



Legislative Assembly of Alberta

The 30th Legislature  
Fourth Session

Standing Committee  
on  
Resource Stewardship

Ministry of Environment and Protected Areas  
Consideration of Main Estimates

Thursday, March 9, 2023  
9 a.m.

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**Legislative Assembly of Alberta  
The 30th Legislature  
Fourth Session**

**Standing Committee on Resource Stewardship**

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Feehan, Richard, Edmonton-Rutherford (NDP), Deputy Chair

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Dach, Lorne, Edmonton-McClung (NDP)  
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Sigurdson, R.J., Highwood (UC)  
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\* substitution for Searle Turton

\*\* substitution for Whitney Issik

\*\*\* substitution for Peter Singh

**Also in Attendance**

Schmidt, Marlin, Edmonton-Gold Bar (NDP)

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## **Standing Committee on Resource Stewardship**

### **Participants**

Ministry of Environment and Protected Areas

Hon. Sonya Savage, KC, Minister

Tom Davis, Assistant Deputy Minister, Resource Stewardship

Brian Makowecki, Assistant Deputy Minister, Lands

Kasha Piquette, Deputy Minister

Stacey Smythe, Assistant Deputy Minister, Regulatory Assurance



9 a.m.

Thursday, March 9, 2023

[Mr. Hanson in the chair]

**Ministry of Environment and Protected Areas  
Consideration of Main Estimates**

**The Chair:** Good morning. I'd like to call the meeting to order and welcome everyone in attendance. The committee has under consideration the estimates for the Ministry of Environment and Protected Areas for the fiscal year ending March 31, 2024.

I'd ask that we go around the table and have members introduce themselves for the record. Minister, when we get to you, please introduce the officials who are joining you at the table. My name is David Hanson. I am the MLA for Bonnyville-Cold Lake-St. Paul and the chair of this committee. We will begin starting to my right.

**Mr. Feehan:** I'm Richard Feehan, the MLA for Edmonton-Rutherford.

**Ms Pon:** Josephine Pon, MLA for Calgary-Beddington.

**Mr. Smith:** Good morning. Mark Smith, MLA, Drayton Valley-Devon.

**Mr. Orr:** Good morning. Ron Orr, Lacombe-Ponoka.

**Mr. Panda:** Good morning. Prasad Panda, MLA, Calgary-Edgemont.

**Mr. Sigurdson:** Good morning. R.J. Sigurdson, MLA for Highwood.

**Mrs. Savage:** Good morning. I am Sonya Savage, MLA for Calgary-North West, Minister of Environment and Protected Areas. At the table I have Kasha Piquette, our deputy minister, and we have ADMs Ryan Fernandez, Tom Davis, Kate Rich. We also have in the room ADMs Brian Makowecki, Jamie Curran, Stacey Smythe, and M.C. Bouchard.

**Mr. Schmidt:** Marlin Schmidt, Edmonton-Gold Bar.

**Mr. Dach:** Good morning. Lorne Dach, Edmonton-McClung.

**Mr. Huffman:** Good morning. Warren Huffman, committee clerk.

**The Chair:** Now we'll go to members participating remotely. When I call your name, please introduce yourself for the record. I see Member Aheer.

**Mrs. Aheer:** Good morning, everyone. Leela Aheer, Chestermere-Strathmore.

**The Chair:** I'd like to note the following substitutions for the record: hon. Mr. Panda for Mr. Turton, hon. Ms Pon for hon. Ms Issik, and Mr. Smith for Mr. Singh.

A few housekeeping items to address before we turn to the business at hand. Please note that the microphones are operated by *Hansard* staff. Committee proceedings are live streamed on the Internet and broadcast on Alberta Assembly TV. The audio- and videostream and transcripts of meetings can be accessed via the Legislative Assembly website. Members participating remotely are encouraged to turn your camera on while speaking and to mute your microphone when not speaking. Remote participants who wish to be placed on the speakers list are asked to e-mail or message the committee clerk, and members in the room should signal to the

chair. Please set your cellphones to silent for the duration of the meeting.

Hon. members, the standing orders set out the process for consideration of the main estimates. A total of three hours has been scheduled for consideration of the estimates of the Ministry of Environment and Protected Areas. Standing Order 59.01(6) establishes the speaking rotation and speaking times. In brief, the minister or member of Executive Council acting on the minister's behalf will have 10 minutes to address the committee. At the conclusion of the minister's comments a 60-minute speaking block for the Official Opposition begins, followed by a 20-minute speaking block for independent members, if any, and then a 20-minute speaking block for the government caucus. Individuals may only speak for up to 10 minutes at a time, but speaking times may be combined between the member and the minister.

After this, speaking times will follow the same rotation of the Official Opposition, independent members, and the government caucus. The member and the minister may speak once for a maximum of five minutes, or these times may be combined, making a 10-minute block. If members have any questions regarding speaking times or the rotation, please send an e-mail or a message to the committee clerk about the process.

With the concurrence of the committee I will call a five-minute break near the midpoint of the meeting; however, the three-hour clock will continue to run. Does anyone oppose taking a break? Seeing none, we will announce that at the time.

Ministry officials may be present and at the direction of the minister may address the committee. Ministry officials seated in the gallery, if called upon, have access to a microphone in the gallery area and are asked to please introduce themselves prior to commenting.

Pages are available to deliver notes or other materials between the gallery and the table. Attendees in the gallery may not approach the table. Space permitting, opposition caucus staff may sit at the table to assist their members; however, members have priority to sit at the table at all times.

If debate is exhausted prior to three hours, the ministry's estimates are deemed to have been considered for the time allotted in the schedule, and the committee will adjourn.

Points of order will be dealt with as they arise, and individual speaking times will be paused; however, the speaking block time and the overall three-hour meeting clock will continue to run.

Any written material provided in response to questions raised during the main estimates should be tabled by the minister in the Assembly for the benefit of all members.

The vote on the estimates and any amendments will occur in Committee of Supply on March 16, 2023. Amendments must be in writing and approved by Parliamentary Counsel prior to the meeting at which they are to be moved. The original amendment is to be deposited with the committee clerk with 20 hard copies. An electronic version of the signed original should be provided to the committee clerk for distribution to committee members.

Finally, the committee should have the opportunity to hear both questions and answers without interruption during estimates debate. Debate flows through the chair at all times, including instances when speaking time is shared between a member and the minister.

I would now invite the Minister of Environment and Protected Areas to begin with your opening remarks. You have 10 minutes.

**Mrs. Savage:** Well, thank you, Mr. Chairman, and good morning, everyone. I'm pleased to present the budget estimates for Alberta Environment and Protected Areas. With Budget 2023 Alberta Environment and Protected Areas continues its focus on reducing emissions by supporting innovation and investment in technology

and conserving Alberta's rich, diverse landscapes and biodiversity for future generations in meaningful and sustainable ways. We continue to find efficiencies and curb costs while providing important environmental oversight and conservation efforts.

This includes important investments in flood mitigation infrastructure to help keep Alberta communities safe and resilient. The ministry's 2023-24 operating expense is \$497 million and, adjusting for government reorganization, reflects an increase of \$106 million over budget 2022-23. This increase includes additional funding for the technology innovation and emissions reduction, or TIER, fund; important flood mitigation projects; and support for species at risk programs. It also includes reinstated funding for the oil sands monitoring program and the wetlands replacement program. I'll go into a bit more detail about some of our main priorities in the coming year.

With respect to TIER Alberta is making great progress on lowering emissions through our realistic, common-sense approach. Strong climate policies and programs are creating jobs, diversifying the economy, and setting Alberta up for success in a lower emissions future. As with Budget 2022, Budget 2023 maintains our commitment to the TIER fund, which is supporting innovative technologies that are cutting emissions and also keeping our businesses competitive. Budget 2023 includes \$800 million of TIER spending over three years – that's from 2023 to 2026 – funding for projects and programs that will support jobs, reduce emissions, and help Albertans adapt and become more resilient to climate change. This funding includes continued investments in programs delivered by key partners like Emissions Reduction Alberta, Alberta Innovates, and the Municipal Climate Change Action Centre.

TIER fund revenue estimates increased from the 2022-23 budget to the estimate; therefore, more funding is allocated for programs supporting technology and innovation and emissions reductions. However, in the out-years you'll see in the fiscal plan that the TIER fund revenue estimates decline in fiscal year '24-25 compared to the estimate for fiscal year '23-24. This decline will be the result of many emitters being expected to use credits instead of paying into the TIER program. As you know, the TIER system is funded by heavy emitters, which are the main source of emissions in Alberta, rather than taking from the pockets of families and small businesses.

With support from industry Alberta recently updated the TIER system, allowing the province to keep its own industrial carbon pricing system rather than having to use the federal system. On January 1, 2023, Alberta's price per tonne of CO<sub>2</sub> emissions rose from \$50 to \$65 per tonne for large industrial emitters and will continue to increase by \$15 each year until it reaches \$170 a tonne in 2030. This along with the tightening emissions intensity performance standards for regulated facilities prevents the federal carbon pricing system from applying in Alberta, and that's good news.

By updating Alberta's TIER regulation and carbon-price schedule, Alberta's government is ensuring our industries stay competitive while saving hundreds of millions of dollars they'd otherwise have to spend under Ottawa's system. These updates will result in increased revenue for TIER, which will continue to be invested in clean technology and innovation programs. Updates to the TIER system and additional TIER funding also meet items outlined in the Premier's mandate letter to Environment and Protected Areas, including standing up for Alberta's jurisdiction to manage our resources and further supporting technology and innovation through the TIER fund.

Alberta has seen an enthusiastic response to funding programs under the TIER program, demonstrating that our industries are

eager to reduce emissions and get our economy back on track. We'll continue to empower our industries with support from the TIER fund.

#### 9:10

On CCUS, carbon capture, utilization, and storage, an additional \$387 million over four years would be reserved in the TIER fund for investments in future carbon capture, utilization, and storage. The CCUS funding is in addition to the \$800 million of TIER spending over three years. CCUS is recognized globally as one of the top technology investments needed to cut emissions. In fact, there's no way to net zero in the world, Canada, Alberta, or anywhere without CCUS, and Alberta is recognized already as a leader in developing this technology.

TIER isn't the only way Alberta is attracting new investment, creating jobs, and achieving environmental outcomes. Work is also under way to establish a unique regulatory framework through the designated industrial zone, or DIZ, project in Alberta's Industrial Heartland. The DIZ will establish a best-in-class regulatory framework that will reduce red tape, streamline regulatory approvals, help attract investment, create jobs, and achieve environmental outcomes. Facilities in the DIZ will benefit from consistent, co-ordinated regulatory approvals, shared access to infrastructure and resources, and minimized cumulative environmental impacts by participating in governance of the zone and a commitment to continuous improvement.

Budget 2023 would allocate \$2.5 million for this project to complete zone-wide assessment studies in the DIZ. A zone-wide assessment will look at everything from air quality to plants and trees in the area to animals that wander through each season. The assessment will establish a common environmental baseline for the DIZ that will reduce project-specific requirements for environmental impact assessment. This will reduce time and costs for applicants and improve the competitive advantage.

A zone-wide assessment will also allow for stronger future assessments of environmental performance and management. The project will receive \$900,000 in '24-25 and \$300,000 the next year. Combined with other government initiatives that support the petrochemical industry such as the Alberta petrochemicals incentive program and ongoing red tape reduction, the DIZ has the potential to attract billions – billions – of dollars in capital investment and support thousands of direct and indirect jobs by 2030.

With regard to oil sands monitoring Alberta Environment and Protected Areas is also responsible for a variety of environmental monitoring activities. The industry-funded oil sands monitoring program, or OSM, balances our diverse energy sector with strong commitment to environmental stewardship through monitoring, evaluation, and reporting priorities identified by a multistakeholder governance structure. Twenty-five million dollars a year would be reinstated for OSM through '23-24 and through 2025-26.

Environment and Protected Areas was working in the past to establish a new third-party entity to be responsible for the financial administration part of this program. The department was unable to find a third party who could perform this function better than the department itself, so the EPA will continue to administer this program. OSM is supported by an annual budget of up to \$50 million paid for by the industry. Environment and Protected Areas collects and administers this dedicated revenue on behalf of the program and its partnering organizations, with funds allocated on approved annual work plans.

Airshed organizations. Budget '23 allocates \$818,000 in core operational grants and \$400,000 to support an expansion of our work with air partners. This will increase our contracting of

routine operations to airshed organizations. There are about 75 permanent air monitoring stations across Alberta operated by airshed organizations and our ministry. The ministry is responsible for operating 20 of those permanent stations. Airshed organizations are community-based, not-for-profit, multistakeholder organizations that operate regional networks. The increased funding in Budget 2023 will help the Calgary region airshed zone operate the air quality station in Airdrie. Funding will also support the Alberta Capital Airshed in operating four air quality monitoring stations in St. Albert, east Edmonton, Lendrum, and McCauley stations as well as Lethbridge. This increase will allow our department to refocus our existing resources on emergency response support and responding to air quality priorities that are important to Albertans.

Flood mitigation. Flooding is another important issue in our province, disrupting the lives of Albertans and our economy too often in recent years. In fact, flooding has become one of Alberta's . . .

**The Chair:** Sorry to interrupt, Minister. Thank you for that.

For the hour that follows, members of the Official Opposition and the minister may speak. Hon. members, you will be able to see the timer for the speaking block both in the committee room and on Microsoft Teams. Members, would you like to combine your time with the minister? Minister, what do you prefer?

**Mrs. Savage:** I'll combine time.

**The Chair:** Combined time? Okay.

**Mr. Schmidt:** Thank you very much. I appreciate that, Minister. I think that by having a back-and-forth discussion, we can have a much more effective session here.

Page 48 of the business plan, key objective 2.6 addresses reclamation and remediation responsibilities, and my first set of questions are related to this policy objective with respect to the recent Kearl Lake oil sands mine incident. The Alberta Energy Regulator issued an environmental protection order against Imperial Oil for two releases at its Kearl Lake facility. One release is still ongoing. A second release still needs to be remediated. Substances that were reportedly released include arsenic sulphide and F2 hydrocarbons, which are a component of diesel fuel. Now, both your government and the AER and Imperial Oil have all stated that there are no impacts, but no one has provided any public data to prove that that's true. When our caucus was briefed by the AER on this matter on Tuesday, we were told that this matter was under investigation. Can the minister inform this committee what the scope and the objective of that investigation is and when she expects the investigation to be completed?

**Mrs. Savage:** Well, sure. It's an unfortunate incident that happened at Kearl, and I think we need to learn from it and do better. I think we need to start by looking at: what are the processes? Were they followed? Should they be enhanced? I think right now we're seeing a situation where there's a bit of a loss of confidence and trust in the processes and the regulator and the whole situation. When a First Nation group is feeling they weren't properly informed of the risks and the information, that's a problem. I am committed to take a look at all of that and look at whether the processes need enhancement.

I know there's been a lot of concern and finger pointing back and forth on the regulator, on our government, on the federal government. We need to do better, and I think we need to take a step back and understand those processes, whether they were followed and whether they need to be improved. Now, it's not typically the government's responsibility, and it would be very unusual to insert

ourselves into communications about a matter that's under compliance enforcement by a quasi-judicial independent regulator.

That said, we can look at the processes around it, and we can look at the situation in general. There are a number of things that our government is doing outside and in addition to the compliance and monitoring that's under way on the site by the regulator, and that is – well, number one, we've reached out with the municipality of Wood Buffalo, and we're doing independent monitoring with the government of Alberta and the municipality. We also have the oil sands monitoring program, that I referenced in the opening statement, which is a \$50 million a year program with multistakeholders, including industry; Indigenous organizations; environmental organizations; community, federal, and provincial governments to monitor the oil sands. There's analysis downstream by the oil sands monitoring program.

Also, our government has four water quality monitoring stations on the Muskeg River, and with that there haven't been any concerns raised to our department of water quality issues that would indicate at any time that anything spilled in the water. We've looked back to some of the data going back to May, when the first leak issue started, and there's no indication that there's been leakage.

That said, we're continuing with monitoring to make sure that we haven't missed anything. We take this extremely seriously. Any concerns that drinking water would be impacted, wildlife, the environment, our waterways, our watersheds is of great concern, and I'm committed to taking a look at the entire processes to see where things may or may not have gone wrong.

**9:20**

I think the starting point is looking at the difference between compliance orders, that the AER issues, and environmental protection orders. The first time I found out about this incident myself was February 7. It was the same time the federal government found out about it and probably the northwest government. And that's because it was an environmental protection order, which requires a very high degree of notification and a communications plan by the company. It really kicks into gear a high emphasis on notification. Some of those same processes are not in place for a compliance order.

That's an area that both the AER has said that it's committed to looking at, we're committed to looking at, and I think you probably saw recently that the federal government has said that we need to work together to see if their processes and our processes need improvement. I'm committed to that.

**Mr. Schmidt:** My original question, Minister, was whether or not you could inform the committee on the scope and the objective of the investigation that the AER is currently conducting because . . .

**Mr. Sigurdson:** Chair, a point of order.

**The Chair:** A point of order has been called.

**Mr. Sigurdson:** On 23(b), the member opposite is asking a line of questioning which is well outside of the scope of this committee, in my personal opinion. The minister has already answered that the independent AER is a quasi-judicial board outside of government, been clear on that. She has been clear on her answer on that. I don't see how this relates to a budgetary item, anything within the business plan, or any funding towards it. So if the member could get back to why we're here today, which is to discuss the matters at hand as far as the budget line items and how that relates to the ministry, that'd be great.

Thank you, Chair.

**The Chair:** Go ahead, in defence.

**Mr. Schmidt:** Thank you, Mr. Chair. I mean, page 48, key objective 2.6, clearly states that addressing reclamation and remediation responsibilities is an objective of the environment ministry. Here we have a very high-profile case of a site that needs to be remediated and reclaimed, and there are a lot of questions that need to be asked about how the policies will impact this particular site. So I think that these questions are well within order.

**The Chair:** Thank you, members.

I'm prepared to rule on that. I think we're kind of walking a pretty fine line. I feel that the line of questioning does fall under the jurisdiction of the ministry. However, I do think that the minister gave a pretty good answer to your question. However, it is your time. We're here, you know, to answer questions for the public and the Alberta taxpayers. If you want to continue down on one line of questioning for the entire hour, that's your time. It's up to you. I don't think it would be the best use of your time, but go ahead.

Minister, feel free to answer or not answer any questions that come forward.

**Mrs. Savage:** Well, I can't comment on an ongoing investigation and compliance matter, what's happening with respect to that particular incident. I think those questions would have to be directed to the independent regulator. What I can comment on is the overall process and policies and whether there needs to be improvement. But in terms of what's happening at site, it is an independent investigation, and it's a legal matter, and those questions would be better directed to the AER.

**Mr. Schmidt:** Thank you, Minister. Unfortunately, the AER provided the same roadblock when they briefed us. I appreciate the fact that they took the time to brief us, but every time we asked them a question, their answer was invariably some variation on: we can't tell you because it will impact the investigation. But they don't explain what kind of investigation it's undergoing, when they expect the investigation to be completed, nor do they tell us why they can't tell us what's going on, and it's frustrating. I think the general public wants to know at least what's going on.

One of the key issues here is that there is a lack of data that's being released because the Energy Regulator is using this shield of "under investigation," it looks like, to prohibit the release of data to let people know what the situation is on-site. And I appreciate that there's independent monitoring now going on in the regional municipality of Wood Buffalo. You've got the oil sands monitoring program and four water quality monitoring stations in the general area. However, we know that these kinds of releases are very local in nature, and those distant water monitoring locations likely wouldn't pick up something for quite some time.

The environmental protection order issued to Imperial Oil clearly states that one release is ongoing and must be contained and that the second release must be delineated and remediated. In the meantime both Imperial Oil and the regulator insist that there are no impacts. Can the minister commit to releasing all of the data related to this incident that's been collected so far so that the public can see whether or not these statements that there are no impacts are true?

**Mr. Sigurdson:** Chair, point of order.

**The Chair:** Member, a point of order is not necessary.

Member, it's been clearly stated – and you've been around long enough, as long as I have – that when matters are before the court, we're not allowed, especially as a minister . . .

**Mr. Schmidt:** This is not a court matter.

**The Chair:** . . . to influence those decisions. She has made it very clear her answer on this matter and that she can't release any information. I'm sure that once the report is done and the investigation is done, those numbers will be introduced and put forward to the public.

I'm not going to allow further questioning on this matter, so please change your line of questioning.

**Mr. Schmidt:** Well, Mr. Chair, I would like to hear from the minister the explanation as to why she can't release the data.

**The Chair:** Member, she released that information. You are well aware as a sitting MLA . . .

**Mr. Schmidt:** She didn't release that information.

**The Chair:** . . . that when matters are before the courts or under investigation, the minister, especially, is not allowed to comment because it may influence the outcome.

**Mr. Schmidt:** Forgive me for not deferring to your legal expertise . . .

**The Chair:** Member, you are well aware.

**Mr. Schmidt:** . . . but I want to hear it from the minister.

**The Chair:** Member, I'm calling you to order. I'm telling you that further questions on this matter will not be allowed and tolerated. She has given you the answer. You know full well that she is obligated not to comment and influence the investigation, so please change your line of questioning.

There are many lines in the budget that you can ask questions on. There's information in other documents that fit well within the questioning of this. It's going to be a long three hours.

**Mr. Schmidt:** Yeah. This kind of data is routinely made available without even having to go through the FOIP process for all kinds of oil sands operators. What is the process, I guess, by which a member of the public who is interested in understanding who is seeing the data here related to this particular incident should go through to get access to it?

**Mrs. Savage:** Like, what I can say is that the oil sands monitoring committee data is public. Our water quality data is public. All of that is public. We've deployed EPA staff up to the area, up to the site. I believe there are Indigenous groups now on-site that have been given access to the site to investigate it.

I think our role here is that we can't comment about the particular event because it is under investigation, but what we can do is take a look outside of that event on the policies and the processes, whether the process that exists was followed, what that process is, whether it was followed, and what enhancements and improvements are needed.

I think we're at a stage – my goal here is to make sure that we continue with trust and confidence in the regulatory process, in the environmental protection process. It's important that Indigenous groups and the public and communities have confidence, and we're committed to crack open the whole process and take a look at the things that the government can look at on policies and processes. It's under investigation, so on-site I think those questions have to be deferred to the AER.



**Mr. Schmidt:** Yes. Like I said, we did ask the AER these questions about data availability, and they hid behind this shield of the matter being under investigation. It's incredibly frustrating that that is the case.

I want to move on now to the issue of notification, which was a major issue in this incident. Now, First Nations assert that they weren't notified that anything had happened until the EPO was published nine months after the initial incident.

**Mr. Sigurdson:** Point of order, Chair, 23(c). The member opposite is needlessly repeating questions related to this incident over and over again. I have not yet – we are 15 minutes into their block of questioning. I haven't heard one page, one line item, anything relating to the budgetary issues whatsoever. I think this is getting very redundant. I think we should move on to the business at hand, once again, which is getting back to the issues that relate to the budget as is laid before us. I think you've mentioned that there are a lot of issues that can be discussed here related to line items that deal with the ministry itself directly. I have not yet heard one, Chair, so I find this a point of order on just a repeated line of questioning going nowhere.

9:30

**The Chair:** Okay. Thank you. Defence?

**Mr. Schmidt:** Again, I started off all of these questions referring to item 2.6, the key objective on page 48 of the business plan, addressing reclamation and remediation responsibilities. I haven't even gotten through my whole question yet, so I don't know what the member is objecting to. I would like at least to be able to get the question out first and then let the member decide whether or not he's going to object to it.

**The Chair:** Okay. Thank you.

I'm prepared to rule on this. Again, I've said many times in committee: the hour that remains or the 44 minutes that remain are the members' time. How they choose to use it is up to them. If they choose to waste their time on repetition, the minister is under no obligation to answer any questions. She can quote Dr. Seuss if she wants in her answer.

What I will caution the member on is, under 23(g), referring to any matter pending in a court or before a judge for judicial determination. You are well aware of that clause – well aware of it – so I would caution you.

**Mr. Schmidt:** There's no court case here yet.

**The Chair:** A matter pending in a court or before a judge for judicial determination. It is under investigation.

**Mr. Schmidt:** Well, find me the court case.

**The Chair:** It is under investigation.

**Mr. Schmidt:** Find me the court case. That doesn't mean that there's any court case going on. You are reading too much into that . . .

**The Chair:** Member, I've called you to order on this. Like I say, if you want to continue down this path, you've got 43 minutes and 26 seconds left. The Premier or the minister is under absolutely . . .

**Mrs. Savage:** I've got a promotion.

**The Chair:** A promotion, yes.

. . . no obligation to answer your questions. If you want to continue down this path, I would suggest that you stick to the business plan, budget line items, and get some answers for Albertans and your constituents.

**Mr. Schmidt:** As I was saying, notification to the public about this incident was a major issue. First Nations assert that they weren't notified until the environmental protection order was published, which happened nine months after the incident. Now, Imperial has claimed responsibility for that failure in communication, but I want to know: what responsibility did the Alberta Energy Regulator have to notify affected parties? Will the environment minister request that the office of the Information and Privacy Commissioner conduct an investigation into this incident to determine whether the AER complied with all of its legal obligations to notify affected parties?

**Mrs. Savage:** What I can commit to is to look at the processes: were they followed in this circumstance, and should they be enhanced? In this case, I found out about the incident the same time the Indigenous community did, on February 7. Now, I do understand that when the first compliance matter – there are two separate incidents here. There was a slow seepage through the fill in the tailings pond, which started in May 2022, and that was under a compliance order, compliance and enforcement mechanisms in the AER. I understand that the Indigenous groups were notified back in May of '22 about an incident, and then the environmental protection order on February 7 came out. That's when I was noticed, and that's when the more significant, higher level, higher threshold of notification came into play.

That's what I think we need to commit to, to look at those processes. Rather than everybody pointing their fingers at one another, pointing fingers at the regulator, pointing fingers at the governments, pointing fingers at the company, let's sit down, and let's fix it. Obviously, if there's a situation where groups feel they weren't informed, let's look at the policies and the processes and whether there's enhancement. I'm committed to do that.

As I say, I learned about the incident on February 7 as well, and I think there are probably some gaps that need to be looked at and processes fixed and improved.

**Mr. Schmidt:** Help the committee understand, then, what this process of reviewing the process is, in suggesting what improvements will look like. Certainly, some people are suggesting that the office of the Information and Privacy Commissioner should look into this. What does the minister have in mind for a review, and when can Albertans expect the results of that review?

**Mr. Smith:** Point of order. I would point us to 23(b). There may be a line in the budget that talks about enhancement and reclamation, but right now we're going down a path of asking: what is the minister supposedly going to do in the future? It's got nothing to do with . . .

**Mr. Schmidt:** That's exactly what the fucking business plan gives.

**Mr. Smith:** . . . the budget.

**The Chair:** Member Schmidt, I'm going to ask you to apologize for that or leave the room.

**Mr. Schmidt:** Yeah; I apologize, but I wish that he would understand what we're trying to do here instead of interrupting my questions all the time.

**The Chair:** Congratulations on being the MLA that's had to apologize more than any other MLA in eight years.

**Mr. Schmidt:** Yeah. Well, guess what?

**The Chair:** Careful. Caution. I will recommend that you continue your questioning. Like I said, the minister has already answered the question. She's explained to you the difference between a compliance order and an environmental protection order. She has committed to investigating to see if there are any improvements that we can do as a province. That's her job and her department's job.

If you continue down this line of questioning and don't get the answers you want – I made a comment the other day that if you climb down rabbit holes, don't be surprised if you run into a rabbit once in a while. If you continue on this line of questioning, you're going to be wasting your time. We're now halfway into your one-hour session. What have you got? You've got an explanation from the minister, I thought a very good one. She was informed of this on February 7. She says that there are issues and problems and that they're going to investigate ways to deal with those. I don't know what more she can answer for you at this point on these, so if you want to continue down this line of wasting your own time and Albertan taxpayers' time not getting the answers other than what's already in the paper – everything that is possible, the information on this case is already available publicly in the paper. There is nothing more that the minister can add to it.

Go ahead, Mr. Dach.

**Mr. Dach:** Thank you, Chair. I'd just like to bring the temperature down a little bit here. I felt that the member and the minister were having a useful and productive interchange, and it only became difficult when we had points of order raised. The minister was capably handling the questions and answering how she chose to. It was a useful interchange, so I hope we could continue with that. The minister is perfectly capable of deciding how to answer or not to answer, and I think we should just continue along because we were in scope.

**The Chair:** Thanks for that, Mr. Dach. I agree with you. The minister has answered the same question the same way three times. You know, like I say, there are many line items in the business plan and the budget. If we want to continue down a case that she can't comment on – she's already given her answers on the compliance order and environmental protection orders, I thought quite reasonably. If the member wants to continue to waste his time, then so be it.

Minister.

**Mrs. Savage:** Well, I guess I would just reiterate that we are prepared to look at the things that are within the scope of the department and the government, to look at the policies and processes, whether they were followed, whether they need enhancement. We're prepared to look at that, and I think there are processes within the legislation on how to, you know, direct the regulator to look at the processes. Those rules are generally made – compliance rules, the procedures and the directives around how that's done are generally inside the regulator. There are ways for the government to give policy direction to the regulator, and that's how I would propose to do that.

Let's bring all the parties together, especially the Indigenous communities and environmental organizations, the communities, the industry, the stakeholders, and say: did we have a miss here? Is there something in the policies that can be improved? My first look at it is: let's take a look at what it says about compliance orders and

the notification around it. As I say, I learned about this the same time as the Indigenous groups did.

Another thing is that we've already, you know, opened the dispute resolution process with the Northwest Territories, who also learned about it around the same time I did, on notification to the Northwest Territories. That's under a process to look at the processes.

9:40

**Mr. Schmidt:** Thank you very much for that answer.

Sorry. Do you have a timeline for completing that review?

**Mrs. Savage:** No. No, I don't. It's just that this is an evolving situation, and I think it just needs to start, and I think we need lots of involvement from the Indigenous groups and engagement with those groups, so it may take some time.

**Mr. Schmidt:** The environmental protection order set out a number of deadlines for Imperial Oil to submit plans that must be approved by the director: a communications plan; a control, containment, and delineation plan; a sampling and monitoring plan; a wildlife mitigation and monitoring plan; a remedial action plan; and a reporting plan. Now, when we asked the AER, they did not require Imperial Oil to develop any of these plans with consultations with First Nations. This may be a violation of their treaty rights. Will the minister commit today to ensure that Imperial Oil is required to revise or develop these plans in consultation with affected First Nations?

**Mrs. Savage:** Well, again, I can't insert myself into a quasi-judicial independent process of the regulator. I've been informed by the regulator, the same as you have, that Imperial is in compliance with all the directives and directions under the environmental protection order. All we can do is look at the process, whether that process was followed and, again, what improvements there could be. That's our role. I can't give directions to Imperial. That would be within the scope of the regulator.

**Mr. Schmidt:** Will you be undertaking a review of how the Alberta Energy Regulator interacts with First Nations to make sure that their treaty rights are respected when incidents like this occur?

**Mrs. Savage:** I think, again, we just have to look at the processes, whether they were followed and whether they need to be enhanced, and most of that's around the compliance order. But I think this is an area where we need trust and confidence in the regulator, the regulatory process. We need our communities and Indigenous groups to feel that their waterways are safe, their drinking water is safe. Our role as government would be to look at the policies and see if there's any enhancement needed.

**Mr. Schmidt:** Thank you.

This incident comes at a time when the federal government is also considering allowing oil sands operators to release effluent from their tailings ponds into the Athabasca River. The incident in Kearl Lake has raised serious questions about whether oil sands operators and our regulators can be trusted to do this safely and in an open and transparent manner and in a way that respects treaty rights. Will you clearly commit today to not adopting this proposal until trust in our regulators has been restored and our relationship with First Nations has been repaired?

**Mrs. Savage:** Well, I think the federal government is reviewing the treat-and-release requirements and regulations on treat-and-release water into the waterways. We're working with them. I believe they originally were to have some regulations in place and

some guidance in place in 2023. They're taking the time to – we expect it'll be done in 2025. They've been amended to finalize those timelines to 2025. There are no policy decisions at all related to the treatment and potential release of oil sands water, mining, tailing ponds water. Nothing has been decided yet. The time frame for that has been bumped to 2025. That's a federal government led initiative, and they do have authority in that, constitutional authority over fish and fisheries.

**Mr. Schmidt:** Thank you very much for that.

Page 97 of the government's fiscal plan shows that in fiscal 2022-23 more money was spent from the TIER fund on debt reduction and the war room than on carbon emission reductions projects. The budget estimates show that more than \$200 million will be spent on debt reduction and the war room this year. Can the minister explain why, at a time when emissions reductions are more critical than ever and at a time of record government revenues, all of the money from the TIER fund isn't being spent on emissions reductions programs?

**Mrs. Savage:** Well, I think, you know, this is – when the TIER fund was originally set up, in 2019, it was set up in a way where the first \$100 million, I believe, went to emissions management, and then after that it was a 50-50 split between debt reduction and emissions management. I agree with you. I'd like to see all of it – all of it – used for emissions reduction. There are so many opportunities. I look at emissions reduction and all the good things that are happening across our province in every single industry to reduce their emissions. They need the additional support for innovation and technology. They're doing a lot of good work, and by the way the work they're doing is actually attracting investment. It's creating jobs. It's creating thousands of jobs and attracting hundreds of billions of dollars of investment.

You know, I agree with you. I think that in the future we should be looking at using all of TIER funds for emissions reduction and technology.

**Mr. Schmidt:** I'm pleased that we agree on this matter. What is preventing, then, the ministry from spending all of the money? I understand that when the TIER fund was set up, I think it's even a legislative requirement that beyond the \$100 million some of it go into debt reduction and funding the war room. Will the minister consider bringing forward legislation to make those changes so that all of the money in the TIER fund can be spent on emissions reductions programs?

**Mrs. Savage:** I would like nothing more than to see all of those TIER funds spent on emissions reduction because that attracts investment. That's a broader decision. I think you might want to direct those questions to other ministries, but I would support that myself.

**Mr. Schmidt:** Okay. Thank you very much for that.

The same table indicates that zero dollars will be spent this year from the TIER fund on climate resilience projects. Now, why does the government refuse to acknowledge the need to invest in climate resilience projects in the future years?

**Mrs. Savage:** Okay. There's some information that might be helpful here. It's not coming from the TIER fund. It's coming from the department budget; \$3.5 million is allocated under the department's budget to continue the watershed resiliency and restoration program. That program provides funding to municipalities and nonprofit organizations like irrigation and community, Indigenous groups to enhance watershed resiliency for

floods and droughts. Since 2014 over \$40 million has been invested through that program to support 76 organizations. That's, I guess, the answer, that the funds are there; they're just in a different part of the budget.

**Mr. Schmidt:** I got it. A different fund.

**Mrs. Savage:** They're in a different part.

**Mr. Schmidt:** Sorry. Can you help me understand which line item those would appear in in the government estimates on pages 84 and 85?

**Mrs. Savage:** We're looking for that. It's in the capital grants programs.

**Mr. Schmidt:** Grants? Okay.

**Mrs. Savage:** We're doing so much good work in environment supporting these things; we're digging through mounds of paper to look for the exact line item.

**Mr. Schmidt:** While your department is trying to – oh.

**Mrs. Savage:** Here we go. Here we go. It is in line 4.4 of the capital grants program. If you want, I can give you the recipients of some of these grants.

**Mr. Schmidt:** If you could commit to tabling that, I would appreciate that, Minister.

**Mrs. Savage:** Yeah, we can. I think it's public.

**Mr. Schmidt:** Okay.

**Mrs. Savage:** Yeah. It's good news. It's right across the entire province, including Indigenous groups that have had grant funding.

**Mr. Schmidt:** I have no doubt that it's good news, and I'm glad to hear that.

Now, I do want to go back to the TIER fund. I understand that by '25-26 the TIER fund will have accumulated \$387 million, which in your opening statement you said would be invested in CCUS projects. I guess I'm wondering: why are you accumulating all of that money to spend in the out-years? Why are you not investing that money in CCS projects this year?

**Mrs. Savage:** We are investing in a number of items in it through Emissions Reduction Alberta, and over the last few years there have been a number of projects we've invested in on CCUS to kick-start some of these projects. They won't be constructed and operational until the outlier years, but we have been investing in it already. The \$387 million will be available in the future. Yeah. Those programs are still going to be developed on what that \$387 million will be used for.

**9:50**

Of course, you're probably aware of all the different federal funding available for CCUS, from the investment tax credit to the Canada growth fund and the contracts for difference. We're setting aside some funds to have some flexibility on how to deal with CCUS. We are investing in it right now; in fact, we've invested already \$1.8 billion through Emissions Reduction Alberta and Alberta Innovates. We've invested significant amounts in studies and innovation and technology.

We're also investing this year \$3 million in the carbon knowledge network, which is world leading. It pulls together all the

expertise across the country in carbon capture to be able to share that knowledge with each other so that the lessons learned can be used by other projects. As I say, this is a very, very big area that I am personally, you know, interested in because I don't see a path to net zero without carbon capture.

**Mr. Schmidt:** The government is investing significant sums, as you said, in carbon capture and storage. It's my understanding that currently in Alberta we're storing somewhere in the neighbourhood of one megatonne a year of carbon emissions in these kinds of projects. By 2025-26, when this \$387 million will be accumulated in the TIER fund, what is the government's objective for total storage of carbon emissions in the CCUS projects?

**Mrs. Savage:** I think you almost have to go sector by sector. We're looking at that, and you've seen the oil sands industry alone with the pathways initiative. I am going to throw a number out there; I hope I'm not wrong. I think it's 14 megatonnes that they are aiming for by 2030. I hope I'm correct on those numbers, but it's significant.

If you look right across every sector, there are opportunities for sequestration and emissions reduction in everything from petrochemicals to production of electricity, from natural gas to fertilizers, cement; there are biodiesel facilities. Almost every industry across the province is looking to reduce their emissions using CCUS – carbon capture, utilization, and storage – and we see it as, like, a huge opportunity not only to reduce emissions and show the world that we're serious about this but to attract investment.

Hydrogen, for instance. If you have an international company looking to build a hydrogen facility, they want to build a net-zero hydrogen facility, and they need CCUS. If we don't have it here in Alberta, they'll site it somewhere like Louisiana or Texas, so we're working collaboratively with the federal government to make sure we don't lose these projects.

**Mr. Schmidt:** I appreciate that there are a lot of people who say they are interested in it. Certainly, the Pathways Alliance has made some big promises with respect to the amount of emissions reductions they're going to achieve through carbon capture and storage, but they are under some criticism for not actually having a credible plan in place to reach that goal.

What is your department doing to make sure that the objectives with respect to emissions reductions through carbon capture and storage are actually going to be met? Like, I guess, do you have a target? Do you have an overall target? You said, "sector by sector." Will you be looking at sector-by-sector targets? What framework will be in place to ensure that the people who say they want to reduce emissions through this technology actually achieve what they set out to do?

**Mrs. Savage:** I think that would be a business decision from those individual companies. We certainly want to see them reducing, and we're working with them. We're working on a climate strategy. I'm just looking at some of the announced projects already, the CCUS projects. Most of them have put an estimated number of carbon capture. These are projects – everything from power generation to oil sands to pipelines to hydrogen facilities. Most of them have the individual capture limit. All of them – all of them – are looking as companies and as projects to find a net-zero target. I think that's a great story for the province, that we're attracting all of this.

**Mr. Schmidt:** Absolutely. I think it would be even greater if they achieve those objectives, and I think it's government's role to make sure that those commitments that are made are achieved. So I'm just asking: does the government, does your department have any plan

to help those companies achieve the objectives that they've set out for themselves?

**Mrs. Savage:** Well, yes. I think that's why, one, we've set aside the carbon hubs; 25 CCUS hubs have been awarded. Those fall within the Department of Energy. We also have set aside funding where research and investment were working with – the federal government has set aside significant funding with their investment tax credit. More will be needed. More will be needed. You look south to the United States and the IRA. The incentives that are being offered at \$85 a tonne are significant, and we need to make sure that as a country we're able to be competitive in that.

I think a lot of the key on this is not – this isn't a question of using a hammer; it's using a stick, incentives, and the right programs to ensure these companies are able to decarbonize and invest in some of these CCUS projects.

**Mr. Schmidt:** I want to change now to key objective 1.6, which deals with the prevention of the entry of invasive species into Alberta. Now, according to the department's own reports there are only five inspection stations for watercraft in the entire province, making it very easy for mussel-fouled boats to enter Alberta undetected. The economic costs of mussel infestations in Alberta's irrigation infrastructure are huge, on the order of hundreds of millions of dollars per year, but Alberta's irrigators have lost confidence in your government's ability to prevent mussels from entering its reservoirs and have been forced to set up their own monitoring programs. There's no increase in the budget for watercraft inspections this year. Why has your government continued to fail to protect our province's irrigation infrastructure by failing to adequately inspect watercraft entering the province?

**Mrs. Savage:** Thank you. We have a watercraft inspection program for watercraft that are entering the province along both the east and the southern borders, and they're a priority for our government. This program itself has intercepted 19 mussel-fouled boats the 2022 season, and that prevented possible invasive species establishment in provincial water bodies. The 2023 season, which is coming up and will commence on the May long weekend, includes five inspection stations. That's starting on the May long weekend.

You know, to go back to 2022, some of the results, those watercraft inspection stations intercepted 19 boats out of 8,032 inspections, so they did over 8,000 inspections last year. All of these boats originated in Canada, from New Brunswick, Quebec, Ontario, and Manitoba. Out of the 19 that had a problem, 10 had been previously inspected in another province, with notification shared on six of these. This emphasizes the need for redundancy in watercraft inspections. We need multiple across provinces and the maintaining of a high inspection network across North America. In 2002 the conservation K-9 staff – is that dogs?

**Mr. Davis:** Yeah. Dogs.

**Mrs. Savage:** Yeah. The dogs inspected 383 watercraft for the presence of invasive mussels as well.

**Mr. Schmidt:** So if I understand the minister correctly, there will be no increases in the number of inspection stations in the 2023 season.

10:00

**Mrs. Savage:** We're maintaining.

**Mr. Schmidt:** Maintaining. Okay. So even though the Alberta irrigation districts feel that this is inadequate, the government is not responding to their request to increase the number of inspections

this year. That's certainly putting our irrigation infrastructure at significant risk, and it'll be irrigators who pay the price when mussels start to infest those bodies of water.

On page 48 of the business plan key objective 2.5 states that a conservation strategy will be developed. Alberta currently only conserves about 15 per cent of its land area with legal protections that are defined by the International Union for Conservation of Nature as protected areas, a number that hasn't changed at all since this government was elected in 2019. Why has your government failed to increase the area of conserved land in Alberta over the last four years?

**Mrs. Savage:** Well, thank you. I had the absolute privilege of being able to attend COP 15 in Montreal, which is the biodiversity convention on biodiversity and conservation and protection. One thing I discovered down there in my conversations was, actually, that Alberta is a leader in this area. We are a leader not only in Canada but across the world, and I was quite delighted to hear that. We're taking it very seriously, and it's an area that I personally am very interested in, and I've seen polling that this is important for the public, too. They love their natural spaces; they love their species and wildlife.

I can tell you a few of the things that we're doing, our approach, and I can start with the Crown land conservation approach. We focus on seven points, and it's co-ordination and transparency and conservation work through a conservation framework. We recognize stewardship and management on a suite of landscapes. We have evidence-based monitoring. We support voluntary conservation efforts. We're working with industry to align their conservation opportunities, and there's a huge push internationally to push our companies to do more on biodiversity and conservation. In fact, there's sustainable financing available for that. We're also working on integrating climate elements into biodiversity conservation actions. I'm not sure; we can go into a number of organizations for funding . . .

**Mr. Schmidt:** Those sound like admirable goals, but none of those things actually increase the amount of area of land that falls under the legal protections that are internationally accepted as being required to be in place to meet a conservation goal. Does the government intend to increase the amount of land area that falls under these kinds of legal protections in the 2023-24 year?

**Mrs. Savage:** We certainly are – you know, it's an important thing to increase. I think you're talking about the 30 by '30 targets for conserved space. There are conversations over what that could include. We see huge opportunities in Alberta and Canada to look at our grasslands, our grazing leases. That's conserved space. But I can tell you a couple of the things we're doing and that are very successful, and that's the caribou habitat recovery program. Since 2018 there's more than \$40 million that has been invested into that program. Over a million trees have been planted to help reduce landscape fragmentation, including contributions from industry. In Budget 2022 we committed to \$10 million a year, starting this year, in 2023-24.

I think a really good story that we probably need to talk about a little bit more – I never pronounce this name right, but we've done the Kitaskino Nuwenéne Wildland, and I'm going to ask Tom to say it.

**Mr. Davis:** KNW.

**Mrs. Savage:** The KNW expansion. That was in 2022. That's through a collaboration with Indigenous communities and industry,

and the expected protected area is now more than 775,000 acres. That connects landscapes and conserves wilderness habitat for species at risk. I'd like to see more of those opportunities move forward.

We also have the Moose Lake management area up in the oil sands. That was finalized in 2021. That allows for the management of resources while meeting the needs of the local Indigenous peoples. And we have multiple species at risk programs. This is an area that I think the government for many, many years has been doing a great job at, but we probably don't tell that story well enough. That KNW expansion is really a good-news story. Like, that is a really good effort that's done a lot to protect lands and to include Indigenous people. I think we need to do more in that area, and we need to highlight and celebrate the stuff that's already done.

**Mr. Schmidt:** Thank you.

On the issue of species at risk, wood bison have been deemed under imminent threat under the federal Species at Risk Act. In 2021 this government conducted a 60-day consultation period on a draft management plan, but to date the management plan has not been finalized, and in the interim logging has occurred in the area that has put some members of the Ghost herd near Wabasca at risk. Why has this government dragged its feet for two years on finalizing this agreement?

**Mrs. Savage:** What I can tell you with respect to the budget: we've allocated \$1.7 million, and this isn't just for the bison. It's for the sage grouse, Alberta native trout, the wood bison, and the sand dune habitat. Of that, \$500,000 has been allocated for conservation and recovery of wood bison.

There's one thing I'd like to highlight, and it's that in 2019 the department and the minister at the time, Minister Nixon, established the Ronald Lake co-operative management board. That's the first co-operative management board for a wildlife species in Alberta, and it has representatives from the federal government as well as the provincial, Indigenous community stakeholders, NGOs, and resource industries, and it's to advise the minister on matters related to the long-term sustainability of that herd, the Ronald Lake bison herd, including sustainability of Indigenous traditional use and culture.

I think I noted that \$500,000 was allocated to the bison, and we are drafting and negotiating, working right now on a section 11 conservation agreement between the ECCC and the Parks Canada agency and our department to address the habitat and population risks to the Ronald Lake and Wabasca wood bison herds. As I noted before, we established in 2019 the co-operative management board for the Ronald Lake herd, and of course I think, through the section 11 agreement, that will require some co-operation and some focus, and it really emphasizes the need to do more work and to work on the bison herd.

**Mr. Schmidt:** My question was: when will that section 11 agreement be finalized? What are the steps that need to be completed before that agreement can be finalized?

**Mrs. Savage:** Well, there are two parties on that, so we're negotiating it right now with the federal government. I think we've got some precedent on that with the section 11 agreement on caribou. We've got some history and some relationships within the departments working on that now, and those things do take some time, and they have to be done right, because it's federal-provincial. It's not entirely within our realm. We want to do it right, and that'll take some time.

10:10

**Mr. Schmidt:** I want to turn back to page 48, key objective 2.6, again addressing liability management. Your department is finishing its review of the mine financial security program but has done so with no public hearings or any public input. Why did your government ignore the voices of the people in this province in this matter, especially when we will ultimately foot the bill for the cleanup of these liabilities?

**Mrs. Savage:** Thank you. We are in the middle of a review for the mine financial security program. We are engaged in that review with, like, lists of people, everything from industry to environmental organizations and literally dozens of Indigenous groups, communities to ensure that the mines' operators are providing sufficient funds that will adequately cover remediation and cleanup costs. So that's under active review. We anticipate completing that review in 2023, and if it's determined that changes are needed to the program, we'll act. But right now it's a fairly significant consultation under way, focusing on, you know, a lot of Indigenous groups and getting their views. That's under way and will be done by sometime in 2023.

**Mr. Schmidt:** But no public hearings or input have been conducted or planned.

**Mrs. Savage:** Well, we've got a review process that's engaging all of the Indigenous groups and communities and environmental organizations. So that work is under way. It'll be done.

**Mr. Schmidt:** Yes. On the issue of First Nations engagement, certainly, First Nations reported to the media that your staff were defensive and less than forthcoming and that midway through the process of consultation your government changed the rules on how companies can guarantee the money for cleanup of these mine financial liabilities. Why did your department engage with First Nations in bad faith on this issue?

**Mrs. Savage:** I don't believe that that would have happened.

**Mr. Schmidt:** So you're saying that your staff weren't defensive, that First Nations were wrong when they claim that this happened to them during the process?

**Mrs. Savage:** You know, I can't comment on that. I wasn't there. And I'd refer you back – I'd probably direct you back – to something that's relevant to the budget matters and the business plan at hand.

**Mr. Schmidt:** It's relevant.

Both First Nations and the Auditor General pointed out that your department continues to overvalue oil sands assets and undervalue environmental liabilities. Currently the fund only has about a billion dollars in securities while estimates for liabilities range from \$30 billion to \$130 billion. At a time of record revenue for oil sands companies why has your government failed to protect taxpayers by collecting adequate cleanup funds from oil sands operators for the last four years?

**Mrs. Savage:** Okay. So there are two relevant things here. The mine financial security program requires security to be held, and there are two options available for securing the reclamation liabilities. Operators can use their in-ground assessments, the bitumen assessments of the assets that they have in the ground, as collateral against their reclamation liabilities and make security payments over the life of the mine. Liabilities are secured then with

a combination of asset security and financial security. Or the operators can choose option 2, which requires them to provide full security up front for the liabilities, and the liabilities are secured with, you know, a financial security. So there are two options with which they can comply, and they have to pick one of the two.

**Mr. Schmidt:** Right. Right now the Auditor General has clearly said that this current system overvalues oil sands assets. Certainly, people who were involved in the consultation process to review the program said that that part is not going to change. Why is the ministry not considering changing . . .

**The Chair:** Thank you very much, Minister, for your patience there. That concludes the first portion of questions for the Official Opposition.

We'll now move on to 20 minutes for the government caucus. I see Mr. Sigurdson with his hand up.

**Mr. Sigurdson:** Well, thank you, Chair. First, to the minister: is it okay if we go back and forth?

**Mrs. Savage:** Yes, of course.

**Mr. Sigurdson:** Excellent. Thank you, Minister. First and foremost, I just want to thank you for your advocacy on this file. I know how hard you've been working over the last four years. As somebody that comes from the oil and gas sector, I'm extremely proud of the work Alberta has done over the years. Globally we're leaders, and we're moving in the right direction. We continue to see progress, and I'm really happy to see that.

I am going to come back to the topic of oil sands monitoring and, maybe for the member opposite's benefit, phrase it in a way that should be for estimates. I'm looking at page 83 of the estimates, line 8.2. The line item deals with the topic of, of course, oil sands monitoring, which, as you've stated previously, is a joint commitment between the federal government and Alberta to implement scientifically comprehensive, integrated, and transparent environmental monitoring of oil sands development activities. I would just like to see if you can provide a bit more information on and expand on the oil sands monitoring program and what you're doing with the funding in Budget 2023-24.

**Mrs. Savage:** Sure. Well, thank you. Thank you for that question. There is \$50 million identified in budget to support the oil sands monitoring program. Again, that is recovered from industry. It is industry funding. We collect it and then administer the funding. It's dedicated revenue on behalf of the program and the partnering organizations. As I mentioned earlier, there are numerous organizations involved in the monitoring program. We were, in the past, looking to establish a third-party entity to administer the financial side of the program. However, we determined that the department could do it better. We weren't able to identify a better place to do it; therefore, the \$25 million a year has been restored and re-allocated in the budget to '25-26.

How we administer it is the funds are collected, and they're allocated based on annual work plans approved by the oil sands monitoring program Oversight Committee. They give us work plans, and we organize it as, again, there are Indigenous communities, department, Canadian federal government, oil sand industry in that. Right now the committee is working on their plan for the fiscal '23-24 meeting. I'd just like to point out, you know, a couple of highlights on that. This is a program that's been in place since 2017. There are 18 Indigenous communities involved, and they codevelop that business plan and their work plan with the vision that's suitable to ensure protection of the environment.

There's been quite a good success story in there of what the program has yielded over the years. They've produced over 500 products in support of the program, over 300 peer-reviewed papers: technical reports, programs, presentations, workshop material. There's no place on Earth that is more heavily monitored than the oil sands or that is putting more a level of funding and concern and focus on environmental protection and oversight than the oil sands. I think we just have to continue highlighting that program. It's \$50 million a year, with a very collaborative – I think it's a model that should be celebrated and amplified and spoken about as world best practices. Again, there's no place in the world that's more monitored than the oil sands.

10:20

**Mr. Sigurdson:** Thank you, Minister. Actually, that was a little bit of learning there for me. I had no idea that we were, as far as – that Indigenous component for codeveloping is critical, and I was unaware that they were such an integral part of what's happening up there. So thank you for that.

Maybe, just additionally, can you give a breakdown of the changes in this budget for this important project?

**Mrs. Savage:** Yeah. Well, again, the amount is carried forward; \$50 million dollars a year is continued to be utilized and spent on oil sands monitoring. The changes in this budget are just – in the past, in previous years, we were looking at using a third-party outside party for the financial administration. We weren't able to find a party that would do it better than the government itself, so we brought back that \$25 million into the budget. But there are no changes overall; it's the same \$50 million.

As we're looking at some of the current events up in the oil sands, that group is integral to monitoring and ensuring that the waterways are safe. That's a group that we're looking to, and they're active in ongoing monitoring.

**Mr. Sigurdson:** Excellent. Thanks for that clarification, Minister.

Now I would like to turn a little bit, shift gears here a bit. Item 9.3 on page 83 of the estimates: this particular item deals with the oil sands innovation, which relates to a funding program that supports emission reductions for facilities with the highest emission intensity of bitumen production in the Alberta oil sands. Could you maybe provide some additional information and expand on this program and how funding actually supports emissions reductions in relation to the higher intensity areas of the bitumen production?

**Mrs. Savage:** Sure. Under that section the oil sands innovation funding is to support programs for implementation of the oil sands innovation fund. That is intended to support greenhouse gas emissions intensity reductions at facilities with the highest emission intensity of bitumen production in the oil sands. It was a program that was originally set up in 2017, and it has had fairly significant success over the years. The province has executed grant agreements with nine of the facilities up there, nine in situ bitumen production facilities, and the grants in each case are for a total of six years. Those recipients include a number of the operators in the oil sands in situ, and what the program does is it can fund up to 100 per cent of project costs as long as those projects – and this is important – support emissions reduction and emissions intensity improvements.

This has allowed that fund to fund new well pads and infill wells and more projects like solvent-assisted extraction. I think we can see some good results. We've all heard those statistics about emissions intensity reductions in the oil sands and what they're doing, and that's unbelievable. There's no place else in the world that has reduced emissions intensity to the extent of the oil sands,

and that's only enabled through innovation and funding and technical research. I think that project has been extremely helpful.

Just to give a bit more background on it, in January of 2020 some of those recipients transitioned to the new TIER fund, and that's resulted in over 50 per cent compliance cost reductions on average. Just to give a little bit more, for '23-24 there's \$3 million allocated to that fund to cover potential grant payment amounts rising from recent changes to the TIER program. It's a program that we can see successful results from.

**Mr. Sigurdson:** Excellent. Thanks. Thank you for the clarification, Minister.

Just kind of staying a little bit on the greenhouse gas emissions theme, if you could turn to measure 2(a) on page 49. This relates to the pricing of greenhouse gas emissions through provincial regulation and how it's intended to improve the further responsibility and sustainable economic development in Alberta by providing a financial incentive to lower greenhouse gas emissions, and it states that the target for the next three years is 61 per cent. Can you expand on how these financial incentives are going to help obtain that goal? I can understand that with the amount of work that you've got going on, you've got a lot to get through, so I'll just allow you to get to the page.

**Mrs. Savage:** There's so much good news about the TIER fund, you know, and I'm very proud of the work that's been done over the years on the TIER fund. Just recently you probably noted that we were able to achieve equivalency again on the fund with the federal government and ensure that we keep this program for managing emissions here in Alberta as opposed to the federal carbon backstop kicking in. I'm not sure if the question was related to the . . .

**Mr. Sigurdson:** It was related to the provincial financial incentive to lower greenhouse gas emissions that contribute to climate change and the target for the next three years being 61 per cent, under measure 2(a) on page 49.

**Mrs. Savage:** Okay. The measure. So what we have is that that's a target that's related to what percentage of our GHGs in the province are regulated under the TIER incentive, and we have a target of 61 per cent, and that's met. That target is to ensure that provincially priced GHGs reflect the emissions that are regulated under TIER.

As you know, TIER is the industrial carbon pricing emission trading system that regulates industrial facilities that emit more than 100,000 tonnes a year. Other smaller facilities can opt in, and there's definitely a reason to opt in, because it actually keeps the federal carbon tax from being applied to their facility. Prior to '22-23 the percentage was influenced by the – it was 46 per cent prior to 2019, and now it bumped up to 61 per cent.

You know, I just think that there's a tremendous competitive advantage to be regulated under TIER as opposed to the federal carbon tax, to keep the money in Alberta. It goes into the TIER fund, which then is reinvested in innovation and technology reduction.

**Mr. Sigurdson:** Thanks again for that, Minister.

Just one quick question to wrap up; that is: are there any long-term targets in place as we move forward?

**Mrs. Savage:** Long-term targets?

**Mr. Sigurdson:** Yeah. You were saying that years ago it was around 47 per cent, I think, and right now it's 61 per cent. Do you

have any long-term targets of where we would end up going towards?

**Mrs. Savage:** On regulating the . . .

**Mr. Sigurdson:** Yes.

**Mrs. Savage:** . . . emissions from industry? Well, I think the 61 per cent: that means that 61 per cent of all of our emissions in the province are regulated by TIER, and I think that's a pretty good target. That is our target going forward: 61 per cent. Obviously, our other target is to reduce emissions overall from, you know, our emissions profile in the province, and that's why we're working on a made-in-Alberta emissions reduction and energy development plan so that we can not only reduce emissions but do it in a way that's most cost-effective, that will not impact affordability, security of supply, reliability of the energy our citizens use every day. We'll also do it in a way to attract all those billions of dollars of investments in things like hydrogen and small modular reactors and other facilities that require an atmosphere in a province where they can have a net-zero project.

10:30

**Mr. Sigurdson:** You're definitely speaking my language when you're saying a made-in-Alberta solution because I think those are the best types of solutions as we continue to move forward.

Next, moving over to TIER, Minister, I'm looking at page 50 of the business plan, and I'm particularly interested in the revenue of the technology innovation and emissions reduction program fund. I'm just a little curious as to why TIER fund revenue is forecasted to be lower in 2025-26 compared to where it's going to sit in the next two years. I just want to understand the impacts of the measures that the government has taken to manage industrial emissions and the effects that that has had on the TIER revenue.

**Mrs. Savage:** Yes. I can imagine there are lots of questions with the price of carbon going up by \$15 a year: how come in outlier years, in a couple of years, we collect less than what we're collecting now? Those are expectations and projections for how much companies – whether they're going to use credits, offset credits and emissions credits or whether they're going to choose to comply, you know, with their obligations by paying into the TIER fund. We're projecting, obviously, that in those years there's going to be more credit use and less compliance payments into the fund. You're modelling and you're predicting behaviour of companies and which way and which method they're going to take to comply.

We've seen, you know, an increased interest in major reductions of GHGs by a number of companies, and that's due in part to the rising price of carbon and the increased stringency that's being brought in under TIER. Some of those projects are using CCUS, which reduces their emissions, which, of course, will reduce their overall compliance obligations under TIER.

We expect reducing of emissions as part of the program is to reduce emissions plus to set up a fund for compliance. So we are expecting emissions to go down, and we are expecting in those outlier years that more credit usage will occur.

**Mr. Sigurdson:** Just to stay on that, of course, page 50 of the business plan and the TIER and this fund revenue, I just want to discuss maybe a few more of the impacts. How did reducing the threshold for opted-in facilities benefit Alberta industries?

**Mrs. Savage:** What happens here is that the smaller facilities are competing directly with facilities that are regulated under TIER,

those that emit over 100,000 megatonnes. All of these facilities are emissions intensive and trade exposed with emissions over a certain threshold. So we've allowed companies to opt into the TIER regulation voluntarily. They would choose to opt in when the facility determines that the costs under the TIER system, including any compliance with the program, are less than the costs would be under the federal carbon tax.

So in consultation with industry and having heard from them, we've reduced the threshold when we renewed the TIER regulation at the end of last year, commencing to kick into place on January 1. We reduced the opt-in threshold for TIER from 10,000 megatonnes per year to 2,000 tonnes per year, and the opt-in population of that represents just a small portion of covered emissions under TIER and does not have a material impact on TIER revenues over time.

There are about 50,000 smaller facilities that are aggregating into 250 aggregates under TIER. That's also another program that we have that allows smaller facilities such as gas plants, gathering systems to aggregate together to be able to avoid the federal carbon tax. And we're finding that companies want to do that because our system is done in a way that makes sense and is more manageable for those companies.

**Mr. Sigurdson:** Well, thank you for that, Minister.

I've got about 54 seconds left here, but I would just like to say that a lot of the smaller companies over the past few years were really excited to have the opportunity to opt into TIER. I met with a lot of them. So lowering that threshold I think has been an incredible benefit to be allowing more to take part in that important program.

What I'm going to do is just quickly reference my next question. There are only 30 seconds left, but I guess it'll allow you some time to prep for when the block comes back. I'm going to be moving to page 90 of estimates as well as page 50 of the business plan. Just looking at and understanding your plan to continue allocating money, what types of projects are you looking at funding through TIER in the future to be able to keep that great momentum moving forward?

**The Chair:** Thank you. That concludes the government members' first block of questions.

Now we move to five minutes of questions from the Official Opposition, followed by five minutes of response from the minister. As mentioned, members are asked to advise the chair at the beginning of their rotation if they wish to combine their time with the minister's time if she is willing. Please remember that discussion should flow through the chair at all times regardless of whether or not speaking time is combined.

Mr. Schmidt, you have the floor.

**Mr. Schmidt:** Thank you. I'd like to combine the time with the minister if that's okay?

**Mrs. Savage:** Yes.

**Mr. Schmidt:** Thank you very much. I want to continue on with some questions around the mine financial security program, and again this is related to key objective 2.6 on page 48 of the business plan. Now, oil sands liabilities estimates have a huge range; I've seen numbers published anywhere from \$30 billion to \$130 billion. But, interestingly, oil sands companies are not required to release their estimated cleanup costs. Why does your government not insist that oil sands companies release these cleanup costs so that the people of Alberta can clearly see them?



**Mrs. Savage:** What I can say is that we're reviewing the mine financial security program. That review is under way, and those issues will be and are being discussed and addressed in that review. We want to make sure that we do have adequate security for reclamation and cleanup in the oil sands, and that's why the program is being reviewed with the participation of dozens of Indigenous groups and lots of environmental organizations.

**Mr. Schmidt:** Is the public release of oil sands companies' individual liabilities being contemplated, then, as part of the – is that under consideration?

**Mrs. Savage:** The review is ongoing and will be complete in 2023. Obviously, that's one of the issues that will be discussed and addressed.

**Mr. Schmidt:** Thank you.

The government is also considering allowing companies to use insurance policies held by captive insurance companies that are wholly owned by oil sands companies, and that's a corporate structure that your government created by legislation. Why allow this potentially risky financialization of oil sands liabilities instead of just requiring them to put more of their record revenue into the fund now? Why create this other structure that could potentially put the taxpayers at even greater risk?

**Mrs. Savage:** Right now the only form of surety bond accepted by the Alberta Energy Regulator under the mine financial security program is what's called a demand forfeiture bond. What a demand forfeiture bond does is that it allows the AER to diversify the institutions that provide reclamation security. They're only accepted from providers with active operations in Canada and a minimum of an A rating from at least two public credit-rating agencies.

The Alberta captive insurance insurers are licensed and supervised by the Alberta superintendent of insurance. Details regarding any regulatory oversight of those companies would have to be directed in discussions with Treasury Board and Finance. We would just note that also the Alberta Energy Regulator continues to accept reclamation security using irrevocable letters of credit and cash. But right now the forfeiture bond is the only surety bond accepted by the Alberta Energy Regulator.

**Mr. Schmidt:** Okay. According to the department's reports on the environmental protection security fund, in 2018-2019 the fund held almost \$940 million in reclamation security, but at the end of the last fiscal year the fund held less, just slightly more than \$910 million. Why have you failed to protect the people of this province from oil sands liabilities by not only refusing to put more money into the fund but actually emptying it out?

10:40

**Mrs. Savage:** As of September 30, 2022, the Alberta Energy Regulator held \$912,852,620 in reclamation security for oil sands mines, and then they held a further \$638 million for coal mines. The reclamation liability for both those sectors right now has been estimated to be \$33 billion. So there's a large difference in reclamation liability to security, and that's because no oil sands mine has reached a point in mine life where the full-cost security is required. This means that all oil sands mines are using mostly collateral to secure their reclamation liability, and remember, I had mentioned there are two ways to calculate reclamation liabilities to secure them under the mine financial security program, which is under review right now.

The two options are: operators can use their assets, which is their in-ground reserves – for oil sands it's the bitumen, and for coal companies it's the coal reserve – and they can use that collateral against their reclamation liabilities to make security payments. That's why most of the oil sands operators are choosing option 1, to use their collateral. That's not the case with the coal companies, to use their collateral; obviously, they're looking at a different horizon on life. But most oil sands companies are using collateral to secure their liabilities.

**Mr. Schmidt:** Thank you very much.

But in part of my question I stated that in 2018-2019 the same fund held \$940 million in reclamation security. So over the last four years there's an approximate drop of \$30 million in securities held for oil sands companies. Now, at a time when these liabilities are increasing, how can the government justify decreasing the amount of security held by the fund?

**Mrs. Savage:** Well, I can't comment on the specific breakdown of that going back to 2019. All I can go back to is to say that there are two main methods of calculating how companies hold security. One, they can use collateral for their security, and the other: they can post security. For some of those questions going back to 2019, I don't have those answers, but the reduction, I understand, was because of a merger which returns more loan security deposit. Okay. So there was a merger within the oil sands which resulted in a loan security deposit being returned. But it's not our budget. I think you'd have to direct – the AER budget is actually an issue that falls to Energy. We look after the policies around it, but the budget falls to Energy.

**Mr. Schmidt:** Right. The policies around it, though, are your ministry's responsibility.

**Mrs. Savage:** The policies are, but the budget – a specific question on those budget numbers . . .

**Mr. Schmidt:** Right. But I . . .

**Mrs. Savage:** . . . would need to be directed to Energy.

**Mr. Schmidt:** Right, but my question is related to the policies that drove these particular financial results. I understand that there was a merger and that's why there is a drop of \$30 million.

Okay. I want to now go on to the topic of subsidizing oil and gas liabilities in the conventional space. On page 88 of the estimates you indicate that the quasi-judicial bodies will pay out over \$14 million this year. Now, from past estimates we've learned that the bulk of that money is for surface lease payments that oil and gas companies either can't or won't pay to landowners. FOIP documents, not obtained by us, show that since 2019 your government has paid out somewhere in the neighbourhood of \$65 million in these kinds of lease payments yet has only recouped somewhere in the neighbourhood of \$500,000. That's not even 1 per cent of the total amount. When can the people of Alberta expect to get their money back?

**Mrs. Savage:** Well, I think you're referring to the section 36 compensation payments, and it's referenced on page 88 of the budget nonvotable estimates amount. When companies don't pay, the oil and gas companies don't pay, the surface holders, we make sure they're paid, and it comes out of the Department of Environment and Protected Areas budget. So we try to recoup. There are obviously a number of those companies that aren't paying landowners that we've been unable to recoup money for. It's as

simple as – we'd love to recoup all of it and hold them accountable for all of their responsibilities, especially paying landowners. But our program, what we do: if the company isn't paying landowners, we want to make sure that landowners are paid, so that comes out of the budget and is part of a section 36 payment.

**The Chair:** I hate to interrupt. We will now take a quick five-minute break, followed by a 10-minute block for the government caucus, so please be in your seats. Five minutes goes by very quickly.

[The committee adjourned from 10:46 a.m. to 10:51 a.m.]

**The Chair:** Thank you, members. Please take your seats. We will start right now with a 10-minute block for the government caucus. Who has got the floor? Mr. Sigurdson.

**Mr. Sigurdson:** As I had previously alluded to, just before we got to the end of our last block, I'm just wondering if you could elaborate a bit, because there is a substantial investment by the TIER fund, on what type of projects TIER is focusing on right now, what type of projects are being invested in.

**Mrs. Savage:** I think there is some good news, all sorts of good news here, and I'm going to start with some of the results, because I think you always want to start with: what is the program achieving in terms of emission reduction? With the TIER program we have 194 megatonnes of reduced emissions since the program came into place, the original, since 2007. We've had 115 megatonnes of fund credit submitted in that, and there are close to 600 regulated facilities under TIER.

And I think you wanted to talk a little bit about what the – I wanted to highlight the emissions reductions because I think that's important, and we sometimes forget to do that, to highlight that it's achieving three things. It's achieving emissions reductions, but it's also attracting investment, and it's also enabling innovation.

Some of the things that are being supported – and there's \$499 million from the TIER fund invested in 2023, \$1.34 billion over the next three years, from '23 to '26. That also includes investments that are led by other departments like Alberta Energy. The TIER fund is used to support the two commercial-scale carbon capture projects we already have, which are the Shell Quest project and the Alberta carbon trunk line, the ACTL. It's supporting that through the Department of Energy. It's supporting the coal workforce program for the winding down of coal-fired electricity through the Department of Energy, and it's supporting the clean hydrogen centre for excellence, which I believe was under JEI; it's under Tech and Innovation now. So there are numerous other departments in our government that use TIER funds for their initiatives.

Our department is continuing to invest in programs that are delivered by some of our partners, like Emissions Reduction Alberta, which is doing some fantastic work over at ERA, and also the Municipal Climate Change Action Centre. I'll start first with the acronym MCCAC. Their funding is used to support capacity building in Alberta communities, which enables communities to help lower their emissions, get cleaner sources of energy, reduce their carbon footprint. Emissions Reduction Alberta is continuing to run challenges. Their method is that they'll put a challenge out and ask for applications for industry for funding focused on technology and innovation alignment with their business plans. I was very fortunate to be able to be part of two of their funding announcements. One was in Egypt at COP 27, where they launched a funding challenge, and just a few weeks ago another challenge, which they launched in Calgary, for the circular economy for waste reduction. They've had a number of programs.

Additionally – and it was noted earlier – there's money being set aside and held for CCS projects, future projects; \$387 million that's being held aside by 2026. We're continuing with the TIER fund to support ERA, Emissions Reduction Alberta, so they can launch their next challenge and continue to deliver programs. In 2023 we're building on the – there's already been \$344 million in TIER funding for ERA programs over the past four years. So from 2019 to 2023 we've allocated \$344 million to ERA – that's those challenges, that I've noted, that were under way – to date.

ERA goes back to, you know, numerous years prior to and previous versions of the TIER program. They have invested \$884 million to date in 246 projects, and that's from 2009. It goes back to 2009. That's resulted in 40 megatonnes of cumulative emission reductions, again, to talk about the investment and the technology as well as having emissions reduction results.

In the past the department itself has used some of the money in things like energy efficiency, the carbon capture, use, and storage program, which allocated \$151 million of TIER funding. That's going to result in 2.9 megatonnes emission reduction and support jobs.

**The Chair:** Minister, I hesitate to interrupt, but no member is allowed to speak for more than five minutes at one point, including the minister, so if we could move on to the member.

**Mrs. Savage:** I just love the TIER fund.

**The Chair:** Yeah. You were doing just fine.

Member, if you want to ask her to continue, you may do that.

**Mr. Sigurdson:** Well, if I could give you another five minutes of mine, I would, Minister, because I love hearing about all the investments that are happening from the TIER fund. It's very exciting news. I'm just going to quickly – one last question, because I know my colleagues are excited to ask questions as well. Page 48, business plan, key objective 2.4: I'm interested to see that now the ministry is focusing on establishing a climate strategy. I'm just wondering: can you comment on how TIER is going to fit into this and fit into the rollout of the plan as we move forward?

**Mrs. Savage:** Good. Well, I think TIER is a program that we should be really celebrating, and it's fundamental to emissions reduction and any of the climate strategies and things that we've undertaken in the past. But, as you know, in my mandate letter there is a requirement or an ask that I develop a made-in-Alberta climate strategy. We're going to call that an emissions reduction and energy development strategy. I think if we've learned anything from watching what's unfolded over the last decade, you have to talk about both things. You can't talk about energy development unless you also talk about emission reduction and lowering carbon footprint; you can't talk about emission reduction without referencing the need to have energy security, reliability, affordable energy. You need the two things to go together, and that's why we're calling it both an emissions reduction and energy development plan.

We'll focus and start with the premise that our goal is to reduce emissions, not to reduce economic activity. I think we have a tremendous track record in this province, that goes back decades, that we can highlight on things we're already doing and areas where we're leading, and we plan to do that and highlight some of the key initiatives that are under way, including the fact that we are the first province ever, first subnational jurisdiction ever, in 2007 to put a price on carbon with the TIER system, industrial carbon pricing and emissions trading. We're going to highlight a lot of that.

11:00

We're going to highlight some of the success we have in carbon capture, utilization, and storage. As I said earlier, there's no path to net zero anywhere in the world without CCUS and no place on Earth that does it better than Alberta. We're going to highlight that and be able to talk about the emissions reduction potential through CCUS.

We'll be able to highlight all of the opportunities – I call them opportunities – to reduce emissions in every sector across the economy, including the oil and gas sector, including agriculture and forestry, in heavy industry, in transportation, buildings, all the opportunities to reduce emissions, because along with those opportunities to reduce emissions is an opportunity to attract investment and create jobs. They go hand in hand. Reducing emissions actually creates jobs, brings in investment, so we're going to talk about it in terms of that, highlight where we've been, what our track record is – and this goes back decades – where our province leads, what's under way, and what's next, because we know we need to do more. As the world is global, reality is moving towards net zero. Companies who want to invest in Alberta want to know that they can build a net-zero project in Alberta.

**The Chair:** Thank you, Minister.

We will now move on to a 10-minute block for the Official Opposition. Mr. Schmidt, you have the floor.

**Mr. Schmidt:** Thank you. I'm wondering if the minister would be willing to continue to share time.

**Mrs. Savage:** Yes.

**Mr. Schmidt:** Thank you very much.

My next question is related to line 10.2 in the government estimates, environmental and Public Lands Appeal Board. I notice that there's about a \$184,000 increase in the budget. Now, in a letter from the general council of the Environmental Appeals Board dated March 1, 2023, it was stated that the board could not meet its obligations under the freedom of information act, stating that it is understaffed and overwhelmed with hearings. This budget fails to make any meaningful increase in the amount for the EAB to allow it to catch up to the work in its backlog. Why is your government starving the EAB of the resources that it needs to do its critical work in this budget?

**Mrs. Savage:** We are actually increasing the budget and increasing the available funds for the Environmental Appeals Board. Right now I can just give you some background on it. I'm aware of the pressures in there. I believe there is a staff member that's on leave, and I'm very much aware of the pressures they're under. The board is currently served by 11 part-time members with a range of environmental and legal backgrounds. The board currently has eight employees, eight FTEs, for board services. Our department also provides certain support services in areas like finance and human resources. There's a chair on the board – one serves as a chair – part-time members. I am aware that there are some pressures in the board, and that's why we've increased the funding for the board.

**Mr. Schmidt:** You've identified the current staff complement. How many more additional staff will be hired to work at the Environmental Appeals Board this year?

**Mrs. Savage:** Well, I think those decisions are, you know, within the board. They hire the staff that they need. They've indicated that they do require some more funding, and then that's going to depend,

from year to year, on how many appeals there are throughout the year, how much lands on their desk for appeals, how much is used in mediation and arbitration.

Some of the numbers in there – like, a majority of the issues that come to them are resolved with mediation and arbitration. The number of appeals that actually land on their desk that have to go to a hearing is relatively small. It varies from year to year. Just some background: in 2021-22 the Environmental Appeals Board received 26 appeals. That can vary from year to year.

Again, you know, we are aware of the pressures over there. We've made a commitment to have timely decisions in our government, and we need to make sure that we've adequately resourced our board, so we have increased their budget year over year.

**Mr. Schmidt:** Right. You've said that you've committed to timely decisions. Are you imposing a timeline for the Environmental Appeals Board to make decisions?

**Mrs. Savage:** It's not contemplated at this time.

**Mr. Schmidt:** It's not contemplated at this time. Okay. Thank you very much.

Page 46 of the business plan mentions Alberta's wetland policy and wetland replacement program. In his 2021 follow-up audit the Auditor General again repeated his recommendations that your department improve the controls in place to monitor its agreements with agencies to ensure that the goals of the wetland policy are being met. But I'm hearing from stakeholders who were in meetings with your deputy minister that she implied that the wetland policy as it's currently composed will be scrapped altogether. What is the future of the wetlands policy here in Alberta?

**Mrs. Savage:** Sorry. I should have asked which section of the budget you were referring; 4.3 is the water management section. That's where the wetland replacement project is housed. What that program does is that it establishes wetlands through funding partnerships for collaborative restoration projects across the province. The proponents pursuing activities that will permanently impact wetlands in Alberta are required to reclaim, replace their own wetland or pay a wetland replacement fee. Some highlights of that program for 2021-22 are that there were seven projects completed with three municipalities and one nonprofit organization, \$3.2 million in funding resulting in 124 hectares of wetlands being replaced. To date the program has funded 14 projects across the province equating to \$6.9 million, replacing 282 hectares.

We've developed formal relationships with other governments and conservation agencies to deliver the program, and we have a memorandum of understanding with Ducks Unlimited and 16 municipalities. Projects funded through the program can include financial compensation for landowners hosting wetland replacement projects. We support the wetland policy outcomes in the following ways: wetlands and their benefits for the environment are conserved and restored in areas where losses have been high, and they are managed by avoiding and minimizing negative impacts where necessary.

**Mr. Schmidt:** Is it fair to say, then, that your government is not considering any changes to the wetlands policy in this fiscal year?

**Mrs. Savage:** I wasn't in that meeting, so I'm not sure. I can't comment on what was said, but our budget – yeah – is remaining, and we're not aware of any . . .

**Mr. Schmidt:** But the policy – I mean, the budget is one thing. The policy can change without – are there any changes to the policy being contemplated?

**Mrs. Savage:** I have no contemplation of changes to the policy.

**Mr. Schmidt:** So the wetland policy as it exists will be in place for the 2023 fiscal year.

**Mrs. Savage:** It's not in my plans to change that policy.

**Mr. Schmidt:** Okay. Thank you very much.

In his 2019 report the Auditor General identified that this department had let oil sands mines off the hook for about \$25 million worth of sand and gravel royalties. I'm just wondering: have you gotten that money back?

*11:10*

**Mrs. Savage:** Could you repeat that question?

**Mr. Schmidt:** In his 2019 report the Auditor General identified that your department had let oil sands mines off the hook for about \$25 million in sand and gravel royalties. Have you gotten that money back?

**Mrs. Savage:** Is this the 2019 report?

**Mr. Schmidt:** Yes, it is.

**Mrs. Savage:** We'll have to take that away. We've got the responses to the 2022 report. But that was a number of years ago. We'll have to take that one away.

**Mr. Schmidt:** Okay. And when can we expect a response from the department on that issue?

**Mrs. Savage:** We can have it within the timelines that we're required to have it.

**Mr. Schmidt:** Thank you very much.

**Mrs. Savage:** Can we repeat in the record what it is that you're looking for so that we're really, really clear what information we're getting you?

**Mr. Schmidt:** Yes. The Auditor General's 2019 report identified that the department of environment and parks at the time had let oil sands mines off the hook for about \$25 million worth of sand – he had determined that environment and parks was owed \$25 million in sand and gravel royalties that the oil sands mines had not paid. I'm just wondering what steps, if any, the department has taken to claim the oil sands royalties that the Auditor General identified were owed to environment and parks.

**Mrs. Savage:** We can take that away, but we understand, too, that that budget item might have moved over to Forestry, Parks and Tourism as being a matter related to land. We might not be the appropriate ones to be able to give you the answer on whether it's been collected, but we have it in the record, and we will endeavour to get that to you.

**The Chair:** Thank you, Minister.

We'll now move on to a 10-minute block for the government caucus. Mr. Getson has the floor.

**Mr. Getson:** Well, thank you, Mr. Chair. Really appreciate it. Minister, thank you again for working on this. We have a little bit of time to go back and forth if you're still comfortable with that.

**Mrs. Savage:** Absolutely.

**Mr. Getson:** This is friendly fire, so it's probably a little bit better than what you've had to deal with for the last bit.

**Mrs. Savage:** Over two hours into the estimates it's nicer to hear other people talking. More talk for you; less talk for me.

**Mr. Getson:** Minister, you know I'm cuckoo for Cocoa Puffs when it comes to economic corridors and responsible development and everything else, and there were a couple of items that jumped off the page. You said in your opening remarks and also on page 48 of the business plan, under initiatives supporting key objectives, that there was an allocation, about \$2.5 million, for the designated industrial zone pilot project for '23-24. Albertans recognize the importance of the Industrial Heartland, responsible development, everything else along those lines. I have a few other things written down here, but quite honestly I'm turning 50 and left my glasses at home. It's a little fuzzy.

But what I am picking up on and what you can tell from my enthusiasm is over that project – again, risk and uncertainty and regulatory compliance items are always putting, you know, dollars at threat and investment at threat. Then having such a robust environmental plan, that we do, and the best place to do business – I just want you to tell us: how much is this going to help by having a clear objective, an industrial zone around an area as a pilot project? And if you could please tell us what you've heard on some of your COP visits as well in this context of forward-leaning and what we're looking at here.

**Mrs. Savage:** Sure. Well, first of all, I want to thank you for the work you've done in corridors, economic corridors, and I think you've been doing that for a very long, long time. Through you, Mr. Chair, to the member, I think the first conversation I had with this member was about corridors and the importance of corridors. So thank you for your continued work, because it really does reduce the uncertainty, makes it more predictable. A regulatory framework that allows companies to invest because they've got the certainty of timelines and the ability to – in these designated corridors sometimes shared resource is a regulatory certainty, a commitment that consultation has taken place.

But I think your question was with respect to the work with municipalities and industries around the DIZ, designated industrial zone, in the heartland. With respect to that project it supports the – you know, it's kind of revolutionary. Like, it's early, and we've seen a lot of results, and I think it's probably the start of many, many more designated industrial zones. I think there's a lot of satisfaction from all stakeholders, from industry to communities, knowing what the rules are. It also, you know, builds upon our commitment to work with municipalities and industries to enhance the regulatory efficiency across not only the permitting and approval of projects but across their entire life cycle of regulation, and it gives a lot more certainty.

It also allows to optimize the cluster infrastructure, the other infrastructure on-site, and focus on processed water access. We've heard a lot of issues in the Industrial Heartland about water and access to water. It allows a focus on that. It allows for topsoil management, some co-ordination with electricity transmission within the zone, and it also helps achieve environmental outcomes for air and water quality. That work, we have no doubt, is driving final investment decisions for various companies that are wanting to locate in the Industrial Heartland, and it's encouraging existing industries to continue to invest in their operations in the zone. You know, I would just point to the hydrogen road map and some of the targets in there and the importance of achieving that.

**Mr. Getson:** I appreciate that, Minister.

You know, the second part of the question was on the feedback, so it's very comforting. Again, in those areas it also allows, I would assume, under that pilot program, to your point, for environmental best practice to take place. So once you've created that incubator, if you would, around those areas, you have that pilot program. Anything that's lessons learned within there and within that zone itself: can that be broadened? Like, is there a context of forward-looking a couple of years out? Can we expand this to other areas if it's successful and do that as well?

**Mrs. Savage:** I think that would be the goal. There are all sorts of clusters across the province where we see this could be applicable. Just look down in the south part of the province at agrifood development. I think we can use the model in the heartland designated industrial zone to bring it together. It's not just the certainty for companies and the regulatory efficiencies; it's the environmental outcomes and being able to protect the environment and water. It's definitely a model that I think serves well and should be used in other parts of the province for other industries.

**Mr. Getson:** I shared this with Minister Horner the other day, too. At a CSG conference there was a Senator from Nebraska down there talking about the importance of water, and he put it very eloquently. He said: you know, whisky is for drinking; water is going to be for fighting over. If we don't protect the resources we have and if we don't have some of these new effects in new areas where we look at our industrial usage of water and make sure it's allocated for it and stop as many straws coming out of it, we're going to run into a challenge. Other jurisdictions are seeing that. I'm really excited about this, obviously – I'm caffeinated up as well – really excited about this type of application.

Now, one of the other items that came out was the economic – I'm sorry. I should say economic, environmental, social, and governance – that always draws my attention – the Environmental Social Governance Secretariat. Key objective 2.1 on page 48 also talks about the Alberta oil and gas industry and spearheading the development of a strong environmental, social, and governance strategy and laying out a greater focus on its high standards. Alberta is currently one of the only provinces that's incorporated this kind of strategy into its government. With that, can you go over what it means to have an ESG framework and why Alberta has made this an objective to take the lead over many other jurisdictions in establishing this approach? I'm hoping it's really garnering some attention, because it's not just talking about it. Every time that you go out on the world stage, people are extremely excited to find out you're actually doing it, you know, not just talking about it.

**Mrs. Savage:** I think it's important. We started the ESG Secretariat I believe it was in the 2020-21 budget, set it up, and it's the first subnational jurisdiction that is working on an ESG framework. I'll just highlight some of the good work. The ESG Secretariat has now moved over from Executive Council into Environment and Protected Areas, and I think that's a great place for it to be because there really is a very significant focus on the "E" in ESG. We also talk about social and governance, but primarily in a lot of cases it's focusing on environmental outcomes.

We have a good story to tell. Like, there is no place in the world that has a better story to tell than Alberta. Whether it is emissions reduction, whether it's innovation and technology, whether it's the TIER program, we have a great story to tell. That's really important because we need to position ourselves.

11:20

We are also a resource-producing province that's competing in a global market and need to get our products to market. In doing that, we need to show that we have global leadership not only in energy production but in emissions reduction and in protecting the environment. ESG is a key and critical link to that. The secretariat is looking at and doing a number of things, promoting our ESG story. They're doing some great work there in promoting it and working on a jurisdictional ESG framework. I can tell you that we're going to have something out shortly on our ESG report, some tremendous work that the deputy minister has been working on and that ADM M.C. Bouchard has been working on. You're going to see something out very closely on our ESG report.

Again, this is close to first of its kind. We're the only subnational jurisdiction doing that. Part of what's happening in there is that we recognize that there's not a globally accepted jurisdictional ESG framework or standard that exists, so our government developed and published a framework in 2022. It uses other relevant ESG standards as a basis and applies a jurisdictional lens to create a framework that considers particular ESG issues that are most important within our jurisdiction. Obviously, we're a natural resource producing jurisdiction, and we do it very well. That framework is being used to map government of Alberta policies and programs. It's kind of a whole-of-government approach, so we look at ESG issues, a lens of ESG issues, across different departments.

**The Chair:** Thank you.

We'll now move on to a 10-minute block for the Official Opposition. Mr. Schmidt, I think you have the mic.

**Mr. Schmidt:** Thank you very much. I'm hoping we can share this block. Thank you.

Related to the issue of sand and gravel and the responsibilities now potentially being divided up between two ministries, I note that on page 84 of the Environment and Protected Areas estimates we have line items for land policy and public land management. Then on page 99 of the Forestry, Parks and Tourism budget we have items 4.1 and 4.2 for public land operations and rangeland operations. Now, can you help the committee understand how these line items, which last year fell under one ministry, are being divided up and what environment and parks' responsibilities are with respect to managing public land right now?

**Mrs. Savage:** I think, just to clarify, you're referring to page 84, budget items 3.1 and 3.2?

**Mr. Schmidt:** That's correct.

**Mrs. Savage:** Okay. Within our department 3.1 is land policy; 3.2 is public land management. Under the policy nothing has changed. We're working on a number of – the role there primarily is to analyze and design policies to achieve the environmental outcomes. This involves, like, a multiple range of issues: management of Crown land, conservation and biodiversity, recreation management, land conservation, reclamation and remediation, waste management, pesticides. We ensure the policies have a solid understanding of the science and technology factoring into pollution prevention and conservation.

Public land management. You're probably aware of these statistics. Approximately 60 per cent of Alberta's land base is public, is Crown land. We develop and maintain a regulatory and policy framework for public land that enables effective management, whether it's agriculture, commercial, industrial, tourism, recreational uses. So we have the policy framework, and we have the

management framework. As some of the key priorities in public land management – that’s in Environment and Protected Areas – we have Alberta Crown Land Vision. We have the sustainable funding and partnerships for recreation, the Trails Act. We have land-use planning, ensuring clear, understandable land use. We have the Crown land modernization, the regulatory transformation. Forestry has operations and implementation.

**Mr. Schmidt:** Okay. On that note, you noted your responsibility for the Trails Act. Can you clearly delineate what responsibilities for the Trails Act fall under your ministry and what responsibilities fall under the ministry of parks? The minister of parks has given out millions of dollars’ worth of grants under the Trails Act. Just help me understand where your responsibilities with the Trails Act end and where his begin.

**Mrs. Savage:** Sure. I might get ADM Brian Makowecki to respond to that.

**Mr. Makowecki:** Yes. Good morning. Brian Makowecki, assistant deputy minister of lands in Environment and Protected Areas. Our responsibilities are related to the planning pieces, so trade-offs on the landscape, sort of, like, where recreation would occur, the type of and approach to that recreation. The implementation of those plans, including development of trails, working with partners to maintain those trails, et cetera, would fall to FPT.

**Mr. Schmidt:** Thank you.

Help me understand the process, then. There’s a policy and planning piece, and then there is an implementation piece, and it sounds like this ministry does the policy and planning with respect to the Trails Act. Now, what policy and planning pieces were completed before making the Snowmobile Association and the Off-Highway Vehicle Association the Trails Act managers that were designated recently by the parks minister? What plans and policy frameworks were put in place to allow that designation to happen?

**Mr. Makowecki:** Yeah. The establishment of the Trails Act and then other changes associated with the Public Lands Act: one of the things that was put in place, an approach, was to support partners in the development of trails and partner organizations. That was the establishment of that approach, and the policy is in the legislation and is sort of enabled in that to reduce red tape for our partners and enable those partners to actively participate in the ongoing maintenance of trails and recreation opportunities.

**Mr. Schmidt:** Help me understand, because my interpretation of the Trails Act, which may not have been completely accurate, contemplated naming trails managers restricted to geographical areas. Is that understanding correct? Can somebody be named a trails manager for the entire province?

**Mr. Makowecki:** My understanding is that we could have a trails manager that would be named for the entire province on certain types of trails, and then it could be subdelegated to local clubs. There are different ways we could organize that.

**Mr. Schmidt:** So in order for an organization to be designated as a trail manager, there would have to be a comprehensive understanding of the network of trails that they’re managing. Is it fair to say that this department completed a complete inventory of existing off-highway vehicle trails and snowmobile trails before the parks minister named those two associations as the trails managers?

**Mr. Makowecki:** Part of what was done as the act was put in place was to assess the trails that were to be designated as a provincial trail under the legislation. There will be the opportunity to look forward to grow that opportunity as well, so there will be new trails planned and developed over time. But, yes, there were a number of trails that were put in place as those regulations were established.

**Mr. Schmidt:** Help me understand what role this ministry will play, then, in designating future trails as off-highway vehicle trails and snowmobile trails and what opportunities people who may have proposed other uses for those trails that don’t involve motorized vehicles will have to identify trails that could be designated for their use.

*11:30*

**Mr. Makowecki:** Yeah, the act does allow for the type of activity to be identified. So the Trails Act will support all trail users, and that could include, you know, identification of historically relevant trails right up to certainly off-highway vehicle trails and also walking and ski trails. We know that there is potential for different uses at different times of year to be in conflict with each other, so the legislation does support that sort of identification of appropriate use. And through the planning process – you know, the intention is to support those conversations where there are trade-offs. It’s a busy landscape, and that planning process will support Indigenous perspectives, other land users.

One of the key things that the Trails Act, in combination with the Public Lands Act, does is that by establishing a trail as a Crown resource, it also protects that trail. And what that means by protection is ensuring that industrial users also recognize that trail and landscape. There’s an obligation to put that trail back in place, to recover its intent, to work with the trail users to make sure that that trail is maintained, and of course industry would be involved in those discussions as well.

**Mr. Schmidt:** So under section 3.2, then, how much money is set aside specifically for Trails Act management planning activities this year?

**Mr. Makowecki:** I don’t have the number right in front of me, but it’s related to the planning components that the department does. So, you know, in the Department of Environment and Protected Areas we’re doing planning for the recovery of caribou, subregional planning, recreation planning. All of those components are done by . . .

**The Chair:** Sorry to interrupt, Mr. Makowecki, but we’ll now go to the government caucus for a 10-minute block.

Mr. Orr has the floor.

**Mr. Orr:** Thank you. I appreciate the opportunity, Minister, to visit with you. I’d like to begin in the business plan with outcome 2, sustainable economic development achieved within environmental capacity. It talks about how sustainable economic development offers Albertans job creation as well as quality of life. What I need to unpack here is that both job creation and quality of life include housing developments and housing. And 2.3 in the business plan speaks of enhancing the administrative and regulatory efficiency of all of that.

I guess my question relates to a local constituency issue with the town of Blackfalds and a local, small developer. And my question simply would be: how long of a process, administrative and regulatory, would be considered appropriate or effective? I reference this because I’m in the process – my entire political career has been trying to resolve one particular development for the town

in which regulators – this is going on 10 years now. I know another location that has been nine and a half years before it was resolved. If we're actually doing this sustainably for economic development with efficiency and effectiveness, is that an acceptable timeline for the regulatory process to be unwound?

**Mrs. Savage:** Sure. Well, with respect to the specific issue we probably need to take that away to get you the background on why that's taken so long and what the outcomes are. But we do know that over the years some of these decisions have taken far too long. It's perhaps not an isolated incident you're talking about. With the specific one we probably need to take that away, and we can probably get you some information, provide the information on that. That's a matter with the Environmental Appeals Board. Again, you know, it's sort of the first question that we dealt with where we started on Imperial Oil. We probably need to take that away and get some information from the regulator for the appeals board for you. But it is overall – you know, we know that we need to fix the regulatory system, transform it.

One of the things we are doing there – and it is new from June of 2021 – is that we've launched what's called the DRAS, digital regulatory assurance system, which is meant to address those problems, to support economic development, reduce red tape. It's being rolled out in stages until 2024. What it is is that applications are being moved online. It won't solve all the problems where there're more complicated issues, where there're statements of concern and perhaps some public push-back.

It won't solve all of those problems, but I can give you some good updates on some of the progress we've had with respect to Water Act applications since we've launched it. That was one of the first steps that we took, one of the first phases on it. We've managed to decrease applications by 51 per cent of time, from an average of 189 days, which is not acceptable, down to 92 days. So we've reduced those application times by 50 per cent. We also understand that it's creating efficiencies; it's saving 75 minutes per application and 44 days throughout the application process. There's work under way to address this, but with respect to that specific situation, I think we'll have to file some information for you.

**Mr. Orr:** What I'd suggest, Minister, is that when applications are sent in and there's no response for eight, nine, 10, 11, 12 months, time after time after time, it turns into 10 years. Furthermore, the last step in this was a water outfall application on the part of the town, which was appealed by a couple of citizens, which is a legitimate process. The hearing was held well over a year and a half ago, and there has been absolutely no ruling on it yet. This is why things turn into 10 years.

Quite frankly, I'm very frustrated with this department and the way it handles these kinds of situations. I think it needs to be dumped out, turned over, and restructured completely, because 10 years to go through an administrative process hinders the town. The town literally is afraid to raise the issue because they're afraid they're going to be continually punished over the issue. Two individuals, who are a small developer, have spent 10 years of their life trying to resolve a regulatory process that can't be resolved. This needs to be fixed, Minister.

**Mrs. Savage:** Sure. Well, I can't tell you and comment on what might have happened 10 years ago in the department when the application was first required. I just don't have that information on what processes were followed and what delays might have happened 10 years ago. What I can tell you is that we're taking steps to address it, starting with the DRAS system, which would move some of those applications online. There's more accountability,

more requirements to respond quickly, so at that first intake process of an application we're taking steps to address that.

Again, I can't comment on 10 years ago. What I can comment on now is that some of these applications would fall into DRAS, where it's an online system that's meant to improve timelines. Once it goes to a situation like that, it's before the Environmental Appeals Board. Obviously, there were significant statements of concern by one party or another, so it falls into another regulatory process and an appeal. Again, we put more funding into the EAB, and it is also a matter that the governance of that organization will fall within the – it's overdue. These organizations and regulatory processes, regulators and administrative bodies, are subject to review every 10 years, I think, and it's overdue, so that process will have to . . .

**Ms Piquette:** Every seven years.

**Mrs. Savage:** Every seven years? That process will have to be undertaken. It's overdue for that review. That can look at finding some efficiencies within the organization, whether it's finding ways to have more of those disputes. Remember, this is a dispute. It doesn't end up at the Environmental Appeals Board unless there're public concerns and there's a dispute, but perhaps more emphasis on resolving those through arbitration and mediation, which keeps them from falling forward into an actual hearing, which then takes longer and falls under rules of procedural fairness and processes, which take longer.

But that wouldn't be something that would happen, 10 years, on a routine application. The more public concerns and statements of concern and public push-back, the longer it's going to take. But we are taking steps to improve all of that right from the moment that an application is presented to the government through – if there are statements of concern and it ends up in an appeal process, to try to streamline that process into more mediation, arbitration, and we're providing more funding to that organization to ensure that their decisions are more timely.

**11:40**

Finally, there is a governance review that comes forward to understand if there is a reason that these decisions are taking longer and if it's whether they need more resourcing, whether they need more processes to move more things, streamlined, into arbitration and mediation or whether there's something up front that can be done to resolve those disputes before they land in appeals. I would agree with you that 10 years is completely unacceptable for any application of that sort, and that's why we're taking steps to try to rectify that in the future.

**Mr. Orr:** Thank you. Well, I truly hope you can succeed on your outcome 2, because, quite frankly, the department is, in my eight years as an MLA, the most frustrating and ineffective department in the entire government.

I've got 39 seconds left. I will cede my time to the next group.

**The Chair:** Mr. Getson.

**Mr. Getson:** Sure. I'll take it back for 30 seconds – oh, 24. We've kind of got a thing going between Ron and I.

If you could finish off on the ESG Secretariat, Minister. It was just at the tail end if you want to just expand on that for 20 seconds.

**Mrs. Savage:** Sure. Well, it's housed now in the department of environment. It's resourced. It's funded through the TIER program, which is a great use of the TIER program to ensure environmental outcomes and promote all the great things happening. It's being

utilized across multiple departments in our government to look at . . .

**The Chair:** Sorry to interrupt.

We'll now move back over to the Official Opposition for a 10-minute block. Mr. Schmidt has the microphone.

**Mr. Schmidt:** Thank you, Minister. Can we continue sharing time?

**Mrs. Savage:** Yes.

**Mr. Schmidt:** Thank you very much. I mean, I have some criticisms, but it certainly wouldn't be me to say that this is the worst department in government. I'm surprised to hear that comment coming from the government side of the table today.

I would like to continue on with the questions that I was asking before the time ran out. Specifically with respect to public land management, in section 3.2, is there a delineated amount of money set aside for Trails Act planning in this budget?

**Mrs. Savage:** I don't think there is a specific amount set aside for the Trails Act. That public land management component of the budget: significantly, a lot is used for salaries and wages. So it's internal in the government. Probably day to day, month to month, year to year, there's more focus in one area than the other, so I don't think we can pull aside and tell you a number or a number of people or a number in the budget that's related to the Trails Act.

**Mr. Schmidt:** No. That's understandable.

Now, back to one of the questions that drove this question, then: on the issue of gravel pit reclamation securities, how is the responsibility for management of gravel pits split now between Environment and Protected Areas and Forestry, Parks and Tourism? Help me understand that.

**Mrs. Savage:** We can take that away and provide you something specific there, but, again, the policy and the management remains with Environment and Protected Areas. Some operational elements have transferred over to Forestry, Parks and Tourism. We can get that information for you with respect to – if we could repeat it into the record.

**Mr. Schmidt:** Yeah. Just help me understand clearly what responsibilities environment and parks has for managing sand and gravel pits in Alberta, including setting reclamation amounts, collecting reclamation amounts, conducting inspections, certifying reclamation, those kinds of things. What responsibilities does environment and parks have, and what responsibilities does Forestry, Parks and Tourism have?

My next question has to do with a very troubling story that somebody came forward to me with in December, and that's the case of Jody Young and her family in Red Deer county, who believe that her water well was contaminated by a nearby gravel pit. Now, there has been no evidence to prove that this is the case one way or the other, but the water well does sit in close proximity to an active gravel pit. I tried to ask the minister questions back in December. She wasn't able to answer at the time, but the minister who answered in her place said that the system was working just fine and that no changes needed to be made. The Auditor General disagrees. He's made several reports on the failure of environment and parks over multiple years to adequately inspect and reclaim gravel pits. What is your government going to do to fix this broken system and protect people like Jody Young from having their water wells contaminated?

**Mrs. Savage:** Again, I think we're referring to a specific item, and I think we have a department official that's been handling that. I'm aware of the issue, and you've raised awareness of this. I believe you had the constituent or the person in question period and introduce – so I am aware of the issue, how it's being managed, and the particulars of it. We're very concerned, and I'd like you to continue bringing this awareness of this issue to my attention. But I'm going to defer to ADM Stacey Smythe because she has the details of that particular file.

**Ms Smythe:** Thank you, Minister. ADM Stacey Smythe. I'm responsible for regulatory assurance in Environment and Protected Areas, basically the regulatory parts that don't sit with the Alberta Energy Regulator. Thank you for the question. We are working at this point with Ms Young to understand what the causes are of the increased levels of metals in her groundwater well. As you have already reflected, she has a groundwater well that serves her home in Red Deer county. Her property is in an area where there's been a significant amount of sand and gravel operations. We are working with her on an investigation to try to figure out, to try to determine where those contaminants are coming from.

We met with her about a month ago and walked her through our investigation plan, how we plan to move through, moving from kind of the space close to her well out further and further until we can delineate what the causes are of the increased metals concentrations in her drinking water. That's going to take us a bit of time to work through. The ground in the area is quite disturbed. The area that Ms Young has built her property on is also disturbed. We're just going to have to work through it very carefully so that we get the right answer for her and can help figure out if she can maintain her drinking water system through groundwater or if action needs to be taken with the pits in the area to change their management or if it's something completely different than that.

**Mr. Schmidt:** I appreciate the update on that particular issue. However, my sense is that this particular incident happened because the broader system of inspecting and regulating gravel pits is broken in this province. Has this particular incident prompted any broader review of how Environment and Protected Areas regulates and protects people from potential impacts of sand and gravel pits?

**Ms Smythe:** I don't think we have evidence yet to say that this is more than an isolated situation. I know we are seeing more citizens raise concerns about sand and gravel operations. We'll need to take a look to determine if that is actually an increase in risk from the operations or an increase in proximity to landowners' properties and just a higher level of concern. At this point we have no evidence that would indicate sand and gravel operations are higher risk than we've assessed them to be in the past and require more management than they're currently receiving.

**Mr. Schmidt:** If the public had trust in the system to manage it, I would be grateful that you would say that there is no evidence. However, the Auditor General has been quite clear that the level of monitoring going on in gravel pits is nowhere near enough for the department to make statements like that, that there is no evidence that there is ongoing risk here. I certainly hope that the department increases the level of monitoring of sand and gravel pits to provide the public assurance that when you say that there's no risk, we actually have the data to back that up.

Now, with respect to gravel pits there is one particular gravel pit that has been proposed on the border of Big Hill Springs provincial park near Cochrane. Your own department agreed with an independent assessment of the project which said that it would gravely damage the park, and it recommended that protections for



the park be enhanced and that the gravel pits should not be allowed to proceed. People have been waiting for months for a decision on this park. Will the minister commit today to protecting Big Hill Springs provincial park and denying the application for a gravel pit?

11:50

**Mrs. Savage:** I think this is probably before the NRCB hearing, but I'll give it over to Stacey to give you an update of where that particular application is.

As I say, Mr. Chair, we're getting into a lot of issues that seem to be a theme here, about issues that are regulated matters that aren't about the budget. We've been pretty open and we've been allowing those types of questions, but it's getting to a point that it's, you know, every regulated project across the province. Is this really a matter for the budget estimates; that is, to speaking about what the budgeting is for these?

I think ADM Stacey Smythe is prepared to answer, but I would suggest that we move on to matters more related to the budget after this question.

**The Chair:** Thank you very much for your patience, Minister. You're absolutely right; some of these questions are more suited for question period.

Please go ahead, Deputy Minister.

**Ms Smythe:** ADM Stacey Smythe again. Yes. This is currently in front of the regulator. It is sitting with the statutory decision-maker. I know there have been supplemental information requests given to the proponent, particularly around groundwater management, and we are waiting to see where that information follows, what it provides us, and to support the decision made by the statutory decision-maker. So it is currently still with the regulatory system, and we can't really say much more than that.

**Mr. Schmidt:** Back to government policy. Last year your government completed its review of selenium management but hasn't yet made any changes to selenium policy, stating that it's waiting for the federal government to issue its regulations. Will your government stand up to coal companies that are pushing for more lax standards and say no to selenium in our groundwater and surface water, I guess?

**Mrs. Savage:** I think you're probably well aware of some of the work we've done on coal.

**The Chair:** Unfortunately, Minister, we won't be able to answer that question.

We now move on to the government caucus for the remainder of the time. Mr. Orr, you have the floor.

**Mr. Orr:** Yeah. Okay. We'll stick with section 5 of the budget, fisheries primarily. It's an extremely important piece for Alberta. I think of the Cold Lake Fish Hatchery, the Raven Creek brood trout station. I'm just wondering if you can tell us: how much in the budget is actually allocated to the hatcheries and the repropagation of fish across the province?

**Mrs. Savage:** Can I just get you to reclarify the question, if you were looking for support for – I mean, there are a number of . . .

**Mr. Orr:** How much is allocated to the hatchery program?

**Mrs. Savage:** There are a number of different projects; that's why it's a little bit difficult to pull it out. So we've got \$28 million – yeah. It's in a number of areas. There's \$28 million for the Raven Creek brood trout station; that's a \$6.2 million increase over

previous budgets. We have \$2.65 million for fish capital maintenance and renewable; that's a \$1.7 million increase. We have \$1.18 million towards whirling disease, and we have \$6.6 million for the Cold Lake Fish Hatchery. So there are a number of programs there, and the – you know, a lot of those.

Also, I can point that we're focused on expanding stocking programs, fish stocking programs, and that would be to increase the fishing experiences and, importantly, help to restore the at-risk native trout – that's the westslope cutthroat – with population increasing. But that first number – I think we'd have to add up a number of those things on the various grants, and it looks like it's about a little over about \$35 million, \$36 million.

**Mr. Orr:** Okay. That's good. Thank you. I'm glad to hear there's continued investment there. I was going to ask you about two subpieces of that. You mentioned the fish capital, 2 point something million dollars. Where is that fish capital maintenance and renewal funding actually going to be directed to?

**Mrs. Savage:** I think that's to the Sam Livingston fish hatchery. There's \$2.65 million allocated for fish capital maintenance – I think that's what you're referring to – and that's for the construction of the project upgrade at the Sam Livingston fish hatchery.

**Mr. Orr:** Okay. Good. You did also state the number with regard to whirling disease, a huge issue. I'm just wondering how that money is actually going to be allocated, like how is it going to help?

**Mrs. Savage:** Okay. We actually have a whirling disease action plan, and it's based on monitoring, education, and mitigation. First of all, it'll focus on determining where the whirling disease outbreak is most likely, monitor the impacts of the disease, especially on vulnerable fish populations, and there'll be an education component of it. We have a lab facility in Vegreville, Alberta, which prepares and looks at fish samples to expedite testing to learn more about the disease. There's a molecular testing room, and there are two contained decontamination stations in Edmonton and Lethbridge. There are five mobile decontamination units to support regional operation, and there are molecular upgrades. So there are a number of things ongoing to help with that. We consider it not only a serious fish health issue, but it has negative economic and ecological impacts. That's why there's a program and action plan together with funding, and we have estimated funding to deal with that of \$1.182 million for '23-24.

**Mr. Orr:** Thank you. I'm glad to hear that's progressing.

I'll cede the last minute and a half or two minutes here to Member Sigurdson.

**Mr. Sigurdson:** Thank you. I guess, with about a minute and a half to go, I'm going to try to get this through really quick. Page 84, section 4, of course, deals with the topic of water and flood mitigation and water management capital grants. Minister, especially considering what happened in our area down in 2013 and the impacts of that, I'm just wondering if you can expand on how this money is being distributed and, maybe even more specifically, how it relates to the Foothills county, lower Highwood, and if there's additional support for communities like that?

**Mrs. Savage:** There is, and thank you for the question and thank you for your advocacy on behalf of your constituents for that. There's \$9.6 million allocated to the lower Highwood River mitigation. That supports High River and surrounding areas, and that relates back to some of the issues around the Alberta floods in

2013. There is \$9.6 million allocated in the capital program for that project. That, I think, will support a number of initiatives, including some property buyouts. We've heard really clearly from the residents, the county concerns in that, and how to address it, so it was prioritized, and there's \$9.6 million available in this budget for that. So that's a good-news story. Thank you for your advocacy on behalf of your constituents.

**Mr. Sigurdson:** Well, thank you, Minister. With three seconds that's all I'm going to get in.

**The Chair:** There you go.

I apologize for the interruption, but I must advise the committee that the time allotted for consideration of the ministry's estimates has concluded.

I'd like to remind committee members that we are scheduled to meet on Tuesday, March 14, 2023, at 3:30 p.m. to consider the estimates of the Ministry of Affordability and Utilities.

Thank you, everyone. This meeting is adjourned.

[The committee adjourned at 12 p.m.]



