



Legislative Assembly of Alberta

The 31st Legislature
Second Session

Standing Committee
on
Resource Stewardship

Ministry of Environment and Protected Areas
Consideration of Main Estimates

Wednesday, March 18, 2026
3:30 p.m.

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Second Session**

Standing Committee on Resource Stewardship

Dyck, Nolan B., Grande Prairie (UC), Chair
Sweet, Heather, Edmonton-Manning (NDP), Deputy Chair
Al-Guneid, Nagwan, Calgary-Glenmore (NDP), *Acting Deputy Chair
Armstrong-Homeniuk, Jackie, Fort Saskatchewan-Vegreville (UC)
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Rowswell, Garth, Vermilion-Lloydminster-Wainwright (UC)
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* substitution for Heather Sweet

** substitution for Jackie Armstrong-Homeniuk

Also in Attendance

Arcand-Paul, Brooks, Edmonton-West Henday (NDP)
Elmeligi, Sarah, Banff-Kananaskis (NDP)
Irwin, Janis, Edmonton-Highlands-Norwood (NDP)
Schmidt, Marlin, Edmonton-Gold Bar (NDP)

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Standing Committee on Resource Stewardship

Participant

Ministry of Environment and Protected Areas
Hon. Grant Hunter, Minister

3:30 p.m.

Thursday, March 18, 2026

[Mr. Dyck in the chair]

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

The Chair: Excellent. Well, thank you, everyone, for coming to this committee meeting here today. I would like to call the meeting to order and welcome everyone here to this environment committee meeting. We are under the consideration of estimates for the Ministry of Environment and Protected Areas for the fiscal year ending March 31, 2027.

I'd like to go around the table and have everyone introduce themselves for the record. Minister, when it comes to you, please introduce yourself as well as the officials at the table, and then we will carry on around the rest of the table after that. My name is Nolan Dyck. I am the MLA for Grande Prairie and also the chair of this committee.

We'll begin to my right.

Mr. Cyr: Scott Cyr, MLA for Bonnyville-Cold Lake-St. Paul.

Mr. Yao: Tany Yao, Fort McMurray-Wood Buffalo.

Mrs. Petrovic: Chelsae Petrovic, Livingstone-Macleod

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

Mr. Hunter: Grant Hunter, MLA for Taber-Warner and the Minister of Environmental and Protected Areas. I also have Tom Davis, assistant deputy minister of resource stewardship. I have Jeff Dumont, assistant deputy minister of financial services and senior financial officer. To my right I have Deputy Minister Stephanie Clark and then also Kate Rich, assistant deputy minister of air, water, and circular economy.

Dr. Elmeligi: Sarah Elmeligi, the MLA for Banff-Kananaskis and the shadow minister for Environment and Protected Areas.

Ms Al-Guneid: Nagwan Al-Guneid, Calgary-Glenmore.

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

Member Irwin: Janis Irwin, Edmonton-Highlands-Norwood.

Member Arcand-Paul: Brooks Arcand-Paul, MLA for Edmonton-West Henday.

The Chair: Excellent. We'll turn to online. Member, please turn on your camera and introduce yourself.

Ms Armstrong-Homeniuk: Hi. Jackie Armstrong-Homeniuk, Fort Saskatchewan-Vegreville.

The Chair: Excellent. Thank you very much. I'd like to note the following substitutions for the record: Ms Al-Guneid for Ms Sweet as deputy chair, Mr. Bouchard for hon. Ms Armstrong-Homeniuk, I believe, at another part of the meeting.

A few housekeeping items to address before we turn to the business at hand. Please note that the microphones are operated by *Hansard* staff. Committee proceedings are live streamed on the Internet and broadcast on Alberta Assembly TV. The audio- and videostream and transcripts of meetings can be accessed via the Legislative Assembly website. Members participating remotely are encouraged to turn your camera on while speaking and mute your

microphone when not speaking. Remote participants who wish to be placed on a speakers list are asked to e-mail or message the committee clerk, and members in the room should signal to the chair. Please set your cell phones and other devices to silent for the duration of the meeting.

We will be setting this meeting up as per all the other three-hour blocks. The main estimates for Ministry of Environment and Protected Areas shall be considered for three hours. Standing Order 59.01 sets out the process for consideration of these estimates. These can be found both on our internal website or, if you would like more details, there are also printed copies the clerk can get you. For each one of these blocks the time will either be back and forth or block time. It does require for both the minister and the member to agree if it's going to be back and forth. If debate is exhausted prior to the three hours, the ministry's estimates are deemed to have been considered for the full time allotted in the main estimates schedule and the committee will adjourn. I doubt that will happen, but we can always hope. Please ask the clerk if you have any questions on this.

In the middle of the meeting, I would like to call a five-minute break. I do need unanimous consent for this. The clock will continue to run for this. Does anyone oppose having a five-minute break in the middle? No. Excellent. We will have a five-minute break then.

Ministry officials, anyone present either at the table or in the gallery, at the direction of the ministry may address the committee. Ministerial officials seated in the gallery, please approach, say your name, your title, and also then answer the question if you're called upon. This is at the minister's discretion. Pages are available if you would like to have any information passed between the table and the gallery or anybody else. You cannot approach the table, so please use our pages. They do a great job, and they can come and give you information if needed.

Points of order will be dealt with as they arise, and we will see how that continues to go. We've had great success so far, so let's keep that running. The clock will continue to run during points of order.

Any written material, Minister, that you have committed to or in response to questions: these need to be tabled by yourself in the Assembly for the benefit of all members.

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

Minister, I would like to give you 10 minutes for your opening remarks, and I'm looking forward to hearing what you have here to say for us as we debate your estimates. Go ahead.

Mr. Hunter: All right, thank you, Mr. Chair and good afternoon to colleagues. I'm please to be here to present the 2026-2027 budget for the Ministry of Environment and Protected Areas. As I said earlier, I am joined here by my deputy minister, Stephanie Clarke; Jeff Dumont, the assistant deputy minister of finance services; Tom Davis, assistant deputy minister of resource stewardship; and Kate Rich, assistant deputy minister of air, water and circular economies. I'm also joined, Mr. Chair, in the gallery by other members of the ministry executive team.

Before I get into this year's budget details, I would like to give a brief overview of this ministry. The Ministry of Environment and Protected Areas plays a critical role in supporting the health and sustainability of this province. The department works year-round to protect and enhance the environment and ecosystems across Alberta while also supporting economic prosperity, quality of life, and a sustainable future for generations to come.

Alberta has a long and proud legacy of environmental stewardship and leadership. We continue to position Alberta as a leader both within Canada and around the world when it comes to environmental management, conservation, and sustainable development. Alberta's environmental track record is second to none. I want to say that again. Our track record in Alberta is second to none. We were the first province in Canada to establish a climate action plan and the first in North America to put a carbon price and emissions trading system in place. We have the largest continuous area of boreal protected forest in the world, the largest area of remaining natural grassland in Canada, and one of the largest environmental monitoring programs anywhere on the planet.

Using a common-sense, Alberta-focused approach Environment and Protected Areas is building on this legacy. The department is working hard to meet the needs of communities, Indigenous peoples, and job creators while supporting conservation in many different ways. During the past few years we have added thousands of acres of caribou and bison habitat while overseeing recovery programs that have grizzlies, peregrine falcons, and many other species on the rise. Every day we plant more trees, restore more habitats, and help species to recover and do this by working closely with communities and groups across the province.

Through Budget 2026 we will continue this important work, investing in critical and effective programs that protect, conserve, and sustainably manage the environment while supporting a strong economy that creates jobs and builds on our collective prosperity. In Budget 2026 our government is investing in the things that matter to Albertans. We are spending over \$427.3 million in operating expenses this year to protect our environment. This budget makes strategic environmental investments needed to sustainably manage our air, water, land, wildlife, and biodiversity.

Through Budget 2026 we are investing \$77.6 million on environmental research and monitoring, which includes nearly \$54.4 million for the oil sands monitoring program. This program is one of the largest environmental monitoring programs anywhere and makes the oil sands area one of the most closely monitored regions in the world. Beyond the oil sands over \$23.2 million in funding is allocated for environmental science monitoring, evaluation, and reporting work, including approximately \$6 million for the air quality monitoring network, over \$4.6 million in capital funding for new and upgraded equipment, as well as dedicated funding to support water quality monitoring across the province.

Budget 2026 also continues our efforts to reduce emissions while increasing responsible production. Energy affordability, security, and reliability are more important now than ever. We will be investing \$119.5 million from the TIER system for new projects and programs that will support jobs, reduce emissions, and help communities and industry to become more efficient.

We're also investing in wildlife and biodiversity. Through this budget just under \$55.3 million will be invested into managing and supporting wildlife conservation, of which \$27 million will be allocated for caribou recovery this year. Alberta will continue to support caribou habitat restoration projects, including reducing the legacy seismic footprint. By investing in replanting we are restoring critical habitats while also creating jobs and supporting local economies.

Invasive species have an impact of over \$2 billion on Alberta's economy, affecting 1.3 per cent of GDP. That's why we are continuing to take action in our fight against invasive aquatic species. These tiny invaders can devastate ecosystems, waterways, and local economies. They are the second-biggest threat to global diversity, and 60 per cent of global species extinctions have been caused solely or in part due to invasive species. There are 44 species

at risk in Canada which listed invasive plants as factors in their at-risk status. In Budget 2026 we are investing over \$10 million into the program to ramp up our protections in Alberta. These are necessary investments to protect Alberta's water infrastructure and prevent hundreds of millions of dollars in damage.

3:40

As Alberta's population grows, additional water storage infrastructure is also needed, so we are investing \$2.85 million in '26-27 budget for the water storage assessment program. This will build off our province-wide review to help us better understand and evaluate existing and future water storage options throughout the province. We are also continuing the drought and flood protection program with \$25 million allocated this year and just under \$3 million to improve flood mapping. These programs have long impacts and are critical for protecting homes, businesses, and lives from droughts and floods.

Budget 2026 also includes \$8.7 million for the wetland replacement program. That will help restore lost wetlands through community-led programs and projects that help increase resilience to floods and droughts.

We also know that emergencies can happen, and we are ready to support Albertans in need. Through Budget 2026 we are investing \$4.7 million for emergency preparation and response. We've also allocated \$1.5 million in Budget 2026 to design and purchase a mobile air monitoring lab that will be used for responding to emergency air monitoring requests.

Other key investments within this budget include \$37 million for conservation programs, including \$10 million for the land stewardship fund in 2026-2027, six point six million to establish new land-use plans and review existing ones, and over \$2 million to support species at risk programs, including recovery work for sage grouse, bats, wood bison, and others.

Our province is making great progress on reducing emissions by focusing on technologies, not taxes. Budget 2026 maintains our commitment to the TIER fund, which supports clean tech innovation and ultimately helps to keep Alberta businesses competitive. In 2026-27 the TIER fund will invest \$567 million over three years to fund a range of technologies and initiatives that support emissions reduction, climate resiliency, and deficit reduction, including important carbon capture and storage projects. It also includes over \$33 million in Budget '26-27 to support the Alberta carbon capture incentive program, deficit and debt reduction.

In Alberta we are lowering emissions and keeping people working, and this budget continues this momentum. We're going to continue to use innovative solutions to address the challenges we face. We'll continue to modernize regulations and reduce red tape and barriers that exist to ensure we can protect the environment while growing our economy responsibly. We are streamlining regulatory requirements and processes while maintaining strong environmental protections to reduce unnecessary burden on our industry and businesses. Clearer rules increase investor confidence and support our economy. Removing outdated requirements and modernizing systems reduces costs and makes industry more efficient and helps us achieve our goals. We are world leaders in innovation, and by continuing to find regulatory efficiencies, we will build on the successes we have already achieved as a government and continue to balance the needs of Albertans for generations to come.

As you can see, Mr. Chair, we are making real progress across a wide range of programs and projects, and we will continue building on that success in the years to come.

I look forward to the questions from the committee. Thank you.

The Chair: Excellent. Well, thank you very much, Minister, for this.

We will now begin the question-and-answer period of this next section. For the first 60 minutes it'll be the Official Opposition. At any single point nobody can go over 10 minutes of speaking in this block. Because this is a caucus block you can cede time and share time.

Member Elmeligi – got it – it looks like you're up first. Minister and Member, back and forth or block time?

Mr. Hunter: I'd like to go block time.

The Chair: Okay. Perfect. We'll do block time.

Dr. Elmeligi: That sounds great. Thank you, Mr. Chair. Third time is the charm. You got my last name this time.

The Chair: I'm working on it. Practice makes perfect.

Member, you have 10 minutes.

Dr. Elmeligi: Thank you very much, and thank you to the minister for those opening remarks. We agree on some things, and some things I will proceed to challenge over the next three hours, but that's my job. I do think that Alberta has an environment worth celebrating. We do have some serious successes in our past in terms of environmental sustainability and management. However, there's always work to be done in this space.

I always like to start estimates by reminding everybody that page 61 of the business plan does start by saying that this ministry "works to protect and restore the environment and ecosystems throughout the province." The minister also started his remarks that way. This is the only ministry of the many ministries that we have at the moment that is focused on environmental protection and sustainability. This is a good thing.

However, throughout the budget I think I start to see places where that intention deteriorates, much to my chagrin. It starts to feel like the environment is sometimes viewed as a hurdle to industrial development. I guess for me that's most challenging because everything that we have is reliant on a healthy environment. Our clean air, our clean water, our ecosystems, obviously, but also our economic systems are entirely dependent on a healthy environment. When we view environmental regulations as a hurdle or an inconvenience that must be streamlined for industry to continue their practices, we actually run the risk of dismantling the foundation of everything that sustains us. I invite members of the committee to keep that in mind as we proceed through debate.

This ministry is really about not finding balance – I hate that word "balance", Mr. Chair – but it's actually about finding ways to work with our environment to ensure that our healthy environment supports all of our systems, including our economy, our culture, our cultural identity as Albertans, and of course our water, air, and wildlife. I encourage the minister to contemplate: how is this ministry, this iteration of Environment and Protected Areas, different from the old-school sustainable resource development ministry? When I read the budget, it seems to me like it's SRD all over again.

Page 61 of the business plan identifies that "Alberta, like . . . the world, is experiencing more frequent and severe environmental events." The minister acknowledged that in his opening remarks as well. I think this really highlights the need to work with the environment. How can we get nature to work with us instead of against us? I'll argue today that we have many options available to us, and if we just commit to implementing them, we could save Albertans billions of dollars over the long term and over the short and medium term. While science needs to form the foundation of

this work, it is also critical to have strong public communication and engagement.

There is a true opportunity, Mr. Chair, in the Indigenous engagement and partnerships. Indigenous people have been living on this land since time immemorial. Their experience with a changing climate and changing ecosystems and ecosystem resiliency over time is unparalleled. This isn't about consultation; this is about partnership. This is about leveraging the wisdom that Indigenous people bring to the environmental conversation.

The reality is that we live in a changing world. Climate change affects the way that we use our natural resources. The minister mentioned that we were the first province to have a climate action plan, and that is true. We do not have a climate action plan right now, so I think that that's a little bit of a gap. If we're not thinking about the big picture, we're not thinking strategically.

Alberta used to have the strongest restoration economy in the country, but that is no longer true. A restoration economy helps generate high-paying jobs for multiple generations, relies on skills we've acquired as the energy producer that we are, and restores Alberta's ecosystem so that they may serve with flood and drought protection, carbon sequestration, biodiversity, and more.

In 2022 Alberta's natural infrastructure sector employed more than 21,000 Albertans and contributed \$2.9 billion to the provincial economy. When considering direct, indirect, and induced economic impacts, the estimates rise to 39,000 people employed and \$5.1 billion generated for the GDP. These findings are comparable to the economic impacts of the irrigation sector in Alberta, showcasing how natural infrastructure provides service delivery and job-creation. One million invested in natural infrastructure generates an estimated 12.8 person-years' equivalence of employment, exceeding returns in agriculture, forestry, mining, and oil and gas. The minister talked about flood and drought protection in his opening remarks, and I'm curious how the minister is supporting the growth and development of our restoration economy and the high-paying jobs it brings, especially when we start talking about water storage infrastructure.

3:50

On page 97 of government estimates we see the total expense and capital budgets for this ministry are being cut by \$80 million and \$6.7 million, respectively. The environment is not fixed, Mr. Chair. In a budget where spending is so high – apparently, we have record resource revenues – I am so disappointed to see that this is one of the ministries that receives a significant cut in operations. The environment is the foundation of everything, and these cuts are undermining the foundation of everything that serves us. How does a cut of \$80 million impact ministerial operations and program funding? I don't just want to hear about weakening of TIER reducing revenues. How is the cut to the ministry going to affect long-term spending on infrastructure and community supports and species at risk? How will this significant cut go into long-term impacts?

Outcome 2 of the business plan is to achieve sustainable economic development within environmental capacity. This is already problematic because environmental capacity is difficult to define, making it, in essence, meaningless. What is environmental capacity? How is it defined, and who decides what that is?

Under this outcome, key objective 2.1 is to modernize Alberta's regulatory system through expedited decisions on approvals for priority projects to facilitate regulatory review, effectiveness, and certainty. Then objective 2.3 is to refine and modernize Alberta's land-use system and tools to accelerate the development and implementation of regional, subregional, and issue-specific plans that support environmental stewardship. As a former planner I

know how complex land-use plans are. A good land-use plan requires complex scientific modelling of species, hydrology, habitat types, habitat availability, and so much more; thorough stakeholder consultation; a socioeconomic analysis; First Nations engagement, which includes site visits and meetings to understand sites of current significance and traditional use. These plans take time because of their inherent nature and complexity, especially if we intend to do them well and ensure they are meaningful, applicable, practical, and supported. Without those aspects the government can anticipate a litany of court cases in opposition.

In the fiscal plan on page 160 we see that Environment and Protected Areas will lose 23 FTEs this year, but to do expedited land-use plans, we should be hiring at least 23 more planners to do this work. If EPA isn't hiring a team of planners, what will fall off people's workload to facilitate these expedited land-use plans? I mean, Mr. Chair, what won't be done? Has the minister considered that without additional capacity expedited land-use plans will be poorly written, not follow standard protocols, and not be region specific because the appropriate analysis won't have been completed? How are First Nations being involved in the ministry's work, especially around land-use planning? In some cases, work will have been done previously.

The government recently announced a subregional planning effort for Kananaskis-Ghost. I wrote a plan for the Ghost, Mr. Chair, many years ago. Can I expect to see that plan coming into fruition this year? That would be amazing. There have also been so many public planning sessions and consultations for land-use planning for the Ghost. What assurances do the people in the Kananaskis region have that this one will stick, that this plan will be the one that actually results in changes on the ground?

The subregional plans for caribou recovery have all but forgotten caribou as a recovery objective already. The Upper Smoky plan doesn't even list any kind of caribou recovery objective, yet recovering caribou is why these plans were instigated. Is part of the ministry's effort to expedite these plans to avoid the imminent threat assessment likely being conducted by the federal government? Are there any caribou preservation and comanagement agreements with Indigenous communities?

With caribou, one of the performance metrics on page 64 is about restoring seismic lines, but every year the actual kilometre of seismic lines restored is less than the target. Why are we underperforming on this important metric? How many new kilometres of seismic lines were built this year? What percentage are actually being reclaimed? In reality, the pace of restoration is almost irrelevant because we're destroying and fragmenting habitat faster than we're restoring it.

The Chair: Excellent. Well, thank you very much for those questions.

Minister, you have 10 minutes in order to respond to her questions.

Mr. Hunter: All right. Thank you, Mr. Chair, and thank you for the questions. I appreciate them.

I just wanted to respond really quickly to a couple of things here that you said; that is, you had said that we see, we view the environment as a hurdle, and then you also used the terms that you don't like the word "balance." The reality is that this is exactly what Albertans expect of us, to look for that balance. The reality is that you're right; we champion the environment. We are champions of the environment and have been that for decades, but unless we have those jobs, you know, people can't have that kind of lifestyle that they're looking for. This is why people move here. In fact, year over year we had 85,000 new jobs created in Alberta versus a reduction

in Canada. So, you may say that you don't like the word balance, but I would say that most Albertans do like that. I think that that's perhaps one of the problems that the NDP's party, through you, Mr. Chair, struggles with, being able to find that balance.

We have been an economic engine for Canada for decades, and I hope that we will continue to be that. People come here with the hope of being able to have that balance and to be able to have those good-paying jobs, but they also come here because of the beauty of this province. We have the most beautiful place to live in the world right here, and I have travelled all over the world. I've seen many parts of the world, and I think that we do a fantastic job of being able to protect the province and the landscape, the air, the water, and the biodiversity in this province. I wanted to start with that.

I also want to talk about the sustainable economic development. We're investing in smart, practical solutions that protect Alberta's environment and grow our economy. We don't have to choose between jobs and the environment. We can do both. We can protect both, and every day our work supports communities, Indigenous partners, and local businesses while sustainably managing the environment at the same time. We're moving faster than ever to complete the land-use plans that help species recover, protect the environment, and keep rural communities strong.

Since 2019, when we took office again, we have completed five land-use plans, launched six ministerial task forces, and begun two 10-year reviews. Last year we completed the Upper Smoky subregional plan, and engagement is now under way on the South Saskatchewan subregional plan. Our goal is to complete all outstanding land-use plans in Alberta over the next two years. It's ambitious – we recognize that – but we will keep this momentum going in the years ahead. Budget 2026 includes \$6.6 million for the Land Use Secretariat to continue its work to establish new land-use plans and review existing land-use plans going forward.

We're reducing emissions while creating jobs and keeping Alberta competitive. Alberta's emissions are declining even as energy demand soars and our economy grows, and I just want to point out that with the geopolitical landscape that we're seeing now, it is more important that the world has access to our resources than ever before. This is a stable, ethically produced oil sands that the world needs more today than they ever have before. We have cut methane emissions in half, and we are making strategic investments in CCUS, hydrogen, geothermal, and other technologies that work. We also updated TIER to help keep our energy, manufacturing, chemical, and other industries competitive amid tariffs and global challenges. TIER is working. Our emissions are declining and will keep going down while also protecting jobs across the economy.

I want to talk about the resiliency. You did mention that you want to talk about that. Alberta is taking action to protect communities from droughts and floods like never before. The \$125 million drought and flood protection program launched in 2024-25 is turning funding into shovel-ready projects across the province. In years 1 and 2 of the program, we approved millions to counties, towns, cities, and Indigenous partners for infrastructure projects. This includes new water intakes in Pincher Creek and upgrades to the water treatment plant in Fort McKay. Our province is better prepared than ever for droughts and floods, and we're just getting started.

In year 2 we built on the success of year 1 by funding even more projects that strengthen Alberta's resilience to drought and floods. This program is about partnerships. Alberta covers up to 70 per cent of project costs and communities match with at least 30 per cent. Together we're turning plans into action and protecting homes, businesses, and critical infrastructure across the province. We listen to communities because they know their needs best. So far more

than \$50 million has been announced with \$75 million still to come. The next application period opens in fall 2026.

4:00

I talked a bit about the amounts, the flood mitigation for the capital grants. In the first two years of the program we announced the \$50 million funding. We had 18 projects with \$25 million in 2024, \$5.7 million in '25-26. In year 2 we invested in 10 projects totalling \$19.3 million with all funds provided in '25-26.

I'll also talk a little bit about our water and circular economy, wetlands and watersheds. Wetlands and watersheds support ecosystem services, flood and drought protection, groundwater recharge, water quality, carbon storage, and habitat for wildlife and biodiversity. Alberta's government has invested millions into community-led projects that protect and restore the province's natural water bodies and ensure their resilience for future generations. Environment and Protected Areas continues to implement the wetland policy and wetland replacement program. Alberta's government has invested millions in community-led projects that protect and replace lost wetlands. We are not only protecting existing wetlands; we have also been replacing lost wetlands as well. Since 2020, through the wetland replacement program, we have invested more than \$25 million to restore 676 hectares of lost wetlands.

Since 2014, through the watershed resiliency and restoration program, we have invested \$50 million in over 215 projects led by 85 organizations to support restoration or enhancement of 6,592 hectares of wetlands and riparian areas, covering more than 360 kilometres of stream bank. Through these programs we are strengthening our natural drought and flood protection, improving water quality, and creating healthier ecosystems.

Now I'd like to talk about – you talked about the financing. We did do reductions. There were some reductions. This was a hard budget, as you know. The Minister of Finance has talked about that. Budget 2026 is making the strategic investment needed to protect jobs and conserve Alberta's air, water, land, wildlife, and environment for generations to come. The ministry's 2026-27 operating expenses is, as I said earlier, \$427.3 million, which is an \$82 million decrease from Budget '25-26. The \$82 million decrease is from three main areas: lower TIER compliance revenue and allocations, the expected completion of federal funding agreements for caribou habitat restoration and species at risk, and government's productivity and priority spending review.

Overall budget reductions comprise of lower TIER compliance revenues. That has resulted in \$73 million in reduced spending for programs supporting technology innovations and emissions reductions. The decrease in revenues reflects aggregate facilities opting out of TIER, higher credit usage assumptions based on low market carbon credit prices, and the carbon price freeze at \$95 per ton; a \$13 million decrease for the caribou habitat restoration initiative, reflecting the end of funding agreements under the Canada nature smart climate solutions fund and section 11 agreements; also, a \$2 million decrease from the species at risk initiative for wood bison and sage grouse habitats, reflecting the completion of federal funding agreements on that as well; \$10 million in additional cost savings through efficiencies and contracts and grants and opportunities and workforce optimization. These decreases are off-set by \$16 million in increases to public sector compensation and inflationary pressures.

The Chair: Excellent. Well, thank you so very much, Minister, for that.

Member, are we going back? Your next 10-minute block starts now.

Dr. Elmeligi: Thank you very much, Mr. Chair. Thank you to the minister for those answers. I think I just need to clarify a little bit that it's not that I don't believe in balance when it comes to environmental management and economy. It's that I don't think we do it here in Alberta. We talk about balance, but really what that means is that when there's a choice to be made, the environment loses and industry wins. I can cite thousands of examples. We did in energy, talking about the AER; I don't need to go there. I just think we talk a good game about balance, but we don't get there.

I want to turn my attention to caribou. You know, the minister did mention that there's a reduction in funding because of completion of the section 11 agreement which is around caribou, which didn't surprise me. I think when we start talking about caribou, we've got this performance metric on page 64 around the legacy seismic lines, but there are still many seismic lines out there.

Truly, the biggest thing impacting caribou populations and really all species at risk is cumulative effects. Caribou are dealing with forestry, motorized recreation, increasing road and linear disturbance density, which is increasing wolf populations and predation. Most recently, I learned about this thing called the meningeal worm. Meningeal worm is not new. It's not a new parasite, but it's new to caribou. Meningeal worm is really highlighting the shortcomings and the deficiencies in our ability to actually recover caribou because it could be this little tiny worm that lives in the space in between the brain and the skull that could actually take out caribou populations in northern Alberta. I'm very curious what the minister's plan is to manage meningeal worm in caribou and to really start addressing the cumulative effects around caribou habitat loss.

Page 63 of the business plan allocates \$27 million for caribou recovery. Last year it was \$40 million. Why the reduction? We only have 3 out of 11 subregional plans completed. How much of that funding comes from the Alberta government? I understand some of that is coming from industry. The section 11 agreement has now expired, but caribou are still not recovered.

Page 101 of government estimates sees a decrease of 42 per cent in capital funding for regional cumulative effects management. Why? What was funded in capital that is now completed? Regional cumulative effects management does see an increase in operating expenses from \$12 million to \$14 million, and I'm wondering what that's for. I'm hoping it's for these expedited land-use plans, but I have some questions.

Cumulative effects is arguably at the heart of most of our environmental challenges. It's the reason why many species are listed as at risk. Trout are dealing with forestry, motorized recreation, increasing linear disturbance density, and climate change. Sage grouse, which the minister also mentioned, are dealing with agriculture, disappearing native grasslands, roads.

Each of these species is struggling to survive in habitats that are changing or disappearing so quickly that they can't adapt. It's not about one thing, Mr. Chair. It's about all of the things. We push the analysis of cumulative effects onto proponents as part of their environmental impact assessment, but that doesn't work because the proponent only wants to measure the impact of their proposal, not all of the proposals on the landscape. What are two programs that fit under the cumulative effects budget line item that will change things on the ground for species at risk and reduce cumulative effects in our headwaters?

In 2022 Duncan's First Nation filed a lawsuit against the government claiming that cumulative effects from industry, agriculture, and settlement are so pervasive that they violate the band's treaty rights. The statement of claim says that habitats have been fragmented, lands and waters have been degraded, substances have been introduced that cause legitimate fears of contamination

and pollution, and lands have been put to uses that are incompatible with the continued meaningful exercise of the nation's treaty rights.

How has the government learned from this lawsuit, and what is it doing differently to make sure that more lawsuits from other nations aren't forthcoming? How has the government changed how they view, plan for, and address cumulative effects? As people who lived on and with this land since time immemorial, First Nations have an incredible wealth of knowledge to offer in this capacity. How are we working with them? We are bound by treaty to honour this relationship and grow with First Nations to do better. How is the minister accomplishing this? How will this minister ensure First Nations' knowledge, experience, and wisdom feed into cumulative effects research and management?

4:10

Outcome 2 says that the government will manage cumulative effects by modernizing regulatory systems. Arguably, it's not our regulatory system stopping us from managing cumulative effects, Mr. Chair. It's understanding what they are and the political will to adequately fund that. In Australia the government spent over \$10 million to create a cumulative effects branch tasked with measuring and describing cumulative effects in a coal mining region. It is some of the best cumulative effects work I have ever seen, and it puts Alberta to shame. We should also be funding cumulative effects research. That should be the government's job, not the proponent's. How is the budget for cumulative effects work spent?

I want to take a couple of minutes to talk about water. It's obviously a huge topic in this province. On page 61 of the business plan it talks about, "Alberta's growing population . . . and experience with drought require an updated water management system that better enhances water availability and facilitates . . . conservation and efficiency." The conversation around water presents a perfect opportunity to discuss nature-based solutions. The minister mentioned wetlands and all of the great things that they bring. I don't need to reiterate that. The mandate speaks to creating a water storage road map. What is this? When can we expect to see it? Will it include current and former wetlands in need of restoration?

Key objective 2.4 on page 65 of the business plan is to enhance Alberta's water management strategy to increase water availability. Given their ecological function, wetlands should be a critical part of this strategy. Alberta is still losing more wetlands than we gain each year, which is impacting our ability to store water and protect our communities from drought. How is wetland restoration part of this strategy?

Last year the government began allowing an exemption that permitted private landowners to drain and remove seasonal and temporary wetlands without the need for review or approval by the ministry. Rumours of policy reform to allow these wetlands to be cultivated, seeded, and sprayed without requiring Water Act approval have circulated. Has this policy been finalized? Has the minister modelled how many acres of ephemeral wetland will be lost? Are there any plans to work with landowners to support them to not drain these important wetlands? What work is being done to restore and build new wetlands to compensate this loss?

This change appears to have been made without public consultation, and the policy is absent from the Alberta wetland policy implementation. Why is the government contravening its own policy for something that wasn't consulted on and will impact our ability to mitigate flood and drought as well as increase soil moisture for higher agricultural yields?

Wetlands are the answer to many of our environmental challenges, Mr. Chair. The water management budget increases from \$33.7 million to \$36.3 million, page 100 of estimates. Is any

of this increase going towards restoring wetlands and restoring natural infrastructure, not cement and mortar infrastructure?

Nature-based solutions are frequently underestimated and underappreciated in EPA's budget, and they are markedly absent this year. On page 65 of the business plan there's \$30.3 million allocated to enhance water availability, and there's water storage reference there. The following line allocates \$8.7 million for the wetland replacement program, but what happened to the wetland resiliency and restoration program, the WRRP, that the minister just made reference to? A couple of years ago that was funded at \$7 million, last year it was reduced to \$3.5 million, and now it's gone altogether. This highly successful program reduces financial risk of flood and drought while supporting our agricultural and industrial sectors and rural communities through practical, on-the-ground programs, which the minister just said that he loves.

Where is the WRRP? It has generated an estimated \$253 million annually since 2014 through ecosystem services. Alberta's drought insurance payouts in 2013 were \$326 million. With a very small investment of just \$5 million to \$7 million a year, we can actually benefit with over \$300 million in ecological services. Why has this program been cut? What happens to all of the programs and projects that were already under way and being funded, that now have to be cancelled? What happens to all the people that were working on those projects? What happens to all of them, Mr. Chair? How is the minister working with the Minister of Agriculture and Irrigation to weigh the cost of nature-based solutions and green infrastructure with the cost of building more water storage infrastructure like dams and reservoirs?

The Chair: Excellent. Well, thank you, Member, for the questions. Minister, you have 10 minutes in order to respond.

Mr. Hunter: Rapid fire. I'm not sure if I'll get to all of those questions, but I do want to just start with this. You had said something in your comments at the beginning about cumulative effects being the largest contributor to species extinction. I'm going to go back to my original speech at the beginning, and I just want to once again read this to you. I think this is important. Invasive species have an impact of over \$2 billion on Alberta's economy, affecting 1.3 per cent of GDP. That's why we are continuing to take action in our fight against invasive aquatic species. These tiny invaders can devastate ecosystems, waterways, and local economies. And here's, I think, something that I want to say again. They are the second-biggest threat to global diversity, and 60 per cent of global species extinctions have been caused solely or in part due to invasive species.

This is the reason why we're putting such a high priority on addressing invasive species, and I'll just finish the sentence there. There are 44 species at risk in Canada, which listed invasive plants as factors in their at-risk status, so this is why we're trying to put the effort into trying to address that issue.

I'll try to go through a few of the questions that you had there. You talked about caribou, so I will talk a little bit about that. First of all, I will say that I know the work that the NDP did on that. I believe that the NDP, when they were in office, were able to do 87 kilometres of legacy seismic lines over the four years that the NDP were in government. I would put this in perspective. Under the UCP government we have recovered 1,739 kilometres last year alone and over 6,100 kilometres to date. We have done, I think, Herculean work in trying to be able to address this issue. We take this very seriously, the work that we're doing in conjunction with the federal government.

Government continues to work with Fort McKay First Nation, Fort McKay Métis Nation, Chipewyan Prairie and Dene First

Nations, and AWN to increase capacity to deliver reforestation activities. There is an emerging partnership with Mikisew Cree First Nation to prioritize restoration and build capacity in areas deemed important to the community. The CHRP will actively tender through the GOA procurement process; requests for proposals in 2026-27 for work to be completed under the program. Alberta signed a three-year MOU with the AWN, a fellowship of Aboriginal peoples, on February 14, 2025, to support the return of naturally self-sustaining caribou populations to areas of importance to the AWN. Tapping into Indigenous knowledge and perspectives is a key part of protecting biodiversity in Alberta, including caribou.

The Alberta government will accelerate development of subregional plans in northern Alberta to provide land-use direction across the province's 15 caribou ranges. The Upper Smoky subregional plan was approved in 2025 and is in effect January 1, 2026. The Cold Lake subregional plans are approved. The South Saskatchewan subregional plan is being drafted to provide land-use direction for the Wandering River and Cold Lake subregions. The existing Cold Lake subregional plan will be rescinded upon the approval of the south Athabasca plan and the proposed amendments to the lower Athabasca regional plan. To implement the Cold Lake subregional plan, regulatory details will be replaced by amendments to enable the south Athabasca subregional plan.

In terms of seismic line restoration, restoring seismic lines removes existing footprints that are no longer economically productive to support other land-use values and provide additional space in the future for development opportunities. Restoration of boreal ecosystems contributes to carbon sequestering, and conservation of biodiversity provides habitats that support species population and provides ecosystem services. It costs approximately \$20,000 to treat one kilometre of seismic line. It is estimated that the cost to restore all the legacy lines is more than \$2 billion. Legacy seismic line restoration is the responsibility of the provincial government. We take that seriously.

4:20

Restoration of other seismic lines is the responsibility of industry. EPA is not aware of any companies who completed restoration work in 2025-26, though companies like Cenovus and MEG Energy have previously restored seismic lines. Shell has not completed voluntary seismic line restoration to date, but the company has signed a memorandum of understanding with us to provide financial support to the CHRP for a restoration project in the Little Smoky caribou range.

Synchrude Canada Ltd. has signed an MOU with the department to provide \$6.95 million to the CHRP to complete restoration in the Richardson caribou range, fulfilling an Alberta Energy Regulator regulatory condition on their Mildred Lake expansion project.

Land-use plans support strong rural economies, which create jobs for hard-working Albertans while protecting our environment. Further, the provincial land-use framework illustrates our commitment to land-use planning that supports a healthy economy, healthy ecosystems, and a healthy environment, and provides communities with ample recreational and cultural opportunities. Since 2019 the government has completed, implemented, or launched eight land-use plans, undertaken six ministerial task forces, two legislated regional plan reviews, required every 10 years, and will be engaging with the public and Indigenous communities and organizations on new subregional plans in 2026.

EPA is committed to completing all land-use plans in Alberta by 2026, at the end of the fiscal year. The department works with municipalities, Indigenous communities, and organizations, industries, and others to implement the land-use framework and establish the regional and subregional plans. These plans

incorporate feedback received from Alberta's Indigenous communities and organizations, industries, and others. We are accelerating the land-use planning in order to be able to provide that certainty and understanding from all those interested in sharing the land. Land-use planning has been a priority of Alberta's government for quite some time.

We recently reviewed our approach and were able to find efficiencies to complete these plans at speed. First, we are focusing on subregional plans. This allows for better and more specific discussions about trade-offs and what needs to be included in the plan itself. We're also looking at what elements of the plans that have been completed can be replicated, making the plans more about what makes these things unique. By working more efficiently and clearly articulating what we are trying to achieve, these plans will be accomplished, as I said, at the end of this fiscal year.

You did ask about the Ghost subregional plan, so I'd like to be able to talk about that. Also out for engagement is the Ghost-Kananaskis subregional plan. That will provide direction to land users in that key portion of the eastern slopes. This phase of the engagement is about gathering information on what people value about this area and what outcomes they would like to see. This information will be used to develop a draft plan, which would be released for engagement later this year. I appreciate that the member said that she wrote a draft plan, and I do encourage the member to provide the feedback that we're looking for in terms of consultation as we go out to engage with all stakeholders. The first engagement period will close June 5, 2026. The remaining subregional plans will be completed or out of the engagement by the end of 2026.

You talked about cumulative effects. Cumulative effects guide our decision-making. The land-use framework commits Alberta to managing cumulative effects of development on land, water, and air. I'll have more to say about that in a few minutes.

The Chair: Excellent.

Okay. We're moving to another member. Member Al-Guneid. Sorry. Now, since we're going back, I do need to once again confirm with the minister and yourself: are we doing shared time or block time, Minister and Member?

Mr. Hunter: We're with block time.

The Chair: Okay. Perfect.

Mr. Hunter: Where are we?

The Chair: Member, you have 10 minutes.

Ms Al-Guneid: Okay. Thank you, Mr. Chair, and thank you to the public service with us today. I do appreciate the knowledge, the expertise, and the wisdom you bring to this file. It's not easy, so thank you.

I'd like to start with page 65 in the business plan, outcome 2.5, on the accelerated strategy for oil sands tailings. This is also in the minister's mandate letter. My question is: has the government or the industry or both developed the technology for sufficiently treating oil sands process-affected water? What is the standard achievable by this technology? Do First Nations and the government of the Northwest Territories support the use of this technology? How much would such treatment cost on a per-barrel basis? Page 65 of the business plan shows that \$330,000 is allocated for this strategy. What does accelerated mean here, Mr. Chair? What is the timeline?

Through the chair, is the new environment minister aware that the AER released an update on security and oil sands liability on

September 30, 2024, which confirmed that the liability in 2024 was \$57.3 billion and the security held is \$1.7 billion? Why is the government allowing such a large gap between liabilities and security? If companies fail or oil prices fall below levels that are profitable to the oil sands companies, and before mines post reclamation security, who will pay the billions required for reclamation? The companies or Alberta taxpayers? What safeguards are in place to ensure Albertans are not left responsible for mine cleanup costs if operators walk away? Why does the government allow companies to defer most reclamation security until mines approach the end of their lives, rather than collecting it earlier?

Is the minister aware that the mine financial security program, which the minister has confidence in and has the ministry's oversight, operates on the same asset-to-liability approach as the licensee liability rating program, that had to be replaced because it had failed so badly, Mr. Chair? Why is the approach that failed for conventional oil and gas being applied in oil sands? I'd like to remind the minister that section 16.1 of the conservation and reclamation regulations, which are regs passed under this ministry, is responsible for this important work.

The program's first operating life deposit required about \$868 million from the Syncrude Mildred Lake Aurora North mine, suggesting closure costs of roughly \$10.7 billion. Why were these costs not publicly known earlier, Mr. Chair? Why is this the first time in a decade that an oil sands mine has been required to post new security under this program? Why does the public not have access to the schedule showing when each mine will be required to start posting security deposits? Can the minister confirm whether some oil sands mines may not post any security under the operating life deposit until after 2045? How does the government verify these numbers actually, and why are estimates of mine closure costs not subject to independent third-party reviews?

Mr. Chair, this ministry has, again, oversight over the MFSP. Through you, Mr. Chair, is the minister aware that the liability has increased from \$47.3 billion in 2023 to \$57.3 billion in 2024? That's an increase of \$10 billion between '23 and '24. Can the minister explain how this shocking increase in liabilities happened in just one year? The former environment minister failed to answer this question, so let's hope for an answer today. Interestingly enough, in 2025 estimated mine liabilities fell by about \$4.6 billion, largely due to lower reported tailings treatment costs. How can Albertans trust these numbers when they fluctuate so dramatically, Mr. Chair? One year, \$10 billion; on one day they go down by \$5 billion. The math isn't mathing.

4:30

The business plan is also, glaringly, missing its key objective on reclamation, remediation, and security and liability management from last year. This was objective 2.3 last year. Why, Mr. Chair? Why is this no longer a priority? Is the ministry and MFSP making assumptions that nonexistent technologies will lower reclamation costs? Can the minister confirm if that's his assumption? If companies certify their own liability estimates, then what independent verification exists to ensure the numbers are accurate?

If global energy markets shift faster than expected and oil demand declines or if the markets shift as a result of a U.S. military action aimed at obtaining cheaper access to the oil of other states like Venezuela or in Iran, there will be a glut, and again prices will fall due to the oversupply. Again, mines could close early without sufficient reclamation security in place, Mr. Chair.

On the other side, one can argue that now, when prices are spiking because of the U.S.-Israeli war in Iran, it's really exactly the right time to collect more security for closure. Companies will

have extra cash, Mr. Chair. Has the minister considered collecting more security as prices go up? That's exactly how MFSP should be working.

The Auditor General released a new report in December 2025, and the AG states, "If MFSP assets are overstated, operators might not pay the necessary security, leaving Albertans at risk of bearing the financial costs of oil sands mine reclamation or the mines being unreclaimed." This is a statement from two months, Mr. Chair, and given the repeated critical concern with this program, why did the government's 2025 review result in only minor changes? Why isn't the department actioning the AG's recommendations? The increase by \$1.3 million in line 6.1 on page 100 doesn't explain what's happening there. The MFSP continues on a series of unrealistic assumptions about asset values, the future oil markets and prices, and the development of effective but also low-cost remediation and reclamation technologies.

I actually remain puzzled why renewable energy projects are required to post stringent upfront security for decommissioning, as per policy development in outcome 1, while oil sands operators historically have not been required to post equivalent security despite both sectors having end-of-life cleanup obligations. And I want to be very clear, Mr. Chair. All operators, all companies in all sectors must clean up their mess, whether in the renewables or nonrenewables sector. That is clear. That's the polluter pays. We're all committed to it. The question is: why is the minister not applying the same standards in both sectors? All companies must clean up their mess, and the government needs to protect Albertans from these liabilities. Why is there a double standard in the treatment here?

Can the minister, you know, tell us more about the proposal of a \$15 recycling fee for solar modules, and will he apply a similar program in the oil sands? You know, I'm just going to say: will renewable energy companies get the money back once they take the modules to the bottle depot, so to speak? The question, Mr. Chair: will the government commit to reforming, like, the MFSP program, apply the same standards in all sectors, and protect Albertans from potential liabilities in the future?

I just want to go back to the AG report. He specifically says, "MFSP asset calculation still risks overstatement of the economic value of mining assets." It also states that the "Asset Safety Factor [is] not . . . evaluated." I've been asking about this program for three years, Mr. Chair, so I'm hoping for some answers. Basically, what is the AER doing to measure success, and what are the exact steps they're taking to ensure that companies are not defaulting on their liabilities?

Thank you Mr. Chair.

The Chair: Excellent. Well, thank you, Member, for the questions.

Minister, you will have nine minutes and 20 seconds in order to respond to her questions.

Mr. Hunter: All right. Thank you, Mr. Chair, through you to the member. Appreciate the questions. I'll start with the mine financial security program. There were some comments made that I think – I'm not sure if they're correct, but we'll talk about that for a second here. We have strong and effective rules in place to make sure that enough security is collected to protect Albertans. The program requires a 3 to 1 asset-to-liability ratio for all mines. In most cases it's actually 12 to 1. That means \$12 of security for every \$1 of liability the system works.

We have made the mine financial security program stronger than it was under the NDP. Two years ago we updated how assets are calculated to make sure that enough security is being collected. This was a common-sense change that protects taxpayers without

unfairly punishing or targeting the energy industry. Here are the facts, Mr. Chair. The total reported liability decreased by 8 per cent last year while the amount security collected went up by 52 per cent. Liability is going down while security is going up, and we are protecting Albertans and will continue to do so.

The mine financial security program is designed to strike a reasonable balance between protecting Albertans from the costs to reclaim oil sands and coal mines and promoting sustainable economic development. The program requires an operator to cover the costs of their reclamation liability – so it is polluter pay – using a combination of financial securities and reserve collateral through most mine life. A base amount of financial security – cash, bonds, letters of credit – is collected as a mine is opened. Coal mines opt to provide all security up front. Oil sands mines have opted to provide a combination of the base deposit and reserves as collateral.

Should they opt to provide collateral, they must provide sufficient collateral to cover three times the liability associated with the mine. If an operation has chosen to provide a mix of security and collateral, they must make yearly payments as the mine gets closer to end of life. When there are 15 years of mining life left, these yearly payments ensure that all cleanup costs are fully covered by the time six years of mine life remain. In addition, if the value of the collateral drops below three times the cost of liability, the operator must submit additional financial assets to cover the difference.

As of September 2025 security held by the AER for oil sands and coal mines was \$2.6 billion, up 52 per cent from 2024. Security collected for oil sands mines specifically was up 95 per cent from \$912 million to \$1.78 billion. The increase for this year is the result of the Syncrude Mildred Lake and Aurora North mines approaching their final years of mining, when mine operations are required to shift from backstopping their reclamation costs with most reserve collateral to financial security. This is the first time a mining operation has reached a point in mine life where an end-of-mining security payment has been required.

In 2024 the Alberta government made the following changes to the program: changing how the value of probable reserves is calculated to decrease risk of asset overvaluation and prohibiting oil sands mine operators from using off-site in situ oil sands reserves as collateral against their reclamation liabilities except in cases where this practice is grandfathered. Changes to program reporting requirements were also implemented to make the program more transparent to Albertans.

We're very aware of the Auditor General – you did talk about that report. Very aware of the Auditor's December 2025 report regarding our progress on 2015 recommendations with respect to the MFSP. As a reminder, the OAG's recommendations for the department were to "assess whether changes to asset calculations are needed to prevent overestimating asset values" – that was part 1 – and "analyze and conclude on the impact of extended mine life on security collection," part 2. While the Auditor General determined the second recommendation was completed, they concluded that the first recommendation was not. Their finding was that the department has not taken sufficient steps to address the risk for the MFSP assets overvalued.

4:40

The department disagrees with this finding. Our analysis shows that the program's asset values are reasonable. As well, changing the program, as the OAG suggests, would make the program more complex and difficult to administer and would increase the volatility from swings to asset calculations, leading to a weaker program. The Alberta government continuously monitors the

program to ensure it continues to protect Albertans from mine project closure costs.

You did ask specifically about the liability associated with the oil sands and the amount of security held within the MFSP. The reason why there is a significant difference between security held and liability is because each of the mines except one are at the stage of development where they use more collateral than financial securities to secure those liabilities. Making sure that Albertans are protected from future reclamation and remediation costs is critical, as is the concept of polluter pay, but we also know that industry, especially the oil sands, needs flexibility so they can continue to invest and grow. That is why we allow them to put up both financial security as well as collateral with the MFSP so long as it equals three times the cost of the liability. As the mines get closer to end of mine life, the companies have to put an additional financial security, as Suncor did this year to the tune of \$800 million. So, yes, there is a difference, but it is a difference that is accounted for in the MFSP policy.

I want to just talk about, again, the OAG's concerns. Following the OAG's concerns the department did extensive analysis of the evaluation of the collateral that is part of the program. While the OAG feels that another model will more accurately calculate the value of the collateral, we disagree. We took a number of different approaches to test our assumptions, and in the end the approach taken in the MFSP came up with similar results. It's also important to remember that the program requires three times the value of the liability, as I said earlier, in a combination of financial and collateral instruments. So even if the value of the collateral is adjusted, it should more than account for the costs associated with reclaiming and remediating oil sands operations.

You asked about closure work with the unused oil sands operations and the reclamation of those. Oil sands operators are required to progressively reclaim mine sites while they develop the resource. Operators meet this requirement annually and have permanently reclaimed over 10,000 hectares. The reason why progress looks slow is because a site cannot be reclaimed while it is being actively mined. Large portions of the mine site are required up to and even after the end of mine life, including processing, infrastructure, tailing ponds, et cetera. Currently all approved oil sand mine sites are still being actively mined, with only one site projected to be within 15 years of end of mine life.

I want to talk a bit about the oil sands mine water. Environment and Protected Areas is taking action to find long-term solutions to address oil sands mine water and tailings ponds. In May 2024 EPA established the Oil Sands Mine Water Steering Committee, chaired by the hon. Member for Fort McMurray-Wood Buffalo, and I thought he did really good work on that. The committee included members from Indigenous and local communities, the oil sands mining industry, and academic experts. They met regularly through 2024 and 2025 to examine potential options, review submissions provided to them, and to provide advice and recommendations to help inform an accelerated plan for addressing tailings ponds while protecting the health in downstream communities and the environment.

The committee work was completed in 2025. The first five recommendations were released in June 2025 and the remaining four in September 2025. The nine recommendations include enhancing existing policies and new approaches as follows.

The Chair: Excellent. Well, thank you very much, Minister, for that.

We'll now turn to the government side. Just before we turn this over for questions for your time, you can't speak more than 10

minutes. You can cede your time as it is a caucus block. I believe it's going to be Member Cyr, who caught my eye.

I just want to confirm. Are we doing back and forth, Minister?

Mr. Hunter: We'll go back and forth.

The Chair: Back and forth. Okay.

After this block we will take our five-minute break.

Member, you can start the clock of 20 minutes.

Mr. Cyr: Well, thank you, Mr. Chair, and I'd like to thank the minister. I believe this is your first estimates, sir.

Mr. Hunter: At least on this side.

Mr. Cyr: Well, fair enough. Fair enough.

I thank you for being here as well as all your staff and the hard work that they've put behind preparing for these estimates. I know that the opposition has had a significant number of questions, and the government side also has questions of our own to get in front of. Now, I heard that you were describing the nine recommendations. Did you want to continue and finish your thought there on that? Or do you want to go into what I would like to go into, which is the MOU, sir?

Mr. Hunter: You know what? This is your time, so if you want to go into the MOU, we can do that, or I can talk about those . . .

Mr. Cyr: Well, how about I allow you to finish your thoughts?

Mr. Hunter: All right. I'll finish up.

I think that the committee did excellent work . . .

Mr. Yao: Hear, hear.

Mr. Hunter: . . . under the hon. member.

I'll just read really quickly what those nine recommendations were. One, to promote more water-sharing between mine sites to minimize new withdrawals from the Athabasca River. Two, to focus on managing oil sands mine water within the watershed, not across watersheds. Three, to consider deep-well disposal to manage low volumes of otherwise untreatable oil sands mine water and some legacy mine water once all other options have been fully explored. Four, develop a standardized method for measuring acids, naturally occurring organics that are sourced from oil sands bitumen. Five, work with the oil sands industry, technology providers, and researchers to develop and conduct pilots on promising oil sands mine water treatment technologies, which we've been working with ERA on. Six, expedite establishing release standards for treated oil sands mine water, building on existing processes used for other industries while tailoring them to meet this specific challenge. Seven, establish criteria for end pit lakes at the individual and landscape levels, building on ongoing research and development. Eight, more inclusive oil sands mine water monitoring to support implementing these recommendations while enhancing the credibility, transparency, and timeliness of result reporting. Now, I just wanted to state on that, to do more monitoring: that area is already the most monitored in the world, but we can always try to do better. And then nine, to increase segregation and prioritization of use of water that has not been impacted by the industry processes, along with clear standards for the water's safe release, to help reduce the future accumulation of oil sands mine water.

Anyways, I just thought that they were great, and I appreciate the member for the work that he and his team did.

Mr. Cyr: Well, you know what? When it comes to resource stewardship, I believe that the government of Alberta has shown that we shine in this area, sir, and I believe that it'll shine even further under your leadership.

One of the things I don't know if we've explored enough is the memorandum of understanding. Under outcome 2, item 2.6, the ministry to lead and support efforts to defend Alberta's jurisdiction while enabling responsible resource development. Now, this was a remarkable signing between Premier Smith and Prime Minister Carney. It sets a path, if you will, Minister, for a collaboration that we probably haven't seen in 10 years. I would love to hear where your ministry has been at with this. Have you met with the federal counterparts to discuss these priorities? How have those discussions really played out for our government?

4:50

Mr. Hunter: Sure. I appreciate the question. It's very timely as again we see geopolitically that it's more important now in Canada and Alberta not just to think big but to build big in order for us to be able to get our product to tidewater. I think that the MOU really speaks to that. I know that it's been a breath of fresh air, actually, working with a federal government that is not hostile to the work that we do here in Alberta, so I will take my hat off to Prime Minister Carney in that leadership. I am hopeful that this more collaborative approach is going to work in the future for our governments as we try to move forward and, again, build big, think big.

Your question about whether I've been in communication with the federal counterpart: yes, I have. I have had the opportunity of having a conversation with Minister Julie Dabrusin from the Ministry of Environment and Climate Change Canada. We had a very cordial meeting in late February to discuss our priorities. My interactions with Minister Dabrusin have been positive, I will say. I look forward to working with her. I conveyed to the minister that Alberta has demonstrated an ongoing commitment to environmental assurance supported by a robust, effective, and efficient regulatory system. Like I said in my opening statements, we do it better than anywhere in the world, and we're very proud of that system that we built.

This approach ensures Alberta's natural resources are developed responsibly and that an appropriate balance is struck between environmental protection and support for economic development, investment, and long-term growth. That is the Alberta way. That has been the Alberta way for decades. Again I'll state what I said earlier in another question. The fact that last year we had 85,000 net new jobs in Alberta year over year versus a contraction within Canada for new jobs goes to show that we can do both.

I don't think anybody questions whether or not we have high environmental standards. The environmental impact assessment process: the federal government has recognized that obviously we have those high standards, or else they would not have allowed us to be the default when it comes to projects within Alberta. Again, that was a big win that my department was very much involved with, and I appreciate the work that they did in collaboration with the federal government.

I'll finish there.

Mr. Cyr: Well, thank you for that response. You know, when it comes to our relationship with the federal government, I would say that as an Albertan I've felt that it's been hostile, and it's refreshing, again, to hear that this relationship seems to be taking a different course. I would argue that our new Prime Minister is giving us the opportunity to really shine when it comes to being able to get that oil development done. Now, it doesn't, I guess, belabour the fact

that we have been let down multiple times before by the federal government. That doesn't mean we give them a free pass for all of that, but right now we are seeming to be cautiously optimistic on where we're headed. Do you believe that the federal government will respect Alberta's jurisdiction, sir?

Mr. Hunter: Well, look, everything is pointing towards that. I believe that the work that we've seen with the MOU proves that there is collaboration happening once again and that it doesn't have to be a fight about whose jurisdiction it is. We did see that for 10 years under the Trudeau Liberals, and we are not seeing that at this point.

Look, you said it right. Alberta does have a lot to offer not just Confederation but the world. We do it very well in Alberta, but the work that we've done here, the technologies that we've championed and shown here have been sent to the world. It's hard to determine how much good that has done in terms of water conservation, in terms of oil and gas extraction practices.

We have ERA's work that they do. They have competitions on a regular basis. Just recently I announced a competition specifically that I thought was fantastic in this. It was the Alberta oil sands. We did a \$46 million investment through the ERA, and that was specifically to be able to figure out how we can use wetlands more effectively in terms of being able to be the solution for oil sands tailings ponds cleanup and the work that we're doing there. I'm not sure if you had an opportunity to be able to see that, but I thought that was a really innovative approach that we've seen in Alberta.

And you know what? I've always said that we really shouldn't bet against the innovation of Albertans. They are very innovative. I've always believed that we will innovate our way out of problems versus legislate our way out of problems. We've seen specific examples like that in Alberta and all over the world, to tell you the truth. So don't bet against Albertans. We're extremely innovative, and we get things done here.

Mr. Yao: Hear, hear.

Mr. Cyr: Well, my colleague seems to be very enthused with that.

Minister, you know, it seems like under Premier Smith's leadership and your leadership we're headed in the right direction for our relationship when it comes to the federal government. We've talked about respecting Alberta's jurisdiction. You see that the federal government is recognizing that they need to review parts of our jurisdiction and ensure that we maintain that, but it does seem that we're still falling short, sir, for some of it. The MOU doesn't cover all of the jurisdiction creep, if you will. Would you mind telling us where we still have some work with the federal government for jurisdiction creep into Alberta's sovereignty?

Mr. Hunter: Sure. It's a very valid question. Even though we are working very closely with the federal government on the MOU, our department as well as my colleagues in other ministries and the Premier and her staff are continuing to monitor federal activities. While we are encouraged about the pipeline MOU, our government has pursued legal challenges against the federal government related to the federal Impact Assessment Act and the clean electricity regulations, and we supported an industry challenge on the federal listing of plastic manufactured items as toxic. In this regard I will continue to collaborate with my colleagues to ensure that Alberta's jurisdiction is asserted in these and other areas.

Mr. Cyr: That sounds to me like we're headed for a sovereign Alberta in a united Canada. Is that correct, sir?

Mr. Hunter: We've always maintained that Alberta does it very well. There are constitutional rights for provinces, and those constitutional rights should be respected both on the federal side and from the provincial side. They are clearly articulated within our Constitution. Again, under the Liberal-NDP coalition government over the last 10 years, that's exactly what happened. They started to creep into our jurisdiction, and that's what we've pushed against.

Member Irwin: Okay. Point of order. Thank you, Chair. We need to get back on track here. I was giving a lot of latitude. I really didn't think I'd have to speak today, but there have been no budget references in the last line of questioning. Of course, you know, the minister doesn't need to indulge that either. To the chair, I would argue under 23(b) that this is a point of order for relevance.

Thank you.

Mr. Cyr: You know what? I'll just move on if that's fine.

The Chair: Sure.

Mr. Cyr: Fair enough. You know, Minister, thank you for your response on the MOU.

One of the, I guess, topics that is near and dear to your heart, sir, at least I believe, is water and invasive species. We already talked some about it. I see here that we've got about \$5.8 million allocated for aquatic invasive species management for 2026-2027, which the task force recommendations have been implemented so far. This is underneath page 63, key objective 1.5. Can you give us a little bit of an idea of what you're doing with that money, sir?

5:00

Mr. Hunter: Sure. You bet. You're right. It is near and dear to my heart. The reality is that in southern Alberta we have 70 per cent of Canada's irrigation land. There were some great forward-thinking progressive farmers that recognized that even though it's very dry land down there and we constantly seem to have a drought, if you add water and the sun units and the heat units we have down there, we can grow some amazing crops. Again, 70 per cent of Canada's irrigation land is right there in southern Alberta. There are a lot of specialty crops that we grow there. In fact, 65 specialty crops are grown in southern Alberta under that irrigation. You need to have the certainty of the water, and you need to have those heat units.

We recognize that the aquatic invasive species, specifically quagga and zebra mussels, are a threat to that infrastructure, not just to that infrastructure but to any water intake for any community. As I said earlier, invasive species have caused major havoc in terms of destroying other, you know, local species.

We are taking it seriously. We struck a task force. I was able to chair that task force. We moved very quickly to be able to try to do a needs analysis and a gap analysis, and we found that there were certain things that we needed to work on. One of the things that we recognized is that we didn't have enough inspection stations. We moved from five to 11, and in this budget we'll be moving to 12 inspection stations. We've ramped up our canine units. They are very effective at being able to find the smaller zebra and quagga mussel villagers, and so we're quite excited about that. We think that will help protect this area from having them come in.

As you may know, they are certainly making their way west from eastern Canada, and we want to make sure that we keep them out. We have been very successful at this strategy. We have kept rats out for, I think, over 100 years, and in fact, I love that little pin that we have. I hope that everybody wears it proudly because we have been able to keep the rats out. I know that MLA Petrovic wants one of those, so we'll make sure we get her that. I think that we've done a good gaps analysis on that.

Also, some of the other work that we did. Dr. Hanington had done some really good work on the eDNA monitoring, and so we expanded that throughout the province as well to make sure that it is going into all of the lakes so that we can have that good data coming in with the high-risk water bodies. We also will have a pilot dip tank that we're going to be bringing in. That is a technology that was used in Utah to be able to stop the spread from Lake Tahoe to other lakes, and so we're going to be doing a pilot on that. We have an RFP out to be able to build that. We're excited about the work we're doing on that. We think that we've identified where those gaps were.

We did have a situation where there was a barge that came in from eastern Canada, and it went all the way through all of the provinces and was at Chin Lakes, Chin reservoir, ready to go in, and it was completely muscle-fouled. Had it gone in, we would have been at real risk of it spreading and causing major problems. We have to co-ordinate with other provinces, which we are doing. We have to increase that co-operation that we have recently. I don't know if this has been announced yet, but I've been speaking with our Ontario counterparts that were not part of that agreement that we have. They have since agreed to work with us and work with our partners to make sure that that would never happen again, that we would never have a mussel-fouled barge come in all the way through Canada and get right to the edge of our water. I'm excited about that work.

Like I said, our canine units – we've got roving canine units that we'll be deploying. They're not just cute, but they actually do their job. They're really good at it, and they're also really good at being able to go out to communities, into schools, and to be able to help kids recognize that as a threat.

The Chair: Excellent. Thank you very much, Minister and members for questions. We will be moving back over to the opposition side here, but we are going to take our five-minute break now. So we'll put five minutes on the clock and be back here ready to start up again.

[The committee adjourned from 5:06 p.m. to 5:11 p.m.]

The Chair: Excellent. Well, thank you so much, members, for the opportunity for that break. We'll now turn it back over to the opposition. We have 10 minutes. We're turning this back into member-specific time, so there's no ceding time. Maximum amount of speaking at any point in this is five minutes.

Member Al-Guneid, I believe you were up.

Just to confirm, it sounds like we're doing block time, but are we going back and forth or block time?

Mr. Hunter: Block time, please.

The Chair: Excellent. Block time it is.

Member, you're up.

Ms Al-Guneid: All right. Thanks, Mr. Chair. I'm starting at objective 2.2 on page 64 of the business plan, touching on TIER, Alberta's industrial carbon pricing. The core framework of TIER has been stable and trustworthy for over 15 years. A central tenet of its credibility has been that a ton of credits have only been issued for private-sector activities that demonstrably reduce a tonne of emissions up to a maximum escape valve price, which is the TIER fund price. Does the minister recognize that billions of dollars of investment have relied on this core principle that renders TIER credible and ties the credit market to real-world abatement costs?

The government's changes to TIER back in September threatened to break that bond of trust that has fostered Alberta's

attractive investment climate for clean tech. Right now, credits are trading between \$30 to \$40 because of oversupply and the weakening of TIER in the last few years. What is the minister doing to ensure TIER remains credible and reliable, not only to reduce emissions but also to attract investments, as per outcome 2? Why does the minister think emitters should receive credits for activities such as technical and financial studies? Is this still on the table, as per the September proposal? Does the minister understand that by breaking that connection between a ton of credit and a tonne of real emission reduction, the government is destroying the basis for investor confidence in TIER that has attracted billions of dollars in capital investment?

I did hear investment in the minister's opening remarks. This is the government's proposal. For any investment credits for costs that actually achieve emission reduction, unlike the credits for studies, the facility will be credited again for the emission reductions when they actually happen. This is what we call double-counting, Mr. Chair. These investments will be double-credited. Is this proposal still under the government's consideration?

The provincial government is now negotiating with the federal government on industrial carbon pricing. What carbon price is the government considering? Through the chair, does the minister understand that the government of Alberta has committed to \$130 per tonne effective minimum credit price, which means the market price for credit? Or does the minister think that the \$130 per tonne MOU commitment is about the headline price? That will be one amazing confusion, if that happens. Does the minister understand that the pay-yourself direct investment compliance option will make it impossible to achieve that \$130 per tonne in the MOU, meaning that the whole MOU – pipelines, CER exemptions, emissions cap repeal – will crumble if this pay-yourself program is implemented?

Mr. Chair, is the minister aware that there is a \$50 million credit oversupply in the TIER market? Why is the government changing TIER to increase credit supply and reduce demand? How is that going to help? The credit oversupply discourages investment, Mr. Chair, risks failing the federal benchmark, which means TIER would be replaced with a system designed in Ottawa and destroys revenue into the tech fund. How does the government plan to address those risks?

Through the chair, what has the minister heard from major investors in clean tech about the impact of the direct investment program to the project economics and investment signal? How much more will he and his government need to subsidize technologies like CCUS and blue hydrogen with Albertan's money in order to overcome the harm that the government's own TIER weakening has done to their project economics? If carbon credit prices dropped from \$55 to \$15 since 2023, how can industry make long-term investments when the market signal is collapsing? Will the minister commit to publishing more detailed data on carbon credit supply, demand, and pricing to improve transparency in the TIER market? Does the minister believe Alberta can attract global investment while at the same time creating uncertainty around carbon pricing policy?

Mr. Chair, major clean tech projects require stable carbon pricing for decades. What guarantee can the minister offer investors today that Alberta's carbon policy won't change after they commit billions? Export reports outline that Alberta could unlock up to \$90 billion in low carbon investments while cutting over 70 megatonnes of emissions if that certainty improves.

The Chair: Well done, Member.

Minister, five minutes to respond to her questions.

Mr. Hunter: Sure. All right. Well, thank you, and I appreciate the questions again, Member. I think we have a great story to tell about the innovations that we have in this province, and that's really what TIER does. When it was first started, we recognized that we're going to innovate our way out of the problems versus legislate our way out of the problems, and that's why the industry is in collaboration with us to make that innovation happen.

As I said earlier, we're investing \$567 million in TIER funding across multiple sectors over a three-year period. Since 2019, \$1.6 billion through TIER, reducing an estimated 70 million tonnes of emissions by 2030 and supporting over 21,000 jobs. Since 2009, \$992 million invested through Emissions Reduction Alberta into 316 projects, reducing an estimated 28.3 million tonnes of emissions by 2030; \$2.8 billion has been invested in programming through the TIER fund since 2009, previously known as the climate change emissions management fund before 2019.

Since April 2025, \$271.3 million of TIER funding has been announced: \$37.7 million in ERA's partnership intake program for three projects that will develop technologies to reduce water usage in the oil and gas sector; \$7 million to support two projects tackling methane emissions in the oil and gas sector; \$3 million to support production of hydrogen from waste fibre in the forestry industry in 2025, April; \$5 million to support Alberta's first direct air capture innovation and commercialization centre in Innisfail; \$12.7 million to support three new energy projects that use natural infrastructure to store energy, compressed air in salt caverns, safely store carbon dioxide, and extract critical battery metals needed around the world respectively; and \$10 million to help Cardston and Peace River test new ways to treat wastewater more efficiently and turn waste into clean energy.

These are just some examples of what TIER is doing, again, focusing on a fund that is used to innovate our way out of the challenges and the problems that we have, and every society has the challenges and problems. We happen to sit on a vast amount of oil and gas reserves in this province. In order for us to be able to export those to markets where they want to have high standards, ethically produced standards, we have invested with the ERA in order to be able to provide that.

5:20

We also have \$49 million for ERA's advanced materials challenge, that will support 18 projects to expand the development of waste management, carbon utilization, critical minerals, energy storage, geothermal energy, oil sands, and more. The member asked a question that I thought was interesting about stabilization of the carbon markets. The reality is that when we announced the MOU with the federal government, that carbon market price doubled, which goes to show that we are doing our effort. The efforts that we're making are working in order to be able to stabilize that.

In terms of asking other questions about where we're going to go with that, you'll have to wait until April 1, when we make some announcements. We have a few benchmarks that we have to hit, so stay tuned. I think that we're going to be able to get where we need to with the federal government on that MOU. I could go on about the money that we're spending through ERA's challenges, the drilling technology challenges, the advanced materials challenge, the clean energy transition partnership joint call, the ERA's annual industrial transformation challenge: all of these are designed to be able to say, "Alberta, show us how innovative you can be," and we're actually quite excited about what we're seeing in that transformation. Again, I'll go back to what I said earlier about the fact that: how can you quantify how much good we do for environments not just in Alberta but throughout the world by the

technologies that we export to the world? We innovate here. ERA is very interesting because it . . .

The Chair: Well, thank you, Minister. I appreciate that.

I believe we're going back to the government side. Member Petrovic, you have 5 minutes.

Or I should ask: Minister, are we going back and forth, or are we doing block?

Mr. Hunter: I can go back and forth.

The Chair: Okay. You can't speak longer than five minutes.

Put 10 minutes on the clock.

Mrs. Petrovic: Thank you. First off, through the chair, Minister, to you and your team, thank you for all of the work and what you guys do. I appreciate you bringing up the pin, the Rat on Rats! pin. I very much look forward to that. While sitting here I have a "spot the mussel, stop the mussel," not nearly as clever as the next ones, but when you're making another pin, happy to support that in southern Alberta, especially with some of the investments that you've made in my area with the inspection station in and around Burmis and making sure that we are stopping those invasive species before they're coming into Alberta. So I appreciate that a lot.

As you know, you and I both are from southern Alberta. I wanted to touch on water in that area because why not? We fight over it. What is it? Whisky is for drinking, and water is for fighting over. I just appreciate that you've met with a few of my councillors down in that area when it comes to water or sometimes lack thereof, so I wanted to jump into your business plan, key objective 2.4. I know you and I both realize that without a reliable water supply, farmers can't expand irrigation. We know that 70 per cent of Canada's irrigation is in our area. Municipalities struggle to attract investment. I know two years ago one of my communities was completely out of water and had to be trucked in at a bill of \$8,000 to \$10,000 a day, so thank you to your ministry. You know, once that was found out, I think we had that rectified within about 24 hours, so I appreciate that.

Then communities face challenges ensuring that there's some safe drinking water for them. Like I said, on page 65 of the business plan, key objective 2.4 directs the ministry to enhance water management and increase water availability. Budget 2026-2027 allocates \$30.3 million through the water storage assessment program and the drought and flood program. My first question is: how much of this funding is directed to the water storage assessment, and what initiatives will this investment support to improve water availability across Alberta?

Mr. Hunter: All right. Well, thank you through you, Mr. Chair, for the question. I do want to say that there's one other tagline that we have, and that's clean, drain, and dry. I hope that everybody remembers that, tells their kids. That's the best way to be able to stop the spread of quagga and zebra mussels and aquatic invasive species.

To get into your question, of the \$30.3 million allocated to enhance Alberta's overall water management strategy in 2026-2027, \$5 million is dedicated to the Alberta water storage assessment program, with \$3 million budgeted for the '26-27 year and \$2 million planned for the '27-28 year. This program builds on the province-wide desktop water storage opportunity study completed in 2025 and designed to more systematically evaluate potential storage options, understand future water supply and demand, and inform long-term infrastructure and policy decisions. This work is essential to ensuring that communities, agriculture, and industry have reliable access to water while also protecting the

health of Alberta's aquatic ecosystem and meeting transboundary water agreement obligations.

You know, you said something that we see on a regular basis: whisky is for drinking, water is for fighting over. We recognize that in that south region, it's very dry. We've gone through drought years, we've gone through good years, again, drought years. What I found was indicative of that area is the water-sharing agreement that was made collaboratively with our predecessor, Minister Schulz. She worked along with the communities, and they came up with that collaborative approach to sharing water in the drought years. What was interesting about that is not just the collaboration that happened, but also what was neat about that was that our system of off-stream storage, on-stream storage worked. It got us through those difficult times. I think that we forget that. Do we need to create more storage? Absolutely. I think that until we actually get to that 50 per cent that's leaving our borders, we should always be planning for more storage. We have a growing population; we have more needs. We have more farming needs; we have population growth.

We will continue to identify where those off-stream and on-stream storage opportunities are, as we need to plan for that future growth. Alberta is a great place to be. It won't be a great place to be if we don't have proper water management and a good long-term strategy, and so you can expect from our ministry that we will continue to develop that out. As you can see, we're putting money into it: \$5 million is dedicated to the Alberta water storage assessment program, and we have \$3 million in 2026-2027 and \$2 million planned for the '27-28 years.

Mrs. Petrovic: Well, thank you for that. I appreciate that. I know the farmers say to me every year: when we have a drought, we act like we're shocked. It's really wonderful. Every time that there's a drought we act very shocked by it, so it's really wonderful to see the investments that are there, and I know the farmers and ranchers in southern Alberta are happy about this. I know they very much like the idea of keeping 50 per cent of the water allocations here in Alberta, especially for those dry years.

But every once in a while, we do have some floods in Alberta as well, and sometimes we do in southern Alberta. I want to turn to the drought and flood protection portion of the investment noted on page 65 of the business plan. Communities, not often in southern Alberta but once in a while, have floods like the 2013 floods that happened. Of that \$30.3 million identified in key objective 2.4, what portion is allocated specifically to drought and flood protection? Who is eligible for funding under this program, and what types of projects are supported?

Mr. Hunter: If the member is okay with it, can I just maybe talk a little bit more about the last question as well?

Mrs. Petrovic: Yeah.

Mr. Hunter: I think that I just want to present some important information.

Mrs. Petrovic: Please.

Mr. Hunter: Okay. The water storage assessment program focuses on three goals: number one, increasing our resilience to drought and floods; number two, developing sustainable water storage solutions that align with Alberta's needs and values; and number three, ensuring that water storage investments are fiscally responsible, transparent, and deliver long-term value for Albertans and Alberta-based businesses. Through this program, we will identify where additional storage is most needed, review how we deliver large

water infrastructure projects, and create a standardized, transparent approach to cost-benefit analysis for storage.

I wanted to state that because I know that people both in your riding and my riding need to hear that we are developing the strategy. We are making sure that we have a long-term strategy, and they can be assured that they will have water, not just for them and their needs but also for their children and grandchildren's needs.

5:30

On to your next question that you asked, key objective 2.4, the \$30.3 million noted in the business plan reflects our overall investment in improving water availability and community resilience. Of that amount, \$25 million is specifically allocated to the drought and flood protection program for the '26-27 year. This is part of our commitment to provide \$25 million annually through 2028-29 fiscal year to help municipalities and Indigenous communities strengthen long-term resilience against drought and flooding.

The funding through the drought and flood protection program is available across Alberta communities. The eligibility was expanded for the '26-27 intake cycle to add regional services commissions and tribal councils as eligible participants. This is in addition to municipalities, improvement districts, special areas, Métis settlements, and First Nations, who were eligible from the program start.

Mrs. Petrovic: Are you able to provide me maybe with just an example of a project that helps address both the flood mitigation and drought resilience? I know that there's some in my area, and I don't want to speak without that, but are you able to just provide a couple of those examples for me?

Mr. Hunter: I can talk to you about funding rounds in the past. Okay. We had Paddle Prairie in the regional municipality of Wood Buffalo in the north. Pincher Creek, Coaldale, and Medicine Hat in the south were some examples of that.

Mrs. Petrovic: Well, thank you for that, Minister.

I know we're running short on time here, so I just appreciate those answers that you've given us and those clarifying things. Yeah. Once again, just appreciate the work that you're doing.

I guess I'll cede my last nine, eight, seven, six seconds left.

The Chair: Thank you. Excellent. Well, thank you, everyone, for those questions and answers.

We're turning back over to this side. Member Schmidt is up. Member and Minister, I'm going to ask a question. Shared time or block time?

Mr. Hunter: Block time, please.

The Chair: All right. Block time it is.

Member, you have five minutes to ask your questions.

Mr. Schmidt: Thank you, Mr. Chair. I want to start by circling back to a number of the questions that my colleague asked that the minister didn't answer in his last response, particularly around the effective minimum credit price that the province of Alberta agreed to when they signed the MOU with the federal government. My colleague outlined a number of ways that the direct investment compliance option threatens to make it impossible to achieve the carbon price that the government agreed to in the MOU. The minister teased an announcement about an agreement on carbon pricing. Can he confirm that the final carbon price will be \$130 per tonne, and can he comment on the impact that that will have on this

direct investment compliance option that, as my colleague outlined, poses a risk to the MOU?

The minister stated in his response that the effective carbon credit price doubled when the MOU was announced. What is the current effective price for carbon credits? I'm just curious: if the government is going to announce the MOU, what will happen to the standards for direct investment? Currently the website commits to releasing those standards in early 2026. Well, it's early 2026. Those haven't been released. When will this standard be released, or is it being scrapped? Can the minister give us any updates on changes to sector-specific stringency factors, specifically with the electricity sector?

Earlier today we heard the Affordability and Utilities minister even refuse to use the word "decarbonization" in discussion with regard to the electricity sector. The MOU commits Alberta to a net-zero electricity grid by 2050. What is the timeline for achieving that?

The MOU also commits both parties to developing a financial mechanism to ensure that both parties maintain their respective commitments over the long term to provide certainty to the industry and to achieve the intended emissions reductions. Can the minister explain what kinds of financial mechanisms are being considered and outline the potential cost to taxpayers for each of those mechanisms?

The MOU commits Canada and Alberta to developing a methane equivalency agreement by April 1, 2026. Can the minister provide the committee with an update on those negotiations and confirm whether or not that agreement will be in place by the deadline? The MOU commits Alberta, Canada, and the Pathways project to enter into a trilateral agreement on the construction of the Pathways project by April 1, 2026. Can the minister provide the committee with an update on those negotiations?

The ministry business plan has a performance indicator for oil sands greenhouse gas emissions intensity. Will the MOU negotiations result in an emissions intensity target for oil sands productions? If not, why not? The MOU also commits to the development of enforcement measures to ensure that the Pathways project gets built. Can the minister provide details on what additional regulatory measures are being considered to ensure that the Pathways project gets built?

Schedule 22 on page 160 of the fiscal plan shows that Environment and Protected Areas will be reducing full-time equivalents by 23 and that the Alberta Energy Regulator is not increasing the number of full-time equivalents this year. Given that regulatory enforcement of a project like Pathways will likely require more people and not fewer, is the fact that environment and the AER are not planning to increase full-time equivalents an indication that neither agency is serious about its commitment to enforcement to the mechanisms that will require Pathways to get built?

The MOU has an objective of reaching net-zero greenhouse gas emissions – sorry; I got that one. What changes to the TIER program will be required to achieve net-zero electricity by 2050? What other policies outside of TIER are being considered to achieve net-zero greenhouse gas emissions in the electricity sector by 2050? Is the department setting any interim goals for greenhouse gas emissions in electricity between now and 2050, or will the federal government impose those upon us?

I look forward to the minister, you know, actually providing answers rather than reading excerpts from the website which are publicly available.

The Chair: Excellent. Well, Minister, you have five minutes to respond to some of his questions. Thank you.

Mr. Hunter: All right. Thank you, Mr. Chair. Through you to the member, I appreciate the questions. Again, I think you're fishing for answers about something that's going to be released on April 1. The TIER price, the stringency, and then the methane reduction: those will be presented on April 1 to Alberta and to Canada. I believe we're making very good progress on that. I can tell the member that, but I do want to talk about the direct investment program that both the members have asked about.

Alberta has heard increasing concerns about the impacts to competitiveness of a rising carbon price to \$170 by 2030 along with increasing stringency required of Alberta's technology innovation and emissions reduction regulation by the federal government. To address these concerns, Alberta decided to freeze the TIER price to \$95 per tonne starting in 2025 as well as introduce a new direct investment compliance option under TIER. The new compliance option enables regulated facilities to invest in emissions reductions projects at their own facilities to comply with the regulation instead of paying into the TIER fund or using credits. Industry that has compliance obligations broadly supports this new compliance mechanism to enable further investment on-site. Industry and projects that do not have compliance obligations have flagged that this approach could reduce the value of their current and future projects.

With credit prices being low, it is possible that regulated facilities will opt to comply with credits rather than on-site investment in the short term. The new compliance option enables companies to receive recognition for up to three years of historic compliance and a maximum of five years going forward from the year of investment. Compliance will be returned to those who receive historic recognition in the form that they originally complied with, credits or fund payments. Implementation details are being developed and are anticipated to be released through a new standard for direct investment later in the spring. Developments of a grant program to return historic investment payment above the minimums required will be ongoing through the course of 2026.

I'd like to also talk about methane and the work that we've done on methane. Alberta is a global leader in reducing methane emissions by working with industry and using a province-led approach. Alberta has already reduced methane emissions for upstream oil and gas by 51 per cent, hitting its target of 45 per cent three years early.

5:40

Since 2020 \$172 million has been invested in cutting-edge programs that help the oil and gas industry improve monitoring and reduce methane emissions. Our investments have resulted in the identification of emission sources and reduction opportunities at almost 15,000 well sites and facilities across the province and directly prevented nearly 17 million tonnes of emissions from being released. Alberta's measurement, monitoring, reporting, and verification approaches are ahead of most systems in place in most oil and gas producing jurisdictions, and the government of Alberta is committed to continuing investment in this area.

Methane emissions from the oil and gas sector have declined by 51 per cent, as I said earlier, from the 2014 levels. Alberta's current approach is estimated to have saved industry half, or about \$600 million, compared to the existing federal approach. Alberta carbon offset protocols resulted in over 58,000 low- or no-bleed devices being installed and more than 9.5 million offset credits from being serialized.

Alberta conducted stakeholder engagement on methane emissions reduction policy in early 2025, gathering input from oil and gas operations, industry associations, industry service providers, academia, and environmental nongovernment

organizations. The what-we-heard report was produced from the stakeholder engagement and published in November 2025.

A memorandum of understanding between Alberta and Canada was established regarding energy and infrastructure development. Included in the MOU was a commitment between the two parties to enter into a methane equivalency agreement with a joint ambition to reduce emissions by 75 per cent from the 2014 levels by 2035. Again, that information will be coming out April 1.

The Chair: Excellent. Thank you very much, Minister and Member, for asking those questions.

Member Rowswell caught my eye. You've got 10 minutes. Back and forth or block time?

Mr. Rowswell: Back and forth, preferably. Yeah.

Mr. Hunter: Back and forth is fine.

The Chair: Back and forth. Okay. Perfect. Ten minutes on the clock.

Mr. Rowswell: Thank you very much. I want to go back to water. I know that's something that's very important to you and all my colleagues down in southern Alberta. It's a big deal. Looking at line item 4.3 on page 100 of the estimates, there's an increase of more than \$2.5 million to water management. This item is meant to promote the conservation and sustainable management of water resources. Just to get started, I was wondering: how does the funding for this item help support those goals? Will the funding increase I noted be allocated to new initiatives or existing ones? So if there's more money there, are we expanding what we're doing, or are we trying something different?

Mr. Hunter: I'd like to thank the member for the question through you, Mr. Chair. Line 4.3 on page 100 of estimates is the operating expense for water management. This funds two items, the wetland replacement program and the core water management operations that maintain service levels under the Water Act. The wetland replacement program is funded from dedicated revenue from those that paid in lieu fees rather than undertake wetland replacement obligations themselves. The budget for '26-27 for the program is \$8.7 million.

The delivery of core water management of Alberta's surface and groundwater by the department includes stewarding available water allocations through issuing water licences in open basins and water transfers in closed basins and ongoing inspections, monitoring, and compliance activities. The delivery of water quality protection of Alberta's surface and groundwater is managed through environmental approvals for effluent releases and ongoing inspections, monitoring, and compliance to ensure effluent releases meet Alberta's stringent water quality guidelines.

The additional funding helps EPA maintain current service levels. Many collective bargaining agreements for public-sector workers were negotiated with various unions and ratified in 2025-26. The increases will help address workforce attraction and retention challenges in a competitive market.

Mr. Rowswell: I noticed that the '25-26 forecasted expenditure is below what was budgeted. Last year we budgeted money and didn't spend it, yet this year you're putting in an increase. Why would we increase it if we didn't spend what we budgeted last year?

Mr. Hunter: I appreciate the question through you, Mr. Chair. The '25-26 budget expenditures are lower due to several wetland

replacement projects delayed in '26-27. Projects are carried out by municipalities and nonprofits. Therefore, spending only occurs once they begin construction. In the budget 2025-26 [not recorded]

When a proponent pays a wetland replacement fee, we are legally required to restore that wetland area. Any unspent project funds are returned to the program's dedicated revenue account, and funding shifts into the next year or when the project moves ahead.

Mr. Rowswell: Okay. Well, great.

One last question on water to the minister. I'd like you to look at line item 4.3 on page 101 of the estimates. It shows \$5.5 million for water management, which is an increase from last year's estimates, and this is in reference to capital investment rather than operational expenditures. Last year's budget amount for this item was \$5.2 million, but the forecasted expenditures for it ended up to be only a little over \$2 million. Could the minister provide comment on why we increased the budget? A similar question to last time. We're budgeting this money, we're not spending it, yet we're increasing it again. If you could kind of fill us in on what happened there.

Mr. Hunter: Sure. I appreciate the question. Thank you, Member. Line 4.3 on page 101 is capital investments for water management. The \$5.5 million in the '26-27 year covers early-stage infrastructure and engineering work, including the water storage assessment program – that's that \$2.85 million – the Ardley reservoir feasibility study, which is \$2.4 million, and design work for the Cold Lake permanent watercraft inspection station, which is \$250,000, which I'm sure that the Member for Bonnyville-Cold Lake-St. Paul is happy about.

Capital project spending is based on planned cash flows that align with project timelines and scopes, which are sensitive to various factors that could require adjustments. The changes that you are seeing in the budget and forecasted spending in 2025-2026 and '26-27 are primarily from cash-flow and scope adjustments. Specifically, cash-flow adjustments were required for the Ardley reservoir because of land access and fieldwork timing, and that's the reason for those discrepancies.

Mr. Rowswell: Okay. I was going to ask you what capital acquisitions were made, but you've answered that for me. Or are there others?

Mr. Hunter: I've got a bit more here I can tell you.

Mr. Rowswell: Okay. Sure.

Mr. Hunter: Funding under this line goes toward capital work that improves Alberta's long-term water security and resilience, including planning, engineering, and early-stage infrastructure. Examples include the Alberta water storage assessment program, which includes evaluating potential water storage sites to help Alberta mitigate drought impacts and support long-term water needs; the Ardley reservoir scoping and feasibility study, which includes the engineering and environmental studies needed to determine whether a new reservoir on the Red Deer River is viable; and number three, the Cold Lake watercraft inspection station, part of the aquatic invasive species program, including design and engineering work for a permanent inspection station to help prevent invasive mussels from entering Alberta's waters.

In the '26-27 budget the \$5.5 million reflects the cash flow needed to advance these projects as they move into active engineering and design phases. These investments help ensure communities across the province have reliable and well-managed water supplies for the long term.

Mr. Rowswell: Okay. Great. Thanks.

I'd like to move to extended producer responsibility. To me, this is – like, I'm a big recycling guy. I really like the whole concept of recycling. I think that's the solution as opposed to eliminating things and not using certain things. If we can recycle, we should be able to solve some problems.

5:50

Given that, key objective 1.6 on page 63 of the business plan this time commits to implementing recycling stewardship and extended producer responsibility programs. A related line item appears to be 3.1 on page 100 of the estimates, which supports policy development for waste, recycling, and land management. The budget line for this item increases by more than \$800,000 in '26-27. How will the increased investment support continued implementation of recycling stewardship and extended producer responsibility programs?

Mr. Hunter: Well, thank you for the question. This increase is related to collective bargaining wage increases that will help address workforce attraction and retention challenges in a competitive market. Obviously, we will probably always be in that collective bargaining, but this is reflecting those collective bargaining wage increases that we saw.

Mr. Rowswell: Okay. Great.

Now, since the program launched recently, how have the municipalities responded, and what benefits are they seeing so far? I know transportation is a big issue of freight, so if you can just let me know how things are going.

Mr. Hunter: Sure. The uptake of Alberta's extended producer responsibility system has been strong since its launch in April 2025, with municipalities transitioning their recycling programs to producers who are now accountable for collection and processing. This shift is already reducing municipal operating costs. For example, the city of Edmonton is proposing a 3 per cent reduction in 2026 waste utility rates, or about \$15.84 in annual household savings and \$24 million in municipal savings. In Calgary monthly recycling costs are projected to drop from \$9.34 to \$2.17, saving households \$7.17 per month, or roughly \$86 per year. In Lethbridge estimated savings are \$9 per month for single-family curbside collection and \$7 per month for multifamily collection, or roughly \$84 to \$108 per year.

It's also improving consistency in what materials can be recycled province-wide. In the next phase, to begin in October 2026, the program will expand to include more multifamily dwellings, and the list of materials will expand for more consistency across the province.

The Chair: Excellent. Sorry. Right before we do that, Member Schmidt, we need to introduce Member Bouchard.

Member Bouchard, can you just introduce yourself for the record?

Mr. Bouchard: Eric Bouchard, MLA for Calgary-Lougheed.

The Chair: Thank you. I apologize for missing you prior.

Member Schmidt. Minister, Member, back and forth or block time?

Mr. Hunter: Block time, please.

The Chair: All right. Great.

Member, you have five minutes.

Mr. Schmidt: Thank you, Mr. Chair. A report conducted by the department's scientists that was published in October of 2025 in the journal *Environmental Pollution* that studied impacts to water quality downstream of multiple coal sites in west central Alberta found that current reclamation and remediation practices are insufficient to prevent downstream water contamination. Given this finding by the department's own scientists, what work has the department done to improve reclamation standards to restore water quality downstream of these mines?

Furthermore, now that the department knows from information from its own scientists that its own restoration and reclamation standards are insufficient to prevent downstream water quality contamination issues, does that put the department at financial risk for environmental liabilities that it failed to enforce in the coal mining industry?

The report also recommended additional research into the reclamation approaches employed, the selenium reservoirs present in waste rock, and in the hydrologic connection between the reclaimed landscapes and downstream environments. What work will the department do in this fiscal year to complete this additional research, and what are the timelines for completing that research?

Furthermore, the report clearly states that the responsible parties are not meeting the requirements of their environmental approvals to reduce selenium levels in the water. What enforcement actions are currently being undertaken to hold approval holders accountable for their responsibilities to address water quality problems, and if nothing, what future enforcement actions will be conducted in this fiscal year?

What additional environmental monitoring work will the department undertake to monitor the impact of coal mines in Alberta? This is an ongoing problem. I would assume that there's a requirement for ongoing monitoring. Can the minister provide us details on what the department is going to do?

Now, the coal committee that the government struck in 2021 recommended that the government increase the number of inspections of coal mining sites in Alberta in line. Is the department planning to increase the number of inspections of coal mining sites in the province of Alberta? Does the government plan to increase the number of enforcements against approval holders in the coal mining sector who are not complying with the terms of their approvals?

The coal committee of 2021 also recommended that the government of Alberta work with the government of Canada and other provinces to develop consistent regulations for coal mine effluence. Can the minister provide the committee with an update on the status of this work? As far as I can tell, this is an ongoing – they're delivering something at some point in the future, but the last time that website was updated was 2023. What work will the department do in this upcoming fiscal year for furthering the development of coal mine effluent regulations, and what is the timeline for the implementation of new coal mining effluent regulations?

I have a number of other questions related to the coal committee's recommendations from 2021, specifically with respect to the mine financial security program. Now, the coal committee recommended that the mine financial security program be specifically amended so that it has a program that's tailored specifically for the coal mining industry. What plans does the department have to alter the mine financial security program for the coal mining industry?

The MFSP documents don't list a sum of coal mine liabilities. Can the minister tell the committee what the current value of environmental liabilities for coal mines is? Can the minister provide a site-by-site estimate of environmental liabilities for each coal mine in Alberta? The coal committee also recommended addressing

legacy coal mine liabilities. Those are the ones that don't have a responsible operator. Can the minister provide the committee with an estimate of the value of legacy coal mine liabilities? Will the government fund any legacy coal mine liability reclamation this year, and if not, what work will the government do to address legacy coal mine liabilities?

I think that I have expired my time. I look forward to the minister's illuminating answers, I'm sure.

The Chair: Excellent. Thank you, Member.

Mr. Hunter: I hope not to disappoint. Thank you, Member, through you, Mr. Chair. I do want to just start out by saying that our water in Alberta is safe and will remain safe for future generations. Every day my department monitors lakes, reservoirs, rivers, and tributary sites right across the province. This includes testing at 58 monitoring stations in and downstream of the eastern slopes. We are making our strong environmental system even stronger, keeping our safeguards in place while modernizing Alberta's approach to coal at the same time.

I also wanted to state, Mr. Chair, through you to the member, that Environment and Climate Change Canada is developing coal mining effluent regulations under the federal Fisheries Act. These regulations will manage threats to fish and fish habitat by coal mining effluent and will apply to the 28 existing coal mines in Canada and all future coal mine expansions and new projects. Coal mines must adhere to withdrawal limits identified in their water licences. All coal operations in Alberta represent only .14 per cent of the total water allocations in the province.

You did talk about selenium, so I'd like to address that. EPA is supporting a series of studies to better understand the impact of coal mining on downstream and downwind environments, including assessments of selenium in the environment. Five coal-related studies are currently available and can be accessed through the website of the official office of the Chief Scientist. [interjection] Sorry. I thought it was a question, but I think I've got the five minutes, correct?

The Chair: No, you're in block time, Minister, so you're good to go.

Mr. Hunter: Okay. All right. Thanks.

EPA is supporting a series of studies. Five coal-related studies are currently available and can be accessed through the website: Water Quality in the McLeod River as an Indicator for Mining Impacts and Reclamation Success; Legacy Coal Mining Impacts Downstream Ecosystems for Decades in the Canadian Rockies; the third study, Transboundary Atmospheric Pollution from Mountaintop Coal Mining; the fourth study, Mountaintop Removal Coal Mining Contaminates Snowpack across a Broad Region; and the fifth, Downstream Water Quality Impacts Persist Despite Mountaintop Coal Mine Reclamation in the Canadian Rocky Mountains.

6:00

Other work under way includes the analysis of the Bow, Oldman, Red Deer, South Saskatchewan, and Milk River basins, evaluating guideline exceedances for the protection of aquatic life for 24 surface water quality parameters, including selenium. Analysis of sediment cores from lakes potentially impacted by Alberta coal mining operations in the McLeod River basin and around the Grande Cache coal mine is also ongoing. An evaluation of the magnitude and extent of aerial depositions of coal dust in the Crowsnest Pass is ongoing as well.

Future work may include follow-up assessments of selenium concentrations in fish tissue downstream of coal mines. Also, selenium is an indicator in the surface water quality framework and is monitored, evaluated, and reported annually. If changes in selenium concentrations are found to be due to human activities, management actions will be developed with relevant stakeholders and regulators.

The question was asked about our coal strategy and policy. Alberta has one of the strongest environmental systems in the world, and these safeguards will remain firmly in place while Energy and Minerals completes the coal industry modernization initiative. The government of Alberta maintains a strong regulatory framework for coal mines supported by comprehensive surface water quality management.

Frameworks to guide management of cumulative effects of human activities on water quality. Environment and Protected Areas will continue closely monitoring Alberta's air and water, protecting the public from contaminants. Through our regulatory system we will ensure that environmental rules and regulations are followed to the letter. The coal industry modernization initiative will deliver a modern policy that protects the environment, drives investment in our province, and ensures Albertans are treated fairly by resource industries. It will ban mountaintop removal and open-pit mining and keep selenium out of our water through the development of a modern long-term legislative framework that guides responsible coal mining practices in operations.

Again, I'll go back to the statement I made at the . . .

The Chair: Excellent. Thank you, Minister.

We'll go back to the government side. MLA Bouchard, I believe you're up. Minister and Member, do you guys want back and forth or block time?

Mr. Bouchard: Shared time, Minister?

Mr. Hunter: Shared time would be good.

The Chair: Perfect. Let's do some shared time.

Mr. Bouchard: Thanks, Mr. Chair. Outcome 2 of the business plan states that sustainable economic development must occur "within environmental capacity." Under this outcome, key objective 2.3 on page 64 directs the ministry to enhance Alberta's TIER system to strengthen industry competitiveness while supporting innovation and emissions reduction. TIER is a central part of Alberta's emissions management framework. Through the chair, can the minister explain which size of emitters are covered under TIER and which sectors they come from?

Mr. Hunter: Thank you, Member. Appreciate the question. Through the chair to you, the TIER regulation includes industrial facilities who have carbon dioxide equivalent emissions of more than 100,000 tonnes per year. It also includes facilities that import more than 10,000 tonnes of hydrogen per year in or after 2016. Smaller industrial facilities are able to voluntarily participate in the program but are not required. Approximately 60 per cent of Alberta's emissions are regulated through TIER. In 2024 there were over 500 regulated facilities from over 20 different sectors, including oil and gas, refining, electricity, petrochemicals, fertilizer, cement, manufacturing, forestry products, agriculture, agriprocessing, among others.

Mr. Bouchard: Thanks.

Can you also let this committee know what compliance options are available for facilities under TIER? How do they support the objectives of the program?

Mr. Hunter: Certainly. Regulated facilities are able to meet annual compliance obligations through several means that are designed to provide flexibility and cost savings to support industry competitiveness. The first way is to pay into the TIER fund at the set price. In 2025 Alberta froze the TIER fund price, as I said earlier, at \$95 per tonne of carbon dioxide equivalent to help industry stay competitive and defend jobs amid the economic turmoil created by the implementation of U.S. tariffs.

Alternatively, facilities can submit and off-set emissions performance and/or sequestration credits up to the annual credit use limit. In 2025 the annual credit use limit was for up to 80 per cent of facilities' annual obligation. Credits are bought and sold in Alberta's carbon market and offer a lower cost compliance option to industry. In 2026 operators can use credits for up to 90 per cent of the obligation, providing even greater flexibility and cost savings. In early 2026 the credit prices were around \$30 to \$40 per tonne.

Lastly, facilities can invest in an approved emissions reduction project. In 2025 Alberta amended the TIER regulation to create the new compliance option to be implemented in 2026. This change addresses rising costs and market uncertainty by empowering Alberta industries to invest in on-site technology that benefits their business while reducing emissions. This change will help keep Alberta's industries globally competitive and protect thousands of local jobs so Albertans benefit from a stronger, more resilient economy.

Mr. Bouchard: Thank you, Minister. I'd like to continue discussing the technology innovation and emissions reduction program, TIER, and key objective 2.3 in the business plan. Because TIER plays a central role in Alberta's environmental and industrial strategies, many businesses incorporate its obligations and credit opportunities into their financial planning. With global economic uncertainty, tariffs, and ongoing discussions with the federal government on carbon pricing, changes to the program could have significant impacts. Will the TIER program remain stable despite tariffs and global uncertainty, and how is the minister protecting it? Also, what potential impacts could federal negotiations have on Alberta's TIER program?

Mr. Hunter: Yeah. Very good question. Alberta has implemented the industrial carbon pricing system since 2007, seeing many external factors, including global economic uncertainty during this time. The ability for Alberta's system to persist is a testament to the support from industry and Alberta's ability to tailor the system to ensure that competitiveness is maintained while driving emissions reductions and investments.

The recent TIER price freeze at \$95 per tonne along with the introduction of an on-site investment compliance option are two immediate measures taken to ensure the system remains sustainable over the current uncertainty. I will continue to work closely with my ministry to ensure Alberta's TIER program supports industry while also reducing emissions.

In terms of the second question that you had, Alberta expects the negotiations to result in a sustainable path forward for Alberta's TIER system that balances economic growth, competitiveness, policy certainty, and emissions reductions and maintains the provincial jurisdiction. It's absolutely critical that we maintain that

provincial jurisdiction, and we have been working closely with our federal counterparts to be able to do that.

Mr. Bouchard: Awesome. Thank you.

I'm going to ask a few final questions regarding the TIER program. On page 101 of the estimates line item 9.2 shows a noticeable drop in projected expenses for 2026-2027 compared to the previous year. Through the chair, could the minister explain the factors that have led to the decrease in projected expenses for this line item?

Mr. Hunter: Yeah. You bet. As I said earlier, the '26-27 estimate is about \$24 million lower than the '25-26 forecast, primarily due to lower expected revenues into the TIER fund. TIER fund spending is based on annual revenue estimates and the government's TIER funding formula. As revenues increase or decrease, EPA increases or decreases the spending to align with expected revenues. Under that formula the first \$100 million in annual revenue and 50 per cent of the remaining revenue are directed to emissions reduction and climate resilience. The remaining 50 per cent is split evenly, with 25 per cent supporting deficit reduction and 25 per cent supporting the Alberta carbon capture incentive program. The decrease in expenses also reflects timing changes, profiles, and adjustments within existing approval allocations.

6:10

Mr. Bouchard: Thanks.

Where does the funding for this line item originate, and why can TIER revenues fluctuate from year to year?

Mr. Hunter: Item 9.2 is funded through compliance payments made by industrial facilities under the TIER regulation. These payments go into the TIER fund, which generates investment income on its balance. Revenues can vary from year to year largely because of TIER's design. Facilities have flexibility in how they meet their compliance obligations, and that flexibility makes annual revenue forecasting challenging. For example, the amount of credits companies use is difficult to predict. Sometimes facilities choose to hold on to credits for future use or for sale instead of using the credits for compliance. System flexibility gives the industry many options to optimize costs, but it does also make it somewhat difficult to predict. Another factor is the variability in product markets such as oil and gas production, electricity generation, and coal tonnage. While forecasting is challenging, year-to-year variability is expected and reflects TIER's flexible design and normal fluctuations in industrial activity.

Mr. Bouchard: Okay. One last TIER question. With lower projected spending in 2026 and '27, how does the ministry ensure TIER investments deliver the best value?

Mr. Hunter: Funding and project approval processes under TIER are designed to ensure that investments deliver strong value for money and meaningful emissions reduction. A good portion of TIER's current funding is delivered through partners such as Emissions Reductions Alberta, which I've talked a bit about tonight, which engage with stakeholders to identify funding gaps as well as needs and run competitive programs. Funding supports emissions reduction projects and aligns with government priorities for best value of dollars. Through Emissions Reduction Alberta TIER funding is leveraged at roughly a 5 to 1 ratio, significantly expanding the impact of the TIER fund. Based on ERA's current projects their cumulative emissions reductions is estimated to reach

28.9 megatonnes of carbon dioxide equivalent by 2030. We expect this momentum to continue and grow through 2026-27 and beyond.

Mr. Bouchard: Thank you, Minister.

I don't know if we'll have time to get to it all, but I'll turn to page 64 of the business plan and key objective 2.1, which focuses on modernizing Alberta's regulatory system through designated industrial zones. I'm pleased to see \$10.1 million allocated for this initiative in '26-27. Projects like the multibillion-dollar Dow Path2Zero development in the Industrial Heartland demonstrate the significant investment and economic opportunities these zones can attract across Alberta. Could the minister through the chair provide some detail on how the \$10.1 million investment will improve regulatory efficiency and provide investor confidence with designated industrial zones?

Mr. Hunter: Well, thank you to the member. I'd like to be able to answer that, but I'm out of time.

The Chair: Excellent. Well, thank you very much, Minister.

We are going to be turning back once again. Member Elmeligi, you have 10 minutes. Right before that, Minister and Member, back and forth or block time?

Mr. Hunter: Block time, please.

The Chair: Excellent. Okay. Block time.

You have five minutes, Member.

Dr. Elmeligi: Okay. I'll just wrap up our line of questioning because we're coming towards the end. I want to thank everybody for their questions through the chair and through the chair to the public service, with their big fat binders, flipping pages rapidly, trying to make sure the minister has the right piece of paper in his hand. It is definitely clear that it's a team that supports the minister to do this work, and I'm very grateful for everything that they do.

We've talked a lot about water this afternoon, which is great. You know, water is life, as we say. I want to circle back. On page 100 of the estimates there's \$36.3 million for water management, \$6.5 million for water partners and stewardship. I want to ask specifically about the level of activity and the intensity of activity happening in the South Saskatchewan watershed right now, which is closed to new water licences. Yet we see four new all-season resorts on the table in the South Saskatchewan basin: three in Kananaskis and one down in Castle. These are humongous things. They have villages and spas and hotels and a brewery and a gondola apparently. Where is the water going to come from? There are no new licences. Existing licences do not cover the demand for the water for these developments. So I'm curious, through the chair to the minister, where the water is going to come from for these massive all-season resort developments.

We talked about the water storage assessment program. Minister, you said that \$5 million has been allocated for that water storage assessment. I asked previously about the wetland resiliency and restoration program, which used to be funded at \$3.5 million and now is not in the budget at all. The watershed storage assessment: while I agree that is needed work, it's a paper exercise. It's another data analysis whereas the wetland resiliency and restoration program is actually work on the ground, creating water storage.

We talk about the need for water storage in southern Alberta. I couldn't agree more. Beavers are ready to do the work, Mr. Chair, through you to the minister. Beavers are waiting right there. They're ready to restore wetlands. Where are my beavers to restore the wetlands? That's what I want. I don't want more reports telling me

how much water storage is needed. I want more beavers in the headwaters creating wetlands to store water naturally.

The minister has spoken repeatedly about how dry it is in southern Alberta, and that is true, Mr. Chair. It is very dry, but that wasn't always the case. Before we were there, before there was irrigation, there were beavers making wetlands in the headwaters, storing water naturally. There were wetlands all through the grasslands and native grassland also storing water. We have changed the landscape, and we have built cement and mortar to require irrigation. What about the nature-based solutions, Mr. Chair? Those nature-based solutions could improve our storage. Beavers will do it for free. They don't even need to be paid. Yeah. I'm just saying.

The minister also talked about that there's a land stewardship fund. The land stewardship fund delivers the private land conservation program, but the Land Stewardship Centre is closing this year. What happens to the grants from the land stewardship fund? What projects will be lost with this change? Why make this change? This is just another example of a program that had a few million dollars associated with it that was making big on-the-ground differences and it's cancelled. We've cancelled a program that was around wetlands, we've cancelled a program that is around land stewardship, and now also the private land conservation program has put a term limit on conservation easements, and that undermines conservation easements, which makes it difficult for organizations to qualify for federal funding to do this important work.

I think my biggest issue here is that when I actually look at the budget on a whole, I see all of these small, little cuts to very important programs on the ground. All of those little programs on the ground make a really big difference for land and water stewardship and significant environmental wins, and at the same time we're investing more in just paper exercises and creating more bureaucracy. We have more ministries than ever, and I really wish this ministry would be focused more on on-the-ground action instead of just bureaucracy and more report writing.

The Chair: Well, thank you very much, Member.

Dr. Elmeligi: If Tany is nodding, I must have done something right.

The Chair: That was a great line of questioning, Member.

Minister, please, you have five minutes to respond.

Mr. Hunter: I was going to be very disappointed if she didn't talk about beavers. I had heard that that's come up and so appreciate that questioning.

I do want to just start by saying that teamwork makes the dream work, and I have a fantastic team. This is my first time as a full minister. I've been an associate minister before. You're right. We have a fantastic team. I want to acknowledge the amazing work that the team has done in preparations for the estimates but also in the work that they've done just over many decades to protect our environment.

I want to get this on the record. I want to say that when I was young, I grew up in High River, and you know, I came from a very poor family. My dad was a teacher, and my mom was sick on a regular basis, and it was tough. We had it tough. I remember going down by the High River to the woods, and I found solace in the woods. In fact, I would say that that actually saved me, just being able to go out into the woods and just the peace that I got from being there. Being in this role, I remember those times that I was out in the woods and what it actually did for just my mental health, my peace. I want my kids, my grandkids, everyone's kids and

grandkids to be able to also have that, so I am very committed to making sure that we protect that.

6:20

In terms of beavers: we'll get back to beavers. Beavers are recognized as ecosystem enhancers by creating wetlands that boost biodiversity, improve water storage and drought resilience, reduce flood peaks, filter and clean water, and increase landscape and wildfire resilience. Beavers' status in Alberta is secure. Where beavers are absent on the landscape, it is often due to low landowner acceptance, trapping pressure, or insufficient habitat conditions. Unregulated or poorly planned relocation poses risks to animal welfare – for example, low survival, local populations' disease transfer, watershed function – and may create social or economic conflicts where beavers are introduced. Also regarding beavers, the Alberta Biodiversity Monitoring Institute recently added a chapter to the Wetland Atlas on the impact of beavers. Environment and Protected Areas supports the work of ABMI through grants as well as sharing of data.

I want to talk about the all-season resorts, as you also talked about that. The Land Use Secretariat and Environment and Protected Areas continue to work closely with Tourism and Sport on implementing and operating the All-season Resorts Act. EPA and LUS are supporting TS as the lead department on land-use planning, regulatory functions under the Water Act and Environmental Protection and Enhancement Act, or PEA, and Indigenous engagement. LUS and EPA will continue to co-ordinate land-use planning activities, including identification of sensitive or critical areas, to identify lands suitable for all-season resort development. New or updated land-use plans may identify future all-season resort areas to integrate resort development with other land-use priorities and outcomes. If an all-season resort is proposed within an area designated under the Provincial Parks Act, the area has been formally removed from the park before it can be designated as an all-season resort. This may require amendments to approved regional and subregional plans under the Alberta Land Stewardship Act.

With respect to treaty rights, when land-use plans involve Crown decisions about managing or developing provincial Crown lands and natural resources that may adversely affect the exercise of treaty rights or traditional use, the government will fulfill its legal constitutional obligation to consult First Nations and, where appropriate, accommodate their interests. Any potential all-season resorts in the Kananaskis area are in a closed basin.

Generally speaking, if additional water is needed in Kananaskis, water has to be obtained through a municipality with water availability within their service area or from an existing license willing to transfer some water from its allocation. Another alternative is obtaining a groundwater license if the proponent can demonstrate that groundwater is not connected to surface water. These would all require an application that would be reviewed by our government and approved only if that makes sense. Hopefully, that answers your question.

The Chair: Excellent.

Member Yao caught my eye.

Mr. Yao: Thank you, Chair.

The Chair: Excellent. Minister, Member: back and forth? Block time?

Mr. Hunter: Back and forth, please.

The Chair: We're good with back and forth. Excellent. Go for it.

Mr. Yao: Minister, thanks to you and your team. Your ministry does a wonderful job, and it's so important that we do have a strong Ministry of EPA because it reflects our energy industry, quite honestly. We have a strong energy industry. It's something like 3 per cent of the GDP of the nation. Honestly, without our energy, without our hydrocarbons that we have in the ground here in Alberta, I would not doubt that Canada would be a third-world nation or at least a third-world economy. But with that industry comes great responsibility, and this is where you guys come in, so I want to thank you for all the hard work you do.

I'm kind of curious about how EPA deals with disasters. As you know, here in Alberta we've seemed to have experienced a lot of interesting disasters in the world. With my background, emergency management, as an emergency response professional, I'm intrigued by this aspect. I see that on page 63 of the business plan you've allocated \$17.9 million in '26-27 to respond to and mitigate environmental emergencies. Obviously, this would support your key objective 1.3 and that's absolutely fantastic, but this is a little bit different than me going into a house that's on fire or dealing with someone who's having a heart attack. I'm wondering if you can explain how the funding helps to anticipate these environmental events. What response measures does it support, I guess? I'm hoping you can kind of explain to me how the EPA does respond to these things and who covers the cost of the work when the government steps in to clean up something that's from the cause of somebody else. I'm wondering if you can just expand or explain a lot of that.

Mr. Hunter: Sure. All right. Thank you, Member, through you, Mr. Chair. The \$17.9 million allocated for the '26-27 year is intended to ensure Alberta can anticipate, respond to, and mitigate environmental emergencies quickly and effectively so that incidents do not result in long-term impacts on the places where Alberta families live, where they work, and play.

This investment supports early detection through expanded flood mapping, improved hydrometric monitoring, and real-time river forecasting, giving communities advanced warning when flood, drought, or pollution risk emerges. It also updates our hazard-specific emergency plans to help ensure preparedness across multiple types of environmental events. This \$17.9 million includes \$7.9 million for Alberta's River Forecast Centre and hydrometric monitoring, which together support the province's flood forecasting and monitoring network. These tools provide warning when water levels rise and help guide local emergency response decisions.

There's \$4.7 million for Alberta's 24-hour emergency response capability through the Alberta environment support and emergency response team, which responds immediately to spills and environmental releases and ensures that responsible parties carry out cleanup. Emergency air and water monitoring tools are deployed to provide real-time data for decisions such as road closures, shelter in place advisories, or evacuations. There's \$2.6 million to support Lethbridge Northern irrigation district's investment in water efficiency improvements in the LNID's distribution system, with a portion of the water savings then being dedicated to habitat management and dust mitigation at Mud Lake.

There's also \$2.8 million for flood mapping. Flood mapping provides communities information on flood risks which can be managed through various means, like local land-use and development decisions. Since 2020, Alberta has finalized 32 new or updated flood maps for 70 municipalities and five First Nations, covering about 1,900 kilometres of river and creeks, with 13 more studies to be released in spring or summer 2026 and more studies planned.

To answer your second question, the Environmental Protection and Enhancement Act requires that the person responsible take measures necessary to protect human life or health or the environment and is responsible for the associated costs. If there is no identifiable person responsible or that person is unable to take the necessary immediate action, then EPA must take a lead role in responding, remediating, and covering the cost of the environmental emergency. This could include responses to unexpected hazardous material spills. EPA makes efforts to seek cost recovery if and when the person responsible becomes known.

Mr. Yao: Thank you so much for that, Minister. You know what? I just want to end things off here.

I want to support my good friend across the way, Banff-Kananaskis, on the beaver strategy. I think that would be really good. We have extra beavers up north. They're actually a pest up

north, so we will bring them down there. I admit that I don't follow the issues down south.

Again, thanks to you and your entire team, especially your chief of staff and all those other folks behind there, who help keep you on the track. Thank you so much.

The Chair: What a time to be alive, friends. Well, I do not apologize for the interruption, but I must advise the committee that we have wrapped up our time allotment for consideration of this ministries' estimates, and this has concluded. Now, this also concludes the consideration of the 2026-2027 main estimates by the Standing Committee on Resource Stewardship.

Thank you, everyone, for your participation. Have a wonderful evening. This meeting is adjourned.

[The committee adjourned at 6:30 p.m.]

