used to determine the harvest level. Certain volumes are not included in the harvest level for the purpose of comparability to the AAC. For example, fire salvage is not included in harvest levels because it does not contribute to the AAC. A five-year rolling average is used to report provincial AAC and harvest levels.

Reviewed by Auditor General

COMPARISON OF ANNUAL ALLOWABLE CUT TO ACTUAL HARVEST



Measure: Reforestation

The most recent 2007-08 results, demonstrated that almost 92 per cent of the surveyed area exceeded minimum reforestation requirements.

Supplementary Performance Measure Results on Reforestation

Target: Reforestation in previously harvested areas occurs at an 80 per cent restocking rate

Results:

Performance Measure	2005-06	2006-07	2007-08
Reforestation • Reforestation rate in harvested areas	78%	88%	92%

Analysis:

In February 2009, the ministry released the *2009 Annual Status of Reforestation in Alberta* report, which outlines the success of reforestation activities in Alberta. Reforestation results since 2005-06 show that reforestation levels have steadily improved. In 2005-06, 78 per cent of the area surveyed exceeded the minimum legislated reforestation requirement. In 2006-07, the area increased to more than 88 per cent. The most recent 2007-08 results, demonstrated that almost 92 per cent of the surveyed area exceeded minimum reforestation requirements. These data prove that Alberta's forest resource is being reforested in a manner that ensures the sustainability of Alberta's future forests.

The ministry sets annual allowable cut (AAC) or harvest rates that the forest industry may not exceed. The AAC ensures our forests are harvested at a rate that will also sustain the range of other forest values Albertans desire. Forests are managed sustainably by setting AAC rates that account for reforestation rate, losses to forest insects, disease, wildfire and other natural forces, and impacts of other forest users (e.g., recreation, oil and gas). Since Sustainable Resource Development became a ministry in 2001, it has publicly reported that the actual timber harvest has never been more than the AAC.

The ministry has been working since 2005-06 to publicly report data, demonstrating that Alberta is managing its forest resource in a sustainable way. Reforestation success and controlled harvest levels ensure that forest regrowth and removals are managed to ensure future forests are sustained. To provide an even more comprehensive report of how the ministry is managing the forests in a sustainable manner, the 2010-13 business plan will contain additional measures.

A reforestation performance measure was introduced in Sustainable Resource Development's 2005-08 business plan to demonstrate Alberta's success in maintaining a sustainable forest resource. During collection of 2005-06 results, the ministry determined that additional work was needed to confirm the integrity of the data.

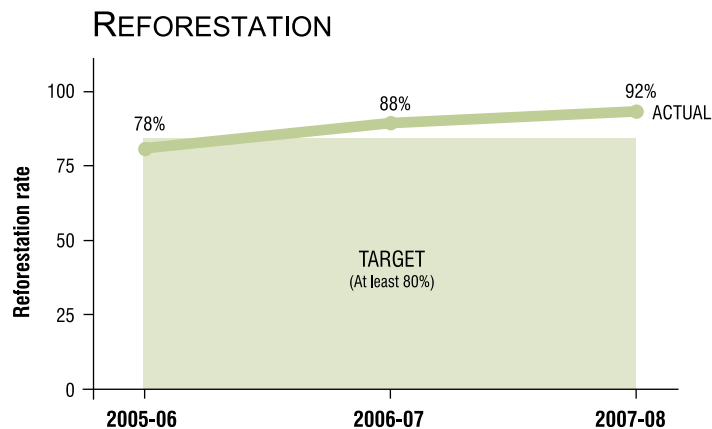
Since 2005-06, the ministry has taken significant steps to validate the data it uses in reporting reforestation success. The following has been completed:

Forest Operations Monitoring Protocol (FOMP): The ministry has implemented FOMP, which sets standards for monitoring the operations of the forest industry (e.g., standardized reporting of results to a central database). This process requires inspecting forest officers to take annual FOMP training and follow standardized inspection and reporting protocols. FOMP received ISO-9001 registration on May 4, 2009, in recognition of its quality management system. Both annual internal and external audits are conducted to ensure rigorous and consistent monitoring is completed.

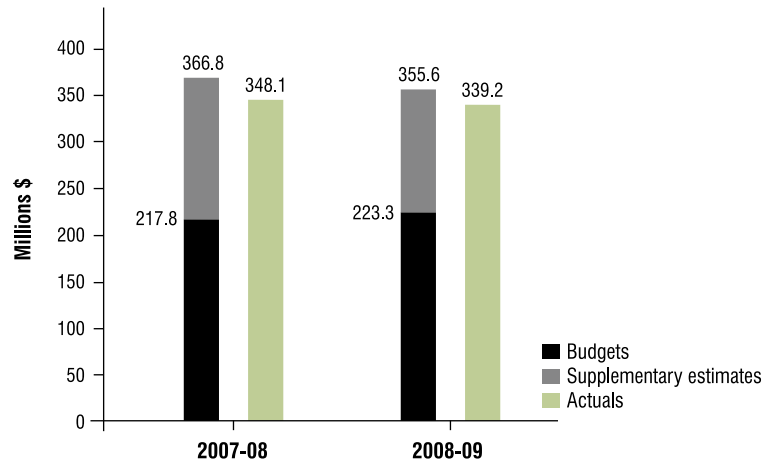
Improvements to Alberta Reforestation Information System: The ministry's database for maintaining reforestation results has been upgraded. Improvements include increasing the number and rigour of rules that define valid data, allowing only ministry staff to correct data online, increasing the level of data quality audits, and enabling penalties for submission of incomplete or inaccurate data.

Improvements in Controlling Seed Supply: The ministry has implemented review systems to verify that seed chain-of-custody is maintained throughout the seedling delivery system including nursery activities. This ensures that appropriate seed is used on public land, and sufficient seed inventories are maintained for seed zones where artificial reforestation is planned.

FOMP received ISO-9001 registration on May 4, 2009, in recognition of its quality management system.



FORESTRY BUDGET AND EXPENSES
2007-08 TO 2008-09



The reduction in forestry's 2008-09 actual expenses from 2007-08 was due to a decline in wildfire fighting costs as a result of fewer large-scale fires and lower mountain pine beetle contract costs due to the competitive marketplace.

The forestry budget reported in the ministry's financial statements does not include the approved supplementary estimates of \$132.3 million. Forestry 2008-09 actual expenses of \$339.2 million exceeded the original budgeted amount of \$223.3 million by \$115.9 million, or 51.9 per cent. The 2008-09 expenses of \$339.2 million declined by \$8.9 million, or 2.6 per cent compared to the 2007-08 expenses of \$348.1 million. The reduction in forestry's 2008-09 actual expenses from 2007-08 was due to a decline in wildfire fighting costs as a result of fewer large-scale fires and lower mountain pine beetle contract costs due to the competitive marketplace. It is standard practice to approve supplementary estimates for emergency work identified in the year, such as wildfires.

Core Business Three: Fish and Wildlife

In 2008-09, 13.9 per cent of the ministry's operating expenses related to the fish and wildlife core business. This core business focuses on managing fish and wildlife species based on the best available science and integrated decision-making processes. The sound stewardship of fish and wildlife resources facilitates consumptive (fishing and hunting) and non-consumptive recreation opportunities compatible with healthy, diverse fish and wildlife populations.

Goal 4 Alberta's fish and wildlife resources and their habitats are healthy, productive, and sustainable

The ministry supports this goal on an ongoing basis through several activities:

- creating and implementing policies and programs
- developing and enforcing legislation
- monitoring populations and habitats, and regulating their uses
- consulting and collaborating with Aboriginals and stakeholders
- providing public information and outreach programs that promote stewardship and responsible use

Important Results

In 2008-09, Sustainable Resource Development made hunting and fishing licences available to hunters and anglers over the Internet. Alberta is the first province to introduce complete online licensing for both hunting and fishing. In 2008-09, Alberta saw a record number of almost 238,000 draw applications of which 38 per cent were made using the web. In 2008 compared to 2006, Alberta sold 8,000 more new wildlife certificates, 14,000 more sport fishing licences, and 29,000 more bird and big game licences. These increases are due in part to better access to licences through the Internet. In addition, the My Wild Alberta community website was launched on June 2, 2008, using a phased-in approach to consolidate current information on hunting, angling, and trapping.

Alberta is committed to ensuring caribou remain part of the province's landscape and is continuing to develop and complete caribou management plans for key areas throughout the province. The preparatory work is almost complete for the Chinchaga area landscape current assessment. All assessments will be used to guide regional land-use plans under Alberta's Land-use Framework.

The status and management of grizzly bear populations in Alberta are also key concerns for the Alberta government. About \$1.75 million was allocated to programs that directly benefit the management of grizzly bears, such as BearSmart, bear aversion, and DNA-based population estimates. The province has also had a moratorium on sport hunting of grizzly bears since 2006. In the past year, important progress has been made on implementing recommendations from the *Grizzly Bear Recovery Plan* to help ensure these animals remain

CONSOLIDATED STRATEGIES:

- Manage fish and wildlife through a policy and legislative framework that optimizes the benefits Albertans receive from these resources.
- Develop and implement fish and wildlife recovery and management plans for species at risk, and manage threats from wildlife diseases and invasive alien species.
- Minimize adverse human-wildlife interactions that result in threats to human safety or property damage.
- Identify critical actions to support biodiversity in Alberta, and protect Alberta's aquatic ecosystems in support of the Alberta government's Water for Life Strategy.
- Consult with First Nations regarding fish and wildlife management changes that have the potential to adversely impact First Nations' rights and traditional use of Crown lands.

Core Business Three:
FISH AND WILDLIFE

Approximately seven per cent of the landscape in the Lower Athabasca has been altered by human activities including agriculture, energy, and forestry operations.

part of Alberta's landscape with three important focuses: access management planning in important grizzly bear habitat; a population survey in a large area north of Highway 16; and establishment of a Science Advisory Committee. As part of the access management project, the ministry has mapped core and secondary grizzly bear habitat on most public lands in Alberta.

The ministry's commitment to maintaining biodiversity in Alberta has been demonstrated through its support of the Alberta Biodiversity Monitoring Institute, a joint undertaking among government, industry, and academic and non-governmental organizations. The institute conducts world-class, independent, science-based monitoring of the changing state of Alberta's species, habitats, and ecosystems: the province's ecological goods and services. Healthy biodiversity is a key indicator of a healthy and functioning ecosystem, as well as a significant contributor to Alberta's quality of life.

Monitoring information is fundamental to the successful implementation of the Land-use Framework. It supports regional planning that integrates air, land, water, and biodiversity. It also includes the development of indicators and targets, and provides information for assessing the outcomes of regional plans. The kind of biodiversity information being generated by the institute will also help Alberta's forestry, energy, and agriculture sectors meet their stewardship commitments.

In 2008-09, the Government of Alberta, through Sustainable Resource Development, provided \$4.2 million in funding for the institute's work that is unique in North America. The institute released its first major report in early 2009—*The Status of Birds and Vascular Plants in Alberta's Lower Athabasca Planning Region 2009 (Preliminary Assessment)*—which sets the baseline health of living resources in Alberta's oil sands region. This information will be used to support land-use planning and track how the environment is changing in the decades to come. The report states that approximately seven per cent of the landscape in the Lower Athabasca has been altered by human activities including agriculture, energy, and forestry operations. While there is clearly an impact from industrial and commercial development, the report concludes that the region's living resources are 94 per cent intact.

The development and use of new protocols for assessing the sustainability of Alberta's fish populations is another important step in monitoring anglers and the health of aquatic ecosystems. The Fish Sustainability Index is focused on determining the status of individual fish species and directing the use of fish resources to achieve defined outcomes. The results of these assessments can be related to indicators of land use to help inform the Land-use Framework and other planning initiatives.

Sustainable Resource Development is looking at new ways to maintain and manage habitat effectively. In 2008, the ministry introduced a three-year pilot program that will be initiated in southern Alberta in fall 2009. The Recreational Access Management Program is designed to increase recreational access to private land and compensate land owners for wildlife habitat stewardship. It has the potential to open 6,000 square kilometres of private land to public recreation. The pilot Recreational Access Management Program for 2009-12 was developed after considerable consultation with affected stakeholders. The department spent \$183,000 on planning and materials in 2008-09 in preparation for the 2009 launch of this pilot.

Recovery planning has been completed for 16 endangered and threatened species and is underway for 10 other species. High priority actions identified in recovery plans are being implemented, often in partnership with other organizations, industry, and community groups. Species at risk are the most vulnerable components of Alberta's biodiversity; the integrity of Alberta's ecosystems is dependent on their continued presence. Sustainable Resource Development's Species at Risk program is an integral component of a national process of working together to conserve and recover species at risk in all jurisdictions of Canada. Alberta's *Strategy for the Management of Species at Risk (2009-14)* was approved and released in January 2009, and describes Alberta's program, processes, and priorities for species at risk. Preparation of a Canada-Alberta Bilateral Agreement for species at risk continued in 2008. Discussions with the federal government continue on addressing the issue of public compensation for private loss related to species at risk conservation. The bilateral agreement will help to clarify roles and responsibilities of the federal and provincial governments, and coordinate management of species at risk.

The Recreational Access Management Program is designed to increase recreational access to private land and compensate land owners for wildlife habitat stewardship.

Endangered Species

1. Swift fox
2. Bison
3. Whooping crane
4. Greater sage-grouse
5. Piping plover
6. Ord's kangaroo rat
7. Burrowing owl
8. Ferruginous hawk
9. Mountain plover
10. Short-horned lizard
11. Tiny cryptanth
12. Soapweed
13. Western spiderwort

Threatened Species

1. Woodland caribou
2. Barren ground caribou
3. Northern leopard frog
4. Trumpeter swan
5. Peregrine falcon
6. Small-flowered sand-verbena
7. Lake sturgeon
8. Shortjaw cisco
9. St. Mary sculpin
10. Western silvery minnow
11. Stonecat

Species of Special Concern

1. Sprague's pipit
2. Long-toed salamander
3. Loggerhead shrike
4. Long-billed curlew
5. Black-throated green warbler
6. Harlequin duck
7. Bull trout
8. White-winged scoter
9. Prairie falcon
10. Barred owl
11. Western blue flag
12. Arctic grayling
13. Weidemeyer's admiral
14. Western grebe
15. Western small-footed bat

New legislative amendments add several sentencing options to deter actions that damage the province's fisheries, and hold offenders responsible for restoring fisheries back to a healthy state.

Following rapid increases in local wood bison numbers, a special management hunt for bison in northwestern Alberta occurred this year. The hunt was approved as an interim strategy to manage the province's only free-range, disease-free wood bison population, and ensure public safety at a local level. Two-thirds of the available licences were provided to Aboriginal Albertans. The Hay-Zama Wildlife Management Area was established as a secure range of 40,000 square kilometres, with a population goal of 400 bison (from the original 29 transported there from Elk Island National Park in 1984). The current population is now 700.

Protecting the health of our wild deer supports a hunting industry that adds hundreds of millions of dollars a year to Alberta's economy. A total of eight new cases of chronic wasting disease were identified among the 4,347 wild deer heads tested between September 2008 and March 2009. For the 2008 hunting season, Sustainable Resource Development increased the number of 24-hour freezers available from 26 to 40, so hunters could more easily drop off deer heads for testing. Additionally, three mobile trailers were placed in strategic locations to ensure hunters had every opportunity to submit deer for testing from the area of highest risk for the disease (along the Saskatchewan border in south-central Alberta). Sustainable Resource Development staff conducted post-hunting season aerial surveys to count deer in the high-risk area to help plan future disease management. That planning will include a reassessment of its deer cull practices.

Held twice a year, the Alberta Fisheries Management round table meetings provide an opportunity to consult with and involve stakeholders in the development and review of fisheries management issues, strategies, and regulations. The success of the provincial body in incorporating the views of a diverse group of stakeholders is the basis for an expansion of the consultation process to a more regional level.

Consultation is a critical step in the approval process for changes to the management of fisheries resources, particularly if changes may impact the treaty rights and traditional use of the fisheries resource. The ministry has made significant advances in the coordination and documentation of the extent of aboriginal consultation conducted by staff. A consultation handbook has been developed to guide fisheries staff through the various levels of engagement and consultation.

New legislative amendments add several sentencing options to deter actions that damage the province's fisheries, and hold offenders responsible for restoring fisheries to a healthy state. The *Fisheries (Alberta) Amendment Act, 2009* was introduced in February 2009. The amendment provides for a wider variety of sentencing options (creative sentencing), greater fines, and short licence suspensions, to protect our fisheries and fish habitats.

The Bow Habitat Station is an educational facility currently being developed in Calgary for launch in the fall of 2009. It is a state-of-the-art facility that will engage school children in interactive programs and exhibits. Exhibits will inspire children to make responsible decisions about their interactions with fish and their habitats, so these young people are encouraged to become stewards of Alberta's natural resources.

The second year of operation for the Western Conservation Law Enforcement Academy was marked in 2008. For the first time, Alberta, British Columbia, Saskatchewan, Manitoba, and the Yukon jointly delivered a much larger version of the academy using what was learned from the 2007 pilot project. The second academy was more complex, with a greater number of recruits and instructors, and additional equipment and supplies. Changes to the curriculum reflected a move to common standards to streamline training processes in western Canada.

The improvements were significant and greatly contributed to the success of the 2008 project. On December 10, 2008, a total of 41 recruits (16 from Alberta) graduated to become full working officers in their respective jurisdictions. Enforcement chiefs across western Canada have since agreed that the Western Conservation Law Enforcement Academy is an effective and economical means of preparing recruits for a successful career in the field of conservation law enforcement, and support it as an ongoing initiative.

Measure: Healthy Sustainable Wildlife Populations

Methodology:
The general status ranking for each wild species in Alberta is based on population size, population dispersion, population distribution, trend in population, trend in distribution, threats to populations, and threats to habitat. The ranks are *At Risk, May be at Risk, Sensitive, Secure, Not Assessed, Exotic/Alien, Extirpated/Extinct, and Accidental/Vagrant*. Every five years, these rankings are reviewed by species experts from government, industry, academia, and the general public.

Performance Measure Results for Goal 4: Fish and Wildlife

Target: Less than five per cent of Alberta species will be rated as at risk in a general status of wild species assessment.

Results:

	Year Ending March 31	
	2000	2005
4.a Healthy Sustainable Wildlife Populations Percentage of species at risk	1.4%	2.2%

Source: Ministry files

Note: The general status of wild species is being evaluated by ministry staff on a continuous basis. Wild species populations change relatively slowly; therefore, the general status of wild species is summarized and reported every five years in a national survey, starting in 2000.

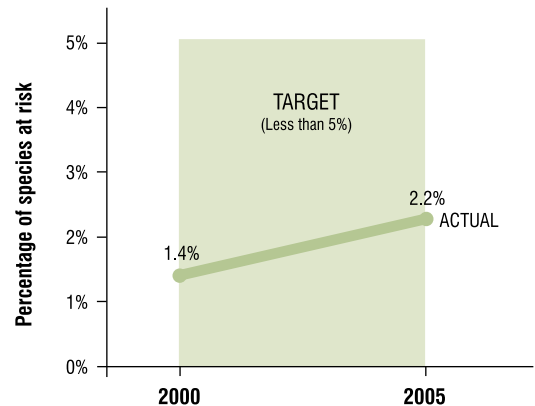
Analysis:

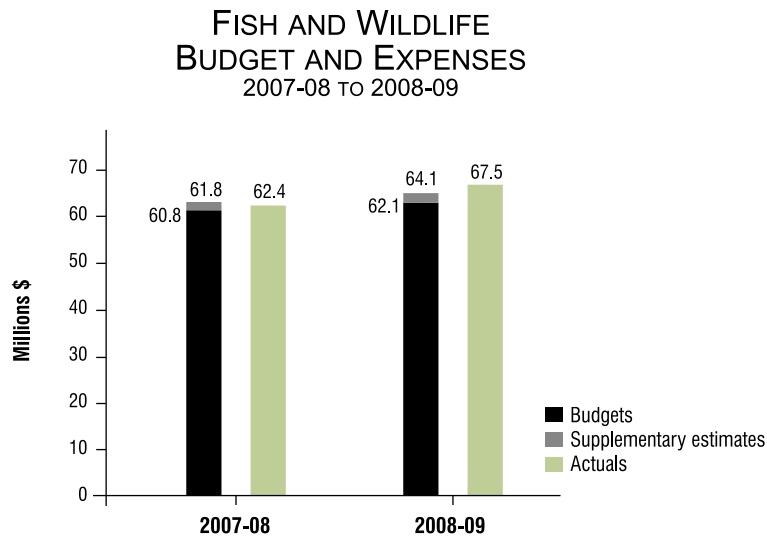
The general status of Alberta wild species is conducted to honour commitments under the Accord for the Protection of Species at Risk, an agreement by provincial, territorial, and federal ministers responsible for wildlife. The accord commits the parties to “monitor, assess, and report regularly on the status of all wild species,” with the objective of identifying those species that may be in trouble, those for which more information is needed, or those for which a formal status assessment or additional management attention is necessary.

This performance measure uses the results of the *General Status of Alberta Wild Species Report*, and expresses the number of wild species that are “at risk” as a percentage of all those assessed. The most recent results are from 2005. The percentage of species at risk increased in 2005 relative to 2000, primarily because several species assessed by Alberta’s Endangered Species Conservation Committee were found to be either endangered or threatened. Positive gains have been made in the conservation and recovery of species at risk in Alberta; however, continued emphasis is needed to prevent more species from becoming at risk. The release of *Alberta’s Strategy for the Management of Species at Risk (2009-14)* has provided the groundwork for achieving this. The next status review will be completed in 2010.

Reviewed by Auditor General

HEALTHY SUSTAINABLE WILDLIFE POPULATIONS





Additional expenses were the result of expanded activities relating to managing chronic wasting disease and various wildlife issues.

The \$62.1 million budget for managing fish and wildlife was overspent by \$5.4 million, or 8.7 per cent compared to the 2008-09 actual expenses of \$67.5 million. Similarly, current year expenses of \$67.5 million were \$5.1 million, or 8.2 per cent higher than the previous year's of \$62.4 million. These additional expenses were the result of expanded activities relating to managing chronic wasting disease and various wildlife issues, including grizzly bear recovery and management, recreational access management, wolf depredation on livestock, and caribou management. A \$2 million supplementary estimate was received to address these expanded activities.

Core Business Four:
**QUASI-JUDICIAL
 LAND-USE AND
 COMPENSATION
 DECISIONS**

CONSOLIDATED
 STRATEGIES:

- Provide opportunities for all Albertans to participate in and understand review and hearing procedures.
 - Encourage the use of alternative dispute resolution where appropriate.
 - Deliver timely and effective reviews and hearings, and ensure the resulting written decisions and reports are issued in a timely manner.

Core Business Four: Quasi-judicial Land-use and Compensation Decisions

In 2008-09, 2.1 per cent of the ministry's operating expenses related to supporting its quasi-judicial decision processes. This core business is focused on three quasi-judicial boards that make their decisions independently, in accordance with their own governing legislation. The Natural Resources Conservation Board conducts independent public reviews of major, non-energy, natural resource projects and also regulates new or expanding confined feeding operations. The Surface Rights Board conducts hearings when operators and landowners or occupants fail to agree on entry or compensation related to resource activity on privately owned lands or occupied public lands. The Land Compensation Board establishes compensation when private land is expropriated by a public authority for projects in the public interest.

Goal 5 Albertans have access to timely quasi-judicial processes that consider the collective and individual benefits derived from Alberta's natural resources

The ministry supports this goal on an ongoing basis through several activities:

- establishing public reviews under the *Natural Resources Conservation Board Act* (NRCBA) of major, non-energy projects that may affect the natural resources of Alberta
- regulating Alberta's confined feeding operations under the *Agricultural Operation Practices Act* (AOPA)
- providing fair and timely hearings on disputes regarding access to private land for oil and gas activity, as well as power and telephone lines
- setting compensation payable by energy companies to persons affected by land entry for resource activity
- determining the amount of compensation payable to landowners or tenants when land is taken by an authority for public works or projects in the public interest

Important Results

Natural Resources Conservation Board

The Natural Resources Conservation Board (NRCB) has responsibilities under both the *Natural Resources Conservation Board Act* (NRCBA) and the *Agricultural Operation Practices Act* (AOPA). Over the past year, the NRCB continued to work closely with the ministries of Environment, and Agriculture and Rural Development, as well as the confined feeding industry, municipalities, environmental non-governmental organizations, and other regulatory bodies including federal government agencies, the Energy Resources Conservation Board, and the Alberta Utilities Commission.

**Core Business Four:
QUASI-JUDICIAL
LAND-USE AND
COMPENSATION
DECISIONS**

The NRCB had three priorities in 2008:

- conducting reviews of major resource projects under the NRCBA
- implementing a risk management framework for regulating confined feeding operations and manure management
- implementing the groundwater leak detection program

Under the NRCBA, the board must determine whether major resource projects are in the public interest, taking into account the project's potential impact on the environment, economy, and community. The NRCB collaborates with the ministry of Environment while reviewing environmental impact assessments and preparing supplemental information requests. These steps ensure applications are technically complete so the board has sufficient information to make sound decisions.

The reviews are comprehensive and involve opportunities for public input. In its review of Glacier Power's application for a project in the Peace River area, the joint review panel published a public notice inviting participation. The five-day hearing was well attended with representation from local governments, community members, and environmental groups. A public notice was also issued seeking public input on Alberta Sulphur Terminals' proposed sulphur-forming and storage facility near Bruderheim. This hearing was scheduled to take place early in 2009-10. Before each hearing, the board offers information sessions to provide participants with procedural information to support effective participation. Participants are also encouraged to contact review staff for any process-related questions. Guide documents and fact sheets are kept up-to-date and are readily available to the public.

In 2008-09, the NRCB issued decisions on three applications under the NRCBA: an application from the Government of Alberta to divert water from the Highwood River to meet water consumption needs in low-flow periods was approved on April 14, 2008; an application from Arclin Canada Ltd. to construct and operate a formaldehyde production plant in Sexsmith, Alberta, was approved on September 18, 2008; and an application from Glacier Power to construct a run-of-river hydroelectric project on the Peace River near Dunvegan Bridge was approved on December 22, 2008, following a joint panel review of the NRCB, the Alberta Utilities Commission, and the Canadian Environmental Assessment Agency. Decisions issued by the NRCB require authorization by government order-in-council. An order-in-council on March 11, 2009, authorized the NRCB to grant an approval to Glacier Power for the Dunvegan Hydroelectric Power project.

Under the *Agricultural Operation Practices Act* (AOPA), the NRCB is responsible for reviewing and issuing decisions on applications to expand or construct confined feeding operations, ensuring compliance with permit conditions and legislative requirements of the AOPA, and reviewing approval officer decisions.

In 2008-09, the NRCB issued decisions on three applications under the *Natural Resources Conservation Board Act*.

QUASI-JUDICIAL LAND-USE AND COMPENSATION DECISIONS

The applications division of the NRCB received 103 applications to expand or construct confined feeding operations and issued 88 decisions in 2008-09.

In 2008-09, the NRCB made significant progress in implementing a risk management framework for regulating confined feeding operations and manure management. A science-based risk screening tool was designed in consultation with other government bodies and industry to provide consistent data collection and interpretation for assessing risk to groundwater and the environment. The groundwater leak detection program to verify groundwater monitoring requirements at confined feeding operations was initiated and will be completed in 2010. The NRCB also coordinated with Agriculture and Rural Development on researching the impact on Alberta's groundwater of manure storage facilities at confined feeding operations.

The NRCB assessed its regulatory performance under AOPA in 2008-09, by providing an accountability session to the ministers of Sustainable Resource Development, and Agriculture and Rural Development. The session was held with members of the Policy Advisory Group, a multi-stakeholder body with representatives from the confined feeding industry, municipalities, non-government environmental groups, and the Alberta government. Feedback from the Policy Advisory Group recognized that the NRCB has made substantial improvements in program delivery, and building credibility and trust with stakeholders. The NRCB also commissioned an independent survey to assess the satisfaction of operators and members of the public who have lodged complaints with the NRCB. Survey results demonstrated that stakeholders are pleased with the NRCB service they receive.

The applications division of the NRCB received 103 applications to expand or construct confined feeding operations and issued 88 decisions in 2008-09. The majority of applications were from the poultry and dairy sectors. Applications from the hog and beef industries declined in 2008 as a result of economic conditions.

The NRCB also investigated and responded to complaints about 208 confined feeding operations. Alberta has approximately 2,500 operations. Most complaints were about odour or nuisance from dust and noise.

In 2008-09, the board considered and issued decisions on four requests to review staff decisions on applications or enforcement orders under AOPA: three related to approval officer decisions and one related to an inspector's enforcement order. The board overturned one approval officer decision that denied an application to construct a new dairy and directed the approval officer to issue a permit for the operation.

Core Business Four:
**QUASI-JUDICIAL
LAND-USE AND
COMPENSATION
DECISIONS*****Surface Rights Board/Land Compensation Board***

In 2008-09, the Surface Rights Board set 898 applications for hearing and heard 403 applications, the highest number in the last 10 years of board activity. This improvement was made possible, in large part, because the board modernized its computer and administrative systems, and enhanced its website that stakeholders use to access information, obtain forms, review developments, and provide feedback. The Surface Rights Board and Land Compensation Board also made changes to staffing, administration, and information systems, and used mediation and dispute resolution to manage the growing workloads both boards have seen in recent years.

The Surface Rights Board initiated an alternative dispute resolution process with good results. It involves a pre-hearing dispute resolution conference that assists the parties to prepare for board hearings or mediation, should either be required. This new process can often resolve issues without the need for lengthy hearing processes. These improvements also helped to decrease the percentage of files carried over from 2008 into 2009 to 21 per cent, compared to 58 per cent carried over from 2007 into 2008. A similar system will be implemented for the Land Compensation Board in 2009-10.

The *Surface Rights Amendment Act* was tabled in the legislature in February 2009. This legislation will help the Surface Rights Board improve its service to Albertans by simplifying its processes, enabling the board to implement more informal, flexible forms of dispute resolution, and allowing the board to better manage its workload. The proposed amendments are entirely procedural and do not address other matters, such as compensation.

In 2008-09, the Surface Rights Board set 898 applications for hearing and heard 403 applications, the highest number in the last 10 years of board activity.

RESULTS ANALYSIS

Core Business Four:

QUASI-JUDICIAL LAND-USE AND COMPENSATION DECISIONS

Measure: Timeliness of decision processes (85 per cent of decisions issued within 65 days of completed applications)

Methodology: Applications for approvals, registrations and authorizations are entered into the confined feeding operations (CFO) database. Application details include the date the approval officer determines the application to be complete.

Each application that is determined to be complete and has had a decision issued on it is captured on a monthly, quarterly, and annual basis.

The information in the database is used to determine the number and percentage of applications that are issued permits within 65 working days of being determined to be complete.

For each application in a fiscal year, the total number of working days, (Monday to Friday, excluding public sector holidays) between the date the application is determined to be complete and the date the decision was issued, is divided by the number of applications with a decision issued in that time period. This is then converted to a percentage and provides the information used in the measure.

Performance Measure Results for Goal 5: Quasi-judicial Boards

Target: 85 per cent of Natural Resources Conservation Board decisions are issued within 65 days of meeting all requirements for applications pertaining to the *Agricultural Operation Practices Act*.

Results:

Year Ending March 31

	2006-07	2007-08	2008-09
5.a Percentage of Natural Resources Conservation Board decisions issued within 65 working days from meeting all requirements for applications pertaining to the <i>Agricultural Operation Practices Act</i>	N/A ¹	97%	98%

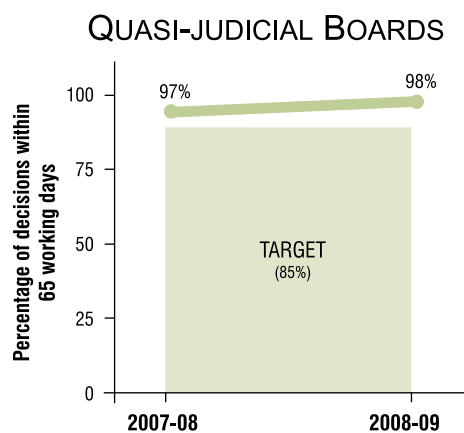
Source: Natural Resources Conservation Board

¹ Results not comparable because of methodology change.

Analysis:

Decisions were issued on 98 per cent of applications pertaining to the *Agricultural Operation Practices Act* within 65 working days of being deemed technically complete. This exceeded the target of 85 per cent.

Reviewed by Auditor General



Core Business Four:
**QUASI-JUDICIAL
 LAND-USE AND
 COMPENSATION
 DECISIONS**

Target: 100 per cent of Natural Resources Conservation Board decisions are issued within 80 days of the conclusion of a review under the *Natural Resources Conservation Board Act*.

Results:

Year Ending March 31

	2006-07	2007-08	2008-09
5.b Percentage of Natural Resources Conservation Board decisions issued within 80 working days of the conclusion of a review under the <i>Natural Resources Conservation Board Act</i>	No reviews completed	No reviews completed	100%

Source: *Natural Resources Conservation Board*

Analysis:

The Natural Resources Conservation Board issued three decision reports under the *Natural Resources Conservation Board Act* during 2008-09. Each of these decisions met the performance target of being within 80 working days of the conclusion of the review. Hearings were not required for two of the application reviews: the Revised Highwood Diversion Plan and Arclin Canada Limited's formaldehyde production plant.

The joint review of Glacier Power Limited's hydroelectric project involved strong cooperation and collaboration between all three reviewing agencies: Canadian Environmental Assessment Agency, Alberta Utilities Commission, and Natural Resources Conservation Board. The review included a hearing with 16 staff members and experts supporting the three-member panel. An agreement between the agencies required a decision issued within 90 calendar days of the hearing close, which supported the NRCB's performance target.

Measure: Timeliness of decision processes (100 per cent of decisions issued within 80 days after a review)

Methodology:

Collection of the applicable data for reporting is triggered by the issuance of a *Natural Resources Conservation Board Act* (NRCBA) decision. Data is recorded for each NRCBA review, as it occurs. Results gathered in any reporting year depend on whether the board completes a review and issues a decision report.

Core Business Four:
**QUASI-JUDICIAL
 LAND-USE AND
 COMPENSATION
 DECISIONS**

Measure: File Management and Disposition

In 2008, the Surface Rights Board set and heard the highest number of hearings ever.

Surface Rights Board Supplementary Performance Measure Results

Target:

File Management: Five per cent increase in the number of files heard annually by hearing or mediation

File Disposition: Five per cent increase in the number of decisions issued annually and/or settlement agreements reached

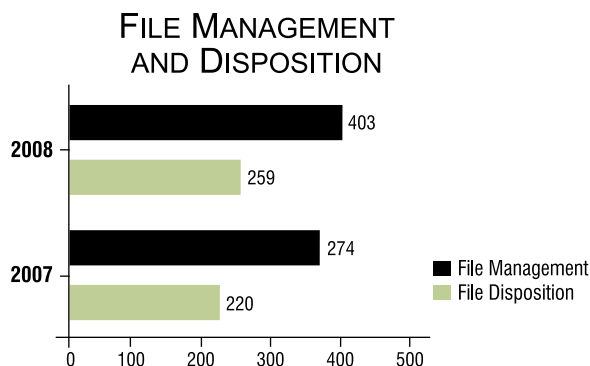
Results:

	2007	2008	% Increase
File Management Increase in the number of files heard annually by hearing or mediation	274	403	47%
File Disposition Increase in the number of decisions issued annually and/or settlement agreements	220	259	18%

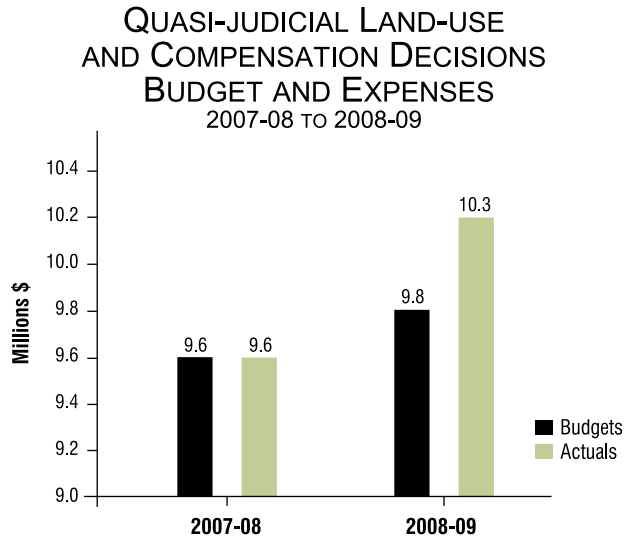
Source: Surface Rights Board

Analysis:

In 2008, the Surface Rights Board set and heard the highest number of hearings ever. The performance measure target was to increase the number of files heard annually by hearing or mediation by five per cent. The board greatly exceeded this target. It heard 403 matters by hearing or mediation, an increase of 129 files or 47 per cent over 2007. This reflects the value of the board's new program developments, including streamlined processes and a modernized computer system. The Surface Rights Board also exceeded its target of a five per cent increase in the number of decisions issued annually and/or settlement agreements reached. In 2008, the board issued 259 decisions (including settlement agreements), which is 18 per cent higher than in 2007.



Core Business Four:
**QUASI-JUDICIAL
 LAND-USE AND
 COMPENSATION
 DECISIONS**



The increases were due to a \$0.4 million budget increase for the Natural Resources Conservation Board and a \$0.3 million staffing expense increase in the Surface Rights and Land Compensation boards.

The 2008-09 expenses supporting quasi-judicial land-use and compensation decisions were \$10.3 million, which exceeded the budgeted amount of \$9.8 million by \$0.5 million, or 5.1 per cent. Comparison with prior year expenses of \$9.6 million showed an increase of \$0.7 million, or 7.3 per cent. The increases were due to a \$0.4 million budget increase for the Natural Resources Conservation Board and a \$0.3 million staffing expense increase in the Surface Rights and Land Compensation boards.

Future Challenges

Future Challenges:

- Land-use Framework
 - GeoDiscover
 - Economy
- Forest Industry Sustainability

Implementation of Land-use Framework

While Alberta's land, water, and air management processes and systems have worked in the past, an updated approach is needed for managing the province's land, resources, and natural environment for present and future generations. Providing industry and stakeholders with timely and relevant landscape information has also become more challenging. There is a widening gap between the demand for knowledge and information, and the availability of current, relevant data. The Land-use Framework has been developed to address these issues and supporting its successful implementation is a key ministry challenge in the years to come.

Implementation of GeoDiscover

Continuing advances in information technology provide greater access to information, improvements in efficiency, and more opportunities to engage Albertans online. Sustainable Resource Development continues to modernize its information technology for managing land use, making broad decisions, and engaging Albertans in consultation. Albertans are also more computer savvy and expect up-to-date information as well as high-quality graphics and visual presentations. Sustainable Resource Development is committed to using information technology to deliver accurate and timely geographic information through its GeoDiscover initiative and by meeting the challenges of new technology as they emerge.

Economy

Sustainable management of the province's natural resources maintains Alberta's economy over the long term. This management requires balance among the economic, environmental, and social benefits Albertans receive from these resources, which is always a challenge.

Forest Industry Sustainability

Alberta's forestry sector continues to face economic challenges, and the economic downturn is expected to continue into 2009-10, seriously affecting the markets for Alberta wood products. This sector will be challenged to improve global competitiveness, increase value-added opportunities, and establish innovative products from the evolving bio-industry. This diversification of Alberta's forest industry will help to improve both industry and community sustainability. The ministry will work with industry in facing these challenges.

Development of Bioeconomy

The ministry also needs to provide guidance and expertise to assist with the challenges facing Alberta's forest industry in generating new markets for value-added products that use timber harvested on Crown land. There is also a growing market for environmentally sustainable technology that will drive innovation and develop new bioenergy sources (e.g., cellulosic ethanol).

Northern Development Pressures and Planning

Alberta's rapid growth in northern population and economic activity has placed unprecedented pressure on landscapes, generating a range of land-use planning challenges. Going forward, there is a need to balance outcomes for agriculture, forestry, housing, energy and industrial development, transportation and utilities, tourism and recreation, natural areas and parks, and habitat for wildlife.

Changing Climate

Mitigating potential long-term environmental consequences in our forests due to a changing climate continues to be a key challenge. The other aspect of climate change is adaptation: strategic planning to address future risk. The ministry is developing its adaptation strategy framework to ensure this capacity is in place. Climate changes may affect forest ecosystems and the sectors and communities that rely on them. In Alberta, such changes could increase forest productivity in certain areas of the province; however, it may also result in insect and disease outbreaks; forest-damaging events such as ice storms, floods, and droughts; a shorter winter logging season; and a longer fire season. Because of development, the demand for water removal for other uses, the encroachment of invasive species, and the effects of a changing climate, the ministry is challenged in maintaining terrestrial and aquatic habitat for animals that people want on the landscape. This is creating additional challenges when species become at risk for survival.

Future Challenges:

- Bioeconomy
- Northern Development
- Changing Climate

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Financial Overview

Overall, the ministry managed its programs within the allocated budget. In line with the established funding model, supplementary estimates through the Alberta Sustainability Fund supplemented the ministry base budget for wildfire fighting and mountain pine beetle activities.

The ministry's total expenses showed a slight increase of 1.2 per cent, or \$5.8 million. The increase was due to increased staffing expenses as a result of bargaining unit agreements, management increases, and general cost inflations. The increase in expenses was partly offset by a reduction in forestry expenses.

Spending on mountain pine beetle activities was reduced in 2008-09. This was a result of lower costs in a more competitive market than in 2007-08. Forestry continued its wildfire prevention and early detection activities, resulting in fewer large scale wildfires and reduced spending on wildfire activities in 2008-09.

The ministry continued to strive for a balance among economic, environmental, and social values in managing Alberta's natural resources. In 2008-09, government introduced the Land-use Framework, a comprehensive strategy to better manage this balance on public and private lands.

In 2008-09, softwood lumber exports to the United States decreased, resulting in a \$31.1 million decrease in revenue from softwood lumber export taxes compared to the previous year.

SUMMARY

\$162 million of revenue earned

\$486.8 million of expenses incurred

Supplementary estimates of \$134.3 million authorized

The ministry budgeted revenues of \$151.4 million and actually received \$162 million. Expenses of \$377.2 million were originally budgeted, and an additional \$134.3 million was provided by the Alberta Sustainability Fund, for a total spending authority of \$511.5 million, of which only \$486.8 million was actually spent. The Alberta Sustainability Fund provided funding as a result of emergency conditions related to managing the mountain pine beetle infestation and fighting wildfires. The funding received from the Alberta Sustainability Fund is solely used for emergency purposes.

REVENUE

Revenue decreased by \$37.8 million

Actual revenue decreased by \$37.8 million to \$162 million from \$199.8 million in 2007-08.

The Government of Canada paid \$34.6 million to the Government of Alberta related to the softwood lumber export tax

Transfers from the Government of Canada decreased to \$39.5 million from \$78.4 million in 2007-08, a decrease of \$38.9 million.

Federal transfers relating to the Softwood Lumber Export Tax Agreement decreased by \$31.1 million to \$34.6 million from \$65.7 million in 2007-08. Under the Softwood Lumber Agreement, the Government of Canada collects tax from producers on softwood lumber exports to the United States when the market price exceeds a specified amount. This tax, less an administrative fee, is returned to the Government of Alberta.

The ministry did not receive any federal funding for its mountain pine beetle program in 2008-09, compared to \$8 million in 2007-08.

Premiums, fees, and licences increased by \$3.6 million

Premiums, fees, and licences primarily related to land and grazing revenue, and timber rental and fees, increased by \$3.6 million to \$111.2 million from \$107.6 million in 2007-08. This increase was largely due to an increase in royalty revenue from surface material licences and leases and increased activity within forest management areas.

Revenue from other sources decreased by \$1.8 million

Revenue from other sources, including the sale of non-capital land, decreased by \$1.8 million to \$7.1 million from \$8.9 million in 2007-08. This decrease can be explained in part by decreases in reclamation funds received and reduced revenue from the mutual aid agreement.

EXPENSES

Expenses increased by \$4.6 million

Actual expenses excluding non-statutory expenses increased by \$4.6 million to \$485 million from \$480.4 million in 2007-08.

Forestry expenses decreased by \$5.9 million

Forestry expenses (which represent 68 per cent of total expenses) decreased by \$5.9 million to \$331.1 million from \$337 million in 2007-08, primarily due to fewer large-scale wildfires and reduced wildfire fighting activities. The decrease in expenses relating to mountain pine beetle activities was primarily due to lower contract costs in a more competitive marketplace.

Expenses for activities related to lands increased by \$6.8 million

Expenses for managing lands increased as a result of increased staffing costs as well as a continued focus on implementing the Land-use Framework.

Expenses related to fish and wildlife activities increased by \$3.6 million

Fish and wildlife expenses increased by \$3.6 million to \$65.8 million from \$62.9 million in 2007-08. This increase was primarily due to increased expenses related to the chronic wasting disease program and various wildlife issues including grizzly bear recovery and management, recreational access management, wolf depredation on livestock, and caribou management initiatives.



Auditor's Report

To the Members of the Legislative Assembly

I have audited the consolidated statement of financial position of the Ministry of Sustainable Resource Development as at March 31, 2009 and the consolidated statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Ministry's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Ministry as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

I draw your attention to Note 2(b) to the consolidated financial statements. It describes a future change in the revenue recognition policy for sand and gravel royalties and land disturbance charges for mineral surface leases that will affect the Ministry's future financial statements. My opinion is not qualified in respect of this matter.

original signed by:

Fred J. Dunn

FCA
Auditor General

Edmonton, Alberta
June 5, 2009

Consolidated Statement of Operations

Year Ended March 31, 2009

(in thousands)

	<u>Budget</u>	<u>2009</u> <u>Actual</u>	<u>2008</u> <u>Actual</u> (Note 11)
Revenues (Note 2b)			
Transfers from Government of Canada	\$ 31,380	\$ 39,505	\$ 78,411
Investment Income	5,485	4,162	4,869
Premiums, Fees and Licences	109,882	111,295	107,647
Other Revenue	4,673	7,131	8,940
	<u>151,420</u>	<u>162,093</u>	<u>199,867</u>
Expenses – Directly Incurred (Schedule 1)			
Voted			
Forestry	214,974	331,108	337,060
Lands	76,318	66,535	59,717
Fish and Wildlife	62,465	65,858	62,294
Quasi-judicial Land Use and Compensation Decisions	9,807	10,295	9,636
Ministry Support Services	9,915	9,664	10,267
Environmental Statutory Programs	2,675	1,608	1,434
	<u>376,154</u>	<u>485,068</u>	<u>480,408</u>
Statutory			
Valuation Adjustments			
Provision for (Recovery of) Doubtful Accounts	655	122	(121)
Provision for (Decrease in) Vacation Pay	400	1,580	712
	<u>1,055</u>	<u>1,702</u>	<u>591</u>
	<u>377,209</u>	<u>486,770</u>	<u>480,999</u>
Gain (Loss) on Disposal of Tangible Capital Assets including write-downs	12,600	6,747	4,202
Net Operating Results	<u>\$ (213,189)</u>	<u>\$ (317,930)</u>	<u>\$ (276,930)</u>

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

Consolidated Statement of Financial Position

March 31, 2009

	(in thousands)	
	<u>2009</u>	<u>2008</u> (Note 11 & 12)
Assets		
Cash (Note 3)	\$ 162,012	\$ 203,195
Accounts Receivable (Note 4)	17,739	26,268
Inventories	4,231	4,391
Tangible Capital Assets (Note 5)	272,618	232,811
	<u>\$ 456,600</u>	<u>\$ 466,665</u>
Liabilities		
Accounts Payable and Accrued Liabilities	\$ 61,555	\$ 64,083
Unearned Revenue	34,331	39,213
	<u>95,886</u>	<u>103,296</u>
Net Assets		
Net Assets at Beginning of Year	363,369	302,844
Net Operating Results	(317,930)	(276,930)
Net Financing Provided from (for) General Revenues	315,275	337,455
Net Assets at End of Year	<u>360,714</u>	<u>363,369</u>
	<u>\$ 456,600</u>	<u>\$ 466,665</u>

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

Consolidated Statement of Cash Flows

Year Ended March 31, 2009

(in thousands)

	<u>2009</u>	<u>2008</u> (Note 11 & 12)
Operating Transactions		
Net Operating Results	\$ (317,930)	\$ (276,930)
Non-cash items included in Net Operating Results		
Amortization	7,976	7,082
Write-down of Tangible Capital Assets	357	-
Loss (Gain) on Disposal of Tangible Capital Assets	(7,104)	(4,202)
Nominal Sum Disposals	1,478	1,279
Valuation Adjustments	1,702	591
	<u>(313,521)</u>	<u>(272,180)</u>
Decrease (Increase) in Accounts Receivable	8,407	(12,520)
Decrease (Increase) in Inventories	160	348
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(4,108)	11,854
Increase (Decrease) in Unearned Revenue	(4,882)	(2,707)
	<u>(313,944)</u>	<u>(275,205)</u>
Capital Transactions		
Acquisition of Tangible Capital Assets	(46,567)	(18,384)
Proceeds on Disposal/Sale of Tangible Capital Assets	5,738	3,004
Transfer of Tangible Capital Assets from Other Government Entities	(1,685)	(5,625)
	<u>(42,514)</u>	<u>(21,005)</u>
Financing Transactions		
Net Financing Provided from (for) General Revenues	315,275	337,455
Cash Provided by (Applied to) Financing Transactions	315,275	337,455
	<u>(41,183)</u>	<u>41,245</u>
Increase (Decrease) in Cash and Cash Equivalents	<u>(41,183)</u>	<u>41,245</u>
Cash and Cash Equivalents, Beginning of Year	203,195	161,950
Cash and Cash Equivalents, End of Year	<u>\$ 162,012</u>	<u>\$ 203,195</u>

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

NOTE 1 AUTHORITY

The Minister of Sustainable Resource Development has been designated as responsible for various Acts by the *Government Organization Act* and its regulations. To fulfill these responsibilities, the Minister administers the organizations listed below. The authority under which the organizations operate is also listed. Together, these organizations form the Ministry of Sustainable Resource Development (the Ministry).

Organization

Authority

The Department of Sustainable Resource Development	Government Organization Act Boundary Surveys Act Wildlife Act Fisheries (Alberta) Act Forests Act Forest and Prairie Protection Act Forest Reserves Act Mines and Minerals Act Public Lands Act Surveys Act
Environmental Protection and Enhancement Fund	Environmental Protection and Enhancement Act
Natural Resources Conservation Board	Natural Resources Conservation Board Act
Surface Rights Board	Surface Rights Act
Land Compensation Board	Expropriation Act

The goals of the Ministry’s core businesses are:

Forestry - The Ministry provides leadership and guidance to ensure the multiple benefits received from the province’s forests are realized by using the best possible forest management, wildfire management, and forest industry practices.

Lands – The Ministry manages the demands of multiple stakeholders using Alberta’s public land by integrating planning and management best practices to sustain the benefits Albertans receive from their natural resources and public lands.

Fish and Wildlife – The Ministry manages fish and wildlife species based on the best available science and integrated decision-making processes. The sound stewardship of fish and wildlife resources facilitates consumptive (fishing and hunting) and non-consumptive recreation opportunities compatible with healthy, diverse fish and wildlife populations.

Quasi-judicial Land-use and Compensation Decisions – Reporting to the Minister of Sustainable Resource Development, the Ministry’s three quasi-judicial boards make their decisions independently, in accordance with their own governing legislation. The **Natural Resources Conservation Board** conducts independent public reviews of projects that may affect natural resources of Alberta and also regulates new or expanding confined feeding operations. The **Surface Rights Board** conducts hearings when operators and landowners or occupants fail to agree on entry or compensation related to resource activity on privately owned lands or occupied public lands. The **Land Compensation Board** establishes compensation when private land is expropriated by a public authority for projects in the public interest.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants (PSAB). The PSAB financial statements presentation standard for government summary financial statements has been modified to more appropriately reflect the nature of the Ministry.

(a) Reporting Entity

The reporting entity is the Ministry of Sustainable Resource Development, for which the Minister of Sustainable Resource Development is accountable. The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

These financial statements include activities of the Department of Sustainable Resource Development, the Environmental Protection and Enhancement Fund, and the Natural Resources Conservation Board. The financial statement of the Department of Sustainable Resource Development includes the activities of the Surface Rights and the Land Compensation Boards.

All ministries of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance and Enterprise. All cash receipts of ministries are deposited into the Fund and all cash disbursements made by ministries are paid from the Fund. Net Financing provided from (for) General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Revenues

Revenues are reported on an accrual basis, except for revenues related to surface material leases (sand and gravel royalties) and land disturbance charges for mineral surface leases which are recorded on a cash basis. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

The Ministry is in the process of implementing systems that will allow it to estimate sand and gravel royalties and land disturbance charges so that it can account for these revenues on an accrual basis. The Ministry plans to have implemented these systems in the 2009-10 fiscal year at which time it will change its revenue recognition policy from a cash basis to an accrual basis. When the accrual basis is adopted, the Ministry estimates that the effect of recording revenues related to prior years on opening net assets will be approximately \$12 million. This estimate is subject to measurement uncertainty and, therefore, the actual effect on opening net assets could differ materially from this amount. Measurement uncertainty for this amount arises from the use of industry self-reported data that will be confirmed by the Ministry in the next fiscal year, as well as the establishment of a collection history to determine if a valuation allowance for doubtful accounts receivable is necessary.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive goods or services directly in return.

Transfers from Government of Canada

Transfers from Government of Canada are recognized as revenue when authorized by federal legislation or federal/provincial agreements, eligibility criteria, if any, are met and a reasonable estimate of the amounts can be made.

Dedicated Revenue

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues are shown as credits or recoveries in the details of the Government Estimates for a supply vote. If budgeted revenues are not fully realized, spending is reduced by an equivalent amount. If actual dedicated revenues exceed budget, the Ministry may, with the approval of the Treasury Board, use the excess revenue to fund additional expenses on the program.

Expenses

Directly Incurred

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

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

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

Incurred by Others

Services contributed by other entities in support of the Ministry operations are disclosed in Schedule 3.

Assets

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

Assets acquired by right are not included. Tangible capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is \$100,000 and the threshold for all other tangible capital assets is \$5,000. All land is capitalized.

Donated tangible capital assets are recorded at fair value at the time of contribution.

When physical assets (tangible capital assets and inventories) are gifted or sold for a nominal sum, the fair values for these physical assets less any nominal proceeds are recorded as grants-in-kind.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Environmental liabilities arise from the obligation to return disturbed land to an equivalent use, (i.e., reclamation). When the Ministry is obligated to incur such liabilities, a reclamation liability is accrued based on management's best estimates. Where an environmental liability cannot be estimated, the nature of the liability and its potential effect on the Ministry's financial statements are disclosed.

The Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants is currently working on a project to develop recommendations regarding the scope, recognition, measurement and disclosure of environmental liabilities.

The Ministry will adopt the recommendations when they are issued by PSAB.

At March 31, 2009, the Ministry continued to investigate the extent of work and costs required on all sites for which it may have reclamation obligations.

Net Assets/Net Liabilities

Net assets/net liabilities represent the difference between the carrying value of assets held by the Ministry and its liabilities.

Valuation of Financial Assets and Liabilities

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

The fair value of cash, accounts receivable, advances, and accounts payable and accrued liabilities are estimated to approximate their carrying value because of the short-term nature of these instruments. Fair values of loans are not reported due to there being no organized financial market for the instruments and it is not practicable within constraints of timeliness or cost to estimate the fair value with sufficient reliability.

NOTE 3 CASH

(in thousands)

The Consolidated Cash Investment Trust Fund is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is composed of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2009, securities held by the Fund have a time-weighted return of 3.0% per annum (2008: 4.5% per annum).

	<u>2009</u>	<u>2008</u>
CCITF Cash	\$ 152,545	\$ 189,962
Cash in Transit	1,275	10,381
Other Cash	8,192	2,852
	<u>\$ 162,012</u>	<u>\$ 203,195</u>

NOTE 4 ACCOUNTS RECEIVABLE

(in thousands)

	2009			2008
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts Receivable	\$ 19,772	\$ 2,033	\$ 17,739	\$ 26,268

Accounts Receivable are unsecured and interest bearing at various rates.

NOTE 5 TANGIBLE CAPITAL ASSETS

(in thousands)

	Land(a)	Buildings	Equipment(b)	Computer Hardware and Software	Other(c)	2009 Total	2008 Total
Estimated Useful Life	Indefinite	40 years	3 – 15 years	5 – 10 years	5 – 40 years		
Historical Cost**							
Beginning of year	\$ 124,972	\$ 43,387	\$ 61,227	\$ 21,882	\$ 88,593	\$ 340,061	\$ 316,662
Additions	1,685	3,775	9,963	2,138	30,691	48,252	26,376
Disposals, including write-downs	(28)	(664)	(567)	(18)	-	(1,277)	(2,977)
	\$ 126,629	\$ 46,498	\$ 70,623	\$ 24,002	\$ 119,284	\$ 387,036	\$ 340,061
Accumulated Amortization							
Beginning of year	\$ -	\$ 16,006	\$ 15,419	\$ 13,026	\$ 62,799	\$ 107,250	\$ 100,696
Amortization expense	-	909	3,218	1,295	2,554	7,976	7,082
Effect of disposals	-	(384)	(401)	(23)	-	(808)	(528)
	\$ -	\$ 16,531	\$ 18,236	\$ 14,298	\$ 65,353	\$ 114,418	\$ 107,250
Net Book Value at March 31, 2009	\$ 126,629	\$ 29,967	\$ 52,387	\$ 9,704	\$ 53,931	\$ 272,618	
Net Book Value at March 31, 2008	\$ 124,972	\$ 27,381	\$ 45,808	\$ 8,856	\$ 25,794		\$ 232,811

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

(b) Equipment includes office, laboratory, heavy mobile and forest protection equipment, vehicles, and furniture.

(c) "Other" consists of land improvements; aircraft and aircraft engines; and highways and roads (consists of original pavement, roadbed, drainage works, and traffic control devices).

**Historical cost includes work-in-progress at March 31, 2009, totalling \$42,838 composed of: equipment \$8,590 (2008 - \$4,365); computer hardware and software \$1,752 (2008 - \$730); and other \$32,496 (2008 - \$3,248).

NOTE 6 CONTRACTUAL OBLIGATIONS

(in thousands)

	<u>2009</u>	<u>2008</u>
Service contracts	\$ 82,305	\$ 64,917
Long-term leases	1,288	4,716
Grants	14,507	1,092
	<u>\$ 98,100</u>	<u>\$ 70,725</u>

The aggregate amounts payable for unexpired terms of these contractual obligations are:

	<u>Service Contract</u>	<u>Long-Term Leases</u>	<u>Grants</u>	<u>Total</u>
2009-10	\$ 35,340	\$ 1,062	\$ 7,207	\$ 43,609
2010-11	16,282	217	6,700	23,199
2011-12	10,403	8	200	10,611
2012-13	8,803	1	200	9,004
Thereafter	11,477	-	200	11,677
	<u>\$ 82,305</u>	<u>\$ 1,288</u>	<u>\$ 14,507</u>	<u>\$ 98,100</u>

NOTE 7 CONTINGENT ASSETS AND LIABILITIES

(in thousands)

At March 31, 2009, the Ministry is a defendant in twenty-four legal claims (2008 – twenty legal claims). Eighteen of these claims have specified amounts totalling \$1,434,142 and the remaining six have no specified amounts (2008 – Fifteen claims with specified amounts totalling \$1,430,194 and five with no specified amounts). Included in the total legal claims are seven claims totalling \$1,417,780 and four claims with no specified amounts (2008 – seven claims totalling \$1,417,780 and three claims with no specified amount) in which the Ministry has been jointly named with other entities. Nine claims totalling \$11,021 are covered by the Alberta Risk Management Fund (2008 – nine claims totalling \$11,100).

The resulting loss, if any, from these claims cannot be determined.

The Ministry is actively involved in various legal claims to recover amounts spent on fighting wildfires. The outcome of these actions is not determinable at the present time; however, the amounts that may be recovered are potentially significant.

NOTE 8 REVENUES

The Softwood Lumber Agreement, 2006 requires the Minister of Natural Resources of the Government of Canada to collect a softwood lumber export tax on lumber export products to the United States. The export tax levels are based upon the *Random Lengths* Composite Framing Lumber Price Index (CFLPI). Above a CFLPI level of \$US355 the export tax rate is 0 per cent. As the CFLPI falls below \$US355, this tax rate increases in increments of five per cent until the export tax rate reaches 15 per cent when the CFLPI level falls below \$US315. The export tax collected is transferred to the provinces net of the Government of Canada's administration and legal costs.

The Ministry received \$29.4 million for the nine-month period ended December 31, 2008 and has accrued \$5.2 million for the three-month period ended March 31, 2009. The amount of the transfer received for the three-month period will vary from that estimated by the amount of administration and legal costs incurred by the Government of Canada.

NOTE 9 TRUST FUNDS UNDER ADMINISTRATION

(in thousands)

The Ministry administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Ministry's financial statements.

At March 31, 2009 trust funds under administration were:

	2009	2008
Geophysical General Trust	\$ 3,376	\$ 3,114
Miscellaneous General Trust (Lands)	14,481	12,012
Performance Deposit Trust	816	743
Forests Act Securities General Trust	2,528	3,768
	<u>\$ 21,201</u>	<u>\$ 19,637</u>

In addition to the above trust funds under administration, the Ministry holds bank guarantees in the form of letters of credit and promissory notes:

	2009	2008
Miscellaneous General Trust (Lands)	\$ 19,144	\$ 18,661
Performance Deposit Trust	8,085	7,377
Forests Act Securities General Trust	2,692	3,131
	<u>\$ 29,921</u>	<u>\$ 29,169</u>

NOTE 10 BENEFIT PLANS

(in thousands)

The Ministry participates in the multi-employer pension plans Management Employees Pension Plan and Public Service Pension Plan. The Ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contribution of \$10,714 for the year ended March 31, 2009 (2008 – annual contribution of \$10,042*).

At December 31, 2008, the Management Employees Pension Plan reported a deficiency of \$568,574 (2007 – deficiency of \$84,341) and the Public Service Pension Plan reported a deficiency of \$1,187,538 (2007 – surplus of \$92,509 as restated). At December 31, 2008, the Supplementary Retirement Plan for Public Service Managers had a deficiency of \$7,111 (2007 – surplus of \$1,510).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2009, the Bargaining Unit Plan reported an actuarial deficiency of \$33,540 (2008 – actuarial deficiency of \$6,319) and the Management, Opted Out and Excluded Plan an actuarial deficiency of \$1,051 (2008 – actuarial surplus of \$7,874). The expense for these two plans is limited to employer's annual contributions for the year.

*Represents employers' annual contributions to MEPP, PSPP, and the Supplementary Retirement Plan, and related Fund for Public Service Managers.

NOTE 11 RESTATEMENT OF ACTUAL FIGURES

2008 Actuals have been restated by \$3,852 million to reflect a budget transfer to Service Alberta.

NOTE 12 COMPARATIVE FIGURES

Certain 2008 figures have been reclassified to conform to the 2009 presentation.

NOTE 13 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Expenses Directly Incurred Detailed by Object

Year Ended March 31, 2009

Schedule 1

(in thousands)

	<u>2009</u>		<u>2008</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u> (Note 11)
Voted			
Salaries, Wages and Employee Benefits	\$ 174,777	\$ 184,126	\$ 173,779
Supplies and Services	155,195	267,606	253,778
Supplies and Services from Support Service Arrangements with Related Parties	625	569	522
Grants	32,689	23,383	43,294
Financial Transactions and Other	43	120	81
Consumption of Inventory	2,600	1,288	1,872
Amortization of Capital Investment	10,225	7,976	7,082
	<u>\$ 376,154</u>	<u>\$ 485,068</u>	<u>\$ 480,408</u>
Statutory			
Valuation Adjustments			
Provision for (Recovery of) Doubtful Accounts	\$ 655	\$ 122	\$ (121)
Provision for Vacation Pay	400	1,580	712
	<u>\$ 1,055</u>	<u>\$ 1,702</u>	<u>\$ 591</u>

Related Party Transactions

Year Ended March 31, 2009

Schedule 2

(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Ministry.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licences, and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

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

	Other Entities	
	<u>2009</u>	<u>2008</u> <small>(Note 11 & 12)</small>
Revenues		
Fees and Charges	\$ 54	\$ 35
Net Operating Results	<u>\$ 54</u>	<u>\$ 35</u>
Expenses – Directly Incurred		
Grants	\$ 2,155	\$ 1,213
Other Services	4,226	4,702
	<u>\$ 6,381</u>	<u>\$ 5,915</u>
Tangible Capital Assets Transferred	<u>\$ 1,685</u>	<u>\$ 5,625</u>
Receivable From	<u>\$ -</u>	<u>\$ -</u>
Payable To	<u>\$ 2,042</u>	<u>\$ -</u>

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 3.

	Other Entities	
	<u>2009</u>	<u>2008</u> <small>(Note 11 & 12)</small>
Expenses – Incurred by Others		
Accommodation	\$ 25,313	\$ 22,857
Air Transportation	115	159
Legal	1,816	1,433
Administration Costs	9,471	9,431
	<u>\$ 36,715</u>	<u>\$ 33,880</u>

Allocated Costs
Year Ended March 31, 2009
Schedule 3

(in thousands)

Program	<u>2009</u>					Valuation Adjustments		<u>2008</u>	
	Expenses (1)	Expenses – Incurred by Others				Vacation Pay	Doubtful Accounts	Total Expenses	Total Expenses
		Accommodation Costs	Administration Costs (2)	Air Transportation	Legal Services				
Forestry	\$ 331,108	\$ 8,624	\$ 6,400	\$ 41	\$ 516	\$ 377	\$ 21	\$ 347,087	\$ 348,594
Lands	66,535	6,533	1,337	5	591	524	101	75,626	71,887
Fish and Wildlife	65,858	5,985	1,321	5	325	338	-	73,832	68,755
Quasi-judicial Land-use and Compensation Decisions	10,295	1,297	219	1	-	32	-	11,844	12,091
Ministry Support Services	9,664	2,874	194	63	384	309	-	13,488	12,117
Environmental Statutory Programs	1,608	-	-	-	-	-	-	1,608	1,434
	<u>\$ 485,068</u>	<u>\$ 25,313</u>	<u>\$ 9,471</u>	<u>\$ 115</u>	<u>\$ 1,816</u>	<u>\$1,580</u>	<u>\$ 122</u>	<u>\$ 523,485</u>	<u>\$ 514,878</u>

- (1) Expenses – Directly Incurred per Consolidated Statement of Operations, excluding valuation adjustments.
- (2) Amount includes Administration for \$9,217 and Corporate Internal Audit Services (CIAS) for \$170, GOA Learning, Corporate Human Resources for \$81, and Executive Vehicles for \$3.



Auditor's Report

To the Minister of Sustainable Resource Development

I have audited the statement of financial position of the Department of Sustainable Resource Development as at March 31, 2009 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Department's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Department as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

I draw your attention to Note 2(b) to the financial statements. It describes a future change in the revenue recognition policy for sand and gravel royalties and land disturbance charges for mineral surface leases that will affect the Department's future financial statements. My opinion is not qualified in respect of this matter.

original signed by:

Fred J. Dunn

FCA
Auditor General

Edmonton, Alberta
June 5, 2009

Statement of Operations

Year Ended March 31, 2009

(in thousands)

	2009		2008
	Budget (Schedule 4)	Actual	Actual (Note 10)
Revenues (Note 2b, Schedules 1 and 2)			
Transfer to Environmental Protection and Enhancement Fund	\$ (72,049)	\$ (84,110)	\$ (122,948)
Remission of Surplus from the Environmental Protection and Enhancement Fund	63,014	75,500	123,628
Transfers from the Government of Canada	31,380	39,505	78,411
Premiums, Fees, and Licences	109,882	111,295	107,648
Investment Income	15	9	54
Other Revenue	3,872	5,477	7,587
	<u>136,114</u>	<u>147,676</u>	<u>194,380</u>
Expenses – Directly Incurred (Note 2b and Schedule 8)			
Voted (Schedules 3, and Schedule 5)			
Ministry Support Services	9,915	9,664	10,267
Forestry	202,474	318,447	333,302
Lands	76,318	66,535	59,717
Fish and Wildlife	62,385	65,778	62,213
Quasi-judicial Land-use and Compensation Decisions	9,763	10,351	9,804
	<u>360,855</u>	<u>470,775</u>	<u>475,303</u>
Statutory (Schedules 3 and 5)			
Valuation Adjustments			
Provision for (Recovery of) Doubtful Accounts	655	122	(121)
Provision for (Decrease of) Vacation Pay	400	1,580	712
	<u>1,055</u>	<u>1,702</u>	<u>591</u>
Total Expenses	<u>361,910</u>	<u>472,477</u>	<u>475,894</u>
Gain (Loss) on Disposal of Tangible Capital Assets including write-down	12,600	6,747	4,202
Net Operating Results	<u>\$ (213,196)</u>	<u>\$ (318,054)</u>	<u>\$ (277,312)</u>

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

Statement of Financial Position

March 31, 2009

(in thousands)

	<u>2009</u>	<u>2008</u> (Note 10 & 11)
Assets		
Cash	\$ 6,429	\$ 15,554
Accounts Receivable (Note 3)	53,175	109,870
Inventories	4,231	4,391
Tangible Capital Assets (Note 4)	272,507	232,678
	<u>\$ 336,342</u>	<u>\$ 362,493</u>
Liabilities		
Accounts Payable and Accrued Liabilities (Note 5)	\$ 95,369	\$ 115,010
Unearned Revenue	32,864	36,595
	<u>128,233</u>	<u>151,605</u>
Net Assets		
Net Assets at Beginning of Year	210,888	150,745
Net Operating Results	(318,054)	(277,312)
Net Financing Provided from (for) General Revenues	315,275	337,455
Net Assets at End of Year	<u>208,109</u>	<u>210,888</u>
	<u>\$ 336,342</u>	<u>\$ 362,493</u>

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

Statement of Cash Flows

Year Ended March 31, 2009

(in thousands)

	<u>2009</u>	<u>2008</u> (Note 10 & 11)
Operating Transactions		
Net Operating Results	\$ (318,054)	\$ (277,312)
Non-cash items included in Net Operating Results		
Amortization	7,935	7,041
Write-down of Tangible Capital Assets	357	-
Loss (Gain) on Disposal of Tangible Capital Assets	(7,104)	(4,202)
Nominal Sum Disposals	1,478	1,279
Valuation Adjustments	1,702	591
	<u>(313,686)</u>	<u>(272,603)</u>
Decrease (Increase) in Accounts Receivable	56,573	(43,840)
Decrease (Increase) in Inventories	160	348
(Decrease) Increase in Accounts Payable and Accrued Liabilities	(21,221)	10,999
(Decrease) Increase in Unearned Revenue	(3,731)	(2,519)
	<u>(281,905)</u>	<u>(307,615)</u>
Capital Transactions		
Acquisition of Tangible Capital Assets	(46,548)	(18,370)
Proceeds on Disposal/Sale of Tangible Capital Assets	5,738	3,004
Transfer of Tangible Capital Assets from Other Government Entities	(1,685)	(5,625)
	<u>(42,495)</u>	<u>(20,991)</u>
Financing Transactions		
Financing Provided from (for) General Revenues	315,275	337,455
Provided by (Applied to) Financing Transactions	315,275	337,455
(Decrease) Increase in Cash and Cash Equivalents	(9,125)	8,849
Cash and Cash Equivalents, Beginning of Year	15,554	6,705
Cash and Cash Equivalents, End of Year	<u>\$ 6,429</u>	<u>\$ 15,554</u>

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

NOTE 1 AUTHORITY

The Department of Sustainable Resource Development (the Department) operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000. The Department also operates under the authority of the following acts:

Organization	Authority
The Department of Sustainable Resource Development	Government Organization Act Boundary Surveys Act Wildlife Act Fisheries (Alberta) Act Forests Act Forest and Prairie Protection Act Forest Reserves Act Mines and Minerals Act Public Lands Act Surveys Act
Surface Rights Board	Surface Rights Act
Land Compensation Board	Expropriation Act

The department’s core businesses are:

Forestry - The Department provides leadership and guidance to ensure the multiple benefits received from the province's forests are realized by using the best possible forest management, wildfire management, and forest industry practices.

Lands – The Department manages the demands of multiple stakeholders using Alberta's public land by integrating planning and management best practices to sustain the benefits Albertans receive from their natural resources and public lands.

Fish and Wildlife – The Department manages fish and wildlife species based on the best available science and integrated decision-making processes. The sound stewardship of fish and wildlife resources facilitates consumptive (fishing and hunting) and non-consumptive recreation opportunities compatible with healthy, diverse fish and wildlife populations.

Quasi-judicial Land Use and Compensation Decisions – Reporting to the Minister of Sustainable Resource Development, the Department's quasi-judicial boards make their decisions independently, in accordance with their own governing legislation. **The Surface Rights Board** conducts hearings when operators and landowners or occupants fail to agree on entry or compensation related to resource activity on privately owned lands or occupied public lands. **The Land Compensation Board** establishes compensation when private land is expropriated by a public authority for projects in the public interest.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants (PSAB). The PSAB financial statements presentation standard for government summary financial statements has been modified to more appropriately reflect the nature of the Department.

(a) Reporting Entity

The reporting entity is the Department of Sustainable Resource Development, which is part of the Ministry of Sustainable Resource Development (the Ministry) and for which the Minister of Sustainable Resource Development is accountable. Other entities reporting to the Minister are the Environmental Protection and Enhancement Fund and the Natural Resources Conservation Board. The activities of these organizations are not included in these financial statements. The ministry annual report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance and Enterprise. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net Financing provided from (for) General Revenues is the difference between all cash receipts and all cash disbursements.

(b) Basis of Financial Reporting**Revenues**

Revenues are reported on an accrual basis, except for revenues related to surface material leases (sand and gravel royalties) and land disturbance charges for mineral surface leases which are recorded on a cash basis. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

The Department is in the process of implementing systems that will allow it to estimate sand and gravel royalties and land disturbance charges so that it can account for these revenues on an accrual basis. The Department plans to have implemented these systems in the 2009-10 fiscal year at which time it will change its revenue recognition policy from a cash basis to an accrual basis. When the accrual basis is adopted the Department estimates that the effect of recording revenues related to prior years on opening net assets will be approximately \$12 million. This estimate is subject to measurement uncertainty and therefore the actual effect on opening net assets could differ materially from this amount. Measurement uncertainty for this amount arises from the use of industry self-reported data that will be confirmed by the Department in the next fiscal year, as well as the establishment of a collection history to determine if a valuation allowance for doubtful accounts receivable is necessary.

Internal Government Transfers
(in thousands)

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

The Department transfers all revenue received by the Department (excluding Dedicated Revenue) that is in excess of the Department's base revenue of \$51,482 to the Environmental Protection and Enhancement Fund. The Environmental Protection and Enhancement Fund transfers any equity in excess of \$150,000 to Alberta Finance and Enterprise through the Department of Sustainable Resource Development.

Transfers from Government of Canada

Transfers from Government of Canada are recognized as revenue when authorized by federal legislation or federal/provincial agreements, eligibility criteria, if any, are met and a reasonable estimate of the amounts can be made.

Dedicated Revenue

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues are shown as credits or recoveries in the details of the Government Estimates for a supply vote. If budgeted revenues are not fully realized, spending is reduced by an equivalent amount. If actual dedicated revenues exceed budget, the Department may, with the approval of the Treasury Board, use the excess revenue to fund additional expenses on the program. Schedule 2 discloses information on the Department's dedicated revenue initiatives.

Expenses

Directly Incurred

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

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

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

Incurred by Others

Services contributed by other entities in support of the Department operations are disclosed in Schedule 8.

Assets

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

Assets acquired by right are not included. Tangible capital assets of the Department are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is \$100,000 and the threshold for all other tangible capital assets is \$5,000. All land is capitalized.

Donated tangible capital assets are recorded at their fair value at the time of contribution.

When physical assets (tangible capital assets and inventories) are gifted or sold for a nominal sum, the fair values of these physical assets less any nominal proceeds are recorded as grants-in-kind.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Environmental liabilities arise from the obligation to return disturbed land to an equivalent use, (i.e., reclamation). When the Department is obligated to incur such costs, a reclamation liability is accrued based on management's best estimates. Where an environmental liability cannot be estimated, the nature of the liability and its potential effect on the Department's financial statements is disclosed.

The Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants is currently working on a project to develop recommendations regarding the scope, recognition, measurement, and disclosure of environmental liabilities.

The Department will adopt the recommendations when they are issued by PSAB.

At March 31, 2009, the Department continued to investigate the extent of work and costs required on all sites for which it may have reclamation obligations.

Net Assets/Net Liabilities

Net assets/net liabilities represent the difference between the carrying value of assets held by the Department and its liabilities.

Valuation of Financial Assets and Liabilities

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

The fair value of cash, accounts receivable, advances, and accounts payable and accrued liabilities are estimated to approximate their carrying value because of the short-term nature of these instruments. Fair values of loans are not reported due to there being no organized financial market for the instruments and it is not practicable within constraints of timeliness or cost to estimate the fair value with sufficient reliability.

NOTE 3 ACCOUNTS RECEIVABLE

(in thousands)

	2009			2008
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts Receivable	\$ 54,750	\$ (2,033)	\$ 52,717	\$ 109,527
Refund from Suppliers	458	-	458	343
	<u>\$ 55,208</u>	<u>\$ (2,033)</u>	<u>\$ 53,175</u>	<u>\$ 109,870</u>

Accounts Receivable are unsecured and interest bearing at various rates.

NOTE 4 TANGIBLE CAPITAL ASSETS

(in thousands)

	Land	Buildings	Equipment	Computer Hardware and Software	Other	2009 Total	2008 Total
Estimated Useful Life	Indefinite	40 years	3 – 15 years	5 – 10 years	5 – 40 years		
Historical Cost**							
Beginning of year	\$ 124,972	\$ 43,387	\$ 60,906	\$ 21,637	\$ 88,593	\$ 339,495	\$ 315,992
Additions	1,685	3,775	9,963	2,119	30,691	48,233	26,362
Disposals, including write-downs	(28)	(664)	(563)	-	-	(1,255)	(2,859)
	<u>\$ 126,629</u>	<u>\$ 46,498</u>	<u>\$ 70,306</u>	<u>\$ 23,756</u>	<u>\$ 119,284</u>	<u>\$ 386,473</u>	<u>\$ 339,495</u>
Accumulated Amortization							
Beginning of year	\$ -	\$ 16,006	\$ 15,188	\$ 12,824	\$ 62,799	\$ 106,817	\$ 100,186
Amortization expense	-	909	3,201	1,271	2,554	7,935	7,041
Effect of disposals	-	(384)	(402)	-	-	(786)	(410)
	<u>\$ -</u>	<u>\$ 16,531</u>	<u>\$ 17,987</u>	<u>\$ 14,095</u>	<u>\$ 65,353</u>	<u>\$ 113,966</u>	<u>\$ 106,817</u>
Net Book Value at March 31, 2009	<u>\$ 126,629</u>	<u>\$ 29,967</u>	<u>\$ 52,319</u>	<u>\$ 9,661</u>	<u>\$ 53,931</u>	<u>\$ 272,507</u>	
Net Book Value at March 31, 2008	<u>\$ 124,972</u>	<u>\$ 27,381</u>	<u>\$ 45,718</u>	<u>\$ 8,813</u>	<u>\$ 25,794</u>		<u>232,678</u>

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

(b) Equipment includes office, laboratory, heavy mobile and forest protection equipment, vehicles, and furniture.

(c) "Other" consists of land improvements; aircraft and aircraft engines; and highways and roads (consists of original pavement, roadbed, drainage works, and traffic control devices).

***Historical cost includes work-in-progress at March 31, 2009, totalling \$42,838 composed of: equipment \$8,590 (2008 - \$4,365); computer hardware and software \$1,752 (2008 - \$730); and other \$32,496 (2008 - \$3,248).*

NOTE 5 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

(in thousands)

	<u>2009</u>	<u>2008</u>
Payable to Environmental Protection and Enhancement Fund	\$ 48,668	\$ 72,710
Accrued Liabilities	26,224	13,033
Accounts Payable General	5,241	15,612
Vacation Pay	15,236	13,655
	<u>\$ 95,369</u>	<u>\$ 115,010</u>

NOTE 6 CONTRACTUAL OBLIGATIONS

(in thousands)

	<u>2009</u>	<u>2008</u>
Service contracts	\$ 52,365	\$ 22,387
Long-term leases	1,197	4,294
Grants	14,507	592
	<u>\$ 68,069</u>	<u>\$ 27,273</u>

The aggregate amounts payable for unexpired terms of these contractual obligations are as follows:

	<u>Service Contract</u>	<u>Leases</u>	<u>Grants</u>	<u>Total</u>
2009-10	\$ 26,971	\$ 985	\$ 7,207	\$ 35,163
2010-11	8,731	203	6,700	15,634
2011-12	5,755	8	200	5,963
2012-13	4,131	1	200	4,332
Thereafter	6,777	-	200	6,977
	<u>\$ 52,365</u>	<u>\$ 1,197</u>	<u>\$ 14,507</u>	<u>\$ 68,069</u>

NOTE 7 CONTINGENT ASSETS AND LIABILITIES

(in thousands)

At March 31, 2009, the Department is a defendant in twenty-four legal claims (2008 – twenty legal claims). Eighteen of these claims have specified amounts totalling \$1,434,142 and the remaining six have no specified amounts (2008 – Fifteen claims with specified amounts totalling \$1,430,194 and five with no specified amounts). Included in the total legal claims are seven claims totalling \$1,417,780 and four claims with no specified amounts (2008 – seven claims totalling \$1,417,780 and three claims with no specified amount) in which the Department has been jointly named with other entities. Nine claims totalling \$11,021 are covered by the Alberta Risk Management Fund (2008 - nine claims totalling \$11,100).

The resulting loss, if any, from these claims cannot be determined.

The Department is actively involved in various legal claims to recover amounts spent on fighting forest fires. The outcome of these actions is not determinable at the present time; however, the amounts that may be recovered are potentially significant.

NOTE 8 TRUST FUNDS UNDER ADMINISTRATION

(in thousands)

The Department administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Department's financial statements.

As at March 31, 2009, trust funds under administration were as follows:

	2009	2008
Geophysical General Trust	\$ 3,376	\$ 3,114
Miscellaneous General Trust (Lands)	14,481	12,012
Performance Deposit Trust	816	743
Forests Act Securities General Trust	2,528	3,768
	<u>\$ 21,201</u>	<u>\$ 19,637</u>

In addition to the above trust funds under administration, the Department holds bank guarantees in the form of letters of credit and promissory notes as follows:

	2009	2008
Miscellaneous General Trust (Lands)	\$ 19,144	\$ 18,661
Performance Deposit Trust	8,085	7,377
Forests Act Securities General Trust	2,692	3,131
	<u>\$ 29,921</u>	<u>\$ 29,169</u>

NOTE 9 BENEFIT PLANS

(in thousands)

The Department participates in the multi-employer pension plans: Management Employees Pension Plan and Public Service Pension Plan. The Department also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contribution of \$10,714 for the year ended March 31, 2009 (2008 – annual contribution of \$9,716*).

At December 31, 2008, the Management Employees Pension Plan reported a deficiency of \$568,574 (2007 – deficiency of \$84,341), and the Public Service Pension Plan reported a deficiency of \$1,187,538 (2007 – surplus of \$92,509 as restated). At December 31, 2008, the Supplementary Retirement Plan for Public Service Managers had a deficiency of \$7,111 (2007 – surplus of \$1,510).

The Department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2009, the Bargaining Unit Plan reported an actuarial deficiency of \$33,540 (2008 – actuarial deficiency of \$6,319), and the Management, Opted Out and Excluded Plan an actuarial deficiency of \$1,051 (2008 – actuarial surplus of \$7,874). The expense for these two plans is limited to employer's annual contributions for the year.

*Represents employers' annual contributions to MEPP, PSPP, and the Supplementary Retirement Plan, and related Fund for Public Service Managers.

NOTE 10 RESTATEMENT OF ACTUAL FIGURES

2008 Actuals have been restated by \$3,852 million to reflect a budget transfer to Service Alberta.

NOTE 11 COMPARATIVE FIGURES

Certain 2008 figures have been reclassified to conform to the 2009 presentation.

NOTE 12 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Department of Sustainable Resource Development

Revenues

Year Ended March 31, 2009

Schedule 1

	(in thousands)		
	<u>2009</u>		<u>2008</u>
	<u>Budget</u> <u>(Schedule 4)</u>	<u>Actual</u>	<u>Actual</u>
Internal Government Transfers			
Allocation of Revenue to Environmental Protection and Enhancement Fund	\$ (72,049)	\$ (84,110)	\$ (122,948)
Remission of Surplus from Environmental Protection and Enhancement Fund	63,014	75,500	123,628
	<u>(9,035)</u>	<u>(8,610)</u>	<u>680</u>
Transfers from the Government of Canada*			
Various	31,380	39,505	78,411
Investment Income			
	15	9	54
Fees, Permits and Licences			
Timber Royalties and Fees	38,011	36,472	34,888
Land and Grazing	61,586	64,813	62,322
Other	10,285	10,010	10,438
	<u>109,882</u>	<u>111,295</u>	<u>107,648</u>
Other Revenue			
Refunds of Expenses	3,872	2,792	2,379
Various	-	2,685	5,208
	<u>3,872</u>	<u>5,477</u>	<u>7,587</u>
Total Revenues	<u>\$ 136,114</u>	<u>\$ 147,676</u>	<u>\$ 194,380</u>

(Note: Not in thousands)

*The Softwood Lumber Agreement, 2006 requires the Minister of Natural Resources of the Government of Canada to collect a softwood lumber export tax on lumber export products to the United States. The export tax levels are based upon the *Random Lengths* Composite Framing Lumber Price Index (CFLPI). Above a CFLPI level of \$US355 the export tax rate is 0 per cent. As the CFLPI falls below \$US355, this tax rate increases in increments of 5 per cent until the export tax rate reaches 15 per cent when the CFLPI level falls below \$US315. The export tax collected is transferred to the provinces net of the Government of Canada's administration and legal costs.

The Department received \$29.4 million for the nine-month period ended December 31, 2008, and has accrued \$5.2 million for the three-month period ended March 31, 2009. The amount of the transfer received for the three-month period will vary from that estimated by the amount of administration and legal costs incurred by the Government of Canada.

Dedicated Revenue Initiatives

Year Ended March 31, 2009

Schedule 2

(in thousands)

	<u>Authorized Dedicated Revenues</u>	<u>2009 Actual Dedicated Revenues</u>	<u>(Shortfall) / Excess</u>
Research from Wildfire Cost Recovery	\$ 50	\$ 50	\$ -
Forestry Youth Programs	300	252	(48)
National Forest Inventory	105	126	21
Hinton Training Centre	700	323	(377)
Smoky Lake Tree Improvement Centre	100	99	(1)
Spatial Data Warehouse	4,200	3,690	(510)
Public Lands	15,950	15,248	(702)
Fish and Wildlife	1,200	785	(415)
	<u>\$ 22,605</u>	<u>\$ 20,573</u>	<u>\$ (2,032)</u>

Research from Wildfire Cost Recovery - EnCana started making five annual payments in 2005-06 to support research programs for wildfire suppression. This payment is part of a claim settlement for wildfire suppression expenses.

Forestry Youth Programs - Forestry Youth Employment Initiatives are delivered by Sustainable Resource Development in partnership with industry, communities, and other government departments to promote career opportunities for youth related to forestry and other natural resource fields. The initiatives include Junior Forest Rangers, Aboriginal Junior Forest Rangers, and the Long Lake Camp Education Programs.

National Forest Inventory - Federal funding is available to the province for its participation in the implementation of the National Forestry initiatives which can assist with critical provincial information update, implementation of associated provincial programs, such as the Alberta Biodiversity Monitoring Program and National Forest Pest Strategy, and evaluate processes to capture and enhance required information pertaining to forest resources.

The **Hinton Training Centre** initiative was established for collecting revenue for room and board, classroom utilization, and the sale of interactive fire compact discs for national and international studies.

Smoky Lake Tree Improvement Centre initiative accounts for the scientific work, resource conservation, and technology transfer related to regional forest improvement in the Peace region.

The **Spatial Data Warehouse** initiative was established for updating and distributing provincial base maps, including cadastral, disposition, and topographic mapping. Revenue for this initiative is from filing fees for cadastral and disposition mapping collected at the time of registration, revenue sharing with Spatial Data Warehouse Ltd., provincial base map sales, and partnership funding for topographic map updating.

Public Lands - Public Lands Management and Grazing Reserves revenues come from the collection of fees for various dispositions, e.g., grazing, surface, etc., established pursuant to the *Public Lands Act*.

The **Fish and Wildlife** initiative promotes industry stewardship and investment in this provincial resource and fosters improved industry relationships with other stakeholders.

Note: The dedicated revenues presented in this schedule are included in the Department's Statement of Operations.

Expenses – Directly Incurred Detailed by Object

Year Ended March 31, 2009

Schedule 3

(in thousands)

	<u>Budget</u>	<u>2009</u> <u>Actual</u>	<u>2008</u> <u>Actual</u> <small>(Note 10)</small>
Voted			
Salaries, Wages and Employee Benefits	\$ 165,740	\$ 160,692	\$ 150,609
Supplies and Services	101,232	105,016	96,495
Supplies and Services from Support Service Arrangements with Related Parties	625	569	522
Grants	80,431	195,155	218,683
Financial Transactions and Other	52	120	81
Consumption of Inventory	2,600	1,288	1,872
Amortization of Capital Assets	10,175	7,935	7,041
	<u>\$ 360,855</u>	<u>\$ 470,775</u>	<u>\$ 475,303</u>
Statutory			
Valuation Adjustments			
Provision for (Recovery of) Doubtful Accounts	\$ 655	\$ 122	\$ (121)
Provision for (Decrease of) Vacation Pay	400	1,580	712
	<u>\$ 1,055</u>	<u>\$ 1,702</u>	<u>\$ 591</u>

Department of Sustainable Resource Development

Budget

Year Ended March 31, 2009

Schedule 4

(in thousands)

	2008-2009 Estimates	Adjustments (a)	2008-2009 Budget	Authorized Supplementary (b)	2008-2009 Authorized Budget
Revenues (Schedules 1 and 2)					
Transfer to Environmental Protection and Enhancement Fund	\$ (72,049)	\$ -	\$ (72,049)	\$ -	\$ (72,049)
Remission of Surplus from the Environmental Protection and Enhancement Fund	63,014	-	63,014	-	63,014
Transfers from Government of Canada	31,380	-	31,380	-	31,380
Premiums, Fees, and Licences	109,882	-	109,882	-	109,882
Investment income	15	-	15	-	15
Other Revenue	3,872	-	3,872	-	3,872
	<u>136,114</u>	<u>-</u>	<u>136,114</u>	<u>-</u>	<u>136,114</u>
Expenses - Directly Incurred					
Voted Operating Expenses					
Ministry Support Services	9,915	-	9,915	-	9,915
Forestry	202,474	605	203,079	135,300	338,379
Lands	76,318	-	76,318	-	76,318
Fish and Wildlife	62,385	-	62,385	2,073	64,458
Quasi-judicial Land-use and Compensation Decisions	9,763	-	9,763	-	9,763
Dedicated Revenue Shortfall (Schedule 2)	-	(2,032)	(2,032)	-	(2,032)
	<u>360,855</u>	<u>(1,427)</u>	<u>359,428</u>	<u>137,373</u>	<u>496,801</u>
Statutory Expenses					
Valuation Adjustments and Other Provisions					
Provision for Doubtful Accounts	655	-	655	-	655
Provisions for Vacation Pay	400	-	400	-	400
	<u>1,055</u>	<u>-</u>	<u>1,055</u>	<u>-</u>	<u>1,055</u>
Total Expenses	<u>361,910</u>	<u>(1,427)</u>	<u>360,483</u>	<u>137,373</u>	<u>497,856</u>
Gain (Loss) on Disposal of Tangible Capital Assets	12,600	-	12,600	-	12,600
Net Operating Results	<u>\$ (213,196)</u>	<u>\$ 1,427</u>	<u>\$ (211,769)</u>	<u>\$ (137,373)</u>	<u>\$ (349,142)</u>
Equipment/Inventory Purchases (EIP)	\$ 5,777	\$ 1,275	\$ 7,052	\$ -	\$ 7,052
Capital Investment	\$ 27,450	\$ 13,320	\$ 40,770	\$ -	\$ 40,770
Non-Budgetary Disbursements	\$ 12,600	\$ -	\$ 12,600	\$ -	\$ 12,600

- (a) Adjustments include encumbrances, dedicated revenue increases, dedicated revenue shortfalls, and transfers. In the event that actual voted Expense, EIP and Capital Investment in the prior year exceed that authorized, the difference is known as an encumbrance. The encumbrance reduces the budgeted amount voted in the current year.
- (b) Supplementary Estimates were approved on July 21, 2008, October 8, 2008, and October 22, 2008. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act*.

Department of Sustainable Resource Development

Comparison of Expenses - Directly Incurred, Equipment Inventory Purchases and Capital Investments and Statutory Expenses by Element to Authorized Budget

Year Ended March 31, 2009

Schedule 5

(in thousands)

Voted OP/EIP and Capital Investments		2008-2009 Estimates	Adjustments (a)	2008-2009 Budget	Authorized Supplementary (b)	2008-2009 Authorized Budget	2008-2009 Actual (c)	Unexpended (Over Expended)
Ministry Support Services								
1.0.1	Minister's Office	\$ 427	\$ -	\$ 427	\$ -	\$ 427	\$ 421	\$ 6
1.0.2	Deputy Minister's Office	563	-	563	-	563	484	79
1.0.3	Communications							
	Operating	1,328	-	1,328	-	1,328	1,198	130
1.0.4	Human Resources	2,247	-	2,247	-	2,247	2,231	16
1.0.5	Finance and Administration							
	Operating	5,293	-	5,293	-	5,293	5,244	49
	Equipment/Inventory Purchases	40	-	40	-	40	66	(26)
1.0.6	Amortization of Capital Assets	57	-	57	-	57	86	(29)
		<u>9,955</u>	<u>\$ -</u>	<u>9,955</u>	<u>\$ -</u>	<u>9,955</u>	<u>9,730</u>	<u>225</u>
Forestry								
2.0.1	Forest Protection							
	Operating	113,076	500	113,576	117,300	230,876	227,007	3,869
	Equipment/Inventory Purchases	3,853	-	3,853	-	3,853	2,552	1,301
	Capital Investment	23,800	13,320	37,120	-	37,120	37,101	19
2.0.2	Forest Management							
	Operating	79,052	105	79,157	18,000	97,157	85,651	11,506
	Equipment/Inventory Purchases	-	-	-	-	-	26	(26)
2.0.3	Amortization of Capital Assets	10,346	-	10,346	-	10,346	5,789	4,557
		<u>230,127</u>	<u>13,925</u>	<u>244,052</u>	<u>135,300</u>	<u>379,352</u>	<u>358,126</u>	<u>21,226</u>
Lands								
3.0.1	Public Land Management							
	Operating	55,000	-	55,000	-	55,000	56,511	(1,511)
	Equipment/Inventory Purchases	1,102	-	1,102	-	1,102	1,502	(400)
	Capital Investment	3,650	-	3,650	-	3,650	3,661	(11)
	Land-Use Framework	7,000	-	7,000	-	7,000	7,005	(5)
3.0.2	Amortization of Capital Assets	1,718	-	1,718	-	1,718	1,541	177
3.0.3	Nominal Sum Disposals	12,600	-	12,600	-	12,600	1,478	11,122
		<u>81,070</u>	<u>-</u>	<u>81,070</u>	<u>-</u>	<u>81,070</u>	<u>71,698</u>	<u>9,372</u>
Fish and Wildlife								
4.0.1	Resource Management and Enhancement							
	Operating	61,731	-	61,731	2,073	63,804	65,264	(1,460)
	Equipment/Inventory Purchases	782	1,275	2,057	-	2,057	2,580	(523)
4.0.2	Amortization of Capital Assets	654	-	654	-	654	514	140
		<u>63,167</u>	<u>1,275</u>	<u>64,442</u>	<u>2,073</u>	<u>66,515</u>	<u>68,358</u>	<u>(1,843)</u>
Quasi-judicial Land-use and Compensation Decisions								
5.0.1	Natural Resources Conservation Board	7,309	-	7,309	-	7,309	6,499	810
5.0.2	Surface Rights and Land Compensation Boards	2,454	-	2,454	-	2,454	3,847	(1,393)
	Equipment/Inventory Purchases	-	-	-	-	-	189	(189)
	Amortization of Capital Assets	-	-	-	-	-	5	(5)
		<u>9,763</u>	<u>-</u>	<u>9,763</u>	<u>-</u>	<u>9,763</u>	<u>10,540</u>	<u>(777)</u>
	Dedicated Revenue Shortfall	-	(2,032)	(2,032)	-	(2,032)	-	(2,032)
	Total	\$ 394,082	13,168	407,250	137,373	544,623	518,452	26,171
	Operating Expense	\$ 360,855	\$ (1,427)	\$ 359,428	\$ 137,373	\$ 496,801	\$ 470,775	\$ 26,026
	Equipment/Inventory Purchases	5,777	1,275	7,052	-	7,052	6,915	137
		<u>366,632</u>	<u>(152)</u>	<u>366,480</u>	<u>137,373</u>	<u>503,853</u>	<u>477,690</u>	<u>26,163</u>
	Capital Investment	27,450	13,320	40,770	-	40,770	40,762	8
		<u>\$ 394,082</u>	<u>\$ 13,168</u>	<u>\$ 407,250</u>	<u>\$ 137,373</u>	<u>\$ 544,623</u>	<u>\$ 518,452</u>	<u>\$ 26,171</u>
	Statutory Expense							
	Valuation Adjustments	\$ 1,055	\$ -	\$ 1,055	\$ -	\$ 1,055	\$ 1,702	\$ (647)

- (a) Adjustments include encumbrances, dedicated revenue increases, dedicated revenue shortfalls and transfers. In the event that actual voted Expense, EIP and Capital Investment in the prior year exceed that authorized, the difference is known as an encumbrance. The encumbrance reduces the budgeted amount voted in the current year.
- (b) Supplementary Estimates were approved on July 21, 2008, October 8, 2008 and on October 22, 2008. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act*.
- (c) Includes achievement bonus amounting to \$2.2 million.

	2009			2008	
	Base Salary (1)	Other Cash Benefits (2)	Other Non-Cash Benefits (3)	Total	
CURRENT EXECUTIVES					
Deputy Minister (4)	\$ 253,668	\$ 57,000	\$ 60,982	\$ 371,650	\$ 326,567
Assistant Deputy Ministers					
Fish and Wildlife (5)	177,828	42,925	8,904	229,657	200,165
Forestry (5)(6)	173,612	28,741	32,808	235,161	208,456
Lands	177,828	30,000	8,851	216,679	223,741
Finance and Administration	177,396	28,000	42,202	247,598	230,856
Sustainable Resource and Environment Management	169,043	33,000	39,518	241,561	233,788
Executive Directors					
Corporate Business Support (7)	67,271	176	3,269	70,716	165,176
Human Resource Services (8)	140,665	18,500	30,906	190,071	175,249

Prepared in accordance with Treasury Board Directive 12/98 as amended.

- (1) Salary includes pensionable base pay.
- (2) Other cash benefits include bonuses, vacation payments, overtime, and lump sum payments.
- (3) Other non-cash benefits include the government's share of all employee benefits and contributions or payments made on behalf of employees including pensions, supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships, and tuition fees.
- (4) Automobile provided, no dollar amount included in benefits and allowances.
- (5) Benefits and allowances include vacation payments to the respective Assistant Deputy Minister for the following Divisions: Forestry for \$6,741 and Fish and Wildlife for \$25,425.
- (6) The Assistant Deputy Minister retired on June 1, 2008. An Acting Assistant Deputy Minister was in place from May 5, 2008 to December 31, 2008. The second Acting Assistant Deputy Minister commenced on January 1, 2009.
- (7) The Executive Director retired September 16, 2008. As of October 20, 2008, Corporate Business Support Director no longer forms part of the Executive Team.
- (8) The Executive Director transferred to another ministry November 14, 2008, replaced with an Acting Assistant Deputy Minister from November 17, 2008 to January 16, 2009. Position filled on January 12, 2009.

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Department.

The Department and its employees paid or collected certain taxes and fees set by regulation for permits, licences, and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Department had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties.

	Entities in the Ministry		Other Entities	
	2009	2008	2009	2008 (Note 10)
Revenues				
Grants	\$ 75,500	\$ 123,628	\$ -	\$ -
Fees and Charges	-	-	54	21
	<u>\$ 75,500</u>	<u>\$ 123,628</u>	<u>\$ 54</u>	<u>\$ 21</u>
Expenses – Directly Incurred				
Grants	\$ 177,386	\$ 200,565	\$ 2,155	\$ 1,213
Other Services	-	-	2,481	3,232
	<u>\$ 177,386</u>	<u>\$ 200,565</u>	<u>\$ 4,636</u>	<u>\$ 4,445</u>
Tangible Capital Assets Transferred	\$ -	\$ -	\$ 1,685	\$ 5,625
Receivable From	\$ 35,501	\$ 83,629	\$ -	\$ -
Payable To	\$ 48,668	\$ 72,710	\$ 1,708	\$ -

The Department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these transactions were estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 8.

	Entities in the Ministry		Other Entities	
	2009	2008	2009	2008 (Note 10)
Expenses – Incurred by Others				
Accommodation	\$ -	\$ -	\$ 24,899	\$ 22,469
Administration Costs	-	-	9,460	9,431
Air Transportation	-	-	115	159
Legal	-	-	1,816	1,433
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,290</u>	<u>\$ 33,492</u>

(in thousands)

Program	<u>2009</u>							<u>2008</u>	
	Expenses (1)	Expenses – Incurred by Others					Valuation Adjustments		Expenses
Accommodation Costs		Administration Costs (2)	Air Transportation	Legal Services	Vacation Pay	Doubtful Accounts	(Note 10 & 11)		
Ministry Support Services	\$ 9,664	\$ 2,874	\$ 194	\$ 63	\$ 384	\$ 309	\$ -	13,488	\$ 12,126
Forestry	318,447	8,624	6,400	41	516	377	21	334,426	351,243
Lands	66,535	6,533	1,337	5	591	524	101	75,626	66,460
Fish and Wildlife	65,778	5,985	1,321	5	325	338	-	73,752	68,724
Quasi-judicial Land-use and Compensation Decisions	10,351	883	208	1	-	32	-	11,475	10,832
	<u>\$ 470,775</u>	<u>\$ 24,899</u>	<u>\$ 9,460</u>	<u>\$ 115</u>	<u>\$ 1,816</u>	<u>\$ 1,580</u>	<u>\$ 122</u>	<u>\$ 508,767</u>	<u>\$ 509,385</u>

(1) Expenses – Directly Incurred per Statement of Operations, excluding valuation adjustments.

(2) Amount includes Administration for \$9,206 and Corporate Internal Audit Services (CIAS) for \$170, GOA Learning, Corporate Human Resources for \$81, and Executive Vehicles for \$3.



Auditor's Report

To the Minister of Sustainable Resource Development

I have audited the statement of financial position of the Environmental Protection and Enhancement Fund as at March 31, 2009 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

original signed by:

Fred J. Dunn

FCA
Auditor General

Edmonton, Alberta
June 5, 2009

Environmental Protection and Enhancement Fund

Statement of Operations

Year Ended March 31, 2009

(in thousands)

	<u>Budget</u>	<u>2009</u> <u>Actual</u>	<u>2008</u> <u>Actual</u>
Revenues			
Transfer from the Department of Sustainable Resource Development (Note 7)	\$ 122,049	\$ 254,997	\$ 317,342
Investment Income	5,420	4,086	4,605
Other Revenue	800	1,652	1,349
	<u>128,269</u>	<u>260,735</u>	<u>323,296</u>
Expenses			
Environmental Statutory Programs	2,675	1,608	1,434
Natural Resources Emergency Program			
Forest Fires	12,000	128,454	123,274
Forest Health Program	50,500	55,093	74,880
Intercept Feeding and Fencing	80	80	80
	<u>65,255</u>	<u>185,235</u>	<u>199,668</u>
Net Operating Results	<u>\$ 63,014</u>	<u>\$ 75,500</u>	<u>\$ 123,628</u>

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

(in thousands)

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash (Note 3)	\$ 152,545	\$ 184,787
Accounts Receivable (Note 4)	48,718	72,754
	<u>\$ 201,263</u>	<u>\$ 257,541</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 49,797	\$ 104,924
Unearned Revenue	1,466	2,617
	<u>51,263</u>	<u>107,541</u>
NET ASSETS		
Net Assets at Beginning of Year	150,000	150,000
Net Operating Results	75,500	123,628
Transfer to Department	(75,500)	(123,628)
Net Assets at End of Year (Note 6)	<u>150,000</u>	<u>150,000</u>
	<u>\$ 201,263</u>	<u>\$ 257,541</u>

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

Environmental Protection and Enhancement Fund

Statement of Cash Flows

Year Ended March 31, 2009

(in thousands)

	<u>2009</u>	<u>2008</u>
Operating Transactions		
Net Operating Results	\$ 75,500	\$ 123,628
Decrease (Increase) in Accounts Receivable	24,036	(11,400)
(Decrease) Increase in Accounts Payable and Accrued Liabilities	(55,127)	43,635
(Decrease) Increase in Unearned Revenue	(1,151)	(188)
Cash Provided by (Applied to) Operating Transactions	<u>43,258</u>	<u>155,675</u>
Financing Transactions		
Transfer to Department of Sustainable Resource Development	<u>(75,500)</u>	<u>(123,628)</u>
Cash Provided by (Applied to) Financing Transactions	<u>(75,500)</u>	<u>(123,628)</u>
Net Cash Provided (Used)	(32,242)	32,047
Cash and Cash Equivalents, Beginning of Year	184,787	152,740
Cash and Cash Equivalents, End of Year	<u>\$ 152,545</u>	<u>\$ 184,787</u>

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

NOTE 1 AUTHORITY

The Environmental Protection and Enhancement Fund (the Fund) operates under the authority of the *Environmental Protection and Enhancement Act* (EPEA), Chapter E-12, Revised Statutes of Alberta 2000.

The components of the Fund are:

- Natural Resources Emergency Program
 - Wildfire Suppression - Wildfire Management
 - Forest Health
 - Intercept Feeding and Fencing Program
 - Land Reclamation

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. The PSAB financial statement presentation standards for government summary financial statements have been modified to more appropriately reflect the nature of the Fund.

(a) Reporting Entity

The reporting entity is the Fund, which is part of the Ministry of Sustainable Resource Development (the Ministry). The Minister of Sustainable Resource Development is accountable for the Fund's financial administration. Other entities reporting to the Minister are the Department of Sustainable Resource Development and the Natural Resources Conservation Board. The activities of these organizations are not included in these financial statements. The ministry's annual report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

(b) Basis of Financial Reporting

Revenues

Revenues are reported on an accrual basis. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Expenses

Expenses represent the costs of resources consumed during the year on the Fund's operations.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Net Assets

Net assets represent the difference between the carrying value of assets held by the Fund and its liabilities.

Valuation of Financial Assets and Liabilities

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

The fair values of cash, accounts receivable, and accounts payable and accrued liabilities are estimated to approximate their carrying values.

NOTE 3 CASH

The Consolidated Cash Investment Trust Fund is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is composed of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2009, securities held by the Fund have a time-weighted return of 3.0% per annum (2008: 4.5% per annum).

NOTE 4 ACCOUNTS RECEIVABLE

(in thousands)

	2009	2008
Department of Sustainable Resource Development	\$ 48,668	\$ 72,710
Other	50	44
	<u>\$ 48,718</u>	<u>\$ 72,754</u>

NOTE 5 CONTRACTUAL OBLIGATIONS

(in thousands)

	<u>2009</u>	<u>2008</u>
Service Contracts	\$ 29,940	\$ 42,530
Long-term Leases	91	422
Grants	-	500
	<u>\$ 30,031</u>	<u>\$ 43,452</u>

The aggregate amounts payable for unexpired terms of these contractual obligations is as follows:

	<u>Service Contracts</u>	<u>Leases</u>	<u>Grants</u>	<u>Total</u>
2009-10	\$ 8,369	\$ 77	\$ -	\$ 8,446
2010-11	7,551	14	-	7,565
2011-12	4,648	-	-	4,648
2012-13	4,672	-	-	4,672
Thereafter	4,700	-	-	4,700
	<u>\$ 29,940</u>	<u>\$ 91</u>	<u>\$ -</u>	<u>\$ 30,031</u>

NOTE 6 NET ASSETS

(in thousands)

The Net Assets for the Fund are capped at \$150,000 in accordance with a Treasury Board decision.

NOTE 7 TRANSFER FROM THE DEPARTMENT OF SUSTAINABLE RESOURCE DEVELOPMENT

(in thousands)

The following revenue was received or is receivable from the Department of Sustainable Resource Development:

	<u>2009</u>	<u>2008</u>
Revenue in Excess of Department's Base Revenue (a)	\$ 84,110	\$ 122,948
Mountain Pine Beetle	54,632	82,607
Forest Fires	116,255	111,787
	<u>\$ 254,997</u>	<u>\$ 317,342</u>

(a) All revenue received by the Department (excluding Dedicated Revenue) that is in excess of the Department's base revenue of 2009 - \$51,482 (2008 - \$51,482).

NOTE 8 SALARY AND BENEFIT DISCLOSURE

The province's salary and benefit disclosure requirements for the executives are disclosed in the financial statements of the Department of Sustainable Resource Development.

NOTE 9 BUDGET FIGURES

The revenue and expenses budget amounts disclosed in these financial statements agree with the 2008-2009 Government Estimates.

NOTE 10 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Environmental Protection and Enhancement Fund

Expenses – Directly Incurred Detailed by Object

Year Ended March 31, 2009

Schedule 1

(in thousands)

	<u>2009</u>		<u>2008</u>
	Budget	Actual	Actual
Salaries, Wages and Employee Benefits	\$ 6,979	\$ 18,295	\$ 18,396
Supplies and Services	52,101	161,327	156,096
Grants	6,175	5,613	25,176
Total Expenses	<u>\$ 65,255</u>	<u>\$ 185,235</u>	<u>\$ 199,668</u>

Environmental Protection and Enhancement Fund

Related Party Transactions

Year Ended March 31, 2009

Schedule 2

(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Department.

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

	Entities in the Ministry		Other Entities	
	2009	2008	2009	2008
Revenues				
Transfer from the Department	\$ 84,110	\$ 122,948	\$ -	\$ -
Grants from the Department	170,887	194,394	-	-
	<u>\$ 254,997</u>	<u>\$ 317,342</u>	<u>\$ -</u>	<u>\$ -</u>
Expenses – Directly Incurred				
Other Services	\$ -	\$ -	\$ 1,725	\$ 1,470
Receivable From	<u>\$ 48,668</u>	<u>\$ 72,710</u>	<u>\$ -</u>	<u>\$ -</u>
Payable To	<u>\$ 35,501</u>	<u>\$ 83,629</u>	<u>\$ 334</u>	<u>\$ -</u>



Auditor's Report

To the Members of the Natural Resources Conservation Board

I have audited the statement of financial position of the Natural Resources Conservation Board as at March 31, 2009 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

original signed by:

Fred J. Dunn

FCA
Auditor General

Edmonton, Alberta
June 9, 2009

Statement of Operations

For the Year Ended March 31, 2009

	<u>2009</u>	<u>2008</u>
	Budget	Actual
Revenues		
Transfer from the Department of Sustainable Resource Development	\$ 7,309,000	\$ 6,499,000
Interest	50,000	66,775
Other	1,000	1,708
	<u>7,360,000</u>	<u>6,567,483</u>
Expenses - Directly Incurred (Note 2b)		
Salaries and Benefits	5,617,400	5,139,704
Travel	722,950	546,416
Office	478,700	417,563
Consulting Services	358,750	180,962
Telecommunications	87,700	80,937
Amortization of Tangible Capital Assets	50,000	40,529
Advertising	37,500	37,144
	<u>7,353,000</u>	<u>6,443,255</u>
Net Operating Results	<u>\$ 7,000</u>	<u>\$ 124,228</u>

The accompanying notes and schedule of allocated costs are part of these financial statements.

Statement of Financial Position

As at March 31, 2009

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash (Note 3)	\$ 3,038,406	\$ 2,852,707
Accounts Receivable	14,293	2,776
Tangible Capital Assets (Note 4)	111,847	133,016
	<u>\$ 3,164,546</u>	<u>\$ 2,988,499</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 558,357	\$ 506,538
NET ASSETS		
Net Assets at Beginning of Year	2,481,961	2,099,662
Net Operating Results	124,228	382,299
Net Assets at End of Year	<u>2,606,189</u>	<u>2,481,961</u>
	<u>\$ 3,164,546</u>	<u>\$ 2,988,499</u>

The accompanying notes and schedule of allocated costs are part of these financial statements.

Statement of Cash Flows

For the Year Ended March 31, 2009

	<u>2009</u>	<u>2008</u>
Operating Transactions		
Net Operating Results	\$ 124,228	\$ 382,299
Non-cash item included in Net Operating Results:		
Amortization of Tangible Capital Assets	40,529	40,876
	<u>164,757</u>	<u>423,175</u>
(Increase) Decrease in Accounts Receivable	(11,517)	956
Increase (Decrease) in Accounts Payable and Accrued Liabilities	51,819	(62,700)
	<u>205,059</u>	<u>361,431</u>
Cash Provided by Operating Transactions	205,059	361,431
Capital Transactions		
Acquisition of Tangible Capital Assets	(19,360)	(13,806)
	<u>(19,360)</u>	<u>(13,806)</u>
Cash Applied to Capital Transactions	(19,360)	(13,806)
Increase in Cash	185,699	347,625
Cash, Beginning of Year	2,852,707	2,505,082
Cash, End of Year	<u>\$ 3,038,406</u>	<u>\$ 2,852,707</u>

The accompanying notes and schedule of allocated costs are part of these financial statements.

NOTE 1 AUTHORITY AND PURPOSE

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared primarily in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants (PSAB). The PSAB financial statements presentation standard for government summary financial statements has been modified to more appropriately reflect the nature of the NRCB. The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements involves the use of estimates and approximations which have been made using careful judgment. Actual results could differ from those estimates and approximations. The financial statements have, in management’s opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

(a) Revenue Recognition

All revenues are reported on the accrual basis of accounting.

(b) Expenses

Directly Incurred

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

Incurred by Others

Services contributed by other entities in support of NRCB’s operations are disclosed in Note 7 and in Schedule of Allocated Costs.

(c) Tangible Capital Assets

Tangible capital assets are recorded at cost. The threshold for capitalizing new tangible capital assets is \$4,000. These assets are amortized over their estimated useful lives commencing in the month following acquisition, using the following annual rates and methods:

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

(d) Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

(e) Valuation of Financial Assets and Liabilities

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

(f) Pension Expense

Multi-employer defined benefit plans are accounted for as defined contribution plans, the expense being limited to the employer's annual contributions for the year.

NOTE 3 CASH

Cash consists of deposits in the Consolidated Cash Investment Trust Fund. The Fund is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is composed of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2009, securities held by the Fund have a time-weighted return of 3.0% per annum (2008: 4.5% per annum).

NOTE 4 TANGIBLE CAPITAL ASSETS

Tangible capital assets are recorded at cost less accumulated amortization.

	2009			2008
	Cost	Accumulated Amortization	Net	Net
Computer hardware	\$ 213,671	\$ 174,636	\$ 39,035	\$ 41,299
Computer software	26,143	26,143	0	2,422
Office equipment	52,813	34,173	18,640	22,911
Office furniture	262,907	208,735	54,172	66,384
	<u>\$ 555,534</u>	<u>\$ 443,687</u>	<u>\$ 111,847</u>	<u>\$ 133,016</u>

March 31, 2009

NOTE 5 PENSION

The NRCB participates in the Management Employees Pension Plan and Supplementary Retirement Plan for Public Service Managers which are government multi-employer pension plans. The expense for these pension plans is equivalent to the annual contributions of \$83,265 for the year ended March 31, 2009 (2008: \$81,333).

At December 31, 2008 the Management Employees Pension Plan reported a deficiency of \$568,574,000 (2007: \$84,341,000). At December 31, 2008 the Supplementary Retirement Plan for Public Service Managers had a deficiency of \$7,111,000 (2007: surplus \$1,510,000).

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 \$234,702 for the year ended March 31, 2009 (2008: \$220,042). Pension expense comprises the cost of employer contributions during the year.

NOTE 6 SALARIES AND BENEFITS

	2009				2008
	Base Salary(a)	Other Cash Benefits (b)	Other Non-Cash Benefits (c)	Total	Total
Chair ^{(d)(e)}	\$ 136,235	\$ 29,829	\$ 31,508	\$ 197,572	\$ 177,035
Board Member 1 ^{(e)(h)}	120,072	10,389	32,036	162,497	116,639
Board Member 2 ^{(f)(g)(h)}	106,258	7,110	23,969	137,337	151,173
Board Member 3 ^{(f)(h)}	90,060	6,755	27,656	124,471	115,177
CEO	164,496	25,120	39,137	228,753	213,942

Prepared in accordance with Treasury Board Directive 12/98 as amended.

- (a) Base salary includes pensionable base pay.
- (b) Other cash benefits include bonuses, health benefits pay in lieu, pension payout and vacation pay-in-lieu.
- (c) Other non-cash benefits include the NRCB's share of all employee benefits and contributions or payments made on behalf of employees including Employment Insurance, Canada Pension Plan, pension and supplementary retirement plans, RRSP, health benefits, professional memberships, and WCB premiums. The NRCB is a participant in the Energy Resources Conservation Board (ERCB) flexible health benefit plan.
- (d) The Chair receives an automobile allowance that is included in other non-cash benefits.
- (e) The position is 80% permanent part-time.
- (f) The position is 60% permanent part-time.
- (g) The position was occupied by two individuals through the year.
- (h) Bonus for fiscal year 2008 was revised to reflect the actual amounts paid.

NOTE 7 RELATED PARTY TRANSACTIONS

Related parties are those entities consolidated or accounted for on the modified equity basis in the Province of Alberta's financial statements. Related parties also include management of the NRCB.

The NRCB received \$6,499,000 (2008: \$6,171,000) in net transfers from the Department of Sustainable Resource Development and \$66,775 (2008: \$210,884) in revenue from other Government of Alberta departments. During the year, the NRCB paid \$59,804 (2008: \$50,941) and received \$24,600 (2008: \$0) to/from various Government of Alberta departments and agencies for supplies and/or services. The Statement of Financial Position also includes \$3,474 (2008: \$3,633) as payable and \$1,764 (2008: \$0) to/from various government entities.

In addition, the NRCB entered into the following transactions which are not reflected in the Statement of Operations:

Certain expenses for office space incurred on behalf of the NRCB by Alberta Infrastructure. These expenses amount to approximately \$414,206 (2008: \$387,586) and are reflected in the Schedule of Allocated Costs.

The NRCB has a Memorandum of Understanding (MOU) with the Energy Resources Conservation Board (ERCB) to share resources on an ongoing basis. Under the MOU the NRCB is both a service provider and a service recipient. As a service provider, the NRCB contributed \$15,194 (2008: \$161,162) in services to the ERCB. As a service recipient, the NRCB received services from the ERCB of \$11,392 (2008: \$14,370).

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

NOTE 8 BUDGET

The budget was included in the 2008-09 Government Estimates. The budget was approved by the Board on May 6, 2008.

NOTE 9 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Chair and CEO.

March 31, 2009

AOPA and NRCBA Mandates	2009			2008	
	Expenses	Expenses incurred by others		Total Expenses	Total Expenses
		Office Costs ⁽¹⁾	Shared Services ⁽¹⁾		
Board ⁽²⁾	\$ 1,327,060	\$ 85,310	\$ 0	\$ 1,412,370	\$ 1,241,749
Operations ⁽³⁾	5,116,195	328,896	11,392	5,456,483	5,163,657
	<u>\$ 6,443,255</u>	<u>\$ 414,206</u>	<u>\$ 11,392</u>	<u>\$ 6,868,853</u>	<u>\$ 6,405,406</u>

(1) See Note 7, Related Party Transactions.

(2) Board comprises expenses related to AOPA appeals and NRCBA reviews, and MOU with the ERCB shown in Note 7.

(3) 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. NRCBA applications include the following projects: Birch Mountain Hammerstone Quarry, Glacier Power Dunvegan Hydroelectric, Revised Highwood Diversion Plan, Arclin Sexsmith Formaldehyde Plant, AST/Hazco Sulphur Forming and Shipping Facility, and past and potential projects, and MOU with the ERCB shown in Note 7.

Department of Sustainable Resource Development

Unaudited Statement of Remissions, Compromises and Write-Offs

Year Ended March 31, 2009

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			
Departmental Accounts Receivable	39,321		
Department Accounts Payable Credits	-		
Total Write-offs	<u>39,321</u>		39,321
Total Remissions, Compromises and Write-offs		\$	<u>39,321</u>

Alphabetical List of Entities' Financial Statements in Ministry 2008-09 Annual Reports

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

<i>Ministry, Department, Fund or Agency</i>	<i>Ministry Annual Report</i>
Access to the Future Fund	Advanced Education and Technology
Agriculture Financial Services Corporation	Agriculture and Rural Development
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Cancer Prevention Legacy Fund	Finance and Enterprise
Alberta Capital Finance Authority	Finance and Enterprise
Alberta Energy and Utilities Board ¹	Energy
Alberta Enterprise Corporation ²	Advanced Education and Technology
Alberta Foundation for the Arts	Culture and Community Spirit
Alberta Gaming and Liquor Commission	Solicitor General and Public Security
Alberta Heritage Foundation for Medical Research Endowment Fund	Finance and Enterprise
Alberta Heritage Savings Trust Fund	Finance and Enterprise
Alberta Heritage Scholarship Fund	Finance and Enterprise
Alberta Heritage Science and Engineering Research Endowment Fund	Finance and Enterprise
Alberta Historical Resources Foundation	Culture and Community Spirit
Alberta Insurance Council	Finance and Enterprise
Alberta Investment Management Corporation ³	Finance and Enterprise
Alberta Livestock and Meat Agency ⁴	Agriculture and Rural Development
Alberta Local Authorities Pension Plan Corporation	Finance and Enterprise
Alberta Pensions Administration Corporation	Finance and Enterprise
Alberta Petroleum Marketing Commission	Energy
Alberta Research Council Inc.	Advanced Education and Technology
Alberta Risk Management Fund	Finance and Enterprise
Alberta School Foundation Fund	Education
Alberta Securities Commission	Finance and Enterprise
Alberta Social Housing Corporation	Housing and Urban Affairs
Alberta Sport, Recreation, Parks and Wildlife Foundation	Tourism, Parks and Recreation
Alberta Treasury Branches	Finance and Enterprise
Alberta Utilities Commission ¹	Energy
ATB Insurance Advisors Inc.	Finance and Enterprise
ATB Investment Management Inc.	Finance and Enterprise
ATB Investment Services Inc.	Finance and Enterprise
ATB Securities Inc.	Finance and Enterprise
Child and Family Services Authorities:	Children and Youth Services
Calgary and Area Child and Family Services Authority	
Central Alberta Child and Family Services Authority	
East Central Alberta Child and Family Services Authority	
Edmonton and Area Child and Family Services Authority	
North Central Alberta Child and Family Services Authority	
Northeast Alberta Child and Family Services Authority	
Northwest Alberta Child and Family Services Authority	
Southeast Alberta Child and Family Services Authority	
Southwest Alberta Child and Family Services Authority	
Métis Settlements Child and Family Services Authority	
C-FER Technologies (1999) Inc.	
Advanced Education and Technology	

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

<i>Ministry, Department, Fund or Agency</i>	<i>Ministry Annual Report</i>
Colleges:	Advanced Education and Technology
Alberta College of Art and Design	
Bow Valley College	
Grande Prairie Regional College	
Grant MacEwan College	
Keyano College	
Lakeland College	
Lethbridge Community College	
Medicine Hat College	
Mount Royal College	
NorQuest College	
Northern Lakes College	
Olds College	
Portage College	
Red Deer College	
Department of Advanced Education and Technology	Advanced Education and Technology
Department of Agriculture and Rural Development	Agriculture and Rural Development
Department of Children and Youth Services	Children and Youth Services
Department of Culture and Community Spirit	Culture and Community Spirit
Department of Education	Education
Department of Energy	Energy
Department of Finance and Enterprise	Finance and Enterprise
Department of Environment	Environment
Department of Health and Wellness	Health and Wellness
Department of Housing and Urban Affairs	Housing and Urban Affairs
Department of Municipal Affairs	Municipal Affairs
Department of Seniors and Community Supports	Seniors and Community Supports
Department of Solicitor General and Public Security	Solicitor General and Public Security
Department of Sustainable Resource Development	Sustainable Resource Development
Department of Tourism, Parks and Recreation	Tourism, Parks and Recreation
Energy Resources Conservation Board ¹	Energy
Environmental Protection and Enhancement Fund	Sustainable Resource Development
Gainers Inc.	Finance and Enterprise
Government House Foundation	Culture and Community Spirit
Historic Resources Fund	Culture and Community Spirit
Human Rights, Citizenship and Multiculturalism Education Fund	Culture and Community Spirit
iCORE Inc.	Advanced Education and Technology
Lottery Fund	Solicitor General and Public Security
Ministry of Aboriginal Relations ⁶	Aboriginal Relations
Ministry of Advanced Education and Technology	Advanced Education and Technology
Ministry of Agriculture and Rural Development	Agriculture and Rural Development
Ministry of Children and Youth Services	Children and Youth Services
Ministry of Culture and Community Spirit	Culture and Community Spirit
Ministry of Education	Education
Ministry of Employment and Immigration ⁵	Employment and Immigration
Ministry of Energy	Energy
Ministry of Environment	Environment
Ministry of Executive Council ⁶	Executive Council
Ministry of Finance and Enterprise	Finance and Enterprise
Ministry of Health and Wellness	Health and Wellness

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

<i>Ministry, Department, Fund or Agency</i>	<i>Ministry Annual Report</i>
Ministry of International and Intergovernmental Relations ⁶	International, and Intergovernmental Relations
Ministry of Justice ⁶	Justice
Ministry of Municipal Affairs	Municipal Affairs
Ministry of Seniors and Community Supports	Seniors and Community Supports
Ministry of Service Alberta ⁶	Service Alberta
Ministry of Solicitor General and Public Security	Solicitor General and Public Security
Ministry of Sustainable Resource Development	Sustainable Resource Development
Ministry of Tourism, Parks, and Recreation	Tourism, Parks, and Recreation
Ministry of Transportation ⁶	Transportation
Ministry of the Treasury Board ⁶	Treasury Board
N.A. Properties (1994) Ltd.	Finance and Enterprise
Natural Resources Conservation Board	Sustainable Resource Development
Persons with Developmental Disabilities Community Boards:	Seniors and Community Supports
Calgary Region Community Board	
Central Region Community Board	
Edmonton Region Community Board	
Northeast Region Community Board	
Northwest Region Community Board	
South Region Community Board	
Provincial Judges and Masters in Chambers Reserve Fund	Finance and Enterprise
Regional Health Authorities and Provincial Health Boards:	Health and Wellness
Alberta Cancer Board	
Alberta Mental Health Board	
Aspen Regional Health Authority	
Calgary Health Region	
Capital Health	
Chinook Regional Health Authority	
David Thompson Regional Health Authority	
East Central Health	
Health Quality Council of Alberta	
Northern Lights Health Region	
Peace Country Health	
Palliser Health Region	
Safety Codes Council	Municipal Affairs
School Boards and Charter Schools:	Education
Almadina School Society	
Aspen View Regional Division No. 19	
Aurora School Ltd.	
Battle River Regional Division No. 31	
Black Gold Regional Division No. 18	
Boyle Street Education Centre	
Buffalo Trail Public Schools Regional Division No. 28	
Calgary Arts Academy Society	
Calgary Girls' School Society	
Calgary Roman Catholic Separate School District No. 1	
Calgary School District No. 19	
Calgary Science School Society	
Canadian Rockies Regional Division No. 12	
CAPE-Centre for Academic and Personal Excellence Institute	
Chinook's Edge School Division No. 73	

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Ministry, Department, Fund or Agency

Ministry Annual Report

East Central Alberta Catholic Separate Schools Regional Division No. 16
East Central Francophone Education Region No. 3
Edmonton Catholic Separate School District No. 7
Edmonton School District No. 7
Elk Island Catholic Separate Regional Division No. 41
Elk Island Public Schools Regional Division No. 14
Evergreen Catholic Separate Regional Division No. 2
FFCA Charter School Society
Foothills School Division No. 38
Fort McMurray Roman Catholic Separate School District No. 32
Fort McMurray School District No. 2833
Fort Vermilion School Division No. 52
Golden Hills School Division No. 75
Grande Prairie Public School District No. 2357
Grande Prairie Roman Catholic Separate School District No. 28
Grande Yellowhead Regional Division No. 35
Grasslands Regional Division No. 6
Greater North Central Francophone Education Region No. 2
Greater Southern Public Francophone Education Region No. 4
Greater Southern Separate Catholic Francophone Education Region No. 4
Greater St. Albert Catholic Regional Division No. 29
High Prairie School Division No. 48
Holy Family Catholic Regional Division No. 37
Holy Spirit Roman Catholic Separate Regional Division No. 4
Horizon School Division No. 67
Lakeland Roman Catholic Separate School District No. 150
Lethbridge School District No. 51
Living Waters Catholic Regional Division No. 42
Livingstone Range School Division No. 68
Medicine Hat Catholic Separate Regional Division No. 20
Medicine Hat School District No. 76
Moberly Hall School Society
Mother Earth's Children's Charter School Society
New Horizons Charter School Society
Northern Gateway Regional Division No. 10
Northern Lights School Division No. 69
Northland School Division No. 61
Northwest Francophone Education Region No. 1
Palliser Regional Division No. 26
Parkland School Division No. 70
Peace River School Division No. 10
Peace Wapiti School Division No. 76
Pembina Hills Regional Division No. 7
Prairie Land Regional Division No. 25
Prairie Rose School Division No. 8
Red Deer Catholic Regional Division No. 39
Red Deer School District No. 104
Rocky View School Division No. 41
St. Albert Protestant Separate School District No. 6
St. Paul Education Regional Division No. 1

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

<i>Ministry, Department, Fund or Agency</i>	<i>Ministry Annual Report</i>
Suzuki Charter School Society	
Westmount Charter School Society	
Westwind School Division No. 74	
Wetaskiwin Regional Division No. 11	
Wild Rose School Division No. 66	
Wolf Creek School Division No. 72	
Supplementary Retirement Plan Reserve Fund	Finance and Enterprise
Technical Institutes and The Banff Centre:	Advanced Education and Technology
Northern Alberta Institute of Technology	
Southern Alberta Institute of Technology	
The Banff Centre for Continuing Education	
Universities:	Advanced Education and Technology
Athabasca University	
The University of Alberta	
The University of Calgary	
The University of Lethbridge	
Victims of Crime Fund	Solicitor General and Public Security
The Wild Rose Foundation	Culture and Community Spirit

ENTITIES NOT INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

<i>Fund or Agency</i>	<i>Ministry Annual Report</i>
Alberta Heritage Foundation for Medical Research	Advanced Education and Technology
Alberta Heritage Foundation for Science and Engineering Research	Advanced Education and Technology
Alberta Teachers' Retirement Fund Board	Education
Improvement Districts' Trust Account	Municipal Affairs
Local Authorities Pension Plan	Finance and Enterprise
Long-Term Disability Income Continuance Plan - Bargaining Unit	Treasury Board
Long-Term Disability Income Continuance Plan - Management, Opted Out and Excluded	Treasury Board
Management Employees Pension Plan	Finance and Enterprise
Provincial Judges and Masters in Chambers (Registered) Pension Plan	Finance and Enterprise
Public Service Management (Closed Membership) Pension Plan	Finance and Enterprise
Public Service Pension Plan	Finance and Enterprise
Special Areas Trust Account	Municipal Affairs
Special Forces Pension Plan	Finance and Enterprise
Supplementary Retirement Plan for Public Service Managers	Finance and Enterprise
Workers' Compensation Board	Employment and Immigration

¹ Effective January 1, 2008, the Alberta Energy and Utilities Board was realigned into two separate regulatory bodies: the Alberta Utilities Commission and the Energy Resources Conservation Board.

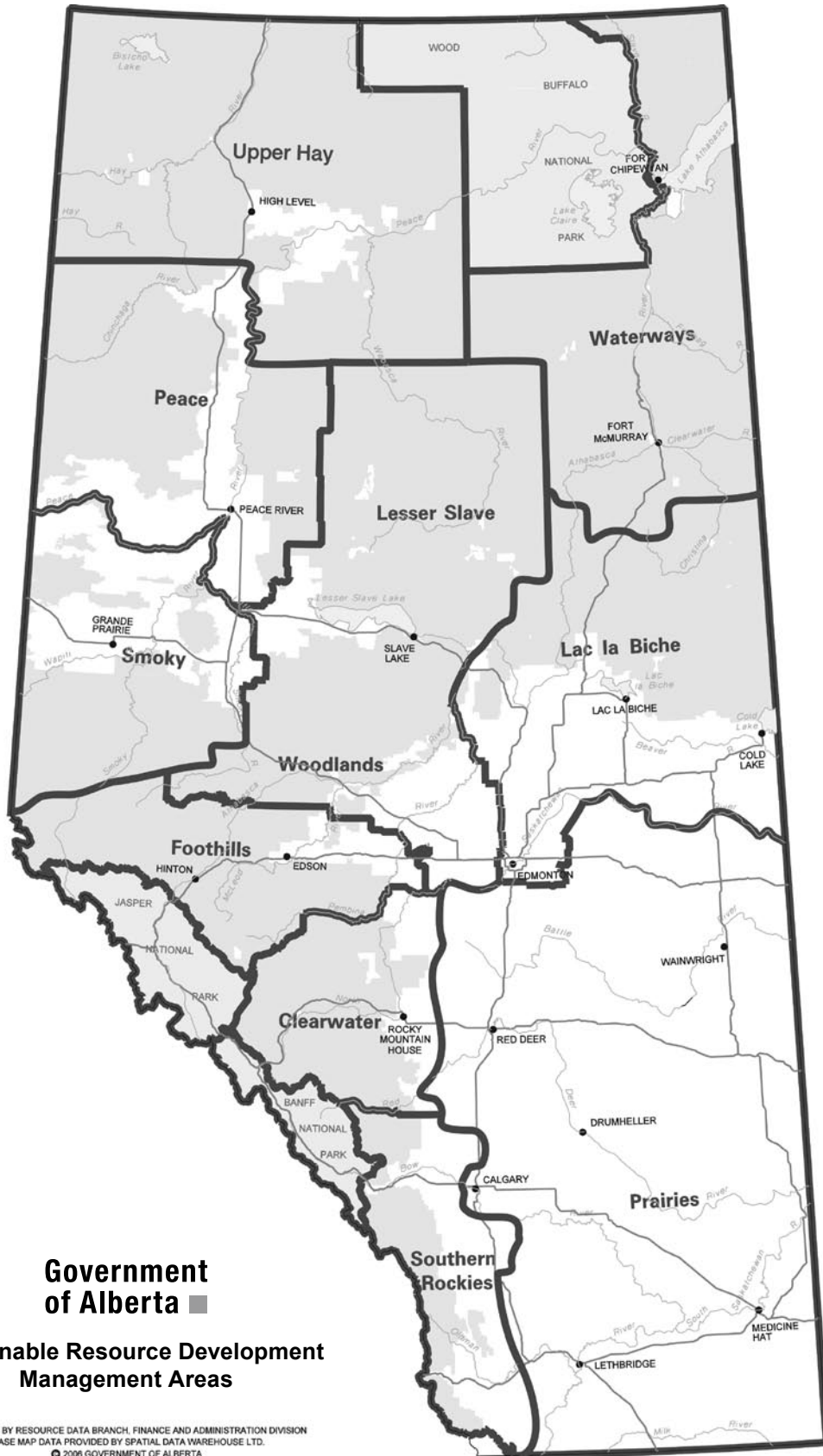
² The Act was proclaimed and came into force on December 5, 2008.

³ Began operations July 1, 2008.

⁴ Incorporated on January 29, 2009

⁵ Began operations July 1, 2007.

⁶ Ministry includes only the departments so separate financial statements are not necessary.



Government of Alberta ■

Sustainable Resource Development Management Areas

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Note to Readers:

Copies of the annual report are available on the Alberta Sustainable Resource Development website at www.srd.alberta.ca or by contacting:

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