



Legislative Assembly of Alberta

The 31st Legislature  
First Session

Standing Committee  
on  
Resource Stewardship

Ministry of Environment and Protected Areas  
Consideration of Main Estimates

Wednesday, March 20, 2024  
3:30 p.m.

Transcript No. 31-1-8

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The 31st Legislature  
First Session**

**Standing Committee on Resource Stewardship**

Rowswell, Garth, Vermilion-Lloydminster-Wainwright (UC), Chair  
Schmidt, Marlin, Edmonton-Gold Bar (NDP), Deputy Chair  
Eggen, David, Edmonton-North West (NDP),\* Acting Deputy Chair

Al-Guneid, Nagwan, Calgary-Glenmore (NDP)  
Armstrong-Homeniuk, Jackie, Fort Saskatchewan-Vegreville (UC)  
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**Also in Attendance**

Elmeligi, Sarah, Banff-Kananaskis (NDP)  
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## **Standing Committee on Resource Stewardship**

### **Participants**

Ministry of Environment and Protected Areas

Hon. Rebecca Schulz, Minister

Tom Davis, Assistant Deputy Minister, Resource Stewardship

Brian Makowecki, Assistant Deputy Minister, Lands

Kate Rich, Assistant Deputy Minister, Policy



3:30 p.m.

Wednesday, March 20, 2024

[Mr. Rowsell in the chair]

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

**The Chair:** I would like to call the meeting to order and welcome everyone in attendance. The committee has under consideration estimates of the Ministry of Environment and Protected Areas for the fiscal year ending March 31, 2025.

I'd ask that we go around the table and have members introduce themselves for the record. Minister, if you can introduce yourself and your officials there, that'll be great. My name is Garth Rowsell, and I'm the MLA for Vermilion-Lloydminster-Wainwright and chair of the committee. We will start to my right.

**Ms Armstrong-Homeniuk:** MLA Jackie Armstrong-Homeniuk, Fort Saskatchewan-Vegreville.

**Mr. Dyck:** Nolan Dyck, MLA for the incredible riding of Grande Prairie.

**Mr. McDougall:** Myles McDougall, Calgary-Fish Creek.

**Mr. Hunter:** Grant Hunter, Taber-Warner.

**Mr. Sinclair:** Scott Sinclair, Lesser Slave Lake.

**Ms Schulz:** Rebecca Schulz, Minister of Environment and Protected Areas. Joining me today are my deputy minister, Sherri Wilson; Ryan Fernandez, assistant deputy minister of financial services and senior financial officer. On my left are Tom Davis, assistant deputy minister of resource stewardship, and Kate Rich, assistant deputy minister of policy. We also have a few others joining us in the gallery: Brian Makowecki, assistant deputy minister of lands; Travis Ripley, acting assistant deputy minister of regulatory assurance; and Jamie Curran, assistant deputy minister of strategy and governance.

**Dr. Elmeligi:** Sarah Elmeligi, MLA for Banff-Kananaskis.

**Ms Al-Guneid:** Nagwan Al-Guneid, MLA for Calgary-Glenmore.

**Member Kayande:** Samir Kayande, MLA for Calgary-Elbow.

**Mr. Eggen:** Good afternoon. My name is David Eggen. I'm the MLA for Edmonton-North West and acting deputy chair.

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

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

A few housekeeping items to address before we get to the business at hand. Please note that 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 the meetings can be accessed via the Legislative Assembly website. Please set your cellphones and other devices to silent for the duration of the meeting.

Hon. members, the main estimates for the Ministry of Environment and Protected Areas shall be considered for three hours. Standing Order 59.01 sets out the process for consideration of the main estimates in the legislative policy committees. Suborder 59.01(6) sets out the speaking rotation for this meeting. The speaking rotation chart is available on the committee's internal website, and hard copies have been provided to the ministry officials at the table. For each segment of the meeting blocks of

speaking time will be combined only if the minister and the member speaking agree. If debate is exhausted prior to three hours, the ministry's estimates are deemed to have been considered for the time allotted in the main estimates schedule, and the committee will adjourn. Should members have any questions regarding speaking times or rotation, please e-mail or message the committee clerk about the process.

With the concurrence of the committee I will call a five-minute break near the midpoint of the meeting; however, the three-hour clock will continue to run. Does anyone oppose having a break? Okay.

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

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

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

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

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

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

**Ms Schulz:** Thank you very much, Mr. Chair. I'm pleased to present highlights of the 2024-25 budget for the Ministry of Environment and Protected Areas. I have already introduced my staff who are joining me here today, and I'm grateful for the work that they do every day to support the important mandate given the Ministry of Environment and Protected Areas. Before I dive into our budget, I'd like to give a brief overview of our ministry's mandate.

The Ministry of Environment and Protected Areas works to protect and enhance the environment and ecosystems throughout the province while supporting economic prosperity, quality of life, and a sustainable future for all Albertans. We continue to position our province as a leader when it comes to environmental management, conservation, and, of course, innovation. With a common-sense, made-in-Alberta approach the ministry works to meet the needs of communities, Indigenous peoples, and job creators while supporting conservation in many different ways.

Alberta's environmental track record 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 pricing and emissions trading system in place. We have the largest continuous area of boreal protected forests in the world and plant more than a million trees every year. We're proud of Alberta and Alberta's role in the world.

Through Budget 2024 the ministry will continue building on this legacy. We will continue taking important actions to help conserve our lands and air, protect our waters and wildlife, and reduce global emissions. All of these will advance the outcomes outlined in our business plan, which I will address shortly.

First, let me outline some budget highlights. Through Budget 2024 our government is increasing investments in the environmental programs needed to help protect Alberta's air, water, land, and biodiversity both today and for generations to come. Overall, we're increasing funding for Environment and Protected Areas. The department's 2024-25 operating expense is \$511.9 million, and adjusting for government reorganization reflects an increase of \$20.6 million over budget '23-24.

We continue to find efficiencies and manage costs while providing important environmental oversight and conservation efforts. This includes critical new investments to reduce emissions, protect Albertans from the impacts of flood and drought, and conserve our landscapes and wildlife for future generations. We're investing in carbon capture, utilization, and storage and other emissions-reducing technologies, a new drought and flood protection program, habitat restoration, wetlands replacement, and enhanced environmental monitoring.

Included in the Environment and Protected Areas budget are several major new funding initiatives. This includes \$125 million over five years to create the new drought and flood protection program. This program will fund a new wave of projects to help protect homes, businesses, and lives. Budget 2024 also includes \$18.5 million over three years in funding for a new long-term water strategy, which will help maximize our water supply, improve how water is managed, and help our province use water more efficiently and effectively in the years ahead.

Other key investments for 2024-25 within this budget include \$54.4 million for the oil sands monitoring program, an increase of approximately \$5 million, to help protect Alberta's environment while supporting responsible development; \$50.5 million to help improve water infrastructure in the designated industrial zone, or DIZ, project in Alberta's Industrial Heartland; \$38.1 million for caribou recovery planning and actions; \$8.7 million for the wetlands replacement program; and \$7.5 million to speed up and expand land-use planning and stewardship.

Recognizing the importance of environmental monitoring, we are also increasing funding to expand monitoring across the province. An additional \$10.1 million will be invested from '24-25 to '28-29 to help protect Alberta's air, land, and water.

Our province is making great progress on reducing emissions through a common-sense approach. Budget 2024 maintains our commitment to the TIER fund, which is supporting clean tech innovation and ultimately helping keep Alberta businesses competitive. In '24-25 the TIER fund will invest \$523 million in a range of initiatives that support emissions reduction, climate resiliency, and deficit reduction. This includes \$305 million for investments in innovation and technology and carbon capture and storage programming, including continued support for Emissions Reduction Alberta, clean technology development and commercialization, the Quest and Alberta carbon trunk line projects, as well as the hydrogen centre of excellence. It also includes \$219 million to support deficit reduction, the Canadian Energy Centre, and the Alberta carbon capture incentive program, which I will speak to in a moment.

Over three fiscal years a total of \$931 million will be invested out of the TIER fund, including \$597 million for investments in innovation and technology and carbon capture and storage programming. One final note on TIER. At the end of this fiscal year there will be \$226 million in TIER revenue set aside now for the Alberta carbon capture incentive program, and a further \$167 million will be set aside over the next three fiscal years for future program spending.

3:40

Alberta is already a global leader in CCUS with more than 11 and a half million tonnes of CO<sub>2</sub> stored underground. That is the equivalent of taking more than 2 million cars off the road. Through this new incentive program we will help businesses in multiple industries such as oil and gas, power generation, hydrogen, petrochemicals, and cement reduce their emissions by incorporating carbon capture into their operations. Carbon capture and storage is a key component of our emissions reduction and energy development plan, which sets the path to carbon neutrality by 2050 while creating jobs and growing our economy.

Now, with my remaining time I will give you a brief overview of the department's two outcomes that make up the 2024-2027 business plan. The health and integrity of Alberta's environment and ecosystems are vital to Albertans' well-being and, of course, safety. The first outcome is protecting Albertans from the adverse effects of environmental conditions and events. To achieve this, we are committed to six key objectives outlined in the plan. These include maintaining and strengthening Alberta's land-use planning system and approaches; strengthening environmental resource stewardship and conservation; developing and implementing ways to make water more available to support our growing province, our growing economy, and communities while also mitigating the adverse effects of flood and drought; and preventing aquatic invasive species from entering into the province and ensuring a rapid response if any invasive species are in fact detected. We are making considerable headway towards these objectives with work done in partnership with many groups across the province. I'm happy to provide, of course, more information on those if you'd like.

The second outcome in our business plan is to ensure that sustainable economic development is achieved within Alberta's environmental capacity. My department continues to work to balance interrelated environment, economy, and social needs. Environmental stewardship and responsible development can and must go hand in hand. To achieve this, we're committed to five key objectives. Those include driving economy-wide emissions reductions through the TIER system, investing in clean technologies and implementing the emissions reduction and energy development plan, improving and streamlining reclamation and remediation, continuing to implement the province-wide regulatory system transformation to enhance administrative and regulatory efficiency and effectiveness while reducing red tape, and continuing to establish new land-use plans and review existing land-use plans across our province. We continue to invest in these objectives through Budget 2024 as part of driving our province forward.

Now, to conclude my remarks today, I will restate that my ministry is keenly focused on protecting Alberta's environment and natural resources. That includes preserving the quality of our water, air, natural lands, and wildlife. We're making real progress across a wide range of programs and projects, and we will continue building on that success in the year ahead.

With Budget 2024 Alberta Environment and Protected Areas will reduce emissions by supporting innovation and investing in technology. We will make this province better prepared for droughts and floods, and we will conserve Alberta's rich, diverse landscapes and biodiversity for future generations in meaningful and sustainable ways. I do look forward today to receiving questions from the committee.

Thank you.

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

We will now begin the question-and-answer portion of the meeting. For the first 60 minutes members of the Official Opposition and the minister may speak. Hon. members, you will be able to see the timer for the speaking blocks both in the committee room and on Microsoft Teams. Who's going first? Okay. Do you want to share time?

**Dr. Elmeligi:** Through the chair to the minister, are you willing to share time?

**Ms Schulz:** I am.

**Dr. Elmeligi:** Excellent.

**The Chair:** Go ahead. You have 60 minutes to go.

**Dr. Elmeligi:** Thank you very much, Mr. Chair, and through the chair to the minister, thank you very much for those opening remarks. I think we're starting off on the right foot, because I literally pulled out the exact same part of the mandate as my first comments. I was like: oh, she's saying that already; I don't need to say that. So I think we're starting in a good way here.

I want to recognize that Environment and Protected Areas has a massive mandate and a lot of responsibility for air, land, and water in our province. I just want to take a moment to thank the hundreds of people working in the public service under your direction, through the chair to the minister. This is not an easy job. Arguably, managing our air, land, and water – I might be a little biased as a wildlife biologist, but I actually think this is the hardest work that we do although health care seems to be hard, but fortunately we're not here to discuss that today.

As we discuss this budget today, I hope we can keep in mind that the first words in the mandate of protecting and enhancing environment and ecosystems throughout the province is unique to this ministry. There is no other ministry that is focused on environment and ecosystems. There are ministries focused on energy or industrial development or economic prosperity, but this is the only ministry that really focuses on environmental aspects and protection.

Through the chair to the minister, you've been quite focused on drought in the last few months, so I'm going to start there, too. This is a multiyear drought that we're in, which you have acknowledged repeatedly. You know, climate change and El Niño are working together to exacerbate this problem, which is being felt by every single Albertan. This multiyear drought has been predicted in climate change models for decades, so it shouldn't come too much as a surprise although the present reality is always shocking, I think, for folks. But planning for and responding to drought features prominently in this budget and, I think, will feature prominently in the year ahead.

Under outcome 1, environment and ecosystem health and integrity are vital to Alberta's well-being and safety, one of the key objectives is to allocate \$47.7 million to effectively anticipate, respond to, and mitigate the impacts of environment conditions and events, floods, droughts, and invasive species. Is this money allocated in equal amounts to anticipating, responding to, and mitigating impacts, or is this a contingency to respond to emerging events as required?

**Ms Schulz:** Thank you very much for those comments and that question. I would wholeheartedly agree with you about the importance of understanding what we are seeing not only today but also maximizing future allocation. I think with a growing province, of course – along with that, meeting the needs of more people but

also growing industries that provide jobs for all of those people to work in.

That is why I think the Premier has asked me to look at maximizing our water allocations. The work that we're doing on drought is absolutely related to that bigger picture goal of maximizing our water allocations moving forward. This key objective that you've asked about, really, this \$47.7 million, is allocated to effectively anticipate, respond to, and mitigate the impact of environmental conditions and events. That does include floods, which we're not talking quite as much about now, but of course we know that that can still change even in years where we do see extreme drought. I mean, often people talk about how the month of June also tends to bring floods and, of course, invasive species.

When we look at this in element 4.4, flood adaptation, new drought and flood protection program, this was a new program that will make available \$25 million each year for the next five years to help safeguard Alberta communities from the effects of severe weather events. The program will be a refresh. Why we did this is – communities, whether that be Indigenous communities or municipalities across the province, knew the former version of the Alberta community resilience program. That, again, was a multiyear grant under Environment and Protected Areas that spanned a number of years. It granted \$278 million to 84 mitigation projects and leveraged \$220 million in federal funding as well. Those investments have resulted in significant risk reduction. Again, municipalities, First Nations, Métis settlements, improvement districts, and special areas will be eligible to apply through an annual intake process for funding towards the design and construction of projects that protect critical infrastructure from flooding and drought and help of course ensure that public safety is protected.

I've been using the example specifically around Pincher Creek and some of the work that we did. They were in quite a significant situation. This week is the Rural Municipalities association convention. It was actually at their fall convention where they reached out and said: look, we need some help here. We helped them to move their water intake valves, which was a short-term measure. Now we're working on long-term measures. I would anticipate that that would be a project, a community, that would apply under this program for some type of support. I'm not prejudging the decisions that my department would make, but I think I'm anticipating that that community would be looking for funding under a program like this.

3:50

Our river forecast centre provides near real-time monitoring and reporting of current and future river conditions, including river ice conditions. They maintain a close relationship with our department's support and emergency response team to inform response and recovery programs following flood and drought emergencies. They work with industry, municipalities, first responders, and others to ensure appropriate outcomes are achieved during emergency incidents specifically. Then we also co-ordinate with our co-ordination centre. They're activated, and staff members across the department help and support the department's response function. That really helps with response anticipating and supporting the needs of one or more emergency operation centres.

Then when we look at drought emergency response, we're forecasting, of course, as you mentioned, an extreme drought in some parts of Alberta throughout spring and summer due to less snow and rain combined with warmer temperatures. You're exactly right. We haven't seen an El Niño like this in, I believe, seven years and certainly not a drought situation like what we are anticipating

since 2001. We did stand up a drought command team. That's a team within our department – that was back in fall of 2023 – to oversee our drought management response and, really, I think, truly lead the way in showing that we take this seriously and that we need a co-ordinated approach across the province.

Since then, over the last seven months, our staff have been working with licence holders, major water users, and other partners on drought management planning. The team has developed a drought emergency plan and initiated a drought modelling and water-sharing agreements project. More to come on that in the coming weeks; I don't have those finalized agreements just yet. While we're working to manage through the next number of months the 2024 drought that we are anticipating, we're also taking a long-term view on how to best manage our water resources and supplies. Of course, the last three years we've seen droughts and water shortages in different parts of the province, and that does bring additional concerns.

Then when we look specifically for that new water strategy that I mentioned, I've been saying that it's going to bring our water management into the 21st century, and that is because, as you can imagine, when sometimes water allocations are pieces of paper and we're working through facts – sometimes I joke that it's planes, trains, and automobiles to try to figure out where those paper allocations are at. When we don't have a good sense of where allocations are at, whether those businesses or licence holders even still exist, that prevents us from fully understanding the amount of water that we have available. So as part of that, that's \$18.5 million over three years to develop this new strategy to increase water availability for communities and businesses. That will really help us maximize water supply and really make every drop of water count.

We'll also be looking at ways to improve our water storage, our water policy, information systems, as I mentioned. We've also reached out to our water licence holders and asked them to help start entering their information online so that we do have that in a digital format and it becomes a lot easier to manage. That also includes water conservation approaches as well.

Then there's an additional \$8.7 million for the wetlands replacement program to re-establish wetlands in partnership, of course, with Albertans, and then \$3.5 million to fund projects in rural and urban communities through the watershed resiliency and restoration program. I can tell you that I've heard a lot about this program over the last couple of days, especially with rural municipalities, as they look to really put forward projects in their local areas. That will help us with drought and flood protection and mitigation.

**Dr. Elmeligi:** Through the chair to the minister, thank you very much. That was a lot of information you just rattled off.

**Ms Schulz:** Sorry.

**Dr. Elmeligi:** That's okay. It's totally fine. I'm like: oh, I wonder – I can ask that later.

Everything you said I kind of want to dig into just a little bit more. You talked about \$25 million per year for five years to help Albertans for extreme weather events. Is that funding replacing the community resilience program?

**Ms Schulz:** It is.

**Dr. Elmeligi:** Like, it's a new funding stream that is replacing that previous program?

**Ms Schulz:** This is new funding. That program was rolled out for a specific number of years.

**Dr. Elmeligi:** That's right.

**Ms Schulz:** This program: we've slightly tweaked the parameters, but it was largely based on that program. Again, we did rename the program, and part of that is that, well, I have a personal pet peeve with government programs not accurately reflecting what the programs actually do. Alberta community resilience program versus flood and drought protection program: you know, I sure think in the conversations we've been having with our municipally elected leaders over the last couple of days, they do really appreciate that.

Just in terms of other funding, since 2019 \$56 million has supported 16 new Alberta community resilience program projects across the province; \$85 million has supported four new mitigation grant projects benefiting communities, First Nations, and Métis settlements; and 3 and a half million dollars in '23-24 for the watershed resiliency program. That's, of course, separate.

**Dr. Elmeligi:** That's great.

In the government estimates on page 84 the budget for environmental emergency response – it's item 6.3 on page 84 there – is almost \$4 million, \$3.952 million. I'm just wondering if that is sort of where this river forecast centre and the drought emergency plan – like, is that where those activities are kind of fitting under that environmental emergency response? Or is that emergency response specifically for if things go really bad and people need support, we've got this money to help them?

**Ms Schulz:** Sorry. Can you just clarify the line item? You said 6 – oh, 6.3.

**Dr. Elmeligi:** It's 6.3. Yeah. On page 84 in the government estimates.

**Ms Schulz:** Sorry. Can you just repeat the last part of your question, through the chair?

**Dr. Elmeligi:** Yeah. I'm just wondering if that environmental emergency response – the budget is \$3.952 million. Is that where this drought emergency plan and the new water strategy come from? Or is that environmental emergency response budget line item specifically for if things go bad, we have money to support people to get through it?

**Ms Schulz:** The development of the water strategy: that was, really, included in that \$18.5 million, so that's separate from this.

First, I'm just going to walk you through two specific things. In 6.3, when we look at that line item, this is to support developing and refining hazard-specific emergency management plans such as the aquatic invasive species early-detection rapid-response plan – that is a lot of words, but that's also very important; it's very timely; I know media was talking about it today, and a number of states and other provinces and members of this committee are also very interested in that – drought and flood response plans, and to support existing provincial plans with other government agencies and stakeholders.

Maintain and build upon an effective 24/7 capability across the province for co-ordinating and leading the department's support in any environmental emergency. That could be anything from derailments to large, widespread events such as floods and wildfires. This would be to provide an internal training program for staff to safely conduct duties related to environmental emergency response, developing and implementing new technology processes and procedures to keep us on the forefront of environmental emergency management.



Lead the planning and preparation and co-ordination of our emergency management system, including the activation of the department co-ordination centre and represent the department in the Provincial Emergency Coordination Centre if emergency events do occur.

Then, of course, working with partners such as other government departments or the Alberta Energy Regulator, municipalities, other jurisdictions to improve environmental emergency management.

When we look at just under 4.4, flood adaptation . . .

**Dr. Elmeligi:** Yeah. I have a question about that, too.

**Ms Schulz:** Okay. If you want, I can let you ask your question on that because I was just going to go into what was covered . . .

**Dr. Elmeligi:** No, no. My question was: like, what is it for? So just – yeah.

**Ms Schulz:** Well, this is fantastic. It's like I'm anticipating where your questions are going to go.

This is where Environment and Protected Areas – we work with municipalities, Indigenous groups, and key stakeholders towards a watershed management approach to improve community resilience to flood and drought. That does include advocating for Albertans' water uses where watersheds cross provincial and international boundaries. This is where our department evaluates and provides support for priority flood and drought mitigation projects identified by communities to help build resilience to extremes in water supply.

Central to this work is making sure Albertans are meaningfully engaged to identify their unique needs, integrate their input into Environment and Protected Areas policy and planning, and provide feedback on provincial priority projects. That would include, for example, the current investigation of a potential reservoir on the Bow River to reduce the impacts, again, of extreme weather events. Working collaboratively with stakeholders and, of course, rights holders is a critical component of looking at those large-scale flood and drought projects.

4:00

I can tell you that when I first became the minister in this file, I did ask, you know: how can we speed up some of those projects? This is one of the areas where real, meaningful consultation does matter. It's important to include that in the projects moving forward.

Since 2014 the community resilience program – I think I've talked a little bit about that already – has distributed \$278.7 million to those 84 projects in over 50 Alberta communities. That's really in addition to some of those bigger projects that are included both in my department's budget and, of course, we also get asked a lot about some of the capital projects under Ag and Irrigation, which I'm sure you asked my colleague about there. That was probably discussed as part of that, their budget.

**Dr. Elmeligi:** I did. He told me to talk to you. It was pretty funny.

**Ms Schulz:** Yeah. We share both, or we do share aspects, I would say.

Again, this is where we have some of our capital investments, plus these community projects that we're able to fund. I do think communities really appreciate the flexibility to meet their own unique needs and really put forward those projects that are shovel ready. Of course, it doesn't help us at this point, when we are about to experience a drought in the next couple of months here as we are right now, but I think it's really important to plan ahead.

Climate adaptation: it's not just something we're talking about in Alberta. It was one of the major topics of the Canadian environment ministers meetings last summer, when we met. You know, when we're specifically talking about flood adaptation and working with municipalities, First Nations stakeholders, and, of course, our government colleagues to look at flood and drought resistance – in '24-25 the operating expense is \$10 million dollars. It's primarily for supplies and services.

I can walk through just breaking it down quick. Flood hazard identification and mapping program: that's \$2.2 million for this upcoming year. Our portion is \$1.1 million; the federal government's portion is \$1.1 million. There is also investing in Canada infrastructure, or ICIP, funding for this year, \$3 million; upper plateau separation project, the watershed resiliency and restoration program, \$3.5 million in '24-25; Malloy drain phase 2B project in Coaldale, \$2 million in '24-25; of course, the drought and flood protection program, \$25 million, that I mentioned already; then the Bow reservoir options project, that's \$1.7 million in '24-25. Largely, right now what we're working on there is technical and feasibility work to understand those three options. There's also the Mud Lake diversion project, \$2.6 million, just to finish the list. Otherwise, you'd leave here and wonder where that other \$2.6 million was.

**Dr. Elmeligi:** I would. Through the chair to the minister, I was going to do the math and then come back to you. Just joking; I wasn't. That is a lot of information. Through the chair to the minister, thank you very much for that.

The water strategy that you talk about: you're talking about, like, bringing our water management plan into the 20th century, 18 and a half million dollars over three years to do that. It's sort of a two-part question. The first question I think is really a yes or no. Is this water strategy designed to replace water for life or to build on water for life?

**Ms Schulz:** It's to build on water for life. We're not throwing out our existing approaches to water. I mean, when I look at this significant situation we're in – we've received a lot of questions, and there are a lot of concerns – I think that there's been a lot of good work done in the past and, I think, largely the feedback we've received is to build on what we know. There are tweaks, I think, that we can make, and we are taking that feedback from our major water licence holders, from municipalities, Indigenous communities, and others on what that may look like moving forward.

**Dr. Elmeligi:** I think one of the things that this year and this multiyear drought is really going to test is – and you've kind of made reference to this already – our water allocation system. When we went through water for life public consultation all those years ago, the biggest thing that came up was the first in time, first in right foundation of our water allocations. I'm wondering if reviewing first in time, first in right will be a part of this water strategy review, like having a look at how that works for us.

Part of the reason why I ask that is because there were agreements reached in 2019 between the Piikani and the Ermineskin Cree around recognizing that First Nations needed to have prioritized water licences for their communities. We see that also in Bill C-61 from the federal government. Question. This water strategy: will we be looking at FITFIR? How will Indigenous nations be consulted, and how we will make sure that water licences for Indigenous nations are prioritized out of that?

**Ms Schulz:** That is a great question, and it's one that I've been asked a lot. I mean, I've been very transparent through this process.

We've had a number of town halls with all our major water licence holders, our major water users, municipalities, irrigators, and others. To answer any questions about – specifically, they're targeted to drought. That said, I've always been very clear that while they seem like they're two separate pieces of work, I think that one can inform the other. We are having really great conversations about water; we're gathering a lot of feedback from all the major water users and from Albertans on things that we could change, areas where we might need flexibility to address, really, the drought situations that we're seeing. There have been very creative ideas. Largely, the feedback that we've received – and I'll be honest; I just don't think throwing out first in time, first in right in the middle of a drought or a crisis situation is, quite frankly, responsible.

That said, we are having conversations with all of the major water users to look at conservation. Let's try to build a greater understanding of our water allocations. How much of those allocations are being used? Are we encouraging conservation? How might we be able to encourage conservation, whether that be in irrigation or major industries or municipal use? We've been working with that. As well, I've got to also say that the Minister of Ag and Irrigation – we work very closely with them on that. People have come with a variety of different areas or proof points, if you will, that we're testing to see, you know: are we using water benchmarks that are consistent with other jurisdictions and things like that?

Right now we're still gathering feedback from Albertans on what they would want to see, but, again, I think that creating massive disruption right now with the system we have in place would not be responsible at a time like this. You know, I even have to say – first of all, I'll talk quickly short term and then a little bit longer term, again. The water-sharing agreement discussions are going very well, just like they have in the past. All the partners have really come to the table to say: look, we know that we need to come together, roll up our sleeves; here's how much of our water allocation we're actually using; here's how much might be available; here's how we would work under conditions where we have less. I think that's a great place to start.

Then moving forward, I mean, if that feedback is, you know, that we could conserve more water, then the question is: how do we maximize the water that we have? Again, right now I'm just looking at all Albertans, including all of the members in this room, Mr. Chair, for their ideas on what we might want to look at. That's also part of the work of the water advisory panel. I'm really quite pleased with the group that we brought together.

I said that this week about Paul McLauchlin with the RMA, Tanya Thorn from the community of Okotoks, a community that – their growth really has been impacted by their availability of water, and her leadership in coming up with creative and unique ideas about, you know, regulations or how we might be able to better reuse waste water: those are the types of things that we want to hear. Again, Ag and Irrigation and our energy industry: they're also at the table, so we look forward to hearing that.

I would just also say that my staff within the department do meet one on one with nations who responded to our meeting invitations around those water-sharing agreements. I would just say that, of course, we've invited them to participate in the development of those water-sharing agreements as observers. They're not asked to share the water that is licensed to them. Then throughout 2024 we'll be doing regular check-ins with First Nations across our province to offer support and, of course, continued information as we know things can change. Throughout that drought season we will be continually providing feedback and updates to First Nations. I just want to say that we work closely with Indigenous partners not only to ensure that meaningful engagement occurs at appropriate times

but also to create new opportunities for communities. Of course, we have an entire Indigenous initiatives branch that helps with that work, so water would be one of those areas.

4:10

**Dr. Elmeligi:** Through the chair to the minister, thank you very much for that answer. I had some questions about the Water Advisory Committee, but given that we're already half an hour in, I think I'm going to try to skip those because I have a lot more questions.

I just wanted to ask – you know, we've talked a little bit about this funding that's allocated towards flood adaptation and drought preparedness. This kind of stuff is mentioned a few different times in different budget line items that we've talked about in the last half an hour.

I'm also wondering about – I'm really curious about the wetlands program. I'm curious about nature-based solutions for drought and if any of this funding is actually allocated towards rehabilitating wetlands, expanding forests, protecting headwaters, or even, like, working with Forestry and Parks around how our headwaters are managed to maximize the natural potential of water storage and not just the infrastructure that we can build to store water but enhancing the natural ability of the ecosystems to do that. If we are allocating funding to that, where is that reflected other than the \$8.7 million for wetlands replacement?

**Ms Schulz:** First of all, just to speak to the watershed resiliency and restoration program. Since this program was established in 2014, \$43 million has been allocated to improve flood and drought resilience throughout Alberta. Nearly \$11 million of that has been invested over the last three years alone. Three point five million dollars in new funding has been allocated to improve watersheds in '24-25. Again, this program is in its 11th year. It continues to increase the natural ability of the province's watersheds to reduce the intensity, magnitude, duration, and effects of flooding and drought through watershed mitigation measures. This is really something that Albertans have given us great feedback on and where we rely on partners out there in Alberta to do this work. It's provided 188 grants to 81 organizations, again, to increase natural surface water storage capacity in rural and urban areas alike and increase stewardship and conservation of critical watersheds. It's very beneficial. Again, it's something that's very well received.

Then, when we also look at the wetlands replacement program, over \$14 million has been invested into 36 projects with 15 municipalities and three nonprofits since 2020. That includes \$4 million in landowner payments to rural Albertans participating in the program. As well, produced 440 hectares of restored wetlands. One project includes research for swamp restoration for example, the first of its kind in Alberta. Swamps are common but have had very little research. In '24-25 we'll invest \$8.7 million to re-establish wetlands, of course, in partnership with Albertans. I would say, just to be very specific, that the watershed program would be included in line 4.4, and then wetlands would be in 4.3.

**Dr. Elmeligi:** Of page 84 in the estimates. Is that what you mean?

**Ms Schulz:** Yes.

**Dr. Elmeligi:** Yeah. Okay. Through the chair to the minister, thank you for that answer.

I sometimes wonder, you know, if we invested comparable amounts of money – I mean to build a dam. I'm going to come to the Bow River feasibility option in a minute here. This is more of just a rhetorical question. If we invested comparable amounts of money in nature-based solutions that we invest in infrastructure,

what could we accomplish and what could our forests and our grasslands and our wetlands do for us? Nature is sucking carbon out of the atmosphere and storing water for us every single day for free. I do sometimes wonder if we invested in that more heavily, what kind of results we would see. It's a difficult comparison to make, so I'll just leave that there for now.

**Ms Schulz:** Well, I will say that we have also – and this is something that, again, I've been speaking with municipalities about over the last couple of days but that I've talked to some of our nonprofit organizations about as well. If there are ways that we could expand some of our programming or things that we might need to address within our programming to better support this type of work, we want to have those ideas coming forward. It's something that I've spoken a lot with the Minister of Forestry and Parks about as well.

**Dr. Elmeligi:** I'll just say to the chair and everybody else in this room that I went to this really great drought resiliency workshop hosted by the Bow River Basin Council, which is one of the WPACs, and there was an amazing presentation about beavers. I would be remiss if I didn't carry the message forward to “unleash the beavers,” who are literally chomping at the bit to get to work for us. I just found her presentation so interesting because the potential of beaver reintroduction on the eastern slopes in low-lying valleys really does have an incredible amount of potential to enhance natural water storage. We know that beavers build dams for free. There's a lot of potential with beavers. There was a pretty big eradication effort with beavers way, way before any of us were able to sit in this room and have this conversation. I guess that's just my plug for unleashing the beaver in southern Alberta, specifically. I'm just wondering if your ministry has heard anything about this or if there is any interest in beaver reintroduction programs as part of our solution for drought.

**Ms Schulz:** Well, I'm probably going to get Tom to speak to that because this is the first time it has been raised with me. But I should say that we are working on developing a nature strategy, which I think will absolutely tie in to this work. I think, first of all, we always have to showcase the great work that has already been done, whether that be – a lot of times we talk about it in terms of emissions reduction but when it comes to nature-based solutions as well. That will help us, then, also to establish additional actions that we can take to move forward on that front. This is really, I think, important for addressing some of the biodiversity concerns and opportunities that we have and how, you know, we mitigate the impacts on our natural resources. It does of course help us address the issues that we're seeing when it comes to severe weather events and human well-being and our economy.

This work is under way, and of course once we have additional work done on that front, we'll be going out to consult broadly on that. We're just not quite at that place just yet. Then we're also looking at nature based through the wetlands and watershed work that we're doing.

Tom, maybe I'll lean on you to provide some specifics.

**Mr. Davis:** Thank you, Minister. Thank you for the question, to the chair. Specifically as it relates to beavers, it's been made aware through the work we've been doing with, for instance, the Piikani nation in the Oldman watershed. The technical advisory committee group that we've established, which is part of the Oldman settlement agreement, is looking at environmental conditions there as part of the follow-up environmental impact assessment process, which was all part of the agreement signed in 2002.

One of the interesting parts that's come up through that environmental impact assessment has been that aspect of the value of beavers in those watersheds and what they can help assist by doing in maintaining, you know, overland flooding and other things like that, which leads to things like the cottonwood regeneration. It is something that we are doing actively with Piikani through the work there. I assume that the learning we get there will be able to be shared in other watersheds where beavers are trying to be addressed in terms of the impact, that they can provide positively to those aspects.

**Dr. Elmeligi:** Awesome. Through the chair to the minister and to Tom, thank you very much for that answer. I wasn't sure if you guys were actually going to be on board with beavers. I mean, I think they're cute, and they can do a lot of good things.

This is all really great. I'm really enjoying this conversation that we're having right now. I really look forward to that nature strategy, and I really hope that when the public consultation is ready to go, that – I'm happy to support your ministry, through the chair to the minister, in getting that out publicly and getting as many Albertans as possible engaged in that public consultation. That sounds like a really excellent activity.

4:20

I feel like I could talk about drought for the next three hours, but I'm going to force myself to move way, way forward here and get into land-use planning a little bit more.

The first objective in outcome 1 of the business plan on page 51 is to maintain and strengthen land-use planning systems and approaches for cumulative effects management. The supporting initiatives on that same page: there is \$7.6 million for land-use planning and \$22.2 million for conservation programs. Cumulative effects, if I may be so bold, I think is something that we all talk about, but we all really struggle in figuring out how to meaningfully address it on the ground. It is basically all of the impacts of everything added together over time, which inherently makes it a very complex thing. I'm just wondering, in the context of this objective in outcome 1: what does the cumulative effects management mean, and how do we operationalize that on the ground?

**Ms Schulz:** That is definitely a complicated topic, but it is very much an important one. Under this key objective we do have \$7.6 million allocated for land-use planning and stewardship tools in 2024-25: half of program element 6.2, regional cumulative effects management, as well. Really, when we look at those specific activities, this will include implementation of the lower Athabasca and South Saskatchewan regional plans; that work will continue. As per the Alberta Land Stewardship Act a 10-year review of the South Saskatchewan regional plan to confirm its relevancy and effectiveness: that has to begin before September 1 of 2024 or the plan will expire. We will be meeting that timeline.

The 10-year review of the lower Athabasca regional plan: that was initiated in fall of 2022, so input from that review is just now being assessed. When we look specifically to more around subregional planning and cumulative effects management, we do continue to advance our subregional plans so that they help provide more specific and clear guidance for landscape management to address caribou recovery, informed by subregional task forces.

You know, those task forces – the feedback that I've received is that that has been a really helpful way of advancing those conversations. Largely, that approach has been supported because it does also allow, for example, investors to make capital investment and allocation decisions in a more certain regulatory environment.

We're able to consult with a broad range of stakeholders. That work has been completed, and then those recommendations, all of that feedback is very transparently compiled, I would say, and then it's used to inform the development of the SSRPs that have been submitted to government.

They also do include specific representation from local municipalities, Indigenous groups or communities, specifically the energy sector, the forestry sector, trappers, recreational users, environmental nongovernmental organizations, and other local stakeholders and knowledge holders. You know, again, I think it's really important. I think that the approach taken – and, of course, a lot of that work previous to me, but it was, I think, a really good approach to make sure that all of those voices are at the table and heard, and we're going to continue on that path.

I could provide more detail on where all those plans are at, but I'll give you an opportunity to ask more specific questions if you'd like.

**Dr. Elmeligi:** Yeah. Through the chair to the minister, thank you. Again, I think we're kind of of one mind in this conversation, which is kind of tripping me out a little bit, but I'll take it. You know, there are more regions in the land-use framework than the lower Athabasca and the South Saskatchewan, obviously. We still only have two completed regional plans. They are very onerous to complete.

A couple of questions. First, when can we expect a public release of the lower Athabasca review? I'm curious to hear how that process went and when the public can expect to see results from that. If we're not going to be developing the other regional plans from the land-use framework, how are we addressing cumulative effects outside of LARP and SSRP?

**Ms Schulz:** Okay. This is something that we have seen. We have actually dedicated additional FTEs within our department this year to align with that work, just given the importance and how many land-use plans and subregional plans we need to move forward.

I just am going to point out some of the very specific changes that we've made because we do have some, as I mentioned in my opening remarks, internal reallocations. First of all, this was something that was in my mandate letter from the Premier, which was around establishing new land-use plans, reviewing existing plans, making sure that we're aligned with environmental and economic policy as well. Funding will go towards moving forward with up to five new regional plans under the Alberta Land Stewardship Act, and that includes the upper Peace regional plan, the lower Peace regional plan, lower Athabasca regional plan, North Saskatchewan regional plan, and Red Deer regional plan.

**Dr. Elmeligi:** This year?

**Ms Schulz:** Not specifically in this year.

**Dr. Elmeligi:** Okay.

**Ms Schulz:** Allocations of \$2.5 million, as shown in operating expense line 7, Land Use Secretariat, in each year of '24-25, '25-26, and '26-27, with eight new FTEs for land-use planning, structured engagement tables, and for the Land Use Secretariat and the integrated resource management secretariat. This is half of the funding in FTEs requested. We obviously have to balance – we have a lot of priorities, as you mentioned in your opening remarks. This is a large file, and we have a lot of urgent priority work. So, you know, this was what we were able to reallocate, to pull together.

Then, specifically, I think you asked about the lower Athabasca regional plan. The Land Use Secretariat began that, like I said, in

2022. We did receive that feedback from Indigenous communities and organizations, municipalities, and targeted stakeholders. Input from that: my department is just assessing that now. I don't have a specific timeline on that, but I do hope that I'll have an update on next steps later this year.

**Dr. Elmeligi:** Okay. Through the chair to the minister, thank you. I do look forward to seeing the review from the lower Athabasca regional plan. I'm sure you'll table it when it's ready.

I think that given the scope of these regional land-use plans – and this is the first time we're doing a review – there's a lot of learning to be made there, and it provides a really interesting opportunity for us to be reviewing a 10-year-old plan and starting the creation of five new plans. What can we learn from LARP and from SSRP as we create the other regional plans as well?

Oh. Yeah. Fifteen minutes. All right. Let's do it. I'm going to jump into linear disturbance. One of the biggest impacts of cumulative effects is really created by – I don't even know where I have it in my notes. I'm just going to wing it. It's okay. I got it. Linear footprint and linear disturbance is a huge contributor to cumulative effects because linear footprint and disturbance is created by multiple industrial practices and recreational practices on the land. Linear disturbance is also a threat to ecological integrity in every ecosystem in Alberta.

I know that under caribou – I'll find it so I can refer to a page in the thing. We talk a lot about linear disturbance in the context of caribou. Performance measure 1(a) on page 51 of the business plan is associated with restoring legacy seismic line footprint, and there's a target of 2,000 kilometres this year, increasing to 2,500 kilometres next year. But then performance indicator 1(b) talks about how we will also want to measure the extent of legacy seismic line footprint, and the current estimate is 209,000 kilometres. So at the proposed rate of reclamation we'll be reclaiming seismic lines for 83 years.

I just want to emphasize again that linear disturbance is not something that's only impacting caribou on the eastern slopes. It's impacting grizzly bear habitat and use. It's impacting cutthroat trout habitat. In the grasslands it's impacting sage grouse habitat. We have multiple federally and provincially listed species at risk that are impacted by linear footprint and linear disturbance, so I guess it's a two-part question. One: are our efforts to reclaim legacy seismic lines in caribou range aggressive enough? Are those targets aggressive enough to be successful? And two: what are we doing to address linear disturbance in other parts of the province that are not in caribou range but are also threatening other species at risk?

4:30

**Ms Schulz:** This is a great question. I often say – I mean, some of the things that keep me up at night are, of course, drought but also caribou, so I'm really glad that you asked about this. It is important. I'm also likely going to have my ADM Brian Makowecki join us to get into some more specifics. But it is a good question.

When we're looking at our caribou habitat recovery program, it's really working to mitigate risks, of course, to our major industries, risks to caribou, as you've mentioned, cumulative effects. Of course, our work with Indigenous communities is very important when it comes to this work. Since 2018 more than \$49 million has been invested into the caribou habitat recovery program. That includes \$12.2 million in federal funding, just over \$1 million from industry, and 36 and a half million in provincial funding. I would just say that these numbers – as you've pointed out, these are numbers just to get us started. We absolutely need to ramp up over time. That will also include getting enough nursery space, getting enough contractors to do this work and expand this work. Again,

these numbers just get us started, but we are absolutely looking to build from there.

I do think that it's important to know that starting in '23-24, Alberta is investing more than \$10 million every year towards reducing impacts on the forest. This investment will allow us to leverage additional federal funding as well. We have been allocated more than \$250 million over a 10-year period under the federal 2 billion trees program. The caribou habitat recovery program may receive as much as \$83.7 million in additional support through that program as well.

You're right about our estimates in terms of the amount of legacy seismic lines that require treatment and reforestation. There's a significant interest from stakeholders and Indigenous communities as well to see those seismic lines restored and also to participate in those efforts. I honestly think that that's going to be the key to success, and this is, of course, our partnerships. It's also something that I've talked with our federal counterparts about. Treatment of these economically unproductive legacy seismic lines is a key piece of assuring that future resource development can also occur within those caribou ranges.

I would just say as well specific to that – I mentioned a little bit about the caribou habitat recovery program. In Budget 2024: \$38.1 million to support caribou recovery. I've talked about what we've invested since 2019. We added more than 143,000 acres to the Kitaskino Nuwenéné – I'm not sure if I said that exactly correctly, but I did try – wildland provincial park, which will help protect caribou habitat. We do complete assessments of all 15 caribou ranges annually. Four hundred and fifty GPS collars are maintained in various herds to help us track movement patterns and habitat use and respond to predators, of course, or other threats to recovery. That work is very important as well.

I would also say that it's not just caribou, as you mentioned. The critical funding that's provided through this, of course, in addition to woodland caribou: Ord's kangaroo rat, whitebark and limber pines, peregrine falcons. That's a pretty exciting species in our household. I don't know if you've ever been to the Bow Habitat Station.

**Dr. Elmeligi:** Oh, yeah.

**Ms Schulz:** I've got to say – I mean, you mentioned beavers – my daughter's favourite part was climbing inside a beaver dam and realizing that there was an actual beaver in there. The high-pitched sound of her voice was very exciting. Also, my son was able to hold a peregrine falcon which was also there. Anybody listening – I'm not sure how many people actually listen to estimates. Biodiversity days at the Bow Habitat Station: I think it's important from an educational perspective, but it's also just really cool to talk a little bit about what's happening with species at risk. These dollars restore habitats, improve planning, and enable long-term recovery programs to help protect vulnerable species across our province.

**Dr. Elmeligi:** Two questions there. The first one. You said that we're doing complete assessments of all caribou ranges annually. This first question I think is pretty simple but probably not at the same time. Are there more caribou? Ultimately, that is what species recovery is. Species recovery is about getting more of that animal on the landscape. And I know that there are massive challenges with caribou, and they keep me up at night, too. All of these efforts: are we having some success? Are there more caribou on the landscape?

The second part is again: what are we doing to reduce linear disturbance in other areas of the province that are not in caribou range?

**Ms Schulz:** Those are great questions. I'm going to ask my ADM Brian Makowecki to come and provide you with some more specifics. He is the expert on this, and I've sure appreciated his advice and expertise over the last number of months.

**Mr. Makowecki:** Thank you. My name is Brian Makowecki. I'm the assistant deputy minister for lands division in Environment and Protected Areas.

The question, first maybe, about whether or not there's more caribou. We basically have a number of populations that have been stabilized. There are, you know, some efforts there that are required, including management of predators, to do that. Essentially, the habitat condition – and the federal recovery strategy recognizes that it'll take a while to get the habitat condition back into a state where we'd see self-sustaining caribou populations. There have been significant efforts around the planning around that. You know, some of the conversation earlier: you'd spoken to the efforts on planning and some of the regional planning areas. We've put quite a bit of effort in the last number of years into caribou range planning. A lot of that is about sort of managing the cumulative effects, looking at the landscape from the perspective of caribou, from one side of it, but also from a working landscape perspective and from tourism, recreation, human health. Those efforts have been ongoing.

The area specifically related to the disturbance, the seismic line disturbance. Part of our ramp-up of this, the importance of the commitment to this is to get a restoration sort of expertise in Alberta on this. This type of work is new. We've done lots of restoration in the past. Of course, reforestation has been something that Alberta has done and around the world has been an activity for a long time. But when it comes to seismic lines, there are some unique challenges.

The key is some of the ways that the soil was disturbed in the past. The techniques in the '70s and '80s for putting these lines in often involved just a D8 dozer in the bush, lots of soil compaction. We're left in circumstances now where the shading that comes from – like, the amount of sunlight that penetrates the forest is low, so there are activities needed to sort of create microsites to be successful, and we're still learning. Part of it is to invest in a way that we get, you know, the capacity of contractors in place, that we get the capacity of nurseries to increase, and that they know and they can predict that there's an ongoing investment in this activity. We're building that to make sure that we are successful over time, that the dollars put into the program result in the outcomes we're looking for.

I think as we move through the plans that are right now focused on caribou – that's a big portion of Alberta's public land in the north – those lessons and learns will also translate into opportunities when we look at regional and subregional planning as we advance the discussion across the province.

4:40

**Dr. Elmeligi:** Thank you for that. From the chair to everybody, thank you. To the chair – through the chair . . .

**The Chair:** You're doing great.

**Dr. Elmeligi:** Hi, down there. I still see you, Garth.

Linear footprint reclamation is really important along the eastern slopes as well, particularly when we see what linear footprint does on the eastern slopes, where you have a lot of people recreating. Linear footprint quickly becomes trails, and trails bring people further and further into the backcountry. It just creates all kinds of interesting conversations around how we manage recreational use

on the eastern slopes. I need to make it clear that I am not suggesting that we stop recreational use at all, but it is about trying to find this appropriate balance between management of recreational use and access and managing linear disturbance at the same time.

I guess I'm trying to ask about the Porcupine-Livingstone plan without asking about the Porcupine-Livingstone plan. Like, how are we having the difficult conversations with recreational user groups to manage linear disturbance in a way that still allows people access to the places that they love without necessarily having negative impacts on ecosystems and wildlife?

**Mr. Makowecki:** That plan is put in place to sort of initiate that conversation – right? – to say: here's the kind of structure in the areas that we're supporting, things that are identified as risks. Before, previously, the department had looked at developing legislation to sort of support the management of recreation through the Trails Act. That legislation is now managed by Forestry and Parks, so the recreation management and planning there happens in Forestry and Parks.

**Dr. Elmeligi:** Okay. Thank you for that clarification.

I'll just stay on this species at risk track for the next couple of minutes. Westslope cutthroat trout and bull trout are also species at risk. There has been various funding invested with partners for trout recovery. We've got \$2 million to native trout recovery program on page 34 of the annual report. I know it's in these documents somewhere in terms of species recovery. A lot of these efforts are focused on education and habitat remediation, and I'm just wondering how that's going. How many metres of trout streams have been reclaimed or improved? Have trout populations been improved? I keep thinking about trout in the Oldman with no water in the system right now, and obviously fish need water. I'm just wondering if you have any insights to share in trout recovery.

**Ms Schulz:** That is an excellent question, and as we were prepared today to talk directly about our estimates, that is a very specific request. I will see if my ADM Tom Davis has anything specific he can say, but those are very specific measurements that we would likely – they are a little bit out of scope of our discussion today in terms of the budget, the business plan, and the estimates, but of course we're always happy to provide. I think Tom is here and willing to speak to that a little bit.

**Mr. Davis:** Sure. Thank you. Great question. We are working in partnership for the native trout recovery. We set up a program by which we have five different contracts that we're working through, groups like Trout Unlimited Canada, Indigenous communities, other groups like that that we partner with to deliver and do restoration in those areas. I don't have the data right now about what has been the success of that, but we do that annually, and we get reports back in terms of those grant arrangements that are with those groups. It is something we could provide in terms of what has been the success of those, but it has been a program we've had running for several years now, and it's been . . .

**The Chair:** Thank you very much. That concludes the first portion of questions from the Official Opposition.

We will now move to 20 minutes from government caucus members, and we will take a break after this section. We will take our five-minute break after this section.

Did you want to go back and forth?

**Mr. Hunter:** Yes, I would like to, Chair.

**The Chair:** That okay, Minister?

**Ms Schulz:** Absolutely.

**The Chair:** You have 20 minutes. Go ahead.

**Mr. Hunter:** All right. Thank you. Thank you, Minister and your team, for the work you do. I have appreciated working with your team. I can't say that's been the case always as in the past, you know, it just seems like sometimes when you get into environmentally protected areas, things slow down. But I have noticed with your team that you have really tried to move at the speed that Albertans require you to move, and I think that that has actually had a big effect on our ability to bring in investment and get Albertans back to work and providing for their families. I want to commend you and your team on that and make sure that that's on the record.

Minister, we recognize that preserving our environment and natural areas for future generations is crucial. Starting with that topic, key objective 1.2 on page 51 of the business plan speaks to strengthening environmental resource stewardship and conservation through partnerships. To reflect this objective, \$14.8 million is allocated in 2024-25 to support strategic partnerships in air, water, land, and biodiversity stewardship. Who receives this funding?

**Ms Schulz:** That's a great question. I just want to thank you for your opening comments, to begin, because, you know, ever since being in this role and since receiving the mandate letter from the Premier about speeding up our approval times, for example, and really tackling some of the big things that we have needed to tackle for a number of years, I actually have to give the credit to our leadership in Environment and Protected Areas for really stepping up. They're a pretty exceptional group.

I think it's really encouraging to hear that not only from yourself but even this week from locally elected leaders, from some of the Indigenous communities that we've been meeting with and people saying: look, we see a difference and a creativity. Of course, that means upholding our higher environmental standards and doing all we can to protect our environment but still being able to move forward and meet the demands, like I said, of a growing population and growing industries.

I just wanted to take that opportunity to tell my team how grateful I am for them and for those in the public service who are working to do the heavy lifting, really, on all of our major priorities right now.

My department does work in partnerships with a variety of nongovernment organizations throughout the province to meet the needs of Albertans and ensure, of course, responsible and effective stewardship and conservation. It's important to understand that we can absolutely protect our environment yet keep our economy strong and moving forward and growing. It's not either/or, and quite frankly I know that that's what Albertans expect of us. It's what I'm committed to achieving as the Minister of Environment and Protected Areas.

Of course, we can't do it alone. That is why we work with a truly wide variety of partners across our province to deliver practical and effective programs that just make our province a better place to live. A list of our funding partners that are supporting air, water, land, and biodiversity stewardship include the Clean Air Strategic Alliance, independent regional airshed organizations, the Alberta Water Council, watershed planning and advisory councils, and that just really names a few. We work closely with many partners, again, across the province and do really appreciate their commitment and their expertise.

A portion of this funding also goes towards supporting department staff and branches to maintain and manage these partnerships and then, of course, execute and review grant funding and outcomes. This is important work. It's essential to making sure all grant funding is delivered and executed efficiently.

**Mr. Hunter:** Thank you, Minister.

Does this fund specific projects, or does it go towards operating expenses for the organizations?

**Ms Schulz:** That is a very important distinction. These grants support the operations of all of these organizations. That would include staffing and office space and not specific project work. The longer term agreements provide planning and funding certainty that is needed for those organizations while also significantly reducing the administrative burden for my department and its grant partners. It also allows them to work on a variety of issues and projects in their respective areas rather than just having one specific focus.

**Mr. Hunter:** Thank you, Minister.

Now, key objective 1.6 on page 51 of the business plan relates to preventing aquatic invasive species from entering Alberta. You and I have had many conversations on this issue, and I know that this is top of mind for you. What are the main aquatic species of concern for your ministry? Is this objective largely focused on mussels?

**Ms Schulz:** That's a great question. Mr. Chair, I do have to say that I want to thank the member for his advocacy on this topic. We have had a number of conversations about it, and today I was also asked by the media about it. I think some of the concerns that we're hearing in other, whether that be U.S. states or other provinces across Canada – specifically when it does come to zebra and quagga mussels, this is something that is becoming a topic of conversation, probably especially as we get towards the springtime and they become a greater and greater concern. I know, Mr. Chair, you've heard a number of those concerns from other legislators across North America as well.

We are delivering, and I would say that this is absolutely important programming. Just so my department knows, I did tell the media that we're expanding our programming in that. Surprise. I asked them if they wanted me to scoop my own news release, and I couldn't quite do that. I didn't provide them all of the details because we're not quite ready to announce those yet.

**4:50**

But our department's responsibilities include programs related to fish and wildlife disease and, of course, aquatic invasive species. We have an early-detection, rapid-response plan in place should invasive mussels or any other aquatic invasive species be suspected in any Alberta water body. I was asked: is this similar to programs like the rat program? Yes. Rapid response: we do not want these invasive species in our waterways. The Fisheries (Alberta) Act has 52 prohibited aquatic invasive species, including fish, plants, and invertebrates, and the associated powers for inspection and quarantine when that's required.

The aquatic invasive species program is concerned about all invasive species. Of course, invasive mussels – like I said, quagga and zebra mussels – they're our highest priority when preventing introduction into Alberta. We're also actively monitoring for Eurasian watermilfoil. I am proud to state that Alberta currently remains free of zebra and quagga mussels right now. In 2023 Alberta inspected more than 8,000 boats, 19 of which were confirmed positive for invasive mussels and attempting to enter our province. This is important work. We're committed to increasing

our efforts in the coming year, as I just said. More details to come in the coming weeks.

We know that, of course, by protecting our province from invasive species, obviously we're helping our economy and the environment continue to thrive; I've said it's both. We don't want those invasive species in our waterways, but then, again, we've been talking a lot about drought and thinking of the impact that those invasive species would have on our water infrastructure, specifically around irrigation. That's a huge and, I would say, very costly concern, and I don't think we want those dollars going to those types of efforts versus all of the other types of efforts that we have when it comes to flood and drought mitigation.

**Mr. Hunter:** Yeah. I would have to agree, Minister. A stitch in time saves nine, and I think in this situation – the cost versus the benefit – we can see the cost to be absolutely so much more than the benefit.

I know that down in Idaho when they had their issue down there, they had to bring in the army in order to be able to actually address the issue; they had to bring helicopters in to drop boats into the river. This is something that, you know, if it gets into their irrigation down there, they recognize that it would be so cost prohibitive, and it could probably even shut down their industry.

I know that you take this seriously and your team takes this seriously, and I appreciate that. This is, obviously, something that's one of those five-alarm fires we don't want to have to deal with. With the federal government making their announcement that they are not going to be doing as much in terms of inspections on boats, is there a concern at the border for our irrigators?

**Ms Schulz:** Right now that's not something that I would be able to answer. I mean, on the irrigation side I think the Minister of Ag and Irrigation would be in a good place to discuss that, but I will say that I will be reaching out to Canada Border Services to request additionally. There are major concerns; you mentioned Idaho. There are varied concerns with some of the U.S. states and what that would look like if our borders are not being patrolled, quite frankly. We have watercraft coming in from south of the border, so I will be reaching out as well, I would say, in the coming days to raise our concerns over that.

**Mr. Hunter:** Is that a co-ordinated effort with other ministers and other provinces as well that will be going to the federal government?

**Ms Schulz:** Absolutely. Well, within our own government, of course, this does have impacts on – we've spoken with Forestry and Parks, Agriculture and Irrigation; I would also say, of course, tourism, Minister Schow on that front.

My department also had a conversation with B.C. yesterday at the officials level, just talking about how very real these concerns are, and I know that the concern south of the border: that's a concern for them as well. Right now we don't see those invasive species; as I said, we don't have them in Alberta, not in B.C., not in Saskatchewan. But, of course, Manitoba: there are concerns. That was where the concerns around reaching out to the federal government and CBSA really were raised.

**Mr. Hunter:** Then maybe the last question on this one, and I really do appreciate your openness on this. You may not be able to get this information to me today. In terms of testing to make sure that we – you know, we know that there have been some boats that have tried to come in that have had zebra and quagga mussels, and they've been obviously stopped now. I know that there's DNA testing. There are K-9 sniffer dogs that they use as well. Do they do DNA testing at the border, or is that just in the lakes and rivers?

**Ms Schulz:** Well, that is a combination of both. You know, I've learned a lot about the K-9 dogs and what role they play in all of this, obviously. Well, Tom would be very proud of me if I said that they are most effective when it comes to shoreline detection. You know what? I'm actually just going to hand it over to my ADM Tom Davis because he can give you a far more technically accurate answer.

**Mr. Davis:** Thank you. I think, Minister, you've covered it actually quite well.

To answer your question, though, as it relates to DNA testing: that's not done right at the inspection station is my understanding. We're looking at: what other ways and means can we have in terms of improving? So if there are some things we should be doing in that regard, we can certainly pick it up. We see that the task force, that the minister has mentioned previously, is an important way of engaging to say: what are our best practices that we should be expanding to do more?

**Mr. Hunter:** Great. Thank you so much.

Through you, Mr. Chair, performance indicator 1(c) deals with percentage of vertebrate species designated as "at risk." This percentage appears to be measured every five years and has fluctuated from 3.4 per cent in 2005 to 3.7 per cent in 2010; 4.2 per cent in 2015; and then back down to 3.9 per cent in 2020. This performance indicator helps us to understand the state of ecological integrity, biodiversity on the landscape, and the ecosystem health. Does your ministry have any target on what you would like this percentage to be in 2025?

**Ms Schulz:** That's a great question. We will continue, first of all, education outreach about the dangers of these species. In this year's budget we allocate \$6.4 million to support species at risk programs and activities. We are seeing results. The grizzly bear population has increased by about 50 per cent, and peregrine falcons are returning to nests that had been abandoned since the 1950s. Alberta has planted more than 10,000 seedlings of Alberta's two endangered tree species.

In terms of your specific question around the target for 2025, we would like to see it continue lowering and reach at least the 3.7 per cent levels of 2020. Of course, though, to achieve that, we'll be increasing our actions to help protect and recover species at risk.

Last month we just released a new ferruginous hawk recovery plan, and that was very, I think, well received. Surprisingly, a lot of attention about that across our province, I think, maybe surprising or not surprising, as it is one of the iconic species here in Alberta. But more plans will be coming out later this year.

Also included in budget: we allocate \$38.1 million for, of course, caribou recovery planning, which we spoke a little bit to already. It includes critical funding to continue implementing recovery plans for a number of species outside of that, including kangaroo rat, whitebark and limber pines, peregrine falcons, and others, as I mentioned just a little bit earlier. It goes to restore habitats, improve planning, and enabling long-term recovery programs to help protect vulnerable species across our province. We are speeding up land-use planning, of course, and continuing conservation efforts to protect species at risk across Alberta.

**Mr. Hunter:** Thanks, Minister.

I'd like to turn the rest of the time over to my colleague Minister – MLA Sinclair.

**The Chair:** Go ahead.

**Mr. Sinclair:** Thank you, Mr. Chair, and thank you to my colleague for the promotion. I appreciate that. Just joking.

Thank you very much, Minister and to your team. I appreciate it. I feel like I'm getting a crash course on what your daily life looks like today on some of this information, and I agree that it would be a big challenge for sure. I had, as most of us, of our colleagues in the room had, the honour of hosting Chief Raymond Powder from Fort McKay today. Thank you very much for making time for him. We appreciate that. I got a little bit of a taste with just one, with this Moose Lake access management plan. Something you mentioned earlier which I deeply appreciate is, you know, the ability to find that balance between having a strong economy and the effects on the environment and all the affected people around.

5:00

I'm just going to go to the capital plan, page 2, your notes. It says in here that \$25 million is allocated for renewed flood and drought mitigation. Could the minister explain, through the chair, how this funding differentiates from the \$47.7 million discussed in the previous question? And then if there's time, I do have a follow-up.

**Ms Schulz:** The \$25 million allocated to the renewed flood and drought mitigation funding is included within the \$47.7 million outlined in the ministry's business plan.

**Mr. Sinclair:** That was pretty straightforward. Thank you.

Second question. The funding is projected as \$25 million each year for three years. Does the minister project similar environmental risks for the life of this capital plan?

And since you answered the first question, my last question will be: when are you going to come visit Slave Lake? I need a date on camera if we can. No; I'm just joking. Sorry about that.

That would be my follow-up question. Thank you, Mr. Chair.

**Ms Schulz:** Like, I think we're looking at June, so you have it on the record. I'm very much looking forward to coming to visit. I think, you know, while I'm at it, I might as well just put on the record what a great representative you are for that constituency and your advocacy for having as many colleagues as possible visit your beautiful constituency.

You know, just to answer your question: our province, of course, isn't a stranger to natural disasters. That's why we're investing in long-term protection projects. Like I said earlier, we're not alone in that. When we look at infrastructure discussions around adaptation, this is a topic of conversation across our country as well. Of course, anybody in Calgary and the surrounding area would never forget the devastating floods of 2013, which caused billions of dollars in damages, forced more than 100,000 people to evacuate, and tragically also took the lives of five Albertans. Since then we've battled droughts and floods almost every year in different iterations. When we look back to 2018, we had the ice-choked Peace River that caused evacuations in the north while overland flooding swept through Taber in the south. In 2020 ice jams sent water pouring into Fort McMurray and Fort Vermilion, once again forcing people out of their homes and causing half a billion dollars in damage. Last year Edson, Whitecourt, and more than a dozen other communities were hit with another round of floods.

Albertans understand all too well the devastating impacts that droughts and floods have on our homes, our businesses, our critical infrastructure, but of course building this type of infrastructure is expensive. As we spoke with a number of our municipal counterparts earlier this week, it's the combination of the costs and making sure that we also have the resources, supply chain crews to build all of that infrastructure as well. Again, we're not unique.



We're actually doing, I think, a lot better than a number of other provinces on that front. Of course, we're all struggling with inflation, the federal carbon tax, and rising energy costs. That's exactly why we wanted to launch that program, the drought and flood protection program, and fund it for five years, to help communities really build the infrastructure that they need to keep their people safe for years to come regardless of the weather. While we are doing a lot of work on policy, unfortunately I can't make it snow or rain, but we can plan as best we can with all of our partners across Alberta.

**Mr. Sinclair:** Wonderful. I appreciate the time. Thank you, Minister, and thank you, Mr. Chair. I look forward to seeing you in June. Thank you so much.

**The Chair:** All right. That concludes the government members' first block of questions.

We will now take our break; 5:09, I take it, is when we'll get back here and start up with the second round. Thank you.

[The committee adjourned from 5:04 p.m. to 5:09 p.m.]

**The Chair:** Okay, everyone. Thanks for getting back on time. We'll get started again.

Now we move to the second round of questions and responses. The speaking rotation for it will be the same as the first. We'll go with the opposition first and then over to government caucus. Speaking times now will go to 10 minutes, and you won't be able to cede your time, so if you don't use your time, then it's just done, and we move to the next one. I'm assuming that we're going to go shared time unless someone objects. We'll just keep doing it that way going forward.

With that, we will go to the opposition, and you can go for 10 minutes.

**Ms Al-Guneid:** Okay. Well, thank you, Mr. Chair. I'd like to start by thanking the public service again, who worked hard to deliver this budget for us, for Albertans, and for giving advice to the minister. Thank you.

I'd like to start with liabilities. It's quite the shift. There is no unleashing the beavers or any of that in this area. Yeah. On page 52 objective 2.4 – and it was in the introduction as well – is to improve and streamline reclamation and remediation through effective liability management. It's been two years since the government started a review of the beleaguered mine financial security program. The primary purpose of that program was to respond to concerns raised and recommendations made by the Alberta Auditor General, in fact, twice, and they reiterated this again in 2021.

The Auditor General first concluded that “for the design and operation of the MFSP to fully reflect the intended objectives of the program . . . improvements are needed to both how security is calculated and how security amounts are monitored.” In 2021 the Auditor General did a second follow-up – it's an audit – which concluded that “the department has not made satisfactory progress in implementing our recommendation.” It's spring 2024. That's over two years since the government initiated this review and 17 months since staff at Alberta Environment and Protected Areas and the Alberta Energy Regulator received detailed submissions from industry and First Nations on potential reforms to the MFSP.

I went through the business plan. It's devoid of any details or concrete plans to reform the MFSP to ensure that oil sands companies carry out remediation and reclamation in a timely manner. You know, it's important that we don't have Alberta's taxpayers left holding that bill. I understand MFSP is shared between Environment and Protected Areas and the Energy

Regulator, but it's this ministry that leads the policy design. My question is: with all this context, when will the results of the 2022 review be made public and the corresponding reforms to the MFSP be implemented?

**Ms Schulz:** Thank you very much to the member for the question. The mine financial security program is one of many liability management programs that assure that Alberta's energy resources are developed responsibly. The program does help manage coal and oil sands mine liabilities by collecting financial security from mine operators to protect the public from financial liabilities associated with project closure.

The MFSP was reviewed in 2022 to ensure appropriate funds are being collected from mine operators to cover reclamation liabilities. The review did include considering recommendations from the office of the Auditor General's 2015 audit. My department has been engaging with Indigenous communities and organizations, mine operators, and, of course, other stakeholders to inform the review. The Alberta Energy Regulator and the Department of Energy and Minerals also helped with that review. We are still reviewing the results of that. We're still considering that. Hopefully, I'll have more to say later on this year, but I don't have a specific update as of today.

I would just say, though, that we continue to look at ways to improve reclamation liabilities to support responsible development and, of course, sustainably conserve the environment and keep growing the economy. We have launched new pilot programs to help improve and streamline reclamation requirements without compromising environmental standards. As I said, my department is currently reviewing that mine financial security program, and we are assessing whether changes are needed. We will also keep piloting additional reclamation approaches. But specifically to that program we are looking to advance changes this year.

5:15

**Ms Al-Guneid:** Is it possible to give me a timeline, just for the release at least?

**Ms Schulz:** For now this year is the timeline, so I would just say: stay tuned for more on that. But it is something that we take seriously, and of course it requires, as well, consultation for that.

**Ms Al-Guneid:** The most recent MFSP report shows that total estimated mine closure liabilities increased from approximately \$34 billion in 2022 to around \$47 billion in 2023. In that same report the Alberta Energy Regulator very briefly attributes the significant increase to changes in mine closure plans and inflation. Through you, Chair, can the minister provide further details or clarification about this sudden 40 per cent increase in estimated liabilities?

**Ms Schulz:** Again, thank you, Mr. Chair and to the member, for that question. At the end of a mining project's life the oil sands or coal mining operator must decommission and remove all infrastructure, remediate and reclaim the land to its planned end land use, and then, of course, apply for a reclamation certificate once that work is complete. My department sets the program policy, and the Alberta Energy Regulator administers the program. As of June 2023 the Alberta Energy Regulator held the following financial security: \$912,852,620 for oil sands mines; \$769,801,357 for coal mines. The member is correct: reclamation liability for both sectors combined was estimated at \$47.71 billion.

I think it's also important to note that the assets would work out to be \$525 billion. Under MFSP the oil sands, coal reserves, of course, can be used as collateral to backstop approximately 95 per cent of reclamation liability for all but the last 15 years of mining.

The difference between financial security held by the AER in the MFSP and reclamation liability is because all oil sands mines have more than 15 years of mining remaining. In the last 15 years of mining, operators must post additional financial security each year so that full financial security is in place when fewer than six years of mining remain.

Of course, we are aware of the Auditor General's recommendations around that asset calculation, and as I mentioned, we will be working to address that later this year.

**Ms Al-Guneid:** Still going on the same theme, the annual MFSP submissions tell us that from September 2022 to September 2023 the MFSP once again collected zero dollars in security from oil sands mine operators. This is the eighth year in a row where the MFSP collected zero dollars from oil sands mine operators, such that the amount of security held today is proportionally less than what was held back in 2015. What is the amount of security that the MFSP will collect this year?

**Ms Schulz:** For that, Mr. Chair, I'd like to call on my ADM of lands, Brian Makowecki, to provide some more specific background on that question.

**Mr. Makowecki:** Thank you. Brian Makowecki, assistant deputy minister, lands. We set the policy in the department, and it's operationalized at the AER, so the specific questions, like the nuanced answers, we'd have to get right from the AER. I think that the key, though, is that the policy is set up so that the liability can be managed through the assets that the companies have, and that asset ratio to liability has to be maintained at greater than 3 to 1. So there have to be at least three times as many assets to liability in order for the program to be working and for companies not to have to put additional dollars into the program.

Right now, as the minister spoke to, we understand that the total asset value across the sector is more than 10 times. Now, it is done company by company, but if the asset ratio is greater than 3 from the perspective of the difference between the value of their assets to the liability, then there aren't dollars to be collected until the last 15 years of mine life. Right now, if the program is operating as the policy is intended, the AER will make those calculations. Then it will apply it and collect the appropriate dollars.

**Ms Al-Guneid:** I was looking at the time. There are only three seconds there. I have a lot of questions. [A timer sounded]

**The Chair:** We'll let it ring. There we go.

Okay. We'll go over to the government caucus side. MLA McDougall, go ahead. You have 10 minutes.

**Mr. McDougall:** Thank you, Chair. Thank you, Minister, for being here to answer some questions. I would like to touch a little bit on the sustainable economic development mandate, as it relates to outcome 2 on page 52 of the business plan, to develop natural resources responsibly.

As a preamble to the question I find that there tends to be a lot of misunderstanding, both in this country and even within the province and certainly within some other political parties, as to what exactly is the state of climate change policy on the planet, what actually is happening, what the unintended consequences are of some of the propositions that have been espoused, and what exactly is the reality of what's actually taking place on the ground. A lot of people, including the federal NDP leader, talk about shutting down the oil and gas industry and being against LNG projects, for example, in Canada.

Meanwhile around the world there is no other oil-exporting country on this planet that is actively trying to discourage oil production in their country. The other thing that is relevant is that not only do they not try to discourage their own oil production; they try to maintain the market so that they can get a sustainable price going forward. We can look at OPEC and the largest oil producer on the planet today, the United States, which has increased production dramatically over the last several years despite some of the rhetoric that we hear coming from the political world in the United States of reducing fossil fuel consumption, et cetera, like that. What they're actually doing is that they're increasing oil and gas production, and now, as the U.S. stands, in the last 10 years they're almost doubling their own oil production, becoming the world's largest oil producer and now becoming the world's largest LNG exporter.

We've got Saudi Arabia, that increases production, and Iran, Iraq that hope to do so. Even Norway is increasing its oil production. That's the reality. Demand will be what the demand will be, depending on policies around the world, but what we do see in terms of demand is an explosion of demand, particularly in Asia and particularly in China, so that 53 per cent of all total demand today is from Asia. While North America and Europe have moderate or level oil production demand, the rest of the world is increasing.

Meanwhile there are calls for us and policies trying to be put in place to eliminate or reduce our own oil and gas production. I have a friend who worked in the C-suite for the Qatar national natural gas LNG company, and he talks about how they celebrated, literally had a celebration in their offices, when they heard of Mr. Trudeau's proposition about their no-business case for LNG. Meanwhile Qatar and other jurisdictions are signing long-term, major contracts for billions of dollars as they increase their LNG production and the world increases its consumption.

So a little bit of a preamble – I understand that – but for the record I think it's important to note that this industry, that is the single largest contributor to all federal government and provincial government revenues, is being criticized and that obstacles are being put in the way, contrary to what exactly is actually happening in the rest of the world. That's a fact. We're the only ones doing that.

You have made some comments that, you know, essentially . . .

**The Chair:** Excuse me, Member. There's a rule for five minutes, so if I can get you to get to your question.

5:25

**Mr. McDougall:** Okay. What are you doing to stand up for our Albertans against the federal government's minister so that we can continue to balance environmental protection and natural resource development?

I have another question after that.

**Ms Schulz:** Thank you very much. I appreciate the member's I don't want to say rant, but what I think I did on stage yesterday afternoon at RMA was very similar to the member's opening comments. I think this is where it is just so frustrating to me at a time when – and it's not just in Alberta. Albertans, Canadians, and people around the world understand the need to look at affordability and quality of life and reliability of energy and electricity and energy security.

You know, when we were at COP, it was an interesting discussion about sometimes political rhetoric versus what's actually happening on the ground. I think the questions that certainly Albertans and Canadians are starting to ask are, you know: why

aren't we talking about the things that we're doing? Why does affordability not seem to matter to our federal government? Why does energy reliability not seem to matter? Why are we not meeting the global demands of energy and actually showing our leadership?

It really comes down to ideology versus common sense. It is exceptionally frustrating, I think, for us in Alberta – now I'm on my soapbox here. I do think that Canadians across the country are also seeing the importance of saying: "You know what? We want to reduce emissions. We want to take care of our environment." But people absolutely are focused on affordability, reliability, and energy security right now.

Unfortunately, even when we were at places like COP – and there are such exceptional things happening not just in Alberta but happening across our province – with the federal government not taking an approach of allowing provinces to tell those stories, it's why I felt so strongly that we needed to be there and why our Premier felt so strongly that we needed to be there. I think that if we had a federal government who would take a different approach, put the well-being and affordability concerns of Albertans and Canadians at the forefront and look creatively at how we in Alberta and Canada can reduce global emissions, we'd be having a very, very different conversation than we're having right now.

Our annual emissions in Alberta: we've declined from 281 million tonnes in 2015 to 256 million tonnes while still growing our economy. That's, I think, the entire goal here: how do we make sure that we're reducing emissions, creating jobs, expanding our economy, and meeting the world's energy needs, which are – you are correct – going up every day?

We've reduced electricity emissions by 53 per cent, reduced methane emissions by 45 per cent since 2014. More than 11 and a half million tonnes of CO<sub>2</sub> are safely stored underground through CCUS since 2020. The oil sands emissions intensity per barrel has fallen 23 per cent since 2009 and is expected to decline another 28 per cent by 2035.

We are standing up for our rights, for our constitutional jurisdiction, and for common sense when it comes to policy, because, unfortunately, the federal government's policies are having the exact opposite impact when it comes to the technological advances we want to see. I think that's the case for the oil and gas emissions cap as well as some of the, quite frankly, ridiculous policies on plastics.

But I know the member has another question, so I will end my comments there.

**Mr. McDougall:** Thank you very much. I'll try to be much shorter in the next one.

In line item 4 of the estimates you have over \$60 million being allocated to water initiatives, including policy development, water conservation, and other strategies and initiatives. We talked a little bit, earlier today, about some of the water studies that are going on within certain water basins. My concern is long term. We're talking about doubling our population in Alberta between now and 2050. We already have a serious water issue, and certainly water conservation and things like that are going to be part of the solution in how we manage that, but I'm also aware that we have big potential in terms of agriculture and other industrial processes and, of course, the population growth that we expect.

The question is: are we doing any studies that would do an overall inventory of what is happening within our province in terms of demand and future demand and how we can go? With that, I'm thinking about interbasin water transfers, whether we're taking any serious looks at that at this point.

**Ms Schulz:** The member is absolutely correct about the importance of planning for our future, and like I say, it's not just about drought in this year, but I think some of the learnings and the discussions that we are having now and the recommendations that are coming from all of our major water users are going to help inform where we go moving forward. The member outlined that over \$16 million have been allocated. Of course, the new water strategy: \$18.5 million over three years to develop that and to increase water availability.

**The Chair:** Thank you, Minister. We maybe can continue that in the next block.

We'll move over to the opposition side. Go ahead and ask your questions. You have 10 minutes.

**Member Kayande:** Thank you very much, Mr. Chair. My question is about TIER, and I'm reading from page 92 of the budget. The budgeted amount in '23-24 was \$523 million for the TIER fund. It actually came in at \$851 million. This year the estimate is \$539 million. I'm just curious about two things. One is the cause of the volatility – I assume that it's, like, banked credits being sold, for example – but also the declining TIER amounts through '25-26 and '26-27. I'm just wondering, you know, how the math works, especially when we're going to be facing an escalating carbon price during that time frame and presumably higher production because of the Trans Mountain expansion pipeline being finally in service.

**Ms Schulz:** Thank you very much, Mr. Chair. I appreciate that question. Just to give a little bit of background before I dive into the specifics, which are important, the TIER fund revenue is compliance payments, of course, from industrial facilities regulated by the TIER regulation, so companies do have a choice in how they comply with the TIER regulation. They can reduce their emissions on-site. They can pay into their TIER fund at the set carbon price – of course, that is linked with the federal carbon price – and then use credits, emission performance credits, and offsets. So it is somewhat challenging to accurately forecast revenues to the TIER fund given the compliance flexibility and the variability in product markets.

Compliance is based on production, be it barrels of oil, electricity generated, coal tonnage, or the like, and TIER fund revenue forecasts for budget are estimated with the best available information that we have in December, preceding the budget. That includes annual production at facilities, facility credit usage versus payments into the TIER fund, the carbon price, again, increasing by \$15 per tonne per year, and that is important because it helps explain some of what we are seeing in terms of the patterns and emissions reduction targets or requirements for the facility. The federal low-carbon economy leadership fund or other revenues are dedicated revenues from the government of Canada supporting emissions reductions programs and projects in Alberta.

When we look at the specific variances and the trends in what we're seeing, in Budget 2024 the revenue trend decreases, and that's primarily due to expectations for companies to find ways to reduce emissions at their facilities and to use credits instead of payments into the TIER fund to meet their compliance obligations. That, of course, makes sense, that we were seeing companies choose to pay at times when that carbon tax was lower and use credits when that carbon tax is going up.

Changes to the TIER regulation for January 1 in 2023 forward allow companies to use higher amounts of credits in future years, so up to 70 per cent in 2024, 80 per cent in 2025, and 90 per cent in 2026 and onward. When companies use more credits to meet their compliance obligations, it decreases the amounts that are then paid

into the TIER fund. Allowing more credit usage is designed to protect the competitiveness of our industry by providing more flexibility to contain costs, especially as many of these facilities are also trade exposed. By 2026 a number of existing credits will be close to expiry, which again incentivizes facilities to use them to meet their compliance obligation, which decreases the payments directly into the fund.

The 2023-24 revenue forecast of \$851 million increased compared to the original budget of \$523 million, primarily, again, with updated modelling that includes changes to market conditions in various sectors, for example, higher oil and gas production; additional payments received in '23-24 from the previous compliance years – so that extra revenue is recognized in '23-24 – and increased expectations that companies will choose to meet their compliance by making payments into the fund instead of using credits, again, in the short term, likely driven by price and opting to hold them for use in future years when that carbon price is higher.

5:35

**Member Kayande:** So my question, I guess, is on the implications that has for motivating investment, because the purpose is to have a price that motivates investment in carbon reduction technology and primarily being – my concern is CCUS and really having Alberta be a world centre for this technology. Is there kind of public information on what these credit banks look like, what the secondary market prices for some of these credits are? Like, how is an investor supposed to make their own business case when the pricing for the credit seems so volatile?

**Ms Schulz:** I am going to hand it over to my ADM Kate, but I do just want to point out, first of all, that we are very supportive of CCUS. Our commitment to the Alberta carbon capture incentive program: again, a portion of TIER funding will be going to support that. Just when we look at TIER, the first \$100 million in annual revenue and 50 per cent of the remaining revenue paid into the fund are available for programs supporting emissions reduction and initiatives to help communities become more resilient; 25 per cent in excess of the first \$100 million in TIER will be used for that ACCIP program specifically, which totals \$167 million over three years.

You know, I think, again, we are working to incentivize and create some stability for those industries, especially, quite frankly, at a time when a lot of the policies coming out of the federal government are having that exact opposite impact on that technology and investment we want to see, with, for example, performance standards and benchmark targets, an oil and gas emissions cap that, quite frankly, are not based in the reality of what we are actually seeing here today.

I also just want to comment that TIER has also been very well received. We have been consulting, of course. We review that TIER program like any other government program. It's not set for changes for another year and a half, but we've started those conversations, and the feedback from industry has been that they are actually grateful with Alberta's program and how that's running and how it does provide some confidence, especially at a time when there's a lot of instability with the federal government that we currently have.

Kate.

**Member Kayande:** Understood. Sorry. If I may just say one thing about that, the investment tax credits, while very valuable, pale in comparison to the revenue opportunity from, actually, a TIER program that provides a forecastable price. So, yeah, I'm interested in hearing more about that.

**Ms Schulz:** Absolutely. Kate can provide some more specifics. I just did want to point out that industry has largely said that TIER is well received, and while there are some things that we can always improve, you know, the basic program, I think, has served our industries well.

Kate.

**Ms Rich:** Yeah. Thank you, Minister. I'm Kate Rich, the assistant deputy minister of the policy division in the department. You noted what is transparent and what isn't transparent. First and foremost, our design is transparent. Our price schedule is set out to 2030. Our stringency requirements for each sector and each facility to comply are set out. Our ability to use credits, et cetera, is all set out clearly in the legislation. It is transparent.

In that regard, I mean, the prime thing that a carbon pricing system is intended to do is to drive that investment to reduce emissions, and that's driven by principally the carbon price and the stringency of requirements. As the minister noted, there's flexibility, whether a company wants to make investments on-site to reduce emissions, make a payment to the government of Alberta, which generally gets reinvested into clean tech and innovation, but they can also use credits, whether they generate them on-site or whether they're through offset programs in Alberta. All of it is about reducing emissions.

You asked: what is available to help support those decisions? We do have public registries for both the emission performance credits and carbon offsets that are publicly available in Alberta, so projects list on there. We also produce reports about the compliance that is done by sector, and we've done that since 2007, so you can look: how much has been payments; how much has been credits, et cetera? And then for CCUS in particular, those types of technologies: I mean, we're currently at \$80 per tonne in price. They know the trajectory is increasing to \$170 per tonne by 2030. But in addition to that, as the minister noted, we are investing some of these TIER funds to support CCUS because of its higher price point, including having reserved \$226 million from TIER funds as of last year, and then the new Alberta carbon capture incentive program, which will take a portion of those TIER funds as well. So we continue to use the TIER dollars dominantly for clean tech.

**Member Kayande:** Yeah. I guess my question is then: if there is a discrepancy continuously between the secondary market price and the actual . . .

**The Chair:** Okay. We'll come back to that in the next block, maybe.

We'll go over to MLA Dyck. You have 10 minutes.

**Mr. Dyck:** Excellent. Well, thank you, Chair and also team. We're coming into the last hour here. I really appreciate you guys being here for a few hours this afternoon. I've got a few questions here. This government has just been really focused on red tape reduction. You've streamlined the department. You kind of mentioned that in some of your remarks prior. The good news is that I've even had a local company mention that it was actually their internal red tape that was holding them up and not the department, so well done. That might be a first but hopefully one of many. Yeah.

I truly believe that some of the big growth in Alberta right now in our economy is just because of the opportunities, the Alberta advantage. That's kind of where some of my vein of questions are, but the questions do come also into some aspects of the regulatory uncertainty, long wait times that I know have been – as much as I said that the company had experienced their own internals, there are still some long wait times. I know, Minister, that you've been so

laser focused on eliminating this. I see that this is on page 52, that one of your key objectives, 2.1, is to continue implementing the province-wide regulatory system transformation to enhance administrative and regulatory efficiency and effectiveness.

Here's my first question. Is there or what portion of your budget is directed towards streamlining the regulatory process so that industry can quickly know whether or not their project is going to get off the ground while also ensuring environmental standards? It's super important for industry to know the foundation of where they're going. I would love an update on that in regard to this budget.

**Ms Schulz:** Absolutely. I'm really grateful for that question because I do believe that we have to find ways to reduce red tape and improve our regulatory process while, of course, still maintaining our world-class environmental protections. You know, I often say that there's one thing; there's the count – right? – the legislative and regulatory count. But then sometimes there are just processes that really don't seem to make any sense and end up creating additional red tape, whether that be, quite frankly, for industries that want to expand, for municipalities, for example, creating new subdivisions to meet our growing housing needs. We have to make sure that we are of course protecting our environment, wetlands, and holding up our environmental standards, but at some point we have to be able to get to yes or no a little bit quicker. That, I think, is really one of the things that impacts certainty.

A well-functioning regulatory system is key to that. In that way, it's key to our province's economy. My department has launched a major project to fully transform our regulatory system, bringing the application process into the 21st century, like what we're doing on water as well. It will improve environmental outcomes by focusing staff on managing the landscape versus managing applications. So Budget 2024 specifically allocates \$6.6 million to continue the digital regulatory assurance system build as part of the regulatory system transformation to enhance the administrative and regulatory efficiency and effectiveness. That's in this current budget year.

We are replacing multiple systems within the department with the digital regulatory assurance system, and that will really allow applications to be submitted, reviewed, and managed through one single interface, improving timeliness and predictability of our department's decisions. This year we're adding activities under the Environmental Protection and Enhancement Act into that digital system, so that will mean that water well drillers, pesticide certification, landfills, waste-water lagoons, sawmill plants, and others will now be able to apply and receive information through one simple, easy-to-use digital system. I think that will help us demonstrate that we are absolutely committed to a fair, predictable regulatory process that's also protecting our air, land, water, and biodiversity.

5:45

Along with a quicker and more effective digital system, we're also shifting our regulatory system from an emphasis on the processing of applications to being more outcomes focused: what do we actually want to see here? What are we trying to protect, and what is our ultimate goal? Of course, that also means spending our time on more high-value activities, assessing active operations, make sure they're adhering to the outcomes and then taking a risk-informed approach.

On this front, I've actually been quite transparent, whether it's companies looking to expand here, municipalities, businesses, as we met a number when I was in your riding, in your community. Thank you for being an advocate for small businesses in your community as well. Those very specific examples have been able

to help us determine where some of those gaps still are within our system and whether sometimes it's a regulatory or policy issue; sometimes it's interpretation of a current policy. But I'm sure grateful for the feedback that we receive.

**Mr. Dyck:** Awesome. Well, thank you, Minister.

I have so many extra questions. One is: when do you think the platform is going to be finished? Do you guys have a goal date of when that might be done? That's fine. You can give it to me in writing.

The other question here, one of the other questions I really want to talk about, is the other half of key objective 2.1, to implement designated industrial zones to reduce that red tape, streamline the approval processes, and attract job-creating investments for Alberta. This is such a big deal, and I don't want us to miss it or not talk about it. I'm just curious about the steps ahead in order to implement these designated industrial zones, and if you could also elaborate a bit on how these zones will just streamline the approvals and increase investor certainty. There are kind of three questions there.

**Ms Schulz:** Perfect. I'm happy to answer the member's question, Mr. Chair. The timeline is 2026. I do not have to follow up with a written response; my department is fast and furious over here.

In this year's budget we've allocated \$50.5 million in capital grants over five years for the designated industrial zone project taking place specifically in Alberta's Industrial Heartland. This project supports the government's commitment to work with municipalities and industry to really enhance regulatory efficiency across the life cycle of approval. I do believe that this program will help increase the competitiveness of investment in industrial facilities. Of course, that helps us create jobs and provide economic stimulus while making sure that we are in fact protecting the environment.

This one project was specifically began as a pilot, and lessons learned from implementing this project will help future potential similar developments in other parts of the province. I do know that there are a couple of areas of the province that are very interested. Those members may or may not be in this room today, Mr. Chair. I see a lot of nodding around the table. Officials from my department are meeting with municipal and industrial groups to discuss potential opportunities and steps for setting up and designating those industrial zones.

I mean, it is just great to point out some of the successes of the example of this in the heartland: implementing an applicant advisory service to enhance regulatory certainty with new applicants, streamlined Environmental Protection and Enhancement Act approvals, implementation of a directive that sets consistent standards, clarity, and achievable regulatory expectations under that act. Industry stakeholders are now initiating voluntary amendments to their approvals to reflect that directive.

We've got improved soil management, saving new investors millions of dollars in costs for storage of topsoil while more effectively conserving topsoil quality and quantity in that zone; a master drainage plan for zone developed to streamline Water Act allocations; air quality policies and guidance and indicators for new and existing facilities to make sure that there is enough space in the airshed for future growth; cumulative load management of waste water to meet service water quality management objectives while, again, making sure maintenance of capacity for future growth; and improved monitoring and knowledge of our baseline environmental system.

There are a lot of benefits, and we are already having discussions with other areas around the province about how we can take those

learnings from this specific example in the heartland to other communities, whether that be in northern or southern Alberta.

**Mr. Dyck:** Excellent. Thank you, Minister. I know there's a lot of interest in northwestern Alberta for this. Thank you.

I think I've got time for one more question. Going back to TIER, could you provide just an overview of some of the innovations and technologies funded through the TIER system right now and also how this is just critical to achieving the overall goal of reduced emissions and also at the same time maintaining economical growth? All in 29 seconds.

**Ms Schulz:** Oh, goodness; 29 seconds. I would just say that, I mean, Alberta has been a leader in regulating greenhouse gas emissions from our large industries. I mean, that goes back to since 2007, and this regulation is our current system. It does provide the industry a fair amount of certainty and the policy framework needed to support investments in clean technology and projects to actually reduce emissions, which I think is really the goal here.

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

We will now go over to – who's going to take the shot here? Member Al-Guneid, you have 10 minutes. Go ahead.

**Ms Al-Guneid:** Thank you, Mr. Chair. We're going with the TIER theme. Just a few follow-up questions here. Page 49 of the business plan specifically talks about TIER and investment in clean tech. You also graciously shared with us the investments. You know, in the budget, however, we see that TIER revenue is transferred to the province's general revenue fund for debt and deficit reduction and also to support the energy war room.

You know, as the minister also knows, there is a wide breadth of clean technologies Alberta could be competitive to attract to Alberta. There are different forms of energy or tech like energy storage and direct air capture. I know you mentioned CCUS. There are so many other technologies. There's also the U.S. Inflation Reduction Act. That has changed the whole investment space at the moment. It offers generous tax incentives for clean energy investments. Neither Alberta nor Canada can match the IRA's \$1 trillion impact, but Alberta can instead maybe leverage carbon contracts for a difference. I'm curious: why isn't this something that was introduced in the budget to help attract the investments? I'm curious if you've done any analysis on how Alberta would close the gap of incentives. Also, have you done analysis on how the energy war room reduces emissions?

**Ms Schulz:** Again I would thank the member for those questions. The member is correct, Mr. Chair, in terms of the fact that of those dollars a portion does go to debt repayment, a portion does go to the Canadian Energy Centre, and then, of course, we also do invest in clean technology.

I would also just point out that this year we're investing \$215 million in TIER funding to support new investments in innovation and clean technology. As the member pointed out, that is across multiple sectors, and we have seen investments and competitions in everything from geothermal to, you know, methane emissions reductions and renewables as well. It's pretty exciting to see the investments that have been made. When we look at this program over the last number of years, over \$1.5 billion since 2019 has reduced 70 million tonnes of emissions by 2030 and supported 21,000 jobs; \$2.6 billion has been invested in projects through TIER since 2009.

The member's specific comments about the Canadian Energy Centre: that would be included in the Energy and Minerals department. That would be a great question for Energy and

Minerals to talk about the work, specifically, of the Canadian Energy Centre.

Then when it comes to carbon contracts for differences, this is something that we have heard from industry about, and it's something that we've been calling on the federal government to deliver on.

**Ms Al-Guneid:** But the province can do its own, too. That's my suggestion.

But there isn't enough time, and I still want to ask another question here. Switching gears to methane emissions, I'm glad you mentioned COP earlier. The minister, through you, Chair, attended COP with the Premier. There were over 150 countries, including Canada, that joined the global methane pledge to cut the emissions at least 30 per cent by 2030. Over 50 oil and gas companies worldwide have also joined to address leaky methane systems. Last year, in April, your government released its emission reduction energy plan, sharing net-zero goals by 2050 and a methane emission target of 75 to 80 per cent from the conventional oil and gas sector by 2030. The ERP is also mentioned on page 49 of the business plan. What has the ministry put in place to achieve these methane targets? Are you investing in new programs? How much money from the ERA is allocated over the next three years towards methane reduction? Basically, I'm asking: how do you plan to achieve these targets?

5:55

**Ms Schulz:** First of all, what I would say is that when it comes to reducing methane emissions, our approach has been to work with industry, and using our provincially-led approach – just before COP, actually, we were able to announce that we had hit our first methane emissions reduction target from upstream oil and gas by 45 per cent. We hit that target three years ahead of schedule, and I also always point out that we did that for \$600 million less cost to industry than if we had done things the way that the federal government wanted to see those programs rolled out. Methane emissions are falling rapidly, and that is what matters here.

Since 2020 over \$60 million has been invested in programs that help the energy 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 our province and directly prevented nearly 17 million tonnes of emissions from being released. Our measurement, monitoring, and reporting and verification approaches are ahead of the majority of systems in place in most oil and gas producing jurisdictions, but our government is committed to continuous improvement in this area. We have been having conversations with industry about the next iteration of, essentially, what our goals are in the emissions reduction and energy development plan.

Obviously, we also had the announcement from the federal government. Their commitment is slightly different. We are very committed to the fact that this, of course, impacts our energy production. This is an area, then, of provincial jurisdiction, and we will continue to do this in our own way because, quite frankly, we are seeing results that we wouldn't have seen under a federal approach.

While we are still working on what that next iteration of TIER investments is going to look like, those are the conversations that we are having with industry. But industry: at the time that we released our emissions reduction and energy development plan, they were partners in identifying what we thought reasonable next targets would be, and that was where the number came from in our plan.

**Ms Al-Guneid:** Okay. I still have two minutes. I'm going to ask on the oil sands. There was research published in the journal *Science* that showed that air pollution from oil sands exceeds industry-reported emissions by 1,900 per cent to 6,300 per cent. These are alarming findings. I'm curious if the ministry has looked into this study. Have you investigated these numbers just with all the monitoring you're doing?

**Ms Schulz:** Again, as we are here to discuss the estimates – I was actually ready for that question in question period today, but I unfortunately didn't get that one. I can tell you that while it's not related to our direct budget and estimates, I do know that a number of communities on that list from the report, just high-level understandings, are in Canada, and part of that is because of the impact of forest fires to air quality in the last year. However, we do take air quality monitoring very seriously. That's why, for example, we have the oil sands monitoring program specific to that area of the province, but we do have sites across the province to manage air quality monitoring. Of course, we know that historically we have actually had, I would say, very good results when it comes to air quality monitoring, but what we did see in that report, as I understand it, is that forest fires had an impact on that last year.

**Ms Al-Guneid:** I'd be interested to see the results.

Maybe I'll ask the energy war room question differently. Would the government and the ministry commit to allocating 100 per cent of the TIER revenue into investments in clean technologies, moving forward, to create more investments, to create the right environment for more clean tech investments? Yeah. I'm just curious.

**Ms Schulz:** Yeah. Right now that is our current policy and our current formula for the reinvestment of TIER funds. We have been having discussions with industry over the last number of months, and those will continue over the next couple of months on changes that we may want to make, how we want to see those investments roll out, you know, how we might be able to reinvest that directly into emissions reduction.

Again, we just spoke about methane. We do have a timeline in place of 2026 in that TIER regulation. I think, to some of the topics that we've spoken about today, we don't want to create any uncertainty within our industry right now. But I think there are things that industry would like to see in terms of where those investments go and how we might be able to maximize those dollars both in direct emissions reduction in operations and, again, continuing to encourage that technology that's really putting Alberta on the map.

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

We now will go to the government side. Member Armstrong-Homeniuk, you have 10 minutes.

**Ms Armstrong-Homeniuk:** Thank you, Chair. Through you to the minister, first of all, Minister, thank you for all your hard work. I know it's a very complex file, and I know you're very, very dedicated, and you have some awesome staff, too. So thank you for all that you do.

Minister, I see on page 145 of the business plan that the ministry is providing support to waste-water projects in Alberta's Industrial Heartland. As one of two MLAs that represent the Industrial Heartland, I know the importance of water and water infrastructure to both individuals and industry alike. Minister, can you please expand on the initiatives you're undertaking to support water projects in the Industrial Heartland and to release more licences to meet growing industrial demand?

**Ms Schulz:** Yeah, absolutely. That's a great question, and I do want to thank the member for her advocacy of the Industrial Heartland as well. We know that we have to increase water supply to meet growing industrial demand, and that was really part of my mandate letter item around maximizing water allocations. That is why our budget includes \$23 million over three years in funding to increase water availability for communities and businesses. Again, that would include that \$18.5 million in operating expense and \$4.5 million in capital investment. Of course, we know that we have to maximize our water supply, reduce the impacts of drought that we're seeing right now but also support businesses and communities to grow and to make every drop of water count.

As mentioned, the \$4.5 million is to study a new Ardley water reservoir in the Red Deer basin and launch a review of other areas in the province where additional water storage infrastructure would be beneficial. Of course, that does also include reviewing our water management and regulatory system to look at new policies and tools as well as opportunities, working with those water users and partners to identify new ways to improve water conservation efficiency and productivity, and continuing to modernize and digitize our water management information system. And, of course, new and enhanced policies and strategies have to be developed to free up and optimize uses of available water. That also includes exploring water reuse, how to be more efficient, productive, and conservative with existing water.

We will be looking for improvements. That includes gathering feedback from those such as the Industrial Heartland on how we might be able to better support decision-making management of water resources. Of course, more information will become available as that work proceeds over the course of the year.

**Ms Armstrong-Homeniuk:** Thank you, Minister.

On page 6 of the business plan there is a mention of \$50.5 million being allocated to the designated industrial zone, or DIZ, pilot, which helps to reduce red tape and streamline regulatory approvals to help attract new investment and job creation. Can you provide some details on this pilot, Minister?

**Ms Schulz:** Absolutely. I think it's a great opportunity to talk a little bit more about the specifics and where those dollars are going. The funding is to support construction of three water intake facilities in Lamont, Strathcona, and Sturgeon counties based on the recommendations of a water intake feasibility study that was conducted in 2022-23. The three new water intakes are a capital grant, and the timelines for delivery are as follows: \$1.4 million in capital investment funds will complete the zone-wide environmental and socioeconomic assessment. This assessment began in '23-24 and will establish a baseline and reduce project-specific environmental impact assessment requirements; \$300,000 over three years will hire a temporary staff position to assist in managing the portfolio projects associated with the capital investments and the capital grant.

**6:05**

In terms of the water intake specific work in year 1, '24-25, that will see us advance \$2.5 million to municipalities for establishment of the municipal water co-ordinating committee, following council approval from each municipality, hiring of initial staff, and starting construction-ready engineering and site prep. In year 2 that will see us deliver 17 and a half million dollars to municipalities to start construction of the first water intake, among other steps. Year 3, in '26-27, will see us deliver \$10 million in funding to the municipalities to complete the construction of intake 1 and initiate water system operations and then begin the design engineering for

water intake 2. Years 4 and 5, in 2027 to '29, will see us make another \$20 million investment to complete the last two water intakes for the project.

This funding isn't included in my three-year budget, of course, but it is part of the five-year capital plan. Again, I think this just shows our commitment to this model and the important impact that it'll have in that region.

**Ms Armstrong-Homeniuk:** Thank you, Minister.

You've somewhat touched on the answer for this next question, but if there's something more you would like to expand on, I'm happy. EPA was heavily involved in the environmental management of the Industrial Heartland DIZ. How will the EPA work to ensure that this new DIZ pilot achieves environmental outcomes while still attracting investment and creating jobs?

**Ms Schulz:** Absolutely. This is a project that I do hear a lot about. The facilities in that designated industrial zone do benefit from consistent, co-ordinated regulatory approvals, shared access to infrastructure and resources, and minimize cumulative environmental impacts through participative governance of a zone and a commitment to continuous improvement. The proponents have also committed to zone-specific environmental assessments, topsoil management guidelines, air emissions requirements, water quality management, financial or human resources for implementing environmental management programs.

You know, I think it's important to point out that rigorous environmental protection and management measures are in place. Of course, that includes an air emissions requirement policy, enhanced guidance for air modelling, and a water quality management program. So this regulatory management approach: I believe it will be seen as a global best practice for managing and encouraging sustainable industrial growth. It's pretty exciting, as you know, given this is in the member's backyard, but it's something that we look to model into the future.

**Ms Armstrong-Homeniuk:** Thank you, Minister.

Performance indicator 2(b) in the business plan relates to the intensity of electricity greenhouse gas emissions. The indicator helps to determine how the industrial emissions pathway will be altered due to policy and legislation, in particular the price of carbon from large industrial emitters through TIER. We've seen this intensity decline from 760 kg per megawatt hours in 2017 to 510 in 2021. With goals of increasing the percentage of greenhouse gas emissions priced by the province, how much do you anticipate emissions intensity to drop when it's next measured, and do you have a particular target?

**Ms Schulz:** This is an important question, Mr. Chair. We do have a clear plan and approach to achieve carbon neutrality by 2050 while, of course, maintaining energy affordability, reliability, economic growth, and continuing to create jobs. We've already reduced electricity emissions by 53 per cent from 2005 to 2021. We do expect emissions intensity to continue to drop in the years ahead. We aim to be off coal-fired generation in 2024, which is, again, ahead of the target to do so by 2030. Renewables already represent about 31 per cent of our electricity capacity, and that was as of 2022.

We also continue to see interest in CCUS. It's slower than anticipated with the federal government not yet having finalized their commitments in those investment tax credits. We will be able to report the actual intensity number in the coming months as the updated national inventory report is published with the 2022 emissions information.

I'd also like to note that the TIER system was updated for 2023 forward, and the increasing carbon price and tightening stringency across all sectors are expected to continue to reduce emissions as well. Those rates will be – they will depend sector by sector – based on specific opportunities such as timing for update of CCUS. So we're doing the work to continue to reduce emissions and keep people working.

However, again, one of our biggest challenges continues to be the federal government, their unrealistic federal clean electricity regulations. Those not only threaten the security and reliability of our grid, but they are having this impact with the potential of scaring off the investments needed to continue to reduce emissions in the years ahead.

I'm sure the members in this room have heard me talk about that time and time again, and we'll continue to raise that. Quite frankly, even at some of the events that we've had from the federal government in Alberta companies, that has been the message that those Alberta companies have raised, the need for some certainty at the federal level as well to continue being a leader when it comes to emissions reduction and technology and innovation.

**Ms Armstrong-Homeniuk:** Thank you, Minister. Can you provide an example of other policies and legislation which have led to this decrease?

**Ms Schulz:** Yes. It's important to recognize that there are many projects and programs and policies that help reduce emissions and create jobs. There isn't one simple, magical solution. Our reduction in electricity, those are the results of many factors. Of course, that rapid transition away from coal-fired power, again, did cost a significant amount of money, and we have to look at grid reliability as well.

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

We'll go over to the opposition for their final block. Go ahead.

**Dr. Elmeli:** Thank you, Mr. Chair and through you to the minister and her team here of very rapid paper page-turners and note-writers. Thank you so much for all of your answers. You're all doing so amazingly well. We're almost done.

Also through you, Mr. Chair, to the other members here today, thank you very much for your questions and comments. Many of you have asked questions that I had, so that actually makes my job a lot easier also.

I want to close my opportunity by just turning to the oil sands monitoring program. You mentioned in your opening remarks that the budget for oil sands monitoring has increased substantially. This program is really comprehensive, and it has accrued a diversity of data to inform management over the last few years. The data sets associated with this program are something that Alberta should frankly be very proud of and are a reflection of the incredible research capacity, passion, and sophistication that our province holds.

For me, the question about monitoring always comes down to: what do we do with that information once we have it? We've got an increase in funding on page 91 of the fiscal plan. We're increasing funding for oil sands monitoring by \$14 million over the next three years. I'm curious what the focus is of this increased monitoring budget and then what we plan to do with these results.

**Ms Schulz:** Thank you very much. And thank you, through the chair, to the member for allowing us to do a little bit more page-flipping so that we can have very accurate answers for you on this.



When we look at this program, I do just want to highlight that this is a multistakeholder – and I typically dislike the word “stakeholder,” but sometimes in environment it seems to be the most fitting to explain how this works. This is a multistakeholder governance structure for this program. It does include an oversight committee, a science and Indigenous knowledge integration committee, an Indigenous community-based monitoring advisory committee, and technical advisory committees.

Of course, that includes industry and Indigenous communities and being supportive of the structure and the participation. I think that is a benefit and speaks to what the member was saying about the importance of this work. The program co-chair has approved the annual monitoring work plans focusing on assessing the impact of oil sands development on air quality, surface water, groundwater quality and quantity, aquatic ecosystem health, wetlands, wildlife, health, and biodiversity as well as further quantification of regional baseline conditions and cumulative environmental effects assessments.

Ongoing integration effort is being applied to work plans to increase efficiencies and explicitly include communities in core and focused monitoring evaluation and reporting. Over half of the total budget is provided to external monitoring organizations to support the mandate of the program. The program is implemented through more than 50 internal and external partnerships with monitoring organizations, agencies, Indigenous communities, environmental NGOs, and universities. Investment in Indigenous-led community-based monitoring has also increased nearly fourfold since 2014-15, which I think is important.

6:15

We have from this program over 500 products in support of the program mandate: 300 peer-reviewed papers, technical reports, program reports, presentations, workshop material. Monitoring data and information is publicly available on the program portal. It meets our monitoring requirements.

Of course, one of the things, I think, to answer the member’s specific question about “So what now?” – I think it’s one thing to have all of that information available, and it is transparently available on the portal, but I think the issue is making sure that we do have it in a publicly palatable and understandable format so that there is confidence for folks to understand and put that data into context. That is one of the priorities that we’re working on under that program this year. Hopefully, we’ll have a little more on that, I would say, in the first half of this fiscal year.

**Dr. Elmeligi:** Through the chair to the minister, thank you very much for that answer. I think what I’m actually looking for is – like, I agree that there’s a ton of science being done out there and that making that science more publicly digestible so people can understand what evidence is informing this decision-making is really critical. But what I’m really curious about is: how are the results for monitoring changing industrial practices on the ground? You’re absolutely right when you say – like, a healthy economy and a healthy environment go hand in hand. These two things are not exclusive of each other; we can’t have one without the other. So when we’re doing this monitoring, we really want to make sure that those results are circling back to reduce the environmental impact of industrial practices.

**Ms Schulz:** I appreciate the member’s question on that front. You know, look, I think it is important to be able to articulate the work that has been done. We talk a lot about emissions reduction, but when it comes to monitoring, our monitoring is exceptionally extensive. I mean, even when we look back maybe specifically on the focus of water quality – I know that has been raised over the last

number of years – questions are often asked about data access and monitoring in the oil sands region. I think it’s important to have that information not only – like, it’s transparently available online. But what I’ve often said – and this is a conversation that we’ve had with the oil sands mine water monitoring team; that’s a mouthful – is that it is challenging for me as the minister of environment to access that information and interpret it, go onto the portal, understand what I’m seeing and what that means and how that impacts my understanding of the impacts that industry is having on our air, land, water, and, of course, biodiversity.

You know, we are open and transparent when it comes to managing that data and reporting on the monitoring that we do. But, really, we are working to (a) speed up some of this reporting and then, again, just making sure that it is available in a publicly palatable way because I think when concerns rise – and I know, as I mentioned, sometimes surface water quality, especially with the incident that we had seen a couple of years ago: when we see that increased focus, we want to be able to have confidence and public confidence, and how we provide that data to the public, I think, also helps not only drive industry practices but also community understanding of impacts.

**Dr. Elmeligi:** Yeah. Through the chair to the minister, I think that this is a really important part of accountability. Oil sands monitoring is a very expensive line item in the budget, and being able to report back to the public not only the data that that generates, which I agree is internationally exemplary of what a monitoring program can look like, but also being able to report back on how that data informs management and makes improvements on the ground for ecological integrity: I look forward to working with you over the next three years to find out how we can do that.

I’ve got a minute and 44 seconds left and one super not fast question. You know, earlier we started out, at the very beginning, talking about drought and the Bow River, a new dam on the Bow River, and that feasibility study. I have two questions: like, one, when can we expect that feasibility study to be publicly released, and two, was part of that feasibility study to look at existing dams on the Bow River? There are 11 dams in the Bow watershed between Lake Minnewanka and Cochrane, and I’m wondering if there was a conversation about enhancing the capacity of those existing dams as well. Basically, what I’m saying is: can we enhance the capacity of existing infrastructure without having to build a new dam on the Bow River?

Sorry to, you know, go back. I like to go full circle. Let’s just go back to the beginning.

**Ms Schulz:** I’m certainly glad, Mr. Chair, that the member asked that question because I know she had mentioned it early on, and I kept that page out and was going to try to jump right back to it before we ran out of time today. The answer is yes. Work is under way to increase flood and drought storage capacity along the Bow River. That work is building on the work done by the Bow River Working Group back in 2019, where it was determined that more was needed. A feasibility study is looking at three possible options to build a new reservoir that protects Calgary and other communities along the Bow River. We are moving as quickly as possible while . . .

**The Chair:** Next year.

We will go to the government caucus. MLA Dyck, you can finish this up.

**Mr. Dyck:** Well, thank you very much. I’m so excited to wrap up this meeting in the next eight and a half minutes. I want to go back

to TIER for a couple of minutes here, just on page 52 of the business plan. The focus of it, from my understanding, is to drive economy-wide decarbonization through the TIER regulatory system. Minister, my question is this: how would you describe the effectiveness of TIER so far as a major emissions reduction program in Alberta? As well, how does this compare to other jurisdictions maybe across the world or Canada? You can take your pick.

**Ms Schulz:** I would just say – thank you for the question. Just the answer to the last question is: we're hoping by the end of this year to have that feasibility and technical work completed on those three options.

Alberta has been a leader in regulating greenhouse gas emissions from our large industries, you know, since 2007, and this is our current system. I think we've certainly heard this from places around the world, especially when we are at international conferences like COP. To hear what people are talking about in terms of, "Maybe in the 2030s, at some point, if we could get some of this infrastructure and work on some of that regulation, we could look at CCUS," I can tell you that myself and the Premier are sitting there in the front row saying: "We're already doing this in Alberta. We are leaders when it comes to emissions reduction."

We did revise TIER for 2023 forward. That included providing regulated facilities greater certainty by publishing the industrial carbon price scheduled as well as the emission reduction requirements out to 2030. There are close to 600 regulated facilities participating in that system. Since 2007 we've seen about 234 megatonnes of compliance obligation resulting from our industrial carbon pricing system. They've complied, as I said, in various ways, whether that's making emissions reduction investments and improvements on-site, whether that's paying for carbon offsets or voluntary action to reduce emissions following those protocols that have been established.

And they've paid into the TIER fund, of course, which is then invested into the technologies and projects to reduce emissions. You know, I would just say that TIER is one factor that led to, for example, an investment in our electricity sector, that has seen a 33 per cent reduction in emissions intensity from 2017 to 2021. We've had that adoption of CCUS through projects like Quest and the Alberta carbon trunk line, that have safely sequestered 11 and a half million tonnes of CO<sub>2</sub> to date. We are expecting more CCUS adoption, essentially supported by TIER.

Bioenergy proliferation across our province: I mean, I was at the biomass conference just a couple of months ago. Again, that is a type of technology that is driven by those TIER incentives, and it is incenting biofuel and biogas projects. That includes landfill gas, diverted organic waste, animal manure, and waste-water projects. I mean, I think that this is quite exciting, and they're just some of the examples that have been really driven forward by TIER. I mean, every single day I hear of another Alberta company that is doing great things and has new opportunities and new ideas to move our province forward.

You know, just to provide a little bit more information, in addition to that 234 million tonnes of total cumulative compliance obligations, 80 megatonnes of carbon offsets have been created to date; \$4 billion in total fund payments since 2007. Our two largest carbon sequestration projects, again, we talk about a lot and the methane emissions reduction, which we are very, very proud of here in Alberta.

6:25

**Mr. Dyck:** Well, thank you for that response, Minister. That was excellent. I really appreciate it.

For my next question here we have TIER, which places a cost on emissions on industrial emitters, but Albertans continue to pay the federal carbon tax, making just necessities right across the board more expensive. It's just an affordability question, but it does portray into your ministry here. Minister, what do you hear from stakeholders about the consumer carbon tax, not about the industrial TIER credit?

**Ms Schulz:** Mr. Chair, the member is absolutely correct. Albertans and Canadians are concerned about affordability, and the carbon tax adds costs to households, to seniors on fixed income, to small businesses across our province. I've also met with school divisions, for example, who've really identified how their carbon tax payments could far better be invested into kids and teachers in the classroom. It costs schools, hospitals, municipal government properties like rec centres, not-for-profits, charities, and it's affecting the ability for them to put their limited dollars to the services that Albertans and Canadians are expecting from their governments.

It's not reducing emissions. I mean, Minister Guilbeault has already said that. The federal environment and sustainability commissioner, a federal auditor, found the burden of carbon pricing disproportionately affects Indigenous groups and small businesses, and still the federal government is planning to increase that carbon tax to \$80 per tonne on April 1. We're not the only province that is in opposition to this consumer carbon tax: Alberta, Saskatchewan, Ontario, Newfoundland, Nova Scotia, New Brunswick, and P.E.I. Again, not all political opposition, I would say; there are even Liberal-led provinces that are opposed to this increase in the carbon tax. The federal government: again, they just refuse to use common sense, to show sensitivity to the very realities that Canadians are facing right now, where anything we could do to address inflation and affordability has to be done.

I mean, the carbon tax is wildly flawed. I mean, we could just use that example of the exemption for home heating oil in Atlantic Canada. I mean, it's exempt from the federal tax. The federal government is providing subsidies to transition off heating oil, and the program is expected to cost more than \$700 million according to the parliamentary budget office. I would also just say that the federal government invests carbon tax revenue differently in different provinces. In provinces and territories that support the federal government to apply its carbon tax, they can have the revenue returned to the provincial Crown or direct how they want the money used. In provinces like Alberta that challenge the federal government, the federal government seems to pick and choose how to use the dollars.

Fundamentally, that program is flawed, and it's not reducing emissions. It's why we obviously oppose that increase, but so, too, do many across the country.

**Mr. Dyck:** Well, thanks, Minister. I really appreciate that.

I'd be remiss if my final question here – one, I want to say hello to my little boy Jayce. He's probably watching, so I'm just going to do that. He loves doing this.

But I want to also ask a question real fast on fishing. I think there's \$59.3 million allocated to fisheries management, including the provincial fish stocking program, which many Albertans have taken advantage of. Other than the fish stocking program, what does this investment go towards?

**Ms Schulz:** Thank you very much. In this year's budget \$10 million is included for the fisheries management program, which supports the conservation and sustainable use of fish and aquatic ecosystems. The program sustains and improves our fish resources according to

Alberta's fish conservation and management strategy, which sets out our priorities and measures of success. The program conducts field surveys, data analysis, and assessments of risks to fish populations, providing necessary information to fisheries managers, partners, and the public. It also provides internationally recognized expert advice and the scientific information with regard to fish biology, population status, and sustainability.

**The Chair:** I apologize for the interruption, but I must advise the committee that the time allotted for consideration of the ministry's

estimates has concluded. Good questions, good answers. Well done, everybody.

I would like to remind committee members that we are scheduled to meet in this very room at 7 o'clock with the Ministry of Municipal Affairs, so if we can exit rather quickly so they can come and clean up. Anyone that's coming back here: you can leave your stuff here at your own risk. It's up to you, but that's what you can do.

Thank you, everyone. This meeting is adjourned.

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









