



Legislative Assembly of Alberta

The 31st Legislature
First Session

Standing Committee
on
Public Accounts

Environment and Protected Areas

Tuesday, April 9, 2024
8 a.m.

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**Legislative Assembly of Alberta
The 31st Legislature
First Session**

Standing Committee on Public Accounts

Sabir, Irfan, Calgary-Bhullar-McCall (NDP), Chair
Rowswell, Garth, Vermilion-Lloydminster-Wainwright (UC), Deputy Chair
Gray, Christina, Edmonton-Mill Woods (NDP),* Acting Chair

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de Jonge, Chantelle, Chestermere-Strathmore (UC)
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Lovely, Jacqueline, Camrose (UC)
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McDougall, Myles, Calgary-Fish Creek (UC)
Renaud, Marie F., St. Albert (NDP)
Schmidt, Marlin, Edmonton-Gold Bar (NDP)

* substitution for Irfan Sabir

Also in Attendance

Johnson, Jennifer, Lacombe-Ponoka (Ind)
Sweet, Heather, Edmonton-Manning (NDP)

Office of the Auditor General Participants

W. Doug Wylie	Auditor General
Eric Leonty	Assistant Auditor General

Support Staff

Shannon Dean, KC	Clerk
Teri Cherkewich	Law Clerk
Trafton Koenig	Senior Parliamentary Counsel
Philip Massolin	Clerk Assistant and Director of House Services
Nancy Robert	Clerk of <i>Journals</i> and Committees
Abdul Bhurgri	Research Officer
Christina Williamson	Research Officer
Warren Huffman	Committee Clerk
Jody Rempel	Committee Clerk
Aaron Roth	Committee Clerk
Rhonda Sorensen	Manager of Corporate Communications
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Janet Schwegel	Director of Parliamentary Programs
Amanda LeBlanc	Deputy Editor of <i>Alberta Hansard</i>

Standing Committee on Public Accounts

Participants

Ministry of Environment and Protected Areas

Tom Davis, Assistant Deputy Minister, Resource Stewardship

Ryan Fernandez, Assistant Deputy Minister, Financial Services

Brian Makowecki, Assistant Deputy Minister, Lands

Kate Rich, Assistant Deputy Minister, Policy

Sherri Wilson, Deputy Minister

8 a.m.

Tuesday, April 9, 2024

[Ms Gray in the chair]

The Acting Chair: Good morning, everyone. I'm going to call the meeting of the Public Accounts Committee to order and welcome everyone in attendance.

My name is Christina Gray. I am the MLA for Edmonton-Mill Woods and the acting chair for this committee. As we begin this morning, I'm going to start by inviting members, guests, and LAO staff at the table to introduce themselves, starting on my right.

Mr. Rowswell: Garth Rowswell, MLA for Vermilion-Lloydminster-Wainwright.

Ms de Jonge: Chantelle de Jonge, MLA for Chestermere-Strathmore.

Mr. Lundy: Good morning, everyone. Brandon Lundy, MLA for Leduc-Beaumont.

Ms Armstrong-Homeniuk: Good morning, everyone. Jackie Armstrong-Homeniuk, MLA for Fort Saskatchewan-Vegreville.

Mrs. Johnson: Good morning. Jennifer Johnson, MLA, Lacombe-Ponoka.

Ms Rich: Kate Rich, assistant deputy minister of policy in Environment and Protected Areas.

Mr. Davis: Good morning. Tom Davis, assistant deputy minister, resource stewardship division, Environment and Protected Areas.

Ms Wilson: Good morning. Sherri Wilson, Deputy Minister of Environment and Protected Areas.

Mr. Fernandez: Good morning. Ryan Fernandez, assistant deputy minister of financial services, Environment and Protected Areas.

Mr. Makowecki: Good morning. Brian Makowecki. I'm the assistant deputy minister for lands division in Environment and Protected Areas.

Mr. Leonty: Good morning. Eric Leonty, Assistant Auditor General.

Ms Sweet: Good morning. Heather Sweet, MLA for Edmonton-Manning.

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

Ms Renaud: Marie Renaud, St. Albert.

Ms Robert: Good morning. Nancy Robert, clerk of *Journals* and committees.

Mr. Huffman: Warren Huffman, committee clerk.

The Acting Chair: Thank you very much, everyone.

We'll now go online, and I'll invite MLA Lovely to introduce herself.

Ms Lovely: Good morning, everyone. Jackie Lovely, MLA for the Camrose constituency.

The Acting Chair: Thank you. I'm going to note for the record the following substitutions: myself for hon. Irfan Sabir as acting chair.

Oh, we've just been joined by Mr. McDougall, so I will invite MLA McDougall to introduce himself if he's connected and can hear audio.

Mr. McDougall: Yeah. Certainly. Myles McDougall, Calgary-Fish Creek.

The Acting Chair: Thank you very much.

Housekeeping items to address before we turn to the business at hand. Note that the microphones are operated by *Hansard* staff. Committee proceedings are live streamed on the Internet and broadcast on Assembly TV. The audio- and videostream and transcripts of the meeting can be accessed via the Legislative Assembly website. Those participating by videoconference, please turn your camera on when speaking and mute your microphone when not speaking. Members participating virtually who wish to be placed on the speakers list are asked to e-mail or send a Teams message to the committee clerk. Members in the room, you are asked to please signal either the clerk or myself. Please set your cellphones and other devices to silent for the duration of the meeting. Comments should flow through the chair at all times.

To begin with the approval of the agenda, are there any changes or additions to today's agenda? Okay. Seeing none in the room, I'm going to ask for someone to move that the Standing Committee on Public Accounts approve the proposed agenda as distributed for its April 9, 2024, meeting. Moved by MLA Schmidt. Any discussion on that motion?

Seeing none, all in favour? Any opposed? Thank you. That is carried.

We now have minutes from the March 26, 2024, meeting of the committee. Do members have any errors or omissions to note for the minutes? Seeing none, I'll ask that a member move that the Standing Committee on Public Accounts approve the minutes as distributed of its meeting held on March 26, 2024. MLA Rowswell. Thank you very much. Any discussion on that motion?

Seeing none, all in favour? Any opposed? Thank you. That motion is carried.

I will now welcome our guests from the Ministry of Environment and Protected Areas, who are here to address the ministry's annual report 2022 to '23 and the Auditor General's outstanding recommendations. I will begin by inviting the ministry to provide opening remarks up to 10 minutes, and I will turn it over to you.

Thank you.

Ms Wilson: Thanks very much. Good morning, everyone, and thank you both to the chair and the committee for having me and the team here today. I'm pleased to provide an update on the accomplishments of Alberta Environment and Protected Areas, which was then Alberta environment and parks, for the 2022-23 year.

Mr. Rowswell: Can you push your mic down? Sorry.

Ms Wilson: Sorry?

Mr. Rowswell: Your mic is . . .

Ms Wilson: Oh. Yeah. Okay. Sorry about that.

Mr. Rowswell: Sorry about that. Thank you.

Ms Wilson: Is that better? Okay. Great.

The team around the table have already introduced themselves, but I would also like to add that I'm joined in the gallery by Travis Ripley, acting assistant deputy minister of regulatory assurance, and Jamie Curran, assistant deputy minister of strategy and governance.

As you can see in the annual report, Environment and Protected Areas delivered on many items during the '22-23 fiscal year. As a department we made significant progress towards reducing emissions

and responsibly protecting, conserving, and managing Alberta's land, air, and water. During that year we focused on advancing the commitments in the government of Alberta's strategic plan and took a common-sense, made-in-Alberta approach to the ministry's business plan.

The result was progress made towards reducing emissions by supporting investments in emissions reduction technology and innovation, reducing unnecessary government oversight, and finding efficiencies while delivering important environmental oversight and conservation work and working with partners across the province to support a healthy environment and biodiversity while also keeping people working.

Of note, on October 24, 2022, the government announced a reorganization that had many changes across government. As a result, some of the responsibilities of this ministry were transferred to the ministries of Forestry and Parks, tourism, and Agriculture and Irrigation.

The ministry's expense in '22-23 was \$484 million. This was an increase of \$23 million, or 5 per cent, over the previous budget year.

I'll now provide a bit more detail about some of the key outcomes, objectives, and supporting initiatives that demonstrate progress was made in several important areas. This department made significant progress on reducing emissions while supporting innovation in '22-23. As you know, our technology innovation and emissions reduction, or TIER, system is a key part of Alberta's approach. It covers more than half of provincial emissions by heavy emitters, which are the main source of emissions in Alberta, and provides a competitive, flexible system that reduces emissions, supports innovation, and ultimately helps keep Alberta businesses competitive.

Budget '22 included \$230 million of TIER funding. The TIER fund revenue increased to \$772 million in '22-23, which was \$352 million more than budget. It's important to remember that compliance payments and credit usage by regulated facilities is the largest driver of revenue estimates. The system allows flexibility by design, so it is often difficult to predict, leading to fluctuating balances.

Our department also amended the TIER regulatory system in '22-23. This amendment was designed to provide better ongoing and long-term certainty, protect competitiveness, and continue improving the system. For the '22 year the system serialized more than 6.4 million tonnes that were registered as emission offsets and initiated 35 new projects.

In '22-23 Environment and Protected Areas invested \$201.3 million to support a range of investments in clean technology and climate resiliency programs. This included funding for the Municipal Climate Change Action Centre and Emissions Reduction Alberta, or ERA. ERA was granted \$75 million from the TIER fund and \$27 million from the federal low-carbon economy leadership fund to support programs that help create jobs, attract investment, and reduce emissions. This resulted in innovation and forward-looking funding initiatives like the \$50 million industrial transformation challenge. This competition provided funding for new technologies that are currently not in widespread commercial use and needed significant investment, testing, and scale-up. This helped fund projects exploring the use of geothermal energy and forestry operations, improved energy storage and technology to convert diesel electric locomotives to hydrogen fuel cells among others.

In addition, \$27 million from the federal low-carbon economy leadership fund help supports that continued implementation of ERA programs, including the shovel-ready challenge and the energy savings for business program. As well, \$21 million was invested in technology and innovation programming, including

support for the Hydrogen Centre of Excellence, climate change innovation and technology, and Alberta Innovates. The Municipal Climate Change Action Centre was also granted \$5 million to help Alberta municipalities and communities reduce emissions.

Finally, we invested \$3 million into the International CCS Knowledge Centre to help establish and run a new knowledge-sharing centre that benefits not only Alberta but CCUS activity around the world.

As you know, Environment and Protected Areas is also responsible for a variety of environmental monitoring activities. We continued this important work in '22-23 while ensuring that annual reporting processes were updated to address recommendations from the Auditor General.

8:10

A key part of our monitoring is led by the oil sands monitoring program. This is one of the largest environmental monitoring programs in Canada. It is a collaborative process with industry, Indigenous communities, the federal government, researchers, nongovernment organizations, and various monitoring agencies all participating. In '22-23 \$49.1 million was provided to the oil sands monitoring program to deliver ambient environmental monitoring within the region. Over half of the '22-23 budget was dedicated to support those external monitoring organizations that work to help monitor the region. This includes monitoring led by numerous Indigenous communities and partners in the region. This funding also helped enhance our understanding of the cumulative effects of oil sands management, helped implement regional plan environmental management frameworks, and will be used to inform future regulatory decisions and plans. The ministry continues to implement improvements to the oil sands monitoring program annual report process as recommended by the office of the Auditor General, which I will discuss in more detail in a little bit.

I'm also pleased to update you on the progress the department has made on Alberta's environmental monitoring system. In '22-23 \$72.9 million in combined operating and capital was allocated for environmental science and monitoring and related activities. This funding helped to ensure strong water and monitoring across the province. As part of this work the department moved forward on water quality management frameworks across the province. This included completing new surface water quality management frameworks to support water quality in the North Saskatchewan, Battle, and upper Athabasca rivers.

In '22-23 funding was also used for air quality monitoring across Alberta through grants for community airsheds as well as air monitoring stations.

Another part of the department's ongoing work on conservation efforts included caribou recovery as well as land-use planning and subregional planning. Overall, there was \$15.7 million allocated for caribou recovery and actions in '22-23 as well as \$9.8 million for land-use planning and stewardship tools. Some of the key achievements from that year included launching three caribou subregional task forces that helped to support six planning areas and provide recommendations to inform the development of new subregional plans.

In '22-23 progress also continued on the Cold Lake, Bistcho Lake, and upper Smoky regional plans, and progress continued on the previously established Wandering River and Bergen task forces as well as the Chinchaga task force that was established in the summer of '22.

Additional progress was also made on the co-operative management planning initiative launched in 2022 by the government of Alberta in 23 Indigenous communities in northeast Alberta.

Indigenous communities each received \$46,000 in grant funding to support their participation in that initiative. Throughout the year the department worked closely with Indigenous partners to not only ensure that meaningful engagement occurred at appropriate times but also to help create new opportunities for communities. Along with land-use planning, my department engaged with Indigenous groups in many important activities, including fish and wildlife management, oil sands monitoring, and policy development. Our department has an entire Indigenous initiatives branch that helps support meaningful engagement. This was a priority for the work conducted in '22-23 and continues today.

Before I wrap up, I'd like to provide a brief update on two of the Auditor General's new recommendations. During 2022-23 the OAG recommended that the department make changes to improve financial reporting processes for TIER. The OAG report provided legal clarity and made recommendations to ensure underpayments to the TIER fund are collected when errors are found. The department reviewed the report carefully, a misinterpretation of the regulatory authority was noted and addressed, and there are now internal procedures in place to assess and correct errors in facility-specific benchmarks and compliance report submissions.

The Acting Chair: Thank you very much. Lots to talk about. Thank you for those introductory comments.

I'm now going to turn it over to the Assistant Auditor General for his comments. Mr. Leonty, you have five minutes.

Mr. Leonty: Thank you. Good morning, committee members and officials here from the Department of Environment and Protected Areas. Auditor General Doug Wylie sends his regrets as he was unable to attend today's meeting due to a previous business commitment out of province.

Thank you for the opportunity to provide you with an overview of the work of the office of the Auditor General, specifically as it relates to our recent audits and the status of our follow-up work with the department. I'd like to begin with our financial statement audit work for fiscal '22-23. We audit the financial transactions at the Department of Environment and Protected Areas as part of our audit work of the consolidated financial statements of the province. In addition, we conduct separate financial statement audits of the Natural Resources Conservation Board, the land stewardship fund, and the technology innovation and emissions reduction fund. For the year ended March 31, '23, we issued clean audit opinions for all of those audits.

Before I move on to our outstanding recommendations, I would like to draw your attention to one of the key risks, or audit matters, we highlighted as significant during our '22-23 audit of the provincial consolidated statements, environmental liabilities. At March 31, 2023, the province's financial statements included \$117 million for environmental liabilities. This represents future funding required to comply with environmental legislation for government-operated sites or sites where government has taken responsibility.

There are a number of reasons we identified accounting for environmental liabilities as a key audit matter. Firstly, there are a number of sites where responsibility for who will do the work, if anyone, and the costs of required work to protect people and the environment have not been established. Secondly, back in June 2021 our report on processes to provide information about government environmental liabilities described weaknesses related to the processes to provide complete and accurate information about those environmental liabilities. Finally, interpretation of environmental law and standards is required to determine who is responsible to do the work, if anyone, when the private operator won't or can't do the work or no longer exists and no other backstop exists akin to the

Orphan Well Association to complete the necessary work. Further, expertise is required to assess the nature and extent of contamination and the work required to remediate and reclaim sites and then to estimate the cost to do that work.

As we indicated in our 2022 report of the Auditor General and again in 2023, although the environmental liability disclosures do comply with accounting standards, we believe that management can make further improvements to provide better information about current and potential future environmental liabilities in Alberta.

I now would like to provide an overview of the status of recommendations made by the Auditor General. Currently there are a total of 15 outstanding recommendations made to Environment and Protected Areas. Some of those have been outstanding for more than three years, and of the 15, five recommendations are now ready for assessment. Four of those relate to flood mitigation and are in the final stages of being assessed. The remaining recommendations speak to the need to improve various aspects of government operations, including the oil sands monitoring program, wetland replacement, financial security for land disturbances for mining, pesticide management, and, as already noted, environmental liabilities.

Of note, three recommendations related to sand and gravel and one recommendation related to grazing leases have recently been transferred to the Forestry and Parks ministry as part of a government reorganization, and we'll be conducting our follow-up work at that department.

In our financial auditing work undertaken during '22-23, we made two recommendations to the department. The first was to ensure the underpayments to the technology innovation and emissions reduction fund are collected when errors are found. Department management found through their review process that a facility had provided inaccurate information. The department estimated the error to cause a \$30 million underpayment to the fund. Failing to collect amounts owing to the TIER fund could negatively impact emissions reduction and climate adaptation efforts. This could also impede the regulatory systems designed to ensure fairness, transparency, and equity across facilities.

The second recommendation was to improve financial information preparation and reporting processes. Without effective and sustainable financial reporting processes management may not have reliable financial information it needs to base its decisions on. The risk of inaccurate and leaked financial information being supplied to users is also increased, and there are inefficiencies and waste that could result from ineffective financial reporting processes.

I'd like to thank the management group here today for their time, co-operation, and assistance during all the audit work that we complete. Very much appreciated.

That concludes my opening comments, Chair. Thank you very much.

The Acting Chair: Thank you very much.

We will now proceed to questions from committee members, and we'll begin with the Official Opposition. You will have 15 minutes. MLA Schmidt, please begin.

Mr. Schmidt: Thank you very much. My first block of questions concerns the TIER fund. On page 27 of the annual report it says that there was \$136.7 million allocated to Environment from the TIER fund, on page 28 the report states the government spent \$201.3 million on emissions reductions and climate resilience projects from the TIER fund, and on page 69 it says that \$181 million was spent in grants on innovation and technology. Can you help me explain why we have three different numbers for money that was spent from the TIER fund?

8:20

Ms Wilson: I'm going to ask ADM Kate Rich to explain the numbers.

Ms Rich: Sorry. Just give me one sec. Yeah. I'll start with the \$201.3 million. The \$201.3 million are the funds that have been allocated across the government of Alberta, invested outside the government of Alberta. For that, it includes our grants to other partners like Emissions Reduction Alberta, MCCAC, our LCELF funding, or low-carbon economy leadership funding. We had a program on industrial energy efficiency and CCUS and the like. That was the kind of government-wide investment out.

The \$136.7 million was kind of Environment allocation of that versus the government of Alberta. You see the two different numbers. Some funds are run through other departments, like Technology and Innovation has a grant to Alberta Innovates to help the Hydrogen Centre of Excellence. Energy and Minerals supports our investments in CCUS and the like. As well, JET – Jobs, Economy and Trade – supports our coal transition committee.

The \$181 million – I'm just looking up what that is. Sorry. I'm just looking for what page it was.

Mr. Schmidt: Yeah. Page 69.

Ms Rich: Sorry. I'm just looking for it.

Yeah. I think in that particular case, then, it's going to really split it out into technology versus other investments. As I said, outside the GOA there was \$201 million invested as a total, and the \$181 million is specific to, it says, grants in innovation and technology. So those other funds are invested in other things like adaptation and resilience and the like. That's specifically looking at the tech fund.

Mr. Schmidt: If I understand what the ADM is saying, then there is a claim that there is \$201 million spent government-wide on emissions reduction and climate resilience; \$181 million of that is specific to innovation and technology, and then \$136 million is allocated to Environment and Protected Areas to spend. Is that a reasonable summary of what the discrepancies are?

Ms Rich: Yeah. And if you want us to walk through the \$201 million, I could name who's got what and what it went to.

Mr. Schmidt: Yeah. That's my next question. If you can provide a breakdown of who got what in terms of ministries and then what those ministries spent that money on. Like, I understand that we don't have a whole lot of time here, so if the department could return that information to the committee in writing, I would appreciate it.

Ms Wilson: To confirm, if I may, the \$201.3 million: a listing of how that was disbursed.

Mr. Schmidt: Yes, that's right. Like, from receiving the money to the TIER fund to the end recipient. If we could see which department got how much money and then where those departments spent that money, that would be appreciated.

Ms Wilson: That's what we're asking for in writing.

Mr. Schmidt: Yeah.

Ms Wilson: We can come up with that, absolutely.

Mr. Schmidt: Okay. Thank you very much.

This creates a problem, that it's very hard to track where money from the TIER fund is being spent. Who is ultimately responsible

for tracking the total expenditure of money from the TIER fund? The report mentions \$1.48 billion in total that has been spent from TIER since it's been initiated. Who's ultimately responsible for tracking and reporting where that money is going?

Ms Wilson: I'm going to defer again to ADM Kate Rich.

Ms Rich: Ultimately, the oversight of the TIER fund is through the Department of Environment and Protected Areas as the funds are allocated through standard processes. The funding is administered by various departments, so they would have their typical oversights of contracts and grants and those types of oversights as well. So the allocation and the tracking of the fund as a whole would be up to our department for how funds are allocated.

Mr. Schmidt: Okay. What plans does the department have to increase the transparency of where the money is going?

Ms Rich: I think it's through reporting processes like these, where we report our funds that are invested, and our programs are generally made public. Whether it's Alberta Innovates and the Hydrogen Centre of Excellence or Emissions Reduction Alberta and their programming through various competitive funds or the Municipal Climate Change Action Centre and the like, the projects that result from that are posted publicly with the investment dollars, et cetera.

Mr. Schmidt: Thank you very much.

I want to drill down into one project in particular that has been funded through TIER. During the estimates process the minister of energy mentioned that money from the TIER fund was given to Razor Energy to undertake a carbon emissions reduction project. This was particularly interesting to me because Razor Energy went bankrupt in January, but this should come as no surprise to anybody who had been paying attention to what was going on with Razor Energy. That company had been in dire financial straits for a number of years, with liabilities outstripping its revenue since at least 2018, yet between 2019 and 2023 – we're not quite sure of when the money was distributed and how much – Alberta Innovates invested \$2 million into Razor Energy for a geothermal co-production project, and ERA committed \$10 million to the project although the information available on the ERA website doesn't really make clear when that investment was made. How much was the total investment in Razor Energy with TIER funds?

Ms Wilson: Unfortunately, we don't have information specifically on that project here, but certainly we can take that away and follow up.

Mr. Schmidt: Okay. Thank you.

I'm also looking for a timeline of when each of these investments was made. Like I said, Alberta Innovates suggests that the investments were made between 2019 and 2023. ERA didn't clarify when the investments were made. I would like to know when each investment was made in the company. This company was clearly under financial stress long before 2019, when the first investment from Alberta Innovates was made. Can the ministry clarify how it assesses the financial viability of companies before making investments from the TIER fund?

Ms Rich: Well, I'm going to speak to the project, not the details but the example in question. You note that Alberta Innovates and ERA made those decisions. We don't fetter and get involved in the decisions of those agencies. They are distinct from the government

of Alberta. They would do their checks and balances as far as looking at investments.

We did have some programs ourselves. For example, we had in 2022-2023 some additional funds in our industrial energy efficiency and carbon capture and storage programming. For that, we do have the companies submit their information about what projects they plan to proceed, and they're relatively quick. That one was more of a shovel-ready project and a readiness to execute where they are posting financials as well to deliver those projects. That's inherent in our review of the applications.

Mr. Schmidt: So help me clarify. The ADM told the committee just a few minutes ago that ultimately Environment is responsible for managing the TIER fund. However, you don't attach any strings to how Alberta Innovates or ERA distributes the money. If Alberta Innovates or ERA decide to light the money on fire to keep their offices warm, that would be fine with you, apparently. There are no controls from Environment on how that money is spent once it goes into Innovates or ERA's pockets. Is that correct?

Ms Rich: No. That's not correct. What I hope I was clear on was that we don't look at each project, the decision when a third party is choosing to invest funds to a given proponent. We do have oversights for our funds to these organizations. For example, just using the Emissions Reduction Alberta as an example... [not recorded]

Mr. Schmidt: [Not recorded]... of energy. The government is on the hook for an investment of at least \$12 million. We're not sure what the final total is. [Not recorded] I believe we're not getting anything out of that investment anymore. What processes does the ministry follow to ensure that the people's investments are protected and that we're not just throwing money at bad companies and getting nothing out of it?

8:30

Ms Wilson: Specific to Razor Energy, as we noted earlier, we'll come back on information on that. I think that the ADM has clarified that we work with the organizations that we provide funding to and set out policies and uses for TIER. We don't necessarily get involved in specific projects, but we would expect reporting back in terms of how funding is used.

Mr. Schmidt: Right. Now this is a company that doesn't exist anymore; there's nobody to even report back to you.

Mr. Lundy: Point of order, Madam Chair.

The Acting Chair: Please.

Mr. Lundy: Thank you, Madam Chair. This is a point of order under 23(b) as well as 23(c). Under 23(b) the member opposite is asking a lot of questions well outside the scope of the committee. I believe the department officials have stated numerous times that Alberta Innovates and the Alberta Energy Regulator are independent and separate from their ministry, so this would certainly fall under 23(b) as outside of the scope. In addition, under 23(c) the member opposite has needlessly repeated the same question that the ministry has already provided an answer to.

I'm happy to give the member opposite a chance to ask a question even a couple of times, but this is the third or fourth time that he's continuing this, so I clearly think that this is a point of order.

Thank you, Madam Chair.

The Acting Chair: Thank you very much.
To the Official Opposition.

Ms Sweet: Thank you, Madam Chair. This is not a point of order. I believe that the member is just trying to clarify and get the details of the information that he's asked. This is the process that happens at this committee, to get into the minute details of an issue. I do not believe this is a point of order, and the member is doing exactly what is expected of him as an opposition member.

The Acting Chair: Thank you very much.

Listening to the line of questioning, I believe this does fall under the annual report in talking about the TIER funds, and the member did begin with citing several of the page numbers. That being said, I will continue to listen closely. I won't find a point of order now, and I'll allow the member to continue his line of questioning.

Mr. Schmidt: Yeah, thank you.

A company goes bankrupt. There's nobody left to report on how the money was spent. What happens in that case?

Ms Rich: Maybe I'll add that in this circumstance, whether a company goes bankrupt or a project doesn't get fulfilled for a given reason, each of the proponents: whether it's an agreement with us or whether it's an agreement with one of our partners like Emissions Reduction Alberta, there are grant agreements for those specific projects, and the monies tend to be given at gateways of project delivery. So if a proponent can't fulfill its grant agreement, we don't proceed to give the funding, right? It's conditional funding on delivering something in return. There are so many projects; it would be hard to go into every detail for that. But we have seen cases where, if a project cannot proceed for whatever reason, the funds do not get disbursed and can be returned, in our case, to the GOA.

Mr. Schmidt: Yeah. I realize we're running short on time. Can the department commit to following up with the committee in writing with a number of projects that have failed in this sense, that you've decided to make an initial investment in and you've reached some gateway where they're not being able to deliver? I would appreciate some clarity on how many projects like investments in Razor Energy, on where we've made investments that haven't actually yielded any outcomes.

Ms Wilson: I think that what I can endeavour to do is take that question away and determine what information we have that we can actually provide.

Mr. Schmidt: Thank you very much.

Page 69 says that there was \$185 million budgeted for TIER but only \$181 million was spent. Can you help me understand how the budget amount was set and why it was underspent?

Ms Wilson: I'm sorry. Could you repeat the page number?

Mr. Schmidt: Page 69.

Ms Wilson: Page 69. Okay.

Ms Rich: When we do our budgets, in this case for Budget 2023, we want to note that both the revenue can change for a finalization as well as our investments. Just overall for this particular year, from a variance or annual surplus, we did continue to invest. It's relatively close. At the same time, I want to note that we were developing the emissions reduction and energy development plan and looking at our path forward, which would also inform future investments.

When I look at the kind of variance, when you say we spent \$181 million compared to the budget – I think you referenced \$185 million – some of our planned spending was a little bit higher and some was a little bit lower than forecast. For example, we actually

ended up giving more money to Emissions Reduction Alberta than originally foreseen, as just one example. Then, for our industrial energy efficiency and CCS program, fewer proponents were eligible for that. So it's just a little bit of an imbalance there as far as looking at which actual projects come through in certain competitions and look viable.

Mr. Schmidt: Same page: you estimated that general revenue was going to be \$159 million, but you actually returned \$335 million to general revenue. Why the significant overspend on the amount returned to general revenue? Why wasn't that money set aside for innovation and technology?

The Acting Chair: Thank you. That concludes the first block.

We will now move over to the government for the second round, and I understand, MLA de Jonge, you will begin.

Ms de Jonge: Thank you very much, Chair.

I just want to begin by thanking the department for being here this morning and answering some of our questions. I know the department has been working hard to protect Alberta's environment and implementing this government's direction, so I want to thank you for all the work that you do.

I just want to dive right into it, then, looking at key objective 1.1. This is on page 18. The annual report details how land-use plans are being developed and implemented to support a cumulative effects management approach by setting and integrating ...

And this is the language from the report.

... economic, environmental and social outcomes, and by managing new and existing land activities to then achieve these outcomes.

It's also here mentioned that "\$9.8 million [has been] allocated to land-use planning and stewardship tools in 2022-23." So my question is: can the department outline how this funding has been used to support co-ordinated and efficient land use and, you know, by identifying environmental, social, and economic outcomes and approaches for meeting the outcomes in the report? Then, how has this funding really improved efficiency and transparency in the regulatory process?

Ms Wilson: Great. Thank you very much for that question. The department continued its commitment to advancing the land-use framework, regional plans, and other land stewardship tools through '22-23. It's important to understand that that land-use planning is complex and involves extensive engagement with Indigenous communities, industry, and other partners. The department is committed to implementing the land-use framework by several different methods: managing cumulative effects through land-use planning and other tools, modernizing our land stewardship and Crown land management tools, implementing and evaluating the lower Athabasca and South Saskatchewan regional plans, advancing regional planning in other regions, developing subregional and issue-specific plans, building on the working relationships with Indigenous communities as well as other stakeholders, and conducting five-year evaluations and 10-year reviews of the regional plans.

Some of the key achievements from that year included launching three caribou subregional task forces – northeast, northwest, and west central – and that helped to support six planning areas and provide recommendations to inform the development of new subregional plans.

Also in '22-23, staff improved transparency by releasing the progress reports for the South Saskatchewan regional plan and

lower Athabasca regional plan, and these reports provided important updates on the current implementation status and upcoming work.

I hope that answers your question.

Ms de Jonge: Thank you very much.

Moving on now to page 34 of the report, it states that in 2022-23 "approximately \$1 million was spent on flood mapping and related products to support planning efforts of communities at risk of flooding events," and then page 35 of the report states that "ten new flood mapping studies were started with technical completion expected in 2024." I come from and represent an area of the province where we experience a lot of droughts. But, you know, there certainly are other areas of the province where they face significant risk of flooding. Can the department expand on the need for flood mapping, how these areas are selected in the province?

8:40

Ms Wilson: Certainly. Flood maps increase public safety and help Albertans reduce and mitigate flood losses. Advanced flood mapping is being initiated across the province to help ensure municipalities and Indigenous communities become as flood resilient as possible. The department manages the production of flood studies through the provincial flood hazard identification program. Flood maps produced under this program have historically been used as the science-based tool to make informed decisions about flood management in Alberta.

Candidate areas for new and updated flood mapping studies are assessed and prioritized based on factors like local demand, age of existing studies, flood history, population, existing development, and potential for future development.

Ms de Jonge: Thank you.

You mentioned this in your answer, that you work with municipalities and Indigenous communities on flood mapping. Can you explain how these investments in flood mapping help these communities become as flood resilient as possible?

Ms Wilson: Flood maps: they identify where water will flow during a flood and what land could be flooded during different size floods. Provincial flood maps are used by all levels of government and Indigenous communities, and they help inform local land-use planning decisions, emergency management operations, and sustainable flood map function initiatives. Flood maps are a valuable resource when designing flood protection infrastructure and determining eligibility for postflood provincial and federal disaster assistance. Since 2020 the department has delivered over 1,600 kilometres of new flood maps, which cover more than 60 municipalities and five First Nations.

Ms de Jonge: Thank you.

Now, just turning back to page 23, key objective 1.3 discusses how the department is "using an Environmental, Social and Governance [ESG] approach and partnerships [to] deliver effective ambient environmental condition monitoring, evaluation and reporting to support resource stewardship." I see that to support that key objective, "\$72.9 million in combined operating and capital [was] allocated in 2022-23 for environmental science and monitoring, and [the] provision of credible and objective information" in the language of the report. So can you explain how this funding is divided between some of the programs that are listed? I see Alberta environment monitoring system, the oil sands monitoring program, the Alberta environmental science program. There are several other programs, so can you comment on how the funding was divided between those programs and, you know, provide some progress and success that they've had in 2022-23?

Ms Wilson: Great. Thanks for that question. The funding is divided across several budget lines, so let me explain each one more fully. The funding for the oil sands monitoring program is found in program element 8.2, and in '22-23 the oil sands monitoring program provided just over \$49 million in funding for 47 projects to support monitoring, evaluation, and reporting in the oil sands region. This included monitoring activities for air, biodiversity and wildlife, fish, groundwater, surface water, and wetlands. Important to remember is that the oil sands monitoring program is one of the largest environmental monitoring programs in the world. It is a joint provincial and federal working partnership and includes Alberta Environment and Protected Areas, Environment and Climate Change Canada, First Nations and Métis organizations, environmental agencies, and industry stakeholders. It's truly a unique program. The level of monitoring achieved and the co-ordination between multiple levels of government, industry, and Indigenous communities is unique. At the end of the fiscal year the actual expenditures were just over \$49 million, with any unspent funds not lost but rolled into use for future years.

In addition to that program, the funding for Alberta's provincial environmental monitoring system and the Alberta environmental science program is found in program element 8.1, and the expenditures for '22-23 totalled approximately \$23.6 million. While the oil sands monitoring program focuses exclusively on the oil sands regions, this funding is used by the department to monitor the quality and quantity of Alberta's water resources year-round across the province. This is done through a province-wide network of monitoring stations. These networks collect the data on lakes, streams, rivers, wetlands, and groundwater across the province. Similarly, a province-wide network of 130 permanent stations monitors air quality 24 hours a day, seven days a week, and the data are publicly available. Air quality is consistently checked against regional, provincial, and national standards to make sure that air is safe. All of this monitoring is an important part of the department's work and how we are supporting Albertans.

Thank you.

Ms de Jonge: Thank you very much.

With that, I'm going to cede the rest of my time in this block to my colleague.

Mr. Lundy: Thank you, and through you, Madam Chair, thanks to the department officials for joining us this morning and for providing us with a little more information. I know we certainly all appreciate that.

I would like to ask some questions on a specific project, that being the Springbank off-stream reservoir project. I believe this is on page 20 of the annual report: "The ministry initiated and continued to work on the development of a land use plan for the Springbank Off-Stream Reservoir Project." This plan is being developed to guide future use of the project lands and will reflect the unique environmental and historical values of the area. The report also states that this work "included setting up advisory committees to include First Nations, Metis groups, stakeholders, municipalities and local landowners in the process to develop a plan" and that "flood mitigation will be the primary use of... reservoir lands, followed by First Nation access for the exercise of Treaty rights and traditional uses." Through the chair, my question is: can you speak to the importance of the land-use plan and how it will shape usage of the project lands once the reservoir is completed?

Ms Wilson: Thank you for that question. This is definitely important work. The Springbank off-stream reservoir is currently

under construction west of Calgary to help protect Calgary and the other downstream communities from future floods. The reservoir will be constructed as a dry reservoir, meaning that it will only store water in emergencies, not year-round. This means much of the land within the reservoir can be used for purposes other than flood management most of the time. A land-use plan is needed to guide how the land is used when not filled with water. This plan will describe provisions regarding use and access of the project lands to support safe operations of the infrastructure and limit impacts on the environment and surrounding private landowners.

Obviously, safety is paramount in any of the decisions that may allow for access onto the project lands. This includes the safety of all government operational staff, First Nations peoples, and the public. The land-use plan is being developed to provide direction for access and use by First Nations and the public that is compatible with regulated operational requirements. It will also assign restricted access to specific locations that are exclusively used for safe and effective operations of the infrastructure. It will accommodate scenarios where full or partial closure of the project area to First Nations and the public are required for operational needs. It will identify formal locations where users may access the project lands for nonmotorized recreational activities and enable dam operations and land management to accommodate monitoring and ecological best practices.

The primary and overriding use of the project lands is for flood mitigation and site operations. However, beyond this, priority use and access will be for First Nations exercise of treaty rights and traditional uses, and secondary uses and access to the project lands will include nonmotorized activities for the public.

Mr. Lundy: Thank you.

I notice that in '21-22 there was a \$100,000 commitment, but in '22-23 an additional commitment of \$205,000 "was made for capacity funding to ensure Treaty 6 and... 7 First Nations are able to participate in the planning process and to ensure the exercise of Treaty rights and traditional uses are supported." Through the chair, how did the additional \$205,000 in funding in '22-23 contribute to key objective 1.5, which is to advance environmental issues, work with Indigenous communities and organizations to develop long-term, trust-based relationships?

Ms Wilson: The funding was critical to the project because it enabled a First Nations committee to provide input into the plan. Representatives from Treaty 7 First Nations and Treaty 6 First Nations participated. They shared important perspectives and knowledge, highlighting the importance of these lands for the local ecosystem and for the exercise of treaty rights and traditional uses. This was particularly important as the lands will prioritize First Nations access and the use of the land for exercising treaty rights and traditional use except, of course, during flood events, closures, and the recovery periods that occur postflood.

Thank you.

8:50

Mr. Lundy: Thank you for that.

Maybe switch directions here with our little bit of time left. Outcome 1 on page 18, key objective 1.1, focuses on: "Effectively balance environmental, economic and social concerns through Crown land management modernization, integrated policy development and collaborative and integrated regional, sub-regional environmental and parks management planning." I see that to support this objective in '22-23, \$15.7 million was allocated for caribou recovery planning and actions. Through the chair, can you

expand on the need for this funding and how this funding was used to achieve this key objective?

Ms Wilson: Over the past number of decades caribou populations in Alberta have experienced steady population declines. Caribous are currently listed as threatened under the federal Species at Risk Act. Without the action support that we do, Alberta's caribou populations could face that long-term extinction, and that is why this funding is important and why we're working to help woodland caribou recover.

In 2019 the government endorsed . . .

The Acting Chair: Thank you very much.

For our second rotation we'll be back to the Official Opposition for 10 minutes. MLA Schmidt.

Mr. Schmidt: Thank you very much. I just want to return to my questions related to the TIER fund. One of the things that we see year over year is a significant surplus building in the fund. Last year the budget expected a surplus of \$75 million. The actual amount of the surplus turned out to be \$255 million. You know, my back-of-the-envelope calculation at \$65 a tonne, which is the federal price on carbon – if you'd spent all of that \$255 million, Alberta would have seen a nine megatonne emissions reduction. Why are we retaining money in the TIER fund and not spending it on emissions reductions?

Ms Wilson: The revenue from '22-23 compared to '22-23 actuals primarily was due to higher than expected fund credit payments due to increased credit banking for use in future years. Additionally, revenue from 2021 compliance period, which was not originally accounted for in the '22-23 budget, was received on June 30, 2022, and recognized in the '22-23 fiscal year.

The dynamic nature of revenue forecasting throughout the fiscal year is a significant factor contributing to the surplus. As companies adjust their production levels, their emissions fluctuate accordingly, making it challenging to accurately predict how they utilize their credits. This unpredictability in both emissions levels and credit usage directly impacts the ability to precisely forecast revenue, and the inherent variability in company behaviour leads to discrepancies between anticipated and actual revenue, often resulting in the surplus that we're talking about. Deploying new technology and its adoption rates can result in delays also, which prevents us from fully utilizing the fund. There's no universal approach to deployment, and it often takes longer than anticipated.

The emissions reduction in the energy development plan was not finalized until April of '23. Among the other initiatives the plan included a commitment to comprehensively assess clean technology and innovation opportunities in each emitting sector as a fundamental step to setting technologically and economically achievable carbon neutrality by 2050. Maintaining that accumulated surplus allows for funded projects in the future to help ensure investments are made to critical technologies. It also ensures that funds are available when emitters opt to use credits for compliance instead of making payments to the fund.

Mr. Schmidt: In her opening statement the deputy minister was about to fully respond to the Auditor General's concerns about the process of underpayment of \$30 million. I'd invite her to complete that statement and, you know, let us know: did we get our 30 million bucks back?

Ms Wilson: Give me a moment. Maybe what I'll start with is finishing the sentence that was in my opening remarks while we pull some pages on the OAG recommendations. I did start to say that – oops. Apologies. Sorry. I'm in the wrong section.

Okay. Just to finish off the speaking notes portion, I had indicated that the OAG had provided legal clarity and made recommendations to ensure that the underpayments to the TIER fund are collected when errors are found and that the department reviewed that report carefully from the OAG. The misinterpretation of the regulatory authority was noted and addressed, and there are now internal procedures in place to assess and correct errors in facility-specific benchmarks and compliance report submissions. We have developed an implementation plan, and we have submitted that to the Auditor General as part of this work.

Mr. Schmidt: Right, but the Auditor General and in his comments here today highlighted one facility that had underpaid into the TIER fund \$30 million. What efforts did the department make to collect that \$30 million?

Ms Wilson: We are in the process of collecting those payments now.

Mr. Schmidt: Do we have an idea of when we're going to get that money?

Ms Rich: Maybe I should just note that compliance submissions are due by June 30 of every year, so it's typically on those cycles that we make sure that we do those adjustments.

Mr. Schmidt: So by June 30 we're going to have . . .

Ms Rich: We continue to work through this one. Yup.

Mr. Schmidt: My next group of questions is related to the mine financial security program, which is discussed on page 30 of the annual report. The review was conducted to ensure that there are sufficient funds available to cover the remediation and reclamation liabilities for oil sands mines. Now, to know whether or not there are sufficient funds, it's reasonable to assume that the ministry has a sufficient understanding of the scale of the liability problem, yet that doesn't appear to be the case. The June 2023 report from the Alberta Energy Regulator on the official liability for all mines is approximately \$47 billion, yet internal AER documents reported by Global News in 2018 suggested that the liability for oil sands mines was much higher and closer to \$130 billion. When the ministry undertook its mine financial security program review, did it have a target for the amount of money it needed to collect in order to know that it had sufficient funds to cover liabilities? I guess: what liability number did the government set out as being the goal to have in the fund?

Ms Wilson: I'm going to turn that question over to ADM Makowecki.

Mr. Makowecki: Yeah. When we undertook the review of the mine financial security program, it was looking specifically at the request that the OAG had around how the dollars were accounted for, what the asset value was, what timing should be collected. There wasn't a specific target, but the mine financial security program does have targets right within the program, and those targets are to have asset values greater than 3 to 1, so assets three times greater than any liability amount. So that's the . . .

Mr. Schmidt: Right. Right. But what's the actual liability amount? We've got numbers that are varying from \$30 billion officially that the AER puts out publicly, but internally they're telling themselves that they've got at least \$130 billion in liabilities. What is the number that the ministry of environment is using as its goal to collect for mine financial security?

Mr. Makowecki: Well, what we're using is essentially what the AER is assessing, and the AER has assessed, I think, most recently \$47 billion worth of liability. But that ratio is still considerably less than what the asset value is, which the AER estimates to be half a trillion dollars for those facilities.

Mr. Schmidt: Right. Right. So even though everybody knows that the AER is officially underestimating liabilities and overestimating assets – that's what the Auditor General has pointed out – you're still sticking with the AER's estimates of liabilities.

We talked about potential changes in the mine financial security program for evaluating the assets. What options for different asset calculations were considered during this process?

Mr. Makowecki: Well, we looked at feedback from First Nations, from companies. We looked at the handbook that's available for reporting assets and financial management of the oil and gas industry that's considered an international accepted standard. Essentially, we looked at, you know, whether or not we're collecting the dollars at the right time. We looked at whether or not our forward price factor is conservative enough to estimate sort of how the changes in the value might be incorporated into the ratios for requirements and looked at whether or not there needs to be a change in sort of values or assets that are used in the calculation, so whether or not assets outside the mining area should be considered as part of the assets that could be used in securing the liability.

9:00

Mr. Schmidt: In a lot of cases when government undertakes consultation, they publish a document for discussion. Where was the document for discussion that was related to the mine financial security program, and when can the people of Alberta expect to see that?

Mr. Makowecki: Well, we're still reviewing some pieces, some of the feedback we've got. We're still looking at making sure that we understand fully whether that international handbook is relevant very specifically to the oil sands sector. The mining sector is a bit unique, well, in Alberta but also around the world. There aren't other examples of that. There is information in that handbook, but that analysis is still occurring, and we expect to finalize our approach this year.

Mr. Schmidt: Will the people of Alberta be told what options were considered and what decision was ultimately landed on, or are you just going to roll out a revised mine financial security program without any explanation?

Mr. Makowecki: You know, until those decisions are made, I wouldn't be able to tell you for sure whether there will be changes to the program. I think that depending on the decisions that are made, the communication would reflect that.

The Acting Chair: Thank you.

We will now move to government questions. I understand, MLA Lovely, you will be leading off in this rotation. Oh, and we can't hear you just yet. You're not muted, so it might be our issue in the room. Give us one moment. We'll have to do the thing from the phone commercial and just have you continue to talk periodically until we sort out what's going on in the room.

While the tech team is working on this, I'll just turn to the government. Would it be possible perhaps if we move to the next speaker and come back to MLA Lovely's question in the next block?

Mr. Rowsell: Yeah. We can do that.

The Acting Chair: Fantastic.

MLA McDougall, would you be prepared to kick us off?

MLA Lovely, my apologies. The tech team is working to try and sort this out, and we'll continue to do that so that you can lead off in the next block. I'll turn it over to MLA McDougall in the meantime . . .

Mr. McDougall: Great. Thank you.

The Acting Chair: . . . for 10 minutes.

Mr. McDougall: Ten minutes? Okay.

On the performance measure 2(a) on page 32 – oh, first of all, thank you for being here today and the work that you folks are doing – the annual report looks at the percentage of provincially priced greenhouse gas emissions. "In 2023, the Federal Fuel Charge [rose] incrementally to \$65 per tonne from the federal government's 2019 rate of \$20 per tonne." And, of course, we know it's been increased to \$80 per tonne last week.

I see on page 32 that the percentage of provincially priced greenhouse gas emissions, not including federal pricing schemes such as the federal fuel charge, have increased steadily from 2019 to 2021, from 58 per cent to 62 per cent in '21, without having to impose a provincial consumer carbon tax on Albertans. Can the department please inform the committee on why and how the provincial government has been able to provide a greater percentage of greenhouse gas emissions coverage without implementing a provincial consumer tax? If you can give me, you know: what's the approach there, or why is that happening?

Ms Wilson: Great. Yeah. Thanks for that question. The answer to your question is actually found in our TIER system. When the TIER regulation was implemented in 2020, it included an important provision: in addition to including large-scale emitters, that regulation allowed aggregated, small, conventional oil and gas facilities to opt in as well. This was incentivized; it incentivized these smaller emitters to opt into Alberta's TIER pricing system where carbon pricing applies only on emissions higher than a facility-specific benchmark. By participating in the system, they can avoid paying the federal carbon tax on their emissions.

TIER has also extended this ability to other non oil and gas facilities who can opt into the program where they qualify as being competitively impacted by the federal carbon tax, which has also increased emissions coverage under TIER.

Mr. McDougall: Okay. The 2021 target was 59 per cent, which we, of course, exceeded. I'm just wondering: looking forward, what is our expectation going forward? We will we succeed with the current target? What is the expectation there?

Ms Wilson: The 2021 target was set based on forecasts of how many facilities the department expected would opt in under the TIER system. As the federal fuel charge continues to increase – and it is set to rise up to \$170 per tonne of CO₂ emissions by 2030 – we expect that there will be increasingly greater incentive for emitters to opt into Alberta's TIER system and avoid payment through the federal carbon tax system.

Mr. McDougall: Okay. Thank you.

Moving on a little bit, on page 28 of the report it says that "between 2019-20 and 2022-23, the Government of Alberta allocated up to \$1.48 billion from the TIER Fund in programming," as we know, "to support innovation . . . and CCUS, industrial

energy efficiency and climate resiliency,” et cetera. These investments were estimated to support emission reductions of approximately 70 million tonnes by 2030 and over 21,000 jobs per year of employment for Albertans when factoring in the total value of these supported projects, which, of course, includes funding from companies and other sources. Those are pretty impressive numbers. Can the department outline some of the key investments that were made through the TIER fund in 2022-23?

Ms Wilson: Certainly. In '22-23 Alberta's government spent a total of \$536 million of the TIER fund and other public funding. So \$201.3 million, which we mentioned earlier, was for climate programming, and \$335 million was allocated to reducing Alberta's deficit and the Canadian Energy Centre. The government invested over \$200 million in '22-23 to support a range of investments in emissions reductions technology and climate resiliency programming, and I can list off here for you some of those funds.

As part of this, the department invested a total of \$141 million as follows: \$75 million for Emissions Reduction Alberta's work, which funds technology and innovation projects across the economy; \$27 million of the federal low-carbon economy leadership program funding to support important programs, including the shovel-ready initiative, the energy savings for business program, and the partnerships intake program; \$5 million was for the Municipal Climate Change Action Centre to help communities reduce energy use, reduce greenhouse gas emissions, and improve resiliency.

There was \$20 million in additional funding that was committed in '22-23, for a total of \$151 million since '20-21, to support 12 projects funded by the department's industrial energy efficiency and carbon capture, utilization, and storage grant program. There was \$3 million that went to the International CCS Knowledge Centre to establish a new carbon capture and storage knowledge-sharing platform, \$3 million was invested into the watershed resiliency and restoration program, \$1 million for the University of Alberta's adaptation resiliency training program, \$7 million for department costs to deliver the TIER regulatory system and programs, and \$400,000 was spent to support ESG programming by the department.

There were other departments that also invested \$66 million of TIER funds, and that included \$42 million for Energy and Minerals for continued support to two established carbon capture and storage projects, the Quest and the Alberta carbon trunk line; \$3 million for Jobs, Economy and Trade for continued delivery of the coal workforce transition programs; \$21 million for Technology and Innovation programming, including support for the Hydrogen Centre of Excellence; and, finally, in addition to that, there was \$75.6 million that was held in '22-23 for future CCS projects.

Mr. McDougall: Okay. Thank you.

I see on page 27 that the ministry amended the TIER regulatory system effective January 1 of last year. Can you provide some context into what the stakeholders' views on this were or the feedback they had on these amendments, and what were some of these key changes?

Ms Wilson: Yes. Thank you for that. Consultation, of course, is critical. The department received feedback from over a hundred different stakeholders, including regulated facilities, offset proponents, nongovernment organizations as well as others. Using this engagement, we used that to help inform the system amendments that we made. One of the examples I would use is that a change was made to follow the federal pricing change to 2030. Stakeholders supported Alberta maintaining its jurisdiction over the regulation of industrial greenhouse gas emissions and supported following the

federal carbon schedule if that was necessary to meet federal equivalency as well as price certainty.

9:10

Another amendment that was made was to increase the annual tightening rate of facility-specific and high-performance benchmarks by 2 per cent starting in 2023. A 4 per cent annual tightening rate was applied to oil sand facilities starting in year 2029-2030. Stakeholders were generally accepting of increasing system stringency to maintain provincial jurisdiction through changes to the tightening rates that I just mentioned.

We also reduced the opt-in threshold for emission-intensive and trade-exposed sectors to 2,000 tonnes per year. That went down from 10,000 tonnes per year, just for reference. This was supported by stakeholders as with the increase in carbon price. The opt-in provision allows more facilities to voluntarily opt in to TIER and opt out of the federal carbon tax, which saves money and protects competitiveness but also still provides the intent of carbon pricing.

Another change made to TIER for 2023 forward is to raise the credit use limit. It increased annually over time to shift from 60 per cent maximum to 90 per cent, and credit expiration period reduced from eight years to five years. Generally stakeholders were supportive of maintaining compliance, flexibility, and increased credit use.

There were also two new types of credits that were also created in the '23 TIER system to incentivize carbon capture, utilization, and storage projects. They expand the carbon offset approach and enable credit stacking with the federal clean fuels regulation, and stakeholders were also supportive of those changes.

Mr. McDougall: Since those changes have been implemented, you know, what kind of feedback are you getting from industry on that? Anything new coming forward or concerns?

Ms Wilson: As I've said, most of the stakeholders have generally supported the changes. The changes have improved the system by increasing the stability, the certainty, and investor assurance for the changes. Alberta's industrial carbon pricing and emissions trading system, that's operated since 2007, and these latest TIER changes continue the path of ongoing increases in stringency to support investment.

Mr. McDougall: Thank you.

With 13 seconds left I guess I'll cede the rest of my time.

The Acting Chair: Thank you very much.

Back to the Official Opposition for third rotation. MLA Schmidt to continue.

Mr. Schmidt: Thank you very much. I want to go back to this issue of the mine financial security program review. Official documents show that between 2010 and 2023 the amount of money held in the MFSP increased by 70 cents. Now, during the review was requiring annual deposits from companies something that the department considered as an option?

Ms Wilson: Brian will take that question.

Mr. Makowecki: The timing of collection, so when dollars would be collected, is part of the consideration of just when that would occur. Right now the reason for the increase being so little over the last number of years is that a lot of the mines are in their early stage of life. The way the mine financial security program works is that the majority of the dollars would be collected during the last 15 years of mine life and full security would be held by the last six

years of mine life. In those sort of initial and middle phases of mine development where the assets are still worth a lot more than the liability is, we wouldn't see a lot more collected in the way the program is designed.

Mr. Schmidt: The Auditor General expressed some concerns about the calculation of mine life extension. What options were considered during the review for having a more appropriate calculation in the mine financial security program?

Mr. Makowecki: I think that the mine life extension, if I recall correctly, is in large part around sort of adding additional assets to a mine, including off-site. So we have considered: does that make sense? If the asset base is expanded by putting new projects in there, is there risk in the overall program? That is part of the consideration.

Mr. Schmidt: Okay. Was allowing an independent and transparent panel of experts to assess mine liabilities considered? Like, right now you just take the company's word for it that that's what their liabilities are. A number of stakeholders have expressed concerns that that may not be fair. Did the department consider setting up some kind of independent and transparent process for evaluating mine liabilities?

Mr. Makowecki: You know, some of that I'd have to defer a little bit to the AER at least because they do check. When you talk about the department just accepting the numbers, we're accepting the numbers from the AER. The AER has expertise and certainly had a good understanding of the progression of the mines, the engineering costs, the cost of moving material, the treatment options, et cetera. Those processes are assessed by the experts at the AER.

Mr. Schmidt: Yeah. Well, I mean, forgive me for having some reservations about how the AER is doing its job, especially when publicly they're saying that \$33 billion in liabilities are being held and privately they're saying \$130 billion. It doesn't generate a whole lot of trust when the AER is saying that, but moreover it is the department of environment's responsibility for setting the policies for liability assessment. Did you consider any policy changes for liability assessment, or are you content to let the failed regulator continue to tell you how much liability is out there?

Mr. Makowecki: Well, I think, as I mentioned earlier, we certainly are looking at the approach to when the liability is collected and certainly looking at policy as an approach, you know, to assess whether or not additional assets should be allowed to be calculated or included in the value of the assets. Yeah. I think we have been looking at the policy and seeing whether or not there needs to be adjustments made.

Mr. Schmidt: Okay. In 2021, by economic circumstances, oil sands operators were required for the first time in many years to actually put money into the mine financial security program because the value of their assets cratered, yet the minister let them off the hook. During the mine financial security program review what consideration was given to protecting the people of Alberta from these arbitrary decisions that the minister can make to let oil companies off the hook when times get tough? Like, you know, this was an arbitrary decision made at the whim of the minister, really violated the spirit of the program. What future guarantees will be put in place to a new mine financial security program to prevent this from happening again?

Mr. Makowecki: You know, the department, of course, gives advice to elected decision-makers. In this case we would have been

advising that the likelihood of the asset value remaining low is unlikely. In 2021, as a result of COVID and the price drop that occurred, we wouldn't have believed that those dollars would be held. We would be thinking we'd be likely to take the dollars in and turn them right back around. In fact, I think ... [An electronic device sounded]

The Acting Chair: I believe MLA Lovely is just reconnecting to solve any audio issues. I'll send this back to MLA Schmidt to continue.

Mr. Makowecki: Just to finish that thought, I think that essentially what we were seeing is a recovery happening at the same time as we were calculating the asset value from the significant drop that occurred. It would have been just dollars coming in to be reimbursed essentially immediately, which was part of the decision-making.

Mr. Schmidt: I want to go to Kearl Lake, which was reported on page 25 of the annual report. Now, last week at Public Accounts the deputy minister of energy and the CEO of the AER were here. They failed to take any responsibility for the disastrous response to the Kearl Lake tailings ponds leaks. In reviewing the Mandate and Roles Document, that was signed by the minister of environment and representatives from the AER, it clearly lays out responsibilities for each party involved, and it clearly states that the minister is to co-ordinate regular interactions with the chair and the CEO to discuss emerging issues. On what dates in 2022-23 did the minister of environment meet with the CEO and/or the chair of the AER to discuss a response to Kearl Lake, and what were the outcomes of those meetings?

9:20

Ms Wilson: I don't have information to provide you on those specific dates with us today.

Mr. Schmidt: Can you commit to getting back to us in writing with that?

Ms Wilson: If we have the information to provide, we certainly will do that.

Mr. Schmidt: Thank you very much.

Now, the minister is also responsible for evaluating the chair and the board's work. When in 2022-23 did the minister meet with the chair and the board, either collectively or individually, to discuss their performance?

Ms Wilson: I don't have that information today either.

Mr. Schmidt: Don't have that information.

Ms Wilson: No.

Mr. Schmidt: Okay. Can you commit to returning to us that in writing?

Ms Wilson: Again, I'll endeavour to provide whatever information is appropriate to share.

Mr. Schmidt: Thank you very much.

Now, the board is responsible for evaluating the performance of the CEO, and the minister is responsible for making sure that the board does its job. What work did the minister do to ensure that the board adequately reviewed the performance of the CEO of the AER?

Ms Wilson: I would say, with all respect, that it's the same line of questioning in terms of the conversations that happened between the minister and the chair and the performance review of the board, and I would have to defer that question as well.

Mr. Schmidt: Okay. I suspect I'll get the same answer, but I want to put it on the record. It's quite clear from the events that took place after March 31, 2023, that the CEO and the board of the AER were not up to the job of responding adequately to the Kearl Lake spill given that the government is now being sued for over a billion dollars by the Athabasca Chipewyan First Nation. What steps did the minister take in 2022-23 to better manage the performance of the board or the CEO in response to this incident in the hopes of preventing this from happening?

Mr. Lundy: Point of order, Madam Chair. This is a point of order on 23(c).

The Acting Chair: MLA Lundy.

Mr. Lundy: Sorry. Thank you, Madam Chair. A point of order on 23(c). The member opposite has needlessly repeated the same question that the ministry officials have already provided an answer to.

Also, a point of order on 23(j). The member opposite's treatment of the ministry officials, particularly with the forceful repetition of this question, is intended to cause disruption in this committee.

Thank you, Madam Chair.

The Acting Chair: Thank you.
To the Official Opposition.

Ms Sweet: Thank you, Madam Chair. This is clearly not a point of order. The member actually indicated at the beginning of his question that he believed he would probably not get an answer, but he wanted to ensure that the question was put on the record, which is the practice in this committee at the end, when time is running out, to put questions on the record and try to get it back in written response from the ministry. Again, the member is just trying to ensure that the questions are being asked and that we're getting it back in written response.

The Acting Chair: Thank you very much.

Listening to the question being asked, I heard the member refer specifically to 2022-23 within the scope of this, and he did acknowledge that he may not be getting an answer but that he was hoping for one in the future. So I will not find a point of order here, but I will continue to listen closely.

I'll return to MLA Schmidt for the remainder of 58 seconds.

Mr. Schmidt: Yeah. What steps did the minister take in 2022-23 to better manage the performance of the board or the CEO of the AER to prevent this catastrophic response from Athabasca Chipewyan First Nation?

Ms Wilson: I'm sorry. I heard the same question about how the minister was managing the board. Or are you asking the question about what was done to respond to the incident?

Mr. Schmidt: Yeah. What steps did the minister take to manage the performance of the board and the CEO and their response to Kearl Lake in particular?

Ms Wilson: Well, certainly, I think that we can say that the province, generally speaking, has clear processes in place to help

prevent and respond to these, and we do expect that AER manages those in accordance with their mandate.

I can provide Environment and Protected Areas' response to the Kearl incident and the monitoring that we undertook to ensure that . . .

The Acting Chair: Thank you.

MLA Lovely, we are now on the third rotation, 10 minutes to government. We believe that we will be able to hear you if you would like to . . .

Ms Lovely: Okay. Can you hear me now?

The Acting Chair: Yes, we can.

Ms Lovely: Fantastic.

The Acting Chair: I will turn it over to you for 10 minutes.

Ms Lovely: Fantastic. Thank you so much. With regard to flooding, drought, and water management just a question here. In recent years many parts of the province have experienced flooding, including my own area, the Camrose constituency, while many others have seen worsening water shortages and are at risk of severe drought. I know that your department is taking a variety of actions to effectively work to mitigate the adverse effects of flood and drought, as outlined in key objective 3.3. To support this key objective, I see on page 34 of the report that in 2022-23 "\$48.5 million [was] allocated to flood mitigation and resilience in combined operating and capital funding." So my question is: how has this funding supported flood mitigation efforts throughout our province? Can you expand on which projects this funding supported and how they are working to address the future drought and flood events?

Ms Wilson: Thanks very much for that question. As you mentioned, we allocated \$48.5 million to flood mitigation and resilience in combined operating and capital funding in '22-23. Of that funding, approximately \$1 million was spent on flood mapping and related products for communities at risk of riverine flooding, nearly \$18 million was advanced by the federal investing in Canada infrastructure program on eligible expenditures for flood adaptation projects to nine Alberta communities, and \$3.3 million in capital supported the Bow River reservoir options initiative and provincial flood damage risk assessments for communities. In addition to that, \$3.5 million was allocated to capital grants through the watershed resiliency and restoration program. This program helps improve our natural resiliency to flood and drought, and it's actually rather interesting, so let me give you a little bit more information about that.

In '22-23 21 new projects were allocating the available program budget in full. Four nonprofit organizations, including the Alberta Conservation Association, Nature Conservancy of Canada, Southern Alberta Land Trust Society, and Western Sky Land Trust Society, all worked with landowners to install off-stream remote livestock watering systems and fencing to protect sensitive riverbanks and wetland areas, and nine municipalities received funding to implement nature-based solutions to flood and drought, and the program held one Indigenous community build capacity to help restore wetlands. The other one I would highlight is that Cows and Fish initiated a three-year project to work directly with rural municipalities and agricultural producers to ultimately help restore up to 50 hectares of riparian area.

Thanks.

Ms Lovely: Moving on here, with regard to water, it's not just a resource; our quality of life and life itself depends on a healthy and sustainable water supply. Water quality and conservation of our water resources are essential for the environment, for our communities, and for our prosperity. The government of Alberta is committed to the wise management of Alberta's water quantity and quality for the benefit of Albertans now and in the future, and I know that the department takes this very seriously.

One aspect of this commitment is the water for life program, as seen on page 22 of the annual report under key objective 1.2. Under the water for life program municipalities can apply for funding for new regional water supply and treatment facilities and waste-water treatment facilities. I see on page 23 that nine municipalities have projects approved in 2022. Can the department please provide an update regarding the uptake of this program in 2022-23, how many municipalities applied, and if there were any projects approved in 2023 within the scope of this report? Also, what were some of the major projects funded through water for life?

Ms Wilson: I appreciate the question. While Alberta Environment and Protected Areas does lead overall water management, it's Alberta Transportation and Economic Corridors that is responsible for administering provincial grant programs to support municipalities with local or regional water and waste-water facilities as well as local transportation infrastructure. But I can understand and recognize that this ties into much of the work in this annual report and the work conducted by the department, so I would be happy to provide a little bit more information.

Water for life is a merit-based program that provides cost-shared funding to regional water services and waste-water commissions or groups of two or more municipalities. It's intended to promote regional collaboration in delivering water and assist in constructing high-priority municipal water supply and treatment, waste-water treatment and disposal projects. The program prioritizes the support for regional systems as in the long run they are more cost-effective and environmentally sustainable than independent systems. Projects are also funded through the Alberta municipal water/waste-water partnership. This provides cost-shared funding to municipalities with a population of less than 45,000 to assist in constructing high-priority municipal facilities for water supply and treatment and waste-water treatment and disposal.

Thanks.

Ms Lovely: I see under key objective 3.3 on page 34 that \$42.2 million was allocated to water management infrastructure operations in 2022-23. According to page 36 approximately \$19.3 million was transferred to other ministries as part of the October 2022 reorganization and the remainder within the EPA wetlands dedicated revenue and regulatory programs. How was this funding allocated, and what programs was it used to support?

9:30

I see on page 36 of the report that Alberta's potable water regulation was recently modernized to remove outdated content and minimize regulatory red tape while ensuring continued access to clean water for Albertans. Can the department share some of the details of the change and how Albertans will benefit from this reduction in red tape?

Ms Wilson: Thanks for that. I'm going to start with your first question. Within the department the regulatory assurance division is responsible for the regulatory management of water quality and quantity in the province. The funding that you referenced was used for the following: water quantity authorizations in the form of

approvals, licences, and temporary diversion licences across the province; regulating the provision of safe drinking water and stringent management of municipal and industrial waste-water effluent releases; providing certification of drinking water and waste-water system operators; and delivering effective regulatory responses ranging from education, compliance, and enforcement.

In addition, \$500,000 is transferred annually from the wetland dedicated revenue initiative to regulatory assurance to cover the salaries of five environmental protection officer wetland specialist positions. These positions provide subject matter expert advice to help assess and investigate compliance files and Water Act applications which have impacts to wetlands.

Your second question. There are two significant changes that I would highlight to the potable water regulation that were made in 2022, and they do two things. One harmonized Alberta's requirements for maximum acceptable concentrations of fluoride in drinking water with federal guidelines, and they introduced a definition for microwaterworks systems into the regulation, and I'll explain those very briefly. The first, in harmonizing our requirement with Health Canada, is that we removed a legacy exception that allowed higher levels of fluoride in certain groundwater systems. This change simplified the requirements for Alberta's drinking water systems and ensures consistency across the province. The second piece was defining what microwaterworks are in the regulation. We created a standard that was designed for very small drinking water systems in the province. This reduced the unnecessary burdens that were being placed on very small systems, including mobile-home parks, community halls, trailer parks, campsites, and many others.

Thank you.

Ms Lovely: Okay. I see that the stakeholder engagement around the right-size regulatory approach specific to microwaterworks was completed and the microwaterworks standards were published June 29, 2022. How does the microwaterworks standard differ from the previous broad regulatory approach, and has there been any stakeholder feedback since the implementation of the new standard?

In 2022-23 a new standard template for building approvals for waste-water systems was completed and is now in use. How has this template helped to streamline waste-water approvals and increase staff productivity?

Ms Wilson: As I noted, the microwaterworks standard was an important way to reduce the regulatory red tape that very small water systems were dealing with. It was introduced to align with the 2022 changes to the potable water regulation, which I also mentioned. Previously very small water systems had to meet the broader drinking water requirements which were met by larger municipal drinking water systems. This placed unfair burdens on them while not creating better protections for Albertans.

The change we made helped to fix this issue. For example, the microwaterworks standard allows the use of precertified water treatment systems that are most cost-effective and better meet the needs of these smaller installations. Previously they would have required a system design that is stamped by a professional engineer. Implementation of the new microwaterworks standard is a work-in-progress, and stakeholder feedback so far has been limited, but we expect more stakeholder feedback will be received.

Thank you.

The Acting Chair: Thank you. That concludes our third rotation.

For the fourth rotation we'll go to 10 minutes with the Official Opposition. MLA Renaud.

Ms Renaud: Thank you, Madam Chair. Okay. I have a couple of questions just on the ministry financials in human resources. In fiscal '22-23 the ministry operating expense was \$22.7 million higher than budgeted. The ministry attributed the increase to expenses in integrated planning, to a legal settlement that occurred in '22-23, to an increase in the caribou recovery program, to increasing grants for wildlife programs and for quasi-judicial expenses, meaning compensation payments for landowners due to industry defaults. As a quasi-judicial expense, expenses have seen a significant increase. How will the ministry manage future financial risk of increasing industry defaults that result in compensation payments to landowners?

Ms Wilson: The government of Alberta is responsible through the Surface Rights Act to ensure landowners affected by oil and gas developments are duly and fairly compensated, and when they do not make surface compensation payments to landowners, there is a remedy under the Surface Rights Act. Under these circumstances, landowners can apply to the Land and Property Rights Tribunal for recovery of compensation. The tribunal will first demand payment from the operators who are accountable, and if payment is not made, the tribunal can then direct payment be made to landowners by the Minister of Environment and Protected Areas from general revenue.

Ms Renaud: Okay. My question is: how do you prevent this going forward? How do you not just manage the risk, but how do you prevent this so that we're not continuing to make these payments? And then: how do you get the money back?

Ms Wilson: For that first question I'm going to turn to ADM Makowecki.

Mr. Makowecki: Yeah. The reason why we're seeing additional defaults is likely due to some of the interest rate changes and things like that, so some financial issues. What we're doing is trying to improve the incentive and approaches and the efficiencies for which companies can do reclamation. In the last couple of years and including this spring, we've been looking at ways to improve processes. In the most recent mandate letter you might have noticed that there is a request to sort of improve the reclamation certificate process, so we have three pilots. One of them is to reduce the way or change the way companies are managing weeds in the boreal forest. There's ample evidence that there are dollars being spent where they don't need to be. In the south there are examples where companies have been looking to try and put dollars into partially reclaiming sites, but they're not getting credit for it, so we have a new pilot that will allow companies to get credit for that.

I think part of it is, from an environmental standpoint, that we're trying to improve the way companies . . .

Ms Renaud: Sorry to interrupt; I'm just running out of time. I'm wondering, because I don't recall this information in the annual report: would you be able to table information with these three pilots and what the anticipated outcomes would be as a result?

Ms Wilson: Maybe I'll actually jump in on that. What ADM Makowecki is describing is some of the future work that we're doing. The items that he's talking about did not occur actually in 2022-23, so we can look forward to hearing the results of those pilots in later years.

Ms Renaud: Right, but my question is about managing risk, and that was talked about in this annual report, managing risk going

forward. If there are implemented plans right now, we may not see the results, but can we get a description of what those three pilots are and what the anticipated outcomes might be?

Ms Wilson: I think the minister recently announced those three pilots, so that . . .

Ms Renaud: Will you table that information with this committee in writing?

Ms Wilson: We can share what's publicly available with you.

Ms Renaud: Sure. That's great.

The minister also states that they spent \$18.7 million more than the year before for integrated planning primarily due to legal settlement. Can the ministry provide a breakdown of the expense in integrated planning?

Ms Wilson: Sorry. Could you repeat the question?

Ms Renaud: We need a breakdown of the expense in integrated planning. The ministry spent \$18.7 million more than the year before for integrated planning primarily due to a legal settlement. I'm asking for a breakdown of that expense, the expense of integrated planning.

Ms Wilson: I don't have that breakdown right now.

Ms Renaud: Okay. If you could table that, that would be great. You will table that? Sorry, Deputy Minister.

Ms Wilson: I will table the details that can be provided.

9:40

Ms Renaud: Okay. Thank you very much.

The annual report also highlights programs where expenses have decreased from the previous year. Now, that includes – we saw the clean air strategy, where there was a decrease of almost \$2 million, and then the land program expense has been reduced by \$4.4 million over last year. Now, we also read in the report that the ministry states the reductions were primarily as a result of a delay in filling vacancies and hiring. Could the ministry tell us: what were the total vacancies that were not filled in that fiscal year?

Ms Wilson: I'm sorry. I don't have that information, but I can certainly look at that.

Ms Renaud: Okay. Maybe when you provide that information to the committee, is it possible – so we saw in the report the breakdown for the clean air strategy, the decrease. Then we saw the land program expense, the reduction. Is it possible to give us a list of where those FTEs belong? You know, the ministry is saying: there was a savings; we didn't spend this money; there was a delay in filling the jobs. Where were those jobs vacant?

Ms Wilson: Further to the other question, whatever we can provide, I'll follow up with.

Ms Renaud: Okay. Can you explain why there were so many vacancies? Were there reasons that there were vacancies or reasons for the delay?

Ms Wilson: I can't speak to – I mean, hiring practices take time. I certainly can't speak to very specifically . . .

Ms Renaud: Any idea what the average hiring practice time is? I understand there's that . . .

Ms Wilson: In '22-23? The average hiring practice times?

Ms Renaud: Sure.

Ms Wilson: I'm sorry. No.

Ms Renaud: You don't know that?

Ms Wilson: No. I don't have that.

Ms Renaud: I mean, it's a significant number that's in the annual report, and the rationale is that there was a delay in hiring. It's a pretty significant number. I'm assuming it's a pretty significant number of positions that were not filled, so I'm trying to understand that. Like, what were the implications of not having all of the staff that you need in the last fiscal?

Ms Wilson: Brian can add a little bit of information to this, but, again, defining each vacancy or the reasons for that: I don't think we have that detail. But Brian can maybe . . .

Mr. Makowecki: Maybe I could just ask you to just refer me to the page number you're speaking to, because I was just sort of looking through it.

Ms Renaud: Oh, that's probably in your highlights. Page 42.

Maybe as you're looking for that, I have another question for you to consider. You know, one of the things that we repeatedly saw in this annual report – and I think the Auditor General has pointed this out – is that the ministry is severely lacking performance measures. As a committee it's very difficult for us if we don't have targets to measure and if we don't have information to evaluate the work. It's very difficult. So how does the ministry evaluate their success without an actual framework or without sufficient performance metrics in place?

Ms Wilson: This particular year also saw the reorganization where some of the activities and responsibilities were moved to other departments. The annual report, of course, does not necessarily reflect the business plan that had initial performance indicators in it. You would have seen some of those performance measures transfer out, and correction will of course come after that.

But I would also say that I don't necessarily think that all of the things that we report on or the things that we measure are captured by performance measures in the annual report itself but certainly within the department.

Ms Renaud: Well, I can imagine. I mean, the systems that we have in place are – you know, we sit in this committee, and we try to ask questions. It's very difficult if there isn't a framework. I understand the government has chosen to move files around, and it's difficult to follow those where they go and where those metrics are. I think it's really important to have very clear expectations or targets established for this ministry. Again, my question is . . .

The Acting Chair: Thank you, MLA Renaud.

We will now move to the government's 10-minute rotation. MLA Armstrong-Homeniuk, I understand you're next.

Ms Armstrong-Homeniuk: Thank you, Chair. Through you to Sherri – or the department; sorry. Page 26 of the annual report mentions that “the ministry established an Industrial Heartland Designated Industrial Zone . . . Applicant Advisory Service.” Additionally, a topsoil management guide “was developed to address the management of zone topsoil to reduce costs and the industrial footprint associated with managing topsoil” in the designated industrial zone. How has the applicant advisory

service helped to reduce approval times, improve transparency, increase compliance with zone policy and regulation, and ensure applications are accurate and complete at time of submission, aligning with key objective 2.1, which is to “complete the integrated regulatory assurance system transformation to enhance Alberta's environmental approval and compliance processes while reducing the administrative, regulatory and process burdens”?

Ms Wilson: Thank you for that question. The applicant advisory service is an important part of the project. It helps applicants navigate the approval process, ensuring they understand the approval process and submission requirements. The adviser also works with internal staff to ensure that the discovery process of the regulatory assurance framework is focused on the special information necessary to submit a complete application. This has helped applications be processed quicker and more effectively as they have all the necessary information submitted on the first go.

The benefits of the approach are seen in many projects. Perhaps the best example is the Dow path2zero project, which is one of the largest private investments in provincial history and which was also approved in a timeline that met the company's needs for a financial investment decision. This is a good example of how streamlined processes can create economic benefits without impacting our high environmental standards.

Ms Armstrong-Homeniuk: Thank you. I'm very happy to have it in my riding, too, actually.

Another question for you: how has the new topsoil guideline helped ensure that the conservation intent is met while enabling beneficial uses of topsoil?

Ms Wilson: As you mentioned, that guideline is still new, so we're still under way in our assessment process. But what I can say is that the guideline is based on the principle that beneficially and productively used topsoil is a better opportunity to ensure conservation rather than simply having large, on-site stockpiling. The guideline and its associated fact sheet and checklists provide advice and information to proponents for best practices, activities, and regulatory submissions that will help support meeting the conservation intent. We will continue, of course, to monitor and assess the guideline as it is put into practice in the years ahead.

Ms Armstrong-Homeniuk: Thank you.

I'm extremely proud of all the work that Environment and Protected Areas has done to protect and enhance Alberta's environment and ecosystems for the benefit of all Albertans. Turning to page 29 of the report, I see that

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

What was the total amount of funding that was allocated through these grant programs in 2022-2023, and how does this collaboration contribute to environmental stewardship and sustainable economic development?

Ms Wilson: Great. I'll start with your first question. We work with many partners across the province to support environmental conservation and stewardship, and grants are a key part of this work as they allow us to access local and targeted expertise while also delivering community-based and Indigenous projects.

For example, the watershed resiliency and restoration program approved \$3.5 million in grant funding to support 21 projects. These were led by partners who have expertise in watershed

management, including habitat restoration, fisheries improvement, natural hazard mitigation, and wetland conservation.

Similarly, the land trust grant program approved nearly \$13 million in funding to support 19 projects. These established new conservation easements or support administration of fee simple lands owned by conservation organizations protecting 240,000 acres of high-value landscapes on private land.

Over \$3.5 million was provided in '22-23 for 25 partners under its strategy and governance division, which included 11 regional watershed planning and advisory councils, 10 regional airshed organizations, the Alberta Water Council, the Clean Air Strategic Alliance, the Alberta lake management association, the Land Stewardship Centre, and the Alberta Emerald Foundation. This is important work, and I can't say enough about the dedication and expertise of all these organizations and partners.

To your second question, each of these grants is essential to delivering on the department's mandate. There's no single entity that possesses all the necessary ideas and technologies to solve complex environmental issues, so collaboration helps develop innovative solutions to address complex challenges.

9:50

Our partners provide an education component, often bring other useful voices to the table, and can increase collaboration and reduce duplication, which often speeds up our work and improves it, too. For example, the Alberta Water Council provides a forum for water-related issues at a provincial level for lake-related issues along with the Alberta lake management association.

There are also 11 regional watershed planning and advisory councils and over a hundred locally based watershed stewardship groups that lead many of the stewardship initiatives in their watersheds. The 11 regional watershed planning and advisory councils lead the integrated watershed management plans. State-of-the-watershed reports provide outreach and convene stakeholders. They received over \$2.8 million in in-kind donations from almost 2,500 partners and volunteers and over \$2.8 million in revenue from 342 funders and donors because of the department's matching grant dollars. This results in up to a 4 to 1 return on investment for some of these watershed planning and advisory councils.

Another example, the Clean Air Strategic Alliance, is the organization that provides a forum for air-related issues at a provincial level, and 10 regional airshed organizations provide a forum at the regional level. Regional airshed organizations manage over 70 air quality monitoring stations and contribute data to support the government's air quality management system. They also develop and conduct education and outreach related to air quality and its effects on human health and the environment. Monitoring and outreach are completed at lower costs and are able to achieve economies of scale. Lastly, the airsheds use the emitter-pay principle so that industry pays into the regional airshed based on the amount that they emit.

Ms Armstrong-Homeniuk: Thank you.

I see under key objective 2.3 on page 29 that in 2022-23 \$5.8 million in funding was provided for 16 wetland replacement projects with four municipalities and two nonprofit organizations, resulting in 157 hectares of wetland being replaced. Can the department first brief the committee on the ecological and economic importance of wetlands to our province? How were decisions made regarding which projects to fund, and how did these projects contribute to the broader goals of the Alberta wetland policy?

Ms Wilson: Wetlands are critical to sustaining healthy ecosystems and providing natural drought and flood protection for the province. Alberta is home to a rich and varied array of wetland ecosystems, including bogs, fens, marshes, swamps, and shallow, open-water wetlands. Approximately 20 per cent of the province is covered by wetlands, and more than 90 per cent of these are peatlands. Wetlands are highly diverse ecosystems that support migratory waterfowl, and they also provide natural drought and flood protection by storing water and slowly releasing large volumes of surficial runoff. They also act as natural filtration systems, cleansing surface water and improving downstream water quality, and of course they also provide habitat for wildlife, fish, and plants, sustaining biodiversity. In Alberta alone it is estimated that wetlands are host to some 400 species of plants, some of which are listed as rare, threatened, or endangered in the province. There is no question that wetlands are essential.

However, since the late 1800s wetlands in Alberta have been steadily reduced due to human development. The Alberta wetland policy was approved in 2012. It is intended to provide a strategic framework to conserve, restore, and protect Alberta's wetlands to ensure they are sustained for the benefits they provide to our environment, society, and economy now and for future generations.

To your second question, the goal of the wetland policy is to conserve, restore, protect, and manage the wetlands, as I just described. The wetland replacement program is helping support this work by restoring existing wetlands or constructing new ones in appropriate locations. Decisions regarding which projects to fund are made by a review committee of department wetland specialists. Proposals are submitted to the program by municipalities and nonprofits across the province. The proposals can be submitted at any time during the year, allowing for maximum flexibility. Each project proposal is then reviewed by the review committee and scored using a scoring rubric. Through the program the department has replaced 441 hectares of land.

The Acting Chair: We are on to our final very quick blocks. That's going to take us right to the end at 10 a.m.

The fifth rotation, the Official Opposition, three minutes. MLA Renaud.

Ms Renaud: Thank you. The first question: could the ministry provide an overview of its collaboration with Indigenous communities and stakeholders in developing and implementing environmental conservation initiatives and how these partnerships factor into its financial planning process?

The second question: in the absence of detailed cost information for the implementation of the air quality monitoring plan, how does the ministry ensure efficient resource allocation and accountability in managing program expenditures?

The third question: how does the ministry engage with community stakeholders to ensure their concerns and perspectives are integrated into the design and implementation of air quality monitoring initiatives, particularly in wildfire-prone areas?

The fourth question: how does the ministry plan to measure the long-term impact of its environmental monitoring and conservation efforts on Albertans' well-being beyond short-term performance metrics?

The fifth question. The ministry's annual report highlights a decrease in expense for the clean air strategy and land program expenses. Could the ministry provide insights into how these reductions align with its long-term environmental conservation goals?

The last question: in the context of increasing expenses, particularly in areas like integrated planning and quasi-judicial expenses, does the ministry foresee any adjustments or reallocation in its budget priorities for the upcoming fiscal years?

I'm sorry. I have one more. Could the ministry elaborate on its strategies for optimizing resource allocation to ensure efficient delivery of services and programs while maintaining fiscal responsibilities? Given the proximity of environmental challenges and the dynamic nature of the regulatory landscape, how does the ministry adapt its financial planning and resource allocation strategies to address emerging priorities and risks effectively?

Thank you.

The Acting Chair: Thank you, MLA Renaud.

Over to MLA Rowswell.

Mr. Rowswell: What is the status of the Auditor General's outstanding recommendations to the department as it relates to pesticide management and ensuring the public information on pesticide products and conditions for their use is current and accurate?

And I'll get one in there for the fish. Page 33 notes that a review by the independent Alberta Science Advisory Panel on Alberta's science supporting the northern pike and walleye management frameworks showed strong support for the current approaches and outcomes. In 2022-23 the wild walleye stocking program continued

to increase angling and harvest opportunities, with many of Alberta's southern reservoirs and some lakes stocked multiple times. Can the department elaborate on the broader strategy that has guided these decisions around the stocking of wild walleye and northern pike?

We'll stop there.

The Acting Chair: Wonderful. Thank you.

We made up the time we needed, so I will have time to say thank you to the ministry officials who have been here, your teams and departments – we appreciate it – and for your participation in responding to the committee members' questions. The committee does ask that any outstanding questions be responded to in writing within 30 days, and you can forward those to the committee clerk.

On our agenda under other business are there any other items under discussion?

Okay. Our next business meeting of the committee is on April 16, 2024, with the Ministry of Education.

I will call for a motion to adjourn. If a member could move that the meeting be adjourned. Moved by MLA Rowswell that the April 9, 2024, meeting of the Standing Committee on Public Accounts be adjourned. All those in favour? Any opposed? That motion is carried.

The meeting is adjourned. Thank you.

[The committee adjourned at 9:58 a.m.]

