

Ministry of
Energy, Mines and Natural Gas
and Minister Responsible for Housing

2012/13
Annual Service Plan Report



Ministry of Energy, Mines and Natural Gas

For more information on how to contact the British Columbia
Ministry of Energy, Mines and Natural Gas
see Ministry Contact Information on Page 39 or contact:

Ministry of Energy, Mines and Natural Gas
PO BOX 9319
STN PROV GOVT
VICTORIA B.C.
V8W 9N3

or visit our website at

www.gov.bc.ca/ener/

Published by the Ministry of Energy, Mines and Natural Gas

Message from the Minister and Accountability Statement



While British Columbians are justly proud of the province's obvious natural beauty, they can also take pride in what is mostly hidden: the resources below the ground, which contribute significantly to B.C.'s current prosperity and will continue to do so in the future.

Minerals and natural gas—along with water, wind and biomass—provide substantial investment, jobs and government revenue. In 2012, the mining and natural gas industries provided approximately \$1.4 billion to the government to support important programs such as health care and social services.

Mined products, electricity and natural gas have traditionally made a strong contribution to the province's exports, and this contribution continued during 2012/13, despite a reduction in the global commodity market. In the 2012 calendar year, B.C. exported \$11.4 billion worth of energy, coal and mineral products. While this was less than the peak reached in 2011, it still amounts to 36 per cent of the province's exports.

Canada Starts Here: The BC Jobs Plan leverages the province's competitive advantages to benefit all British Columbians. Opening new markets for export and strengthening our infrastructure to get goods to market will help grow the B.C. economy and create jobs in every region.

The Ministry's liquefied natural gas (LNG) strategy specifies clear targets for plants and infrastructure, with supporting goals and commitments from the province's Natural Gas Strategy. The vision is for British Columbia to be a global leader in secure, sustainable natural gas investment, development and export. B.C. is ideally positioned to export LNG to growing markets in Asia. By exporting LNG, world-wide emissions may be lowered as B.C.'s natural gas increasingly displaces the use of more carbon intensive fuels such as coal and diesel. The Infrastructure Royalty Credit Program—extended in 2012—continued to support natural gas development in British Columbia.

2012 was a strong year for mineral exploration and mining in B.C., especially given the ongoing uncertainties in global financial markets and lower commodity prices. B.C. mines produced an estimated \$8.3 billion worth of commodities, and at an estimated \$680 million, exploration spending in B.C. hit record levels in 2012.

The Ministry's mineral exploration and mining strategy outlines how B.C. can grow the industry and reach out to growing Asian markets—where B.C. coal, copper and other mined commodities are supporting the world's largest-ever urbanization. This growth is expected to increase mine-operation revenue by \$1.6 billion per year once the projects are fully operational, creating approximately 2,000 new jobs, and sustaining more than 5,000 direct mining jobs in the province.

Ministry of Energy, Mines and Natural Gas

Another notable resource-related investment is the Northwest Transmission Line (NTL), which will support clean energy projects, provide clean energy to future industrial developments in the area, and create up to 280 direct jobs per year over three years of construction. An extension of the NTL to Iskut, designed to serve the Red Chris Mine, is already under construction.

The \$15 million LiveSmart BC: Small Business Program was launched in January 2011. It has saved more than 10,000 B.C. small businesses more than \$6 million in continuing utility costs. It has also saved more than 1,620 tonnes of greenhouse gas emissions, the equivalent of 306 vehicles off the road.

The Office of Housing and Construction Standards has an important role in the housing market and construction sector. Working with industry and local governments, the Ministry continues to explore ways to modernize the building regulatory system and establish a uniform building code that will encourage innovation and improve housing affordability. The Ministry has introduced improved regulations governing strata corporations to help more than half a million strata owners in the province. The Residential Tenancy Branch helps protect landlords and tenants through information, education and a dispute resolution process that balances the rights and responsibilities of all parties in a tenancy agreement.

Through *Housing Matters BC*, the Government's comprehensive housing strategy, the Ministry continues to improve the lives of British Columbians by providing safe, affordable housing options - from supportive housing for those who are homeless to affordable rentals for individuals, seniors and families with lower incomes. Close to 100,000 B.C. residents benefit from provincial housing programs and the Ministry's strong partnerships with local governments and community organizations continue to help increase the available housing options in B.C.

The Ministry remains committed to managing the liquor and gaming industries to protect public interests and ensure public safety. It is working to better ensure that liquor licensees and staff do not serve or sell liquor to minors, and that minors are prevented from entering age-restricted gaming facilities. The Ministry is providing more flexibility for movie and live-event theatres, by allowing them to apply for a licence to serve alcohol during the screening of a film, and by permitting caterers to acquire a liquor licence. The Ministry is also part of efforts to prevent and deter money-laundering in gaming facilities in the province.

Commercial gaming in the province is a \$27 billion per year industry, and provides an estimated 37,000 direct and indirect jobs to British Columbians. Annually, Government coffers receive more than \$1.1 billion in gaming revenue, to support health care, local governments and thousands of community organizations.

Ministry of Energy, Mines and Natural Gas

The *Ministry of Energy, Mines and Natural Gas and Minister Responsible for Housing 2012/13 Annual Service Plan Report* compares the actual results to the expected results identified in the Ministry's 2012/13 - 2014/15 *Service Plan*. I am accountable for those results as reported.

A handwritten signature in black ink, appearing to be 'Rich Coleman', with a long horizontal line extending to the right.

Honourable Rich Coleman
Minister of Energy, Mines and Natural Gas
and Minister Responsible for Housing

June 24, 2013

Table of Contents

Message from the Minister and Accountability Statement	3
Highlights of the Year	7
Purpose of Ministry	13
Strategic Context	15
Report on Performance	19
Performance Results Summary Table	20
Goals, Objectives, Strategies and Performance Results	22
Report on Resources: Summary Table	37
Annual Service Plan Report Appendices	39
Appendix A: Ministry Contact Information	39
Appendix B: Hyperlinks to additional information	40

Highlights of the Year

Over the last year, the Province made significant progress in establishing its emerging role as an energy powerhouse that will serve Asia Pacific markets with a stable, long-term supply of liquefied natural gas (LNG). Following through with the Government's previously launched natural gas and LNG strategies, there have been investments totalling approximately \$6 billion to acquire upstream natural gas assets and an additional \$1 billion to further LNG planning and development. Major LNG proponents have come forward with plans to build LNG export operations and as of March 2013, eight large LNG projects were formally proposed or announced, in addition to several mid-size LNG projects.

The government of B.C. is committed to having the cleanest LNG industry in the world. Power supply discussions with proponents are moving forward. In July 2012, government amended a regulation under the *Clean Energy Act* to ensure a reliable, timely and cost-competitive option of blending gas-fired electricity generation with market purchases and grid supply to meet the large power demands of the LNG industry.



Construction began in 2012 on the Kokish River Hydroelectric Project, a run-of-river power project in northeast Vancouver Island. The project is being developed by Kwagis Power, a limited partnership between Brookfield Renewable Energy Partners and the 'Namgis First Nation. When completed in 2014, the project will deliver up to 45 megawatts of clean, renewable power to the B.C. energy grid, providing enough electricity for approximately 13,000 homes.

In February 2013, the Ministry hosted Canada's first international LNG conference – Fuelling the Future: Global Opportunities for LNG in BC. The conference was a huge success, hosting 530 delegates from 192 companies and nine countries. Delegates from 25 B.C. communities and more than 15 B.C. First Nation communities attended. Local, provincial, federal and

international speakers presented and participated in panel discussions that focused on topics such as: global market opportunities; workforce and skills planning; LNG as a transportation fuel; and impacts and benefits for First Nations and communities.

The Ministry is also developing domestic natural gas markets. In May 2012 a regulation under the *Clean Energy Act* supported a utility spending up to \$104 million for heavy duty natural gas vehicles and fuelling infrastructure. Fortis BC's initial offering will convert 400 heavy duty trucks and one marine vessel.

B.C. was a net importer of electricity from 2008 to 2010; this has since changed. In the 2011 calendar year, B.C. exported 2.8 terawatt hours¹ of electricity to other provinces and the United States. This volume more than doubled in 2012, reaching 5.8 terawatt hours—a record volume.

In 2012/13, five clean power projects began providing electricity under Electricity Purchase Agreements with BC Hydro. The *Clean Energy Act* requires BC Hydro to complete smart meter installations, in accordance with the Smart Meter and Smart Grid Regulation. Government announced in December 2012 that BC Hydro will have till December 31, 2013 to complete remaining installations.

Province launches review of industrial electricity policy

On February 1, 2013, the Province announced a review of industrial electricity policy so that British Columbia will be ready for future industrial development. BC Hydro offers electricity service to approximately 120 customers who connect to the BC Hydro grid at 69 kilovolts or greater. A task force will make recommendations in July 2013 on how transmission voltage rates may contribute to provincial electricity conservation, economic development, and environmental policy objectives.

The LiveSmart BC: Efficiency Incentive program provided homeowners partial cost recovery of a baseline energy efficiency evaluation of their home and incentives for energy efficiency upgrades. In 2012/13 the program provided incentives to more than 16,500 homeowners. This will result in a reduction of greenhouse gas emissions of more than 39,000 tonnes annually. In June 2011, amendments to the *Clean Energy Act* (Act) were enacted to give the Minister of Energy, Mines and Natural Gas (Minister) the authority to require major utilities to offer a transferable on-bill financing program to eligible customers, and to set program parameters for the financing offer.

On July 26, 2012, the Minister signed a regulation under the Act to require BC Hydro and FortisBC to implement residential financing pilots in the City of Colwood (electrically-heated homes) and the Regional District of Okanagan-Similkameen (gas and electric-heated homes) respectively, beginning November 1, 2012.

The LiveSmart BC: Small Business program provided small businesses with free energy assessments, support in accessing utility incentive programs, and help completing energy

¹ Figures are from BC Stats, based on Statistics Canada data. Note: 1 terawatt hour = 1,000 gigawatt hours.

efficient upgrades through its free Business Energy Advisor service. The program also topped up utility incentive programs province-wide, and offered free lighting upgrades to very small businesses in FortisBC electric territory. In 2012/13 the program served more than 5,200 small businesses, resulting in approximately 80 gigawatt hours in energy savings.

In May 2012, the *Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act* was amended, followed in November 2012 by amendments to the Renewable and Low Carbon Fuel Requirements Regulation, which will take effect July 1, 2013. The amendments separate transportation fuels into two classes, gasoline and diesel, and level the playing field for fuel suppliers. They are based on recommendations from consultation with more than 39 fuel suppliers. The amendments also introduce the ability for suppliers to enter into agreements to earn credit for actions which accelerate the adoption of low carbon transportation fuels.

In December 2012, the Province of British Columbia, Tahltan Central Council and Shell Canada reached an agreement to resolve the status of natural gas tenure in the Klappan area of northwest B.C. The agreement involved Shell Canada's immediate withdrawal of plans to explore for natural gas in the Klappan by relinquishing its tenures. In addition, the Province will not issue future petroleum and natural gas tenures in the area. The Klappan is an area that has been identified by the Tahltan Nation as having significant cultural, spiritual and social values. It is also an area of salmon-bearing waterways such as the Stikine, Nass and Skeena Rivers. A separate agreement between the Province and industry will lead to a new water recycling project—to be built by Shell—through the issuance of \$20 million in provincial royalty credits.

Royalty credit program creates infrastructure jobs

In the fall of 2012 the Province awarded \$120 million in royalty deductions under the 2012 Infrastructure Royalty Credit Program. The deductions are for 21 oil and gas infrastructure projects, in northeast B.C. Under the program, 11 companies will fund the entire cost of each project. The companies can then recover up to half of an approved project's cost through deductions that will reduce the amount of royalties they will later pay to the government. The 2012 program is expected to generate approximately \$260 million in new industry capital spending in the province. Five years from now, the 2012 allocation of the program is expected to have generated new net incremental royalties of approximately \$300 million.

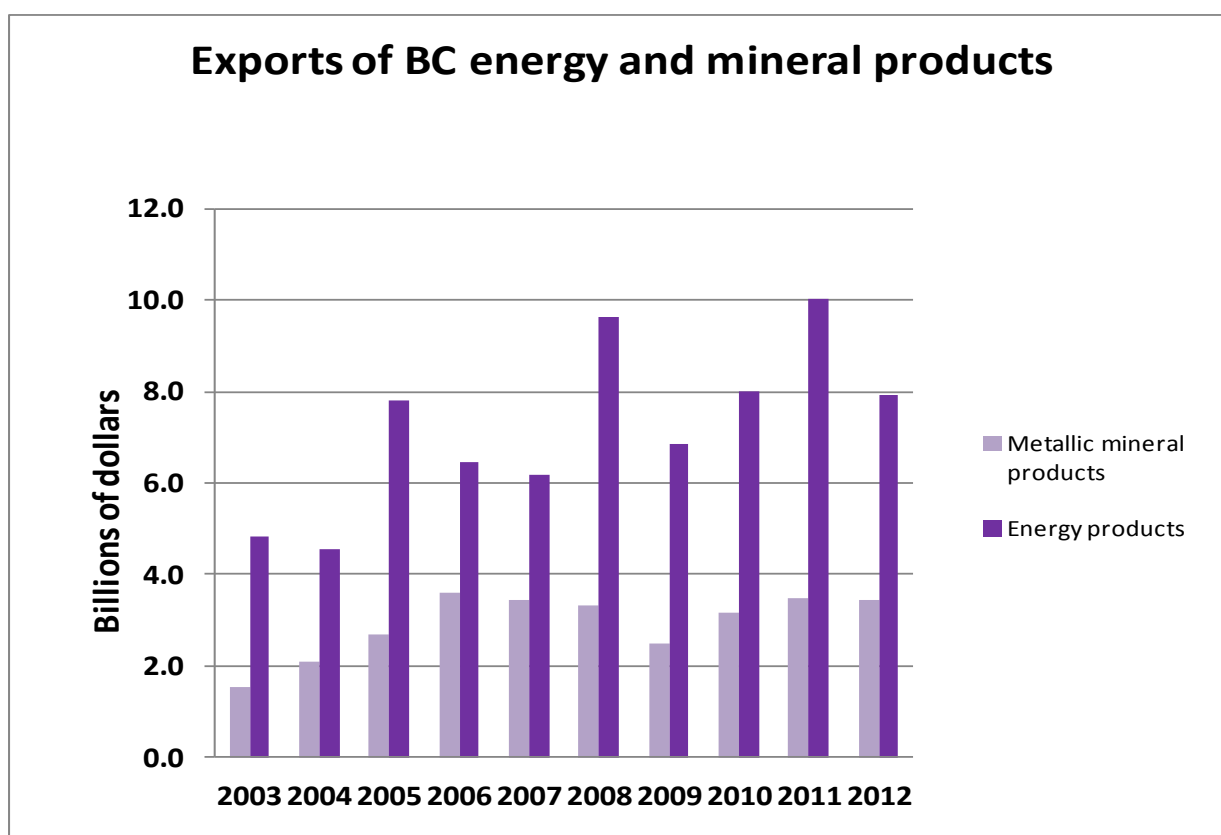
In July 2012, the Province amended the *Petroleum and Natural Gas Act's* drilling licence regulation that governs the oil and gas tenure system. The changes increase flexibility for industry while reducing land impacts, and contribute to the commitment in *British Columbia's Natural Gas Strategy* to improve and update the administration of Crown-owned natural gas resources. Holders of oil and gas tenures are no longer required to drill in remote areas to prove they are conducting adequate exploration activities.

In 2012/13, the auction of Crown subsurface petroleum and natural gas rights realized Government revenues totalling an estimated \$863.3 million. In addition, the Province received

an estimated \$238.6 million in oil and gas royalties. Revenue from royalties and from the sale of subsurface rights supports important programs such as health and education.

On May 16, 2012, the Province released *British Columbia's Mineral Exploration and Mining Strategy*, which supports *Canada Starts Here: The BC Jobs Plan*. The strategy outlines specific goals and actions to capitalize on the unique opportunities associated with strong global demand for mined products. The strategy's targets and commitments include the following:

1. Create eight new mines and expand nine existing ones by 2015.
2. Increase mineral exploration to ensure future mining activity.
3. Ensure mine development improves the social and economic well-being of First Nations and respects cultural values.



Data Source: Ministry of Energy, Mines and Natural Gas, using data from BC Stats. Data is by calendar year. Notes: (i) Metallic mineral products include: copper and molybdenum ores and concentrates; and unwrought aluminum and zinc. It does not include fabricated metal products or coal. (ii) Energy products include natural gas, coal, electricity and petroleum products.

Significant progress has been made towards achieving the Province's targets of eight new mines and nine mine expansions by 2015. The Red Chris mine is under construction and Treasure Mountain is in operation (both received *Mines Act* permits in May 2012), and the official opening ceremony for the New Afton mine was held in September 2012. The Gibraltar mine expansion was approved in February 2013, making it the sixth expansion approved since the *Jobs Plan* was released and the seventh expansion in the last two years.

British Columbia has become a national leader in mining, with a production value estimated at \$8.3 billion in the 2012 calendar year. Mineral exploration spending reached a record-setting \$680 million in 2012—a 47 per cent increase from 2011. Total investment in mineral exploration and mines reached \$3.7 billion in 2012/13. In addition, the turnaround time for processing exploration Notices of Work applications was reduced to 73 days by the end of 2012/13, a significant decrease from 110 days in November 2011. With all of this activity, mining continues to be one of the safest heavy industries in B.C.

B.C. is leading Canada in the creation of innovative programs to address the needs of the homeless. A previously announced public-private partnership with the federal government, the Single Room Occupancy Renewal Initiative, is renovating and restoring 13 of the Single Room Occupancy hotels acquired by BC Housing in Vancouver's Downtown Eastside (DTES). Work for the initiative, which demonstrates a sustainable model for social housing, commenced during 2012/13. This work will help to revitalize the DTES and provide approximately 900 residents with safe, clean and affordable housing.



A new housing development with on-site support services for those who are homeless, or at risk of homelessness, opened in Nanaimo on February 1, 2013. The building was constructed as a partnership between the B.C. government and the City of Nanaimo. While the Province invested \$6 million and is providing annual operational funding of more than \$520,000, the City of Nanaimo provided the land and waived more than \$116,000 in development cost charges. The four-storey building was constructed to LEED Gold standards, and includes a communal kitchen and tenant garden.

Approximately 98,200 households throughout B.C. were assisted through subsidized housing in 2012/13. This accounts for almost six per cent of all housing in the province and includes approximately 26,500 low-income households receiving rental assistance in the private market.

An acting chair for the Civil Resolution Tribunal was appointed in March 2013, to oversee the implementation of the Tribunal.

The Building and Safety Standards Branch released the 2012 BC Building, Plumbing and Fire Codes, and is collaborating with the Homeowner Protection Office to present seminars on “Transitioning to the New BC Building Code” in 21 communities across B.C. These seminars are attended by Licensed Residential Builders, contractors, trades, architects, engineers, building officials/inspectors, suppliers and others involved in the home building industry.

The Gaming and Policy Enforcement Branch (GPEB) previously formed a cross-divisional working group with the mandate to develop and implement stronger anti-money-laundering solutions in B.C.’s gaming industry. The main strategy is to shift British Columbia’s gaming industry away from its reliance on cash brought in from outside gaming facilities. Working with the B.C. Lottery Corporation and gaming services providers, GPEB is evaluating options that allow patrons to access funds from within a gaming facility, directly from their banking institutions.

The Horse Racing Industry Management Committee continues to provide strategic direction, to guide the industry in its effort to become financially stable and sustainable. The committee conducted a major consultation tour throughout the province and continued to apply a marketing fund to encourage bettors and other fans to attend races.

Wagering on live harness races at Fraser Downs racetrack in Surrey was up by 7.5 per cent, and wagering on live thoroughbred races at Hastings Racecourse in Vancouver exceeded the previous year, despite two fewer race days in the schedule. The government is providing financial support of approximately \$10 million annually, related to net revenues from casinos co-located at Hastings and Fraser Downs.

The continuing Minors as Agents Program, of the Liquor Control and Licensing Branch, monitors compliance with the legislative prohibition against selling liquor to minors. The expanded program has been very successful in decreasing sales to minors in liquor stores, restaurants and special occasion licensed events. Amendments to the *Liquor Control and Licensing Act* and regulations, which took effect February 6, 2013, permit dedicated catering businesses and existing licensed establishments to apply for a licence to serve liquor at catered events.

In 2012/13, three options to enhance access to funds in gaming facilities were introduced. The first enhanced the Patron Gaming Fund program, by allowing for deposits from a larger group of financial institutions and with a broader range of financial instruments. The second was a Cheque-Hold program, which is a deferred payment plan that allows customers to secure play against a personal cheque. The third was the Customer Convenience Cheque, which provides a cheque for non-verified wins to patrons when they cash out. The cheque is a safe alternative to cash and may total up to \$8,000 per week. The customer’s information is recorded when these cheques are issued, and the transactions are monitored for compliance with strict anti-money-laundering policies and procedures.

Purpose of Ministry

The Ministry of Energy, Mines and Natural Gas is the provincial ministry responsible for British Columbia's energy and mining sectors, which comprise public and private interests that explore for, develop and use oil and gas, electricity, clean or renewable energy (biomass, biogas, geothermal, hydro, solar, ocean, wind or any other alternative energy resource), coal, minerals, and renewable and low carbon fuels. Through teamwork and positive working relationships with its clients, the Ministry facilitates B.C.'s thriving, safe, environmentally responsible and competitive energy and mining sectors to create jobs and economic growth in communities. In developing energy and mining sector policies, legislation and guidelines, the Ministry consults with other ministries and levels of government, energy and mining companies, First Nations, communities, environmental and industry organizations, and the public.

A key component of the Ministry's mandate is to develop tenure, royalty and regulatory policy for British Columbia's oil and gas industry, thereby promoting the effective and environmentally responsible management of the province's oil and gas resources. The Ministry provides a range of oil and gas related services, including the issuance of Crown subsurface resource rights, royalty programs, public geoscience and policies to address potential future resource opportunities, such as unconventional oil and gas resource development. The Ministry has created a Liquefied Natural Gas Task Force which is leading an inter-agency team to support the development of a new liquefied natural gas industry in British Columbia.

Working with its stakeholders, the Ministry develops policies, programs and legislation to maintain B.C.'s mining sector competitiveness and encourage investment in mineral exploration and mine development in the province. The Ministry develops and delivers geoscience databases and surveys, promotes mineral exploration and provides assistance to advance and support continued development of the sector. The Ministry is responsible for permitting and inspecting mine projects to ensure that health, safety and environmental standards are met

The Ministry develops and oversees British Columbia's policies with regard to electrical power generation and transmission. It is responsible for initiatives that promote new energy technologies, energy efficiency and conservation, and alternative energy resources, including renewable and low carbon transportation fuels. The *Clean Energy Act* builds upon B.C.'s unique wealth of clean, renewable energy resources and sets the foundation for significant investments in clean, renewable energy across the province while keeping electricity rates affordable for British Columbians. Through the Innovative Clean Energy Fund, the Ministry is helping to invest in new technologies to respond to global energy and environmental challenges. The Ministry promotes leading-edge energy efficiency regulations for products and equipment to promote innovative technologies and help reduce energy costs for British Columbians.

The Ministry strives to ensure that British Columbians have access to safe, affordable and appropriate housing through market and non-market housing policy and programs, building and safety policy and the development of technical codes and standards, and services for landlords and tenants. With regard to housing issues, the Ministry's stakeholders are the citizens of British

Ministry of Energy, Mines and Natural Gas

Columbia and their representatives at all levels of government, First Nations, community groups, non-profit societies, schools, service organizations, businesses and industry associations. Key to the Ministry's success is its ability to maintain strong, collaborative relationships with stakeholders, partner agencies and other levels of government.

The Ministry works with its stakeholders and partners on liquor licensing, enforcement and distribution, as well as gaming policy, regulation and enforcement, problem gambling programs, licensing of charitable gaming, and oversight of horse racing.

The Ministry is responsible for administering all or parts of 44 statutes pertaining to the energy, mining, gaming, liquor distribution and housing sectors, and has policy responsibilities under the *Utilities Commission Act*. The Ministry is responsible for the following six Crown Corporations: the British Columbia Hydro and Power Authority (BC Hydro); Columbia Power Corporation; the Oil and Gas Commission; the British Columbia Housing Management Commission (BC Housing); BC Pavilion Corporation (PavCo); and the British Columbia Lottery Corporation. The Ministry also has responsibility for the Liquor Distribution Branch.



Work is now under way on upgrades to the Ruskin dam and powerhouse. The upgrades will improve the seismic safety and reliability of the facility, which is on the Stave River approximately 60 km east of Vancouver. The original Ruskin powerhouse was commissioned in November 1930, and no substantial upgrades have been made since the third generating unit was installed in 1950. Once completed—expected by March 2018—the \$718 million upgrades will provide sufficient power for 33,000 homes.

Strategic Context

British Columbia's real GDP increased by 1.7 per cent in 2012 (according to preliminary GDP by industry data from Statistics Canada), following growth of 2.8 per cent in 2011. Annual gains in the domestic economy during 2012 were observed in employment, consumer spending and housing starts. BC's exports fell during the year, however, as global demand weakened and prices fell for some key commodities. Several risks to British Columbia's economy remain, including further slowing of domestic economic activity, a return to recession in the US, the ongoing European sovereign debt crisis threatening the stability of global financial markets, exchange rate volatility, and slower than anticipated economic growth in Asia dampening demand for BC's exports

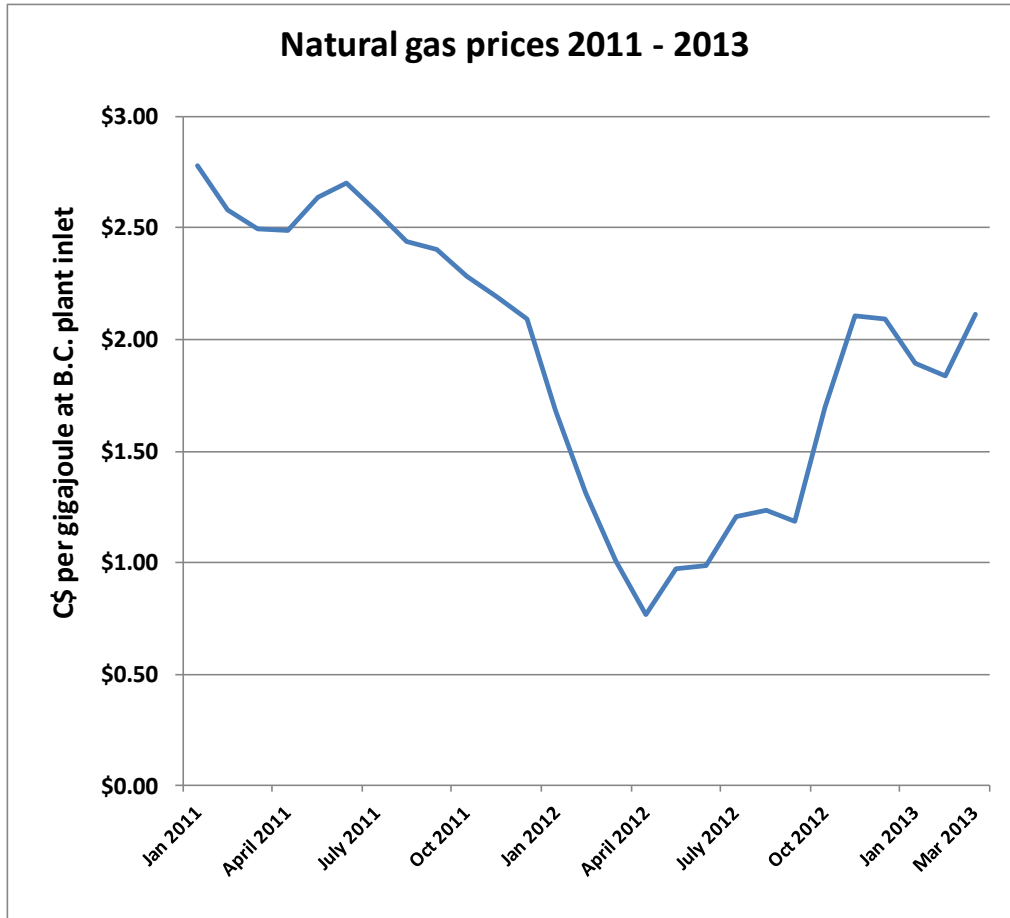
During 2012/13, the Ministry worked with natural resource sector agencies, communities, First Nations, industry and environmental organizations to promote the goal that continued growth, exploration and development of our energy and mineral resources are carried out in ways that are socially and environmentally responsible.

Clean hydroelectric power, along with other renewable sources such as wind power and biomass, meet more than 93 per cent of British Columbia's electricity needs. BC Hydro is also offsetting two-thirds of its electricity demand growth through efficiency and conservation measures. BC Hydro has provided relatively low-cost power to the citizens of B.C. for more than 50 years, thanks to the Province's heritage assets, which include historic electricity facilities such as the major dams on the Peace and Columbia Rivers. The establishment of the Heritage Contract ensures that B.C. ratepayers continue to benefit from the low-cost electricity generated by these assets.

The price of natural gas varied widely in 2012/13, and this strongly affected government revenue. A price drop of C\$1.00 per gigajoule at the B.C. plant inlet results in a revenue loss of between \$350 million and \$390 million annually, though at low prices the sensitivity of revenue to price can vary significantly.

At the time the 2012/13 budget was released, on February 21, 2012, the average price of natural gas for the year was estimated at C\$2.52 per gigajoule at the B.C. plant inlet. In April, 2012, the price fell to C\$0.77 per gigajoule at the B.C. plant inlet, though by March 2013 it had recovered to an estimated \$2.11. The average for 2012/13 was \$1.47 per gigajoule at the B.C. plant inlet²— a 33 per cent drop from the budget estimate.

² The 2012/13 figure is a monthly average calculated by Ministry staff, using estimated figures for January, February and March 2013.



Data source: Ministry of Energy, Mines and Natural Gas. Data for 2013 is estimated.

The Province has significant shale and tight gas deposits—such as in the Horn River and Montney areas of Northeast B.C.—and the Government is promoting the export of LNG to Asia. LNG provides an abundant, lower carbon fuel for electricity generation and transportation, and can displace coal and oil, which have higher emissions. LNG development in B.C. can have lower lifecycle greenhouse gas emissions than anywhere else in the world by promoting the use of clean electricity at LNG plants. British Columbia has many strategic advantages fostering the development of an LNG industry, but must ensure its competitiveness with other natural gas producing jurisdictions that are also working to attract LNG export investments. As described in *Liquefied Natural Gas: A Strategy for B.C.’s Newest Industry*, the development of liquefied natural gas export capacity in B.C. to access stronger markets in Asia is critical to sustaining the growth of B.C.’s natural gas industry.

British Columbia is Canada’s largest producer of copper and its largest exporter of coal. It is Canada’s only producer of molybdenum, and also produces significant quantities of gold, silver, lead, zinc and industrial minerals like gypsum, lime and pumice. B.C.’s mining sector is a key economic driver: the value of commodities produced by B.C. mines was approximately \$8.3 billion in 2012. There are currently nine coal mines in operation, ten metal mines, more than thirty industrial mineral mines, and hundreds of aggregate pits and quarries.

More than 30,000 people were employed in mineral exploration, mining and related sectors in 2012, mostly in rural British Columbia. Of these, more than 12,500 were directly employed by mining operations. In the 2012 calendar year, \$3.7 billion was invested in mineral exploration and mining. Due to continuing demand for B.C.-produced minerals and coal on world markets, both mining company revenues and provincial mineral tax revenues are expected to remain strong.

The New Afton mine near Kamloops opened in September 2012 and employs over 400 people, including more than 100 who were part of a training program coordinated by the British Columbia Aboriginal Mine Training Association. New Afton is expected to yield an average of 85,000 ounces of gold, 214,000 ounces of silver and 75 million pounds of copper annually over its 12-year life. At the Mount Milligan mine site northwest of Prince George, 1,000 jobs were created at the peak of construction in the summer of 2012. Once it is fully operational, Mount Milligan, which is being developed at an estimated capital cost of \$1.5 billion, will provide 350 full-time jobs over its 22-year expected life. The \$470 million Red Chris mine, currently under construction in northwest B.C., will employ about 500 people during the peak of construction and 300 once it is fully operational over an expected 28-year life. While mine developments result in significant numbers of high-paying jobs and substantial, long-term capital investments, mining occupies less than one per cent of the provincial land base.

The Province is playing a key role in facilitating investment in B.C. mines, mineral exploration, oil and gas, and liquefied natural gas projects through trade and investment missions to Asian countries such as Japan, Korea, China and India. More than half of Canada's mineral exploration companies are headquartered in Vancouver, and estimates indicate that mineral exploration expenditures reached a historic high of over \$680 million in 2012.

As described in *Liquefied Natural Gas: A Strategy for B.C.'s Newest Industry*, the development of liquefied natural gas export capacity in B.C. to access stronger markets in Asia is critical to sustaining the growth of B.C.'s natural gas industry. Global trade in LNG is expected to grow by 50 per cent by 2020, and the Ministry has been working hard to build a new industry aimed at exporting LNG to global markets. This is a unique opportunity for B.C. and timing is critical, with more than 100 proposed liquefied natural gas export projects competing globally. British Columbia's proximity to growing markets in Asia and strong competitive position has attracted investment interest from around the globe, with eight proponents with global LNG experience coming forward with major project proposals.

The economic prospects of these proposed projects are significant and will create thousands of jobs for British Columbians. According to a study commissioned by the Ministry of Energy, Mines and Natural Gas in February 2013, five LNG projects producing 82 million tonnes per annum would require approximately 102,500 (direct employment impacts) full time equivalent (FTE) jobs, over the nine-year construction period and an estimated 75,200 FTE jobs to operate over the life of the projects.

As the cleanest burning fossil fuel, natural gas is integral to a lower carbon-energy future, including broader use in transportation and power generation. The export of B.C.'s natural gas

may contribute to lowering world-wide greenhouse gas emissions by displacing the use of other higher emission power sources, such as coal and diesel.

The housing needs of the vast majority of British Columbians are served through the private market. Recognizing the importance of the planning and land use tools they have, local governments are increasingly innovative and involved in affordable housing, looking for greater diversity in housing type and form. The Ministry is working with local government and other key stakeholders to develop initiatives to increase the supply of small, low-cost housing. With approximately one million British Columbians now living in strata properties, and with stratas making up more than half of new residential construction, the need to ensure effective strata regulation and self-governance is increasingly essential. Because inconsistent application of building codes and standards increases the cost of construction, reducing housing affordability, the Ministry is currently modernizing the B.C. building regulatory system.

The British Columbia government regulates and monitors the liquor industry to protect the public from the harm that may be caused by illegally making and selling liquor or products that contain alcohol. Through the *Liquor Control and Licensing Act* and its regulations, and by requiring anyone who holds a liquor licence to meet strict terms and conditions, the government works to prevent under-age drinking, the over-consumption of liquor, overcrowding or unsafe conditions in restaurants, bars and pubs, the misuse of non-beverage products containing alcohol, and to minimize the potentially negative impact of liquor sales on neighbourhoods and communities.

Report on Performance

The Ministry is strongly committed to continuous improvement. Several performance measures from the 2011/12 Service Plan were modified in the 2012/13 Service Plan in order to provide more meaningful data to track Ministry progress.

Performance Measure 1 was new for the 2012/13 Service Plan. It consists of two parts: (i) Number of new mines in operation and (ii) Number of operating mines with upgrades or expansions. The targets support *Jobs Plan* commitments to have a total of eight new mines in operation and nine expansions to existing mines by 2015.

Performance Measure 3, Annual investment in electricity facilities, was dropped in the 2013/14 Service Plan, since it does not directly measure performance for current government policies and programs.

Performance Measure 7, Total energy savings achieved each year through electric utility and provincial conservation policies, programs and regulations, is an improved version of a measure from the 2011/12 Service Plan. It was improved by including energy savings from natural gas, as well as from electricity. To accommodate this, the unit of measurement has been changed from gigawatt hours to gigajoules. The conversion formula is one gigawatt hour equals 3,600 gigajoules. The measure now provides a more complete indicator of the performance of the total energy demand side management efforts by the Province, electric and gas utilities, and their customers.

The remaining performance measures were carried forward from the Ministry's 2011/12 Service Plan, in an effort to preserve the year-on-year stability of performance tracking and reporting.

Performance Results Summary Table

Goal 1: Thriving and competitive energy and mining sectors that contribute to jobs and the economy For greater detail see pages 24 to 29	2012/13 Target	2012/13 Actual
1.1 Facilitate the development of new energy and mineral resource projects to support the creation of family-supporting jobs in B.C.		
Number of new mines in operation	2	2 ACHIEVED
Number of operating mines with upgrades or expansions	4	1 SUBSTANTIVELY ACHIEVED
(The Jobs Plan target is to have 9 expansions to existing mines by 2015—due to the early achievement of 6 expansions by March 31, 2013, the target was substantively achieved.)		
1.2 Position B.C. as an attractive jurisdiction for investment in the energy and mining sectors and related businesses		
Annual Investment in Oil and Gas Exploration and Development	\$5.1 BILLION	\$4.0 BILLION (ESTIMATE) NOT ACHIEVED
Annual Investment in Electricity Facilities	\$2.6 BILLION	\$2.7 BILLION EXCEEDED
Annual Investment in Mineral Exploration and Mines	\$1.1 BILLION	\$3.7 BILLION EXCEEDED
1.3 Obtain optimal revenue from the development of B.C.'s energy and mineral resources		
Direct government revenue from mining, and oil and gas	\$1.795 BILLION	\$1.348 BILLION NOT ACHIEVED
1.4 An increasingly secure, reliable supply of energy for the long term benefit of all British Columbians		
1.5 Efficient and effective energy and mining policy, legislation and regulation in the public interest of British Columbians		
Goal 2: Safe and environmentally responsible energy and mineral resource development and use	2012/13 TARGET	2012/13 ACTUAL
For greater detail see pages 30 to 33		
2.1 Practices that protect the public and the environment		
Short term injury rate at B.C. mines	1.8	1.8 (ESTIMATE) ACHIEVED

Ministry of Energy, Mines and Natural Gas

2.2 Increased energy conservation and use of alternative, clean energy and fuels, and efficient technologies		
Total energy savings achieved each year through electric utility and provincial conservation policies, programs and regulations	4,729,427 GJ	4,256,166 GJ SUBSTANTIVELY ACHIEVED
2.3 The Ministry, stakeholders, First Nations and industry are engaged and working cooperatively for the responsible development and use of B.C.'s energy and mineral resources		
Goal 3: Safe and sustainable homes for all British Columbians	2012/13 TARGET	2012/13 ACTUAL
For greater detail see pages 34 to 36		
3.1 Access to safe and stable housing		
Percentage of clients belonging to priority groups in subsidized housing	84	89 EXCEEDED
Number of residential tenancy dispute resolution requests per 1,000 British Columbia adult population (over age 19)	6.0	6.0 ACHIEVED
3.2 A modern building regulatory system that supports safety and innovation in the design and construction of buildings		
Goal 4: Responsible regulation of gaming opportunities and the sale and use of liquor	2012/13 TARGET	2012/13 ACTUAL
For greater detail see pages 36 to 37		
4.1 British Columbians have confidence in the management of gaming and liquor		
Percentage of inspected/investigated liquor licensees in compliance	95	96 EXCEEDED

Goals, Objectives, Strategies and Performance Results

A wide range of Ministry strategies are being implemented to facilitate job creation, economic development and the well-being of communities throughout B.C. These include Ministry initiatives in support of British Columbia's Mineral Exploration and Mining Strategy, released May 16, 2012, and continued implementation of the February 2012 natural gas and LNG strategies, *Canada Starts Here: The BC Jobs Plan*, the *Clean Energy Act* and the *BC Energy Plan*. The Ministry's performance measures and targets are designed to reflect progress towards achieving its goals.

The Ministry promotes the reliable and environmentally responsible exploration, development and production of oil and gas in B.C. Oil and gas industry investment in B.C. has a strong, positive economic impact, creating significant business and job opportunities in northern communities, and generating government revenues that support health, education and social services for British Columbians. The Ministry is committed to ensuring B.C. maintains a competitive business environment to attract oil and gas industry investment by providing a modern regulatory framework, improvements to public and private infrastructure, and targeted royalty programs.

The regulatory framework supporting the *Oil and Gas Activities Act* introduced new requirements that ensure exploration and development activities throughout the oil and gas sector are both planned and implemented in a manner that safeguards environmental values. The Ministry regularly reviews the legislative, regulatory and policy frameworks associated with oil and gas, mining and alternative energy. Improving the effectiveness and timeliness of multi-agency federal and provincial reviews of proposed energy and mining projects is a high priority for British Columbia. The Ministry maintains effective and efficient regulation of mines and mineral exploration sites through health, safety and environmental best practices.

Investments such as the Northwest Transmission Line will facilitate the opening of new areas to mining by providing clean, affordable electricity in places where communities currently rely on diesel generators. B.C. is well-positioned to benefit from the surging global demand for mineral commodities, with its vast reserves of coal, metals and minerals, a highly-skilled workforce and the world's largest concentration of mining and exploration companies.

The Natural Gas and LNG strategies highlight the opportunity to develop the significant shale gas deposits in Northeast B.C. for both North American and offshore markets. The Ministry is committed to working with First Nations and communities to reach the Province's goals of new investment, job creation, revenue generation and other economic opportunities.

The Ministry promotes development and use of alternative energy technology and energy efficiency measures to minimize waste, increase productivity and lower operating costs, while delivering a healthier living and work environment for British Columbians. The BC Energy Plan together with the *Clean Energy Act* foster the development of new, sustainable energy and

technology industries. This will ensure more comprehensive and proactive approaches to energy issues in British Columbia for the next 20 years, and support the delivery of a secure, reliable supply of affordable electricity that is produced in an environmentally responsible way.

Goal 1: Thriving and competitive energy and mining sectors jobs and the economy

Objective 1.1: Facilitate the development of new energy and mineral resource projects to support the creation of family-supporting jobs in B.C.

Strategies

- Facilitate the opening of eight new mines and nine mine upgrades and expansions by 2015.
- Work with LNG proponents and other ministries to have at least one pipeline and terminal in operation in Kitimat by 2015, and three in operation by 2020.
- Support the development of pipelines, roads and electricity infrastructure required for new mines, mine expansions and LNG facilities.
- Work with BC Hydro to ensure an adequate supply of clean electricity is available to support new investments in LNG and mines.
- Coordinate permitting and streamline approval processes across provincial natural resource sector agencies to facilitate timely construction of major projects.
- Continuously improve geological and resource assessments for natural gas, geothermal, storage reservoirs, coal, minerals and aggregate through collaboration with industry, industry associations, academics and research institutes.
- Partner with industry, other provincial agencies and the federal government to identify and fill skills gaps in the workforce in response to evolving B.C. demographics.

Performance Measure 1: New mines and expansions to operating mines

Performance Measure	2010/11 Actual	2011/12 Actual	2012/13 Target	2012/13 Actual
Number of new mines in operation	N/A	1	2	2 ACHIEVED
Number of operating mines with upgrades or expansions	N/A	6	4	1 SUBSTANTIVELY ACHIEVED

Source: Data analysis by Ministry of Energy, Mines and Natural Gas

Discussion

This performance measure was new in the 2012/13 service plan and is intended to track on a year-by-year basis the *BC Jobs Plan* targets to have a total of eight new mines in operation and nine expansions to existing mines by 2015. This performance measure is shared jointly with the Ministry of Forests, Lands and Natural Resource Operations. Currently the ministries are more than halfway to reaching the Jobs Plan targets with two new mines in production, three under construction and six expansions approved. However, targeting outcomes for each year of a three-year overall target has proved challenging because it is difficult to predict the exact timing of applications for permits and investment decisions by companies.

The service plan target of two new mines in operation was met in 2012/13.

The service plan target of four operating mines with approved upgrades or expansions in 2012/13 was exceeded in the previous fiscal year. Using year-by-year tracking, however, the numbers suggest that the target was missed when in fact it was substantively achieved. Significant progress was made earlier than expected with six expansions approved in 2011/12. Of these six expansions, one was approved August 2011—before the Jobs Plan was released—and three in the first quarter of 2012.



At least one pipeline and one liquefied natural gas plant are projected to be in operation by 2015, according to one of the strategies for Goal 1 of the Ministry of Energy, Mines and Natural Gas: Thriving and competitive energy and mining sectors that contribute to jobs and the economy.

Objective 1.2: Position B.C. as an attractive jurisdiction for investment in the energy and mining sectors and related businesses

Strategies

- Work with the Ministry of Forests, Lands and Natural Resource Operations to reduce the backlog of Notice of Work permit applications by 80 per cent by August 31, 2012.
- Contribute to trade missions and marketing initiatives led by the Ministry of Jobs, Tourism and Innovation to attract investment in B.C. energy and mineral projects and business opportunities.
- Further establish B.C. as a recognized centre of excellence for energy and mining expertise, innovation and technology in collaboration with industry, post-secondary institutions, the federal government and provincial agency partners.
- Improve the competitiveness of B.C.'s energy and mining sectors by providing leadership, information, investing in infrastructure, and developing new policies, regulations and programs.
- Maintain B.C.'s competitiveness for investment in upstream natural gas development, and related liquefied natural gas export opportunities, by ensuring royalty programs remain highly competitive, supporting infrastructure development and facilitating efficient regulatory review of proposed developments.
- Conduct energy and mining related geoscience research and technical assessments to promote industry investment.
- Continue to work with the BC Environmental Assessment Office and the Ministry of Forests, Lands and Natural Resource Operations to champion "one project-one process" for environmental assessments of major energy and mining projects.

Performance Measures 2, 3 and 4: Annual investment in the energy and mining sectors

Performance Measure	2010/11 Actual	2011/12 Actual	2012/13 Target	2012/13 Actual
Annual Investment in Oil and Gas Exploration and Development ¹	\$5.8 BILLION	\$6.1 BILLION	\$5.1 BILLION	\$4.0 BILLION NOT ACHIEVED
Annual Investment in Electricity Facilities ²	\$2.5 BILLION	\$2.5 BILLION	\$2.6 BILLION	\$2.7 BILLION EXCEEDED
Annual Investment in Mineral Exploration and Mines ³	\$1.8 BILLION	\$3.8 BILLION	\$1.1 BILLION	\$3.7 BILLION EXCEEDED

¹ **Data Source:** Data analysis by Ministry of Energy, Mines and Natural Gas based on Canadian Association of Petroleum Producers data for previous years. Figures are for calendar years. The 2012 figure is an estimate; the final figure will not be available until fall 2013.

² **Data Source:** Data analysis by Ministry of Energy, Mines and Natural Gas, and BC Public Utilities. Estimates provided by fiscal year. Includes data from BC Hydro, Columbia Power Corporation, Fortis BC and Ministry estimates of private sector investments. ³**Data Source:** Data analysis by Ministry of Energy, Mines and Natural Gas based on calendar year survey results from Natural Resources Canada, Statistics Canada and PricewaterhouseCoopers.

Discussion

Through its strategies to improve B.C.'s competitiveness, the Ministry continuously strives to attract long-term investment in B.C.'s energy and mining sectors and related service industries. Such investment creates jobs and business opportunities throughout the province, which in turn contribute to the stability and well-being of B.C. communities. A key challenge to achieving investment targets is that the markets for energy and mineral commodities can be cyclical, as can be the levels of investment in these sectors. Financial markets and currency fluctuations also affect investment levels. Streamlined processes for energy and mine development permitting and environmental assessments, along with the timely review of tenure applications, help to reduce risk and sustain investment levels.

Performance Measure 2, Annual Investment in Oil and Gas Exploration and Development, is driven primarily by investment in drilling and completion of wells, as well as investment in gas facilities and plants, and in pipelines. In the spring and summer of 2012, the price of natural gas fell significantly. In 2011/12, the average monthly price was C\$2.18 per gigajoule at the B.C. plant inlet; for 2012/13, it is estimated to be \$1.47—a drop of 33 per cent. As a result, the number of new wells drilled was lower than expected—about one-third less than in 2011/12. Final 2012 oil and gas investment figures will not be available from the Canadian Association of Petroleum Producers until the fall of 2013. However, given the lower than expected level of well drilling and completions in 2012, it is estimated to be \$4.0 billion, or approximately 20 per cent less than the 2012/13 target of \$5.1 billion.

The target for Performance Measure 4, Annual Investment in Mineral Exploration and Mines, was significantly exceeded in 2012/13. This category includes expenditures on prospecting, geological surveys, mapping, mineral valuation, drilling and capital expenditures made in opening, operating and expanding mines. In 2011 and 2012, mining companies spent more on machinery, equipment and construction than they had in previous years with new mines opening and major expansions underway.

Objective 1.3: Obtain optimal revenue from the development of B.C.'s energy and mineral resources

Strategies

- Provide the government services needed to respond to increasing economic activity, in particular delivering sound, timely decisions on mining, oil and gas, and related water, Crown land and other permits, authorizations and tenures.
- Monitor and evaluate the performance of B.C.'s energy and mining policies and programs to fully maximize the financial benefit of resource development and use for British Columbians.

- Implement revenue collection mechanisms to address B.C.'s specific challenges which might otherwise slow or hinder the development of oil, gas and mineral resources.
- Continue to hold twelve monthly Crown oil and gas rights sales per year.

Performance Measure 5: Direct government revenue derived from mining, and oil and gas

Performance Measure	2010/11 Actual	2011/12 Actual	2012/13 Target	2012/13 Estimated
Direct government revenue from mining, and oil and gas *		\$1.882 BILLION	\$1.795 BILLION	\$1.348 BILLION NOT ACHIEVED

Data Source: Ministry of Energy, Mines and Natural Gas. Forecast and Targets are based on the January, 2013 Blue Book Budget Estimates Forecast.

*Mining revenue figures comprise free miner certificates, mining receipts, coal tenure revenue and mineral taxes. Oil and gas revenue figures are comprised of natural gas, natural gas liquids, petroleum and sulphur royalties, bonus bids, and fees and rentals.

Discussion

This performance measure shows the estimated mining, oil and gas revenues to be collected from industry and paid into the Province's consolidated revenue fund. B.C.'s oil and gas, coal and mineral producers are subject to demand and price fluctuations in world commodity markets where their products are sold. The Ministry implements resource revenue collection mechanisms, such as oil and gas royalties and mineral tax, that are market based to share the market and investment risk and manage resource development. As a result, government revenues are also subject to market fluctuations and financial conditions.

Revenue from natural gas is sensitive to its market price, affecting both drilling activity and production volumes. A price drop of C\$1 per gigajoule at the B.C. plant inlet results in a revenue loss of between \$350 million and \$390 million. In 2012/13, the price of natural gas fluctuated considerably. The February 2012 budget forecast an average price of \$2.52, but by April 2012, it had fallen to \$0.77. Though the price has partly recovered since then, 2012/13 revenue from natural gas royalties declined from the 2012/13 Estimates figure of \$398 million to a forecast \$144 million.

Objective 1.4: An increasingly secure, reliable supply of energy for the long term benefit of all British Columbians

Strategies

- Work with BC Hydro to upgrade the Province's heritage generation, transmission and distribution assets to meet future demand, while keeping rates affordable for B.C. families and respond to B.C.'s other energy objectives through the development of its 2012 Integrated Resource Plan.
- Ensure electricity self-sufficiency through innovative, aggressive conservation, ongoing competitive power procurement programs, and BC Hydro funded projects.
- Expand the use of natural gas as a transportation fuel.

Objective 1.5: Efficient and effective energy and mining policy, legislation and regulation in the public interest of British Columbians

Strategies

- In cooperation with other levels of government, continue to review legislation and regulations to ensure B.C. remains competitive, while maintaining the integrity of environmental, health and safety standards.
- Modernize the Ministry's oil and gas tenure administration processes.
- Complete the development of a Carbon Capture and Storage Regulatory Framework.
- Manage the review of the Columbia River Treaty to ensure downstream power benefits continue to be realized.
- In consultation with other ministries and stakeholders, develop and implement new acts and regulations that support the responsible development and use of energy and mineral resources. Examples include: regulations under the *Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act* and the Clean Energy Act; regulations to support the *Mines Act* amendment to exempt low-risk activities from requiring a *Mines Act* permit; and development of a new Natural Resource Road Act.

Goal 2: Safe and environmentally responsible energy and mineral resource development and use

Objective 2.1: Practices that protect the public and the environment

Strategies

- In cooperation with industry, enhance collaboration to improve environmental and safety regulation compliance at mine sites through inspections and audits.
- Continue to lead the New West Partnership Industry Water Use and Hydraulic Fracturing Technology working group to develop and share information on best practices related to water use.
- Collaborate with other government ministries on the Ministry of Health's study into the potential human health effects of the oil and gas industry.
- Work with industry to identify disposal zones for carbon dioxide sequestration and opportunities for carbon dioxide use in enhanced oil recovery.

Performance Measure 6: Short term injury rate at B.C. mines

Performance Measure	2010/11 Actual	2011/12 Actual	2012/13 Target	2012/13 Actual
Short term injury rate at B.C. mines*	1.5***	1.6***	1.8	1.8** ACHIEVED

Data Source: Ministry of Energy, Mines and Natural Gas, and WorkSafe BC

* The injury rate measures the number of accepted claims per 100 worker-years.

**The 2012/13 figure is an estimate; the final figure will not be available from WorkSafe BC until summer 2013.

*** The 2010/11 actual rate has been changed from the 1.1 figure reported in the *2011/12 Annual Service Plan Report* and the 2011/12 figure has been changed from the 1.8 figure reported in the *2011/12 Annual Service Plan Report*. WorkSafe BC data for the injury rate at B.C. mines fluctuates from year to year as claims are adjusted.

Discussion

Operations at mines, electricity generating stations and transmission facilities and oil and gas exploration, pipeline and processing sites can be hazardous and, if not properly managed, can impact the environment. Safeguarding the public, workers and the environment contributes to environmentally responsible development and use of these resources. The threat of accidents, leakages and spills is always present, so ongoing policy development and education are necessary to ensure risk is minimized.

The targets reflect the anticipated average number of accident claims per year (i.e., calendar year) at B.C. mines, including open pit coal and metal mines, quarries and underground mines per 100 person years. B.C.'s mining workforce is constantly evolving and is expected to have an incremental percentage of workers who are new to mining operations over the next ten years. Enhanced health and safety training and inspections are required to ensure mining remains one of

B.C.'s safest heavy industries. To provide context for this measure, using 2009 estimates, a 0.1 decrease in the short-term injury rate would result in approximately 10 fewer claims or an 8.6 per cent decrease in the number of claims. The claims cost for the three major mines subsectors was estimated at \$3.34 million in 2009. Therefore, an 8.6 per cent decrease in the number of claims would result in an estimated \$288,000 cost savings.

Objective 2.2: Increased energy conservation and use of alternative, clean energy and fuels, and efficient technologies

Strategies

- Support energy utilities with the implementation of cost effective demand side management measures.
- Participate in and support long-term clean energy planning initiatives at the regional and provincial level, including the Western Renewable Energy Zones initiative and BC Hydro's Integrated Resource Plan.
- Work with the Climate Action Secretariat (Ministry of Environment), other government ministries and agencies, Crown corporations, the public, electricity producers and utilities across B.C. to implement a coordinated approach to energy conservation and efficiency measures and support the deployment of alternative energy options to meet the province's energy needs.
- Continue to support energy efficiency in homes and buildings through the LiveSmart BC: Energy Efficiency Program which provides one-stop access to provincial and utility programs and the LiveSmart Small Business Program which provides small businesses with energy assessments, direct installation and incentives.
- Ensure the procurement of clean and renewable electricity continues to account for at least 93 per cent of total generation.
- Continue to implement the BC Bioenergy Strategy to take advantage of B.C.'s abundant sources of mountain pine beetle timber, wood wastes and agricultural residues.
- Through the Innovative Clean Energy Fund, accelerate the development of new energy technologies with the potential to solve real, everyday energy and environmental issues and create economic benefits for all British Columbians.
- Reduce the carbon intensity of the energy used by British Columbians by implementing a low carbon fuel requirement and increasing the supply of clean electricity.

Promoting the deployment of alternative energy technology contributes to environmentally responsible energy development and use. The Government plays a key role in providing information to the public about practical conservation initiatives, establishing new standards through the B.C. Building Code and *Energy Efficiency Act*, and encouraging the private sector to develop alternative energy sources. The up-front expense to retrofit existing homes and buildings

to conserve energy, as well as the expense of material and equipment for energy efficient new buildings, will be fully recovered over time through lower energy bills.

B.C. has a number of alternative energy options such as solar, tidal, biomass, wave, geothermal and wind power. These sources of alternative energy are renewable and can complement existing electricity generating facilities and heating and transportation fuels.

Performance Measure 7: Total energy savings achieved each year through utility and provincial conservation policies, programs, and regulations

Performance Measure	2010/11 Actual	2011/12 Actual	2012/13 Target	2012/13 Actual
Total energy savings achieved each year through electric utility and provincial conservation policies, programs, and regulations ¹	3,272,051 GJ	5,207,256 GJ	4,729,427 GJ	4,256,166 GJ SUBSTANTIVELY ACHIEVED

Data Source: Ministry of Energy, Mines and Natural Gas.

¹ Measured in gigajoules to include both gas and electricity savings. Includes gas savings through provincial conservation policies, programs and regulations, but excludes savings from public gas utilities.

Discussion

This measure is driven by policy actions one through nine of the *BC Energy Plan*. Targets represent energy savings from the LiveSmart BC: Efficiency Incentive Program, regulated standards under the *Energy Efficiency Act*, green building code changes, and utility programs from BC Hydro’s and FortisBC’s demand side management programs and conservation/stepped rate participants. These utilities design and direct their energy efficiency programs to three main market sectors — residential, commercial and industrial.

The performance measure for energy savings has been improved by including natural gas savings to the extent possible, rather than only the electricity savings reported in previous years. In order to add two different forms of energy savings, the measure is now in gigajoules rather than gigawatt hours. The conversion formula is one gigawatt hour equals 3,600 gigajoules. By reporting both natural gas and electricity savings, this measure provides a more complete indicator of the performance of the total energy demand side management effort by Government and electric utilities and their customers.

Objective 2.3: The Ministry, stakeholders, First Nations and industry are engaged and working cooperatively for the responsible development and use of B.C.'s energy and mineral resources

Strategies

- Develop and implement an effective community and stakeholder engagement model to respond to increased unconventional gas exploration and development in Northeast B.C.
- Foster working relationships among industry, the public, First Nations and landowners by clarifying and simplifying resource exploration and development management processes, enhancing dispute resolution methods, and offering more support and information.
- Continue to collaborate with other ministries, agencies and Crown corporations to provide information to promote greater public understanding of the exploration and development of resources.
- Support the development of Strategic Engagement Agreements with First Nations to make consultation processes more predictable.
- Support the development of Revenue Sharing Agreements that provide First Nations communities with economic benefits based on energy and mining activities in their traditional territories.
- Continue to work with the Ministry of Aboriginal Relations and Reconciliation to build effective business development relationships with First Nations.
- Continue to support the annual British Columbia Mine Reclamation Awards to recognize outstanding achievements in mine reclamation in this province.
- Continue to support the Remote Community Energy Network (BC Hydro, Aboriginal Affairs and Northern Development Canada, the First Nations Technology Council and the Ministry) including energy education and training, community energy planning, utility service provision, clean energy development, energy efficiency and energy monitoring.

If the public, First Nations, landowners and non-governmental organizations are informed and participate in responsible resource exploration and development, they will have an opportunity to help identify and contribute constructively to the resolution of issues. They also become more aware of the benefits that resource development can provide to a community, such as regular employment for citizens and expanded infrastructure.

There are close to 70 remote communities in B.C. that are not connected to the major natural gas or electricity grids. These communities have challenges and opportunities in their energy systems that are very different than grid connected communities. The Ministry's community energy solutions support in these communities is tailored to these unique situations.

Goal 3: Safe and sustainable homes for all British Columbians

Objective 3.1 Access to safe and stable housing

Strategies

- Provide provincial policy leadership for the housing sector through the renewal of the provincial housing strategy, Housing Matters BC, to express government priorities and strategies including a focus on families and market housing affordability.
- Work with BC Housing to enhance the integrity of program delivery and administration and to ensure that government's strategic priorities are addressed.
- Work collaboratively with other ministries, agencies and Crown corporations to ensure the integrated delivery of the continuum of housing programs and services for vulnerable British Columbians. These programs and services include: homeless outreach, emergency shelters, supportive housing, transition houses, assisted living and subsidized housing.
- Preserve and increase the supply of affordable market rental and homeownership units by working with local governments and other partners to address local housing challenges and improve the economic viability in the development of affordable units.
- Support the one million strata owners and residents in B.C. with an improved strata governance system, including financial accountability, new dispute resolution mechanisms and prudent management of common assets.



All newly constructed buildings in B.C. will use the internationally recognized “running man” symbol on their exit signs. This is among the many changes to the new BC Building Code, Fire Code and Plumbing Code, which took effect December 20, 2012. The three codes establish minimum standards for health, safety, accessibility, energy, water efficiency and protection of buildings and facilities from fire, water and sewer damage.

- Continue to work collaboratively with other ministries, agencies and stakeholders to identify and resolve emerging strata issues and to provide educational materials to strata owners, strata councils, strata property managers and developers.
- Assist landlords and tenants to resolve disputes earlier in the resolution process by: increasing public education; working with partner agencies and organizations to expand the availability of consistent information regarding tenancies; and, improving internal

procedures and scheduling to ensure landlords' and tenants' enquiries and requests are appropriately addressed.

Performance Measure 8: Priority groups in subsidized housing

Performance Measure	2010/11 Actual	2011/12 Actual	2012/13 Target	2012/13 Actual
Percentage of clients belonging to priority groups in subsidized housing	N/A	83	84	89 EXCEEDED

Data Source: The measure is calculated by taking the current inventory of subsidized housing and determining the percentage of units that are available for each of the designated priority groups

Discussion

This measure is an indicator of performance in ensuring that those in greatest need receive priority assistance for housing. For the purposes of the measure, the groups considered to be among those in greatest housing need include: low income or frail seniors; people with physical or mental disabilities; people with mental illness; women and children who have experienced domestic violence; individuals facing alcohol and drug addiction challenges; Aboriginal individuals and families; and, people who are homeless or at risk of homelessness.³

The targets are set to reflect the number of social housing households that fall into one of the designated priority groups, as well as the anticipated number of new and acquired housing units, all of which are targeted to priority groups, during the service plan period.

Performance Measure 9: Residential tenancy dispute resolution requests

Performance Measure	2010/11 Actual	2011/12 Actual	2012/13 Target	2012/13 Actual
Number of residential tenancy dispute resolution requests per 1,000 British Columbia adult population (over age 19)	6.0	5.9	6.0	6.0 ACHIEVED

Data Source: Results for this measure are derived from records of dispute resolution requests to the Ministry's Residential Tenancy Branch and British Columbia Statistics population data. The measure includes only those British Columbians age 20 and older because of the population data age categories used by British Columbia Statistics.

Discussion

Landlords and tenants can improve their knowledge of residential tenancy legislation and regulations through one of the many avenues provided by the Ministry. The Residential Tenancy Branch website, toll free phone line and front-counter offices allow landlords and tenant to build positive relationships, thereby increasing the chances of successful tenancies.

³ A more detailed discussion of the methodology for this performance measure is included in the *BC Housing Service Plan 2012/13 – 2014/15*, available at: www.bchousing.org.

About one third of all B.C. households are rental households. Tying the number of dispute resolution requests to the adult population provides a comparable measure across fiscal years, as the number of tenancies increases with population increases.

Objective 3.2 A modern building regulatory system that supports safety and innovation in the design and construction of buildings

Strategies

- Establish provincial leadership in a modern, streamlined and efficient building regulatory system with a uniform building code as a key element.
- Continue to engage stakeholders in the development of the 2012 editions of the B.C. Building, Fire and Plumbing Codes, including improvements in energy and water efficiency.
- Work with the BC Safety Authority to continuously improve technical product safety and support technical innovation through timely adoption of safety codes and standards.

Goal 4: Responsible regulation of gaming opportunities and the sale and use of liquor

Objective 4.1 British Columbians have confidence in the management of gaming and liquor

Strategies

- Ensure that all gaming in the province, including gaming conducted over the Internet, is subject to a high level of rigour and scrutiny. This includes ensuring appropriate people and companies are involved in the gaming industry, conducting regular audits of all commercial gaming venues, and investigating allegations of wrongdoing to ensure the integrity of gaming and use of proceeds.
- As part of a broader enforcement strategy, work with the British Columbia Lottery Corporation and the gaming industry to prevent minors from entering age-restricted gaming facilities, and move away from cash-based play in order to prevent money laundering activity at casinos.
- Target liquor regulation resources on high-risk licensed establishments and focus inspections and investigations primarily on service to minors, over-service, overcrowding and illicit alcohol. This includes the ongoing use and expansion of a ‘minors as agents’ program which employs underage youth to assess whether licensees or staff serve or sell liquor to minors. Minors hired for this purpose are under supervision and not allowed to consume alcohol.

- Develop a public safety strategy for special occasion liquor licences. This includes directing resources toward events with a higher risk of over-service, service to minors, and over-crowding. Key areas for these efforts are applicant screening, host education, event security planning and inspection and compliance efforts.

Performance Measure 10: Liquor Licensee Compliance Rate

Performance Measure	2010/11 Actual	2011/12 Actual	2012/13 Target	2012/13 Actual
Percentage of inspected/investigated liquor licensees in compliance	95	96	95	96 EXCEEDED

Data Source: Ministry of Energy, Mines and Natural Gas

Discussion

The Ministry tracks the percentage of inspected or investigated liquor licensees that are found to be in compliance with provincial liquor licensing regulations. Approximately 12,000 inspections are conducted annually of almost 10,000 licensees across all regions of the province. The Ministry focuses resources on high-risk establishments, so some establishments may be visited more than once in a given year, while others may not be visited during that year.

The level of voluntary compliance indicates the degree to which licensees understand and are willing to cooperate with the liquor regulatory framework. A high level of voluntary compliance in areas such as over-service and prevention of service to minors may also indicate a corresponding low level of liquor misuse.

New approach to liquor laws to ease rules on non-profits' fundraising events

On October 26, 2012, the Province announced a new approach to liquor laws that will permit non-profit organizations to conduct fundraising using gift baskets that contain liquor as components. Charities and non-profits will be able to hold events such as auctions in which liquor is part of gift baskets. The liquor must have been commercially produced, and must not be consumed at the event. This is one of a number of recent changes to liquor laws, some of which have been around since Prohibition. Other changes include: flexibility to live-event venues; opportunities for restaurant customers to bring their own wine into a licensed dining establishment; and relaxed restrictions on bringing liquor back into B.C. from other provinces.

The Ministry's targeted approach of focusing resources on public safety contraventions, and high-risk or problem establishments, means there is a greater degree of certainty of enforcement consequences for non-compliant licensees. In the short term, this leads to a higher degree of voluntary compliance. Over the long term, however, the compliance rate may be seen to decrease due to the focus on high-risk, chronically non-compliant licensees.

Report on Resources: Summary Table

	Estimated	Other Authorizations ¹	Total Estimated	Actual	Variance
Operating Expenses (\$000)					
Oil and Gas	13,819	425	14,244	5,855	(8,389)
Mines and Mineral Resources	10,013	5,103	15,116	16,304	1,189
Titles and Corporate Relations	3,861	0	3,861	3,523	(338)
Electricity and Alternative Energy	18,048	9,367	27,415	29,618	2,203
BC Pavilion Corporation	0	11,842	11,842	11,842	0
Executive and Support Services	4,493	0	4,493	9,829	5,336
Housing	346,242	767	347,009	347,009	0
Liquor Control and Licensing	1	0	1	1	0
Gaming Policy and Enforcement	18,145	0	18,145	17,780	(365)
Housing Endowment Fund Special Account	10,000	2,438	12,438	12,438	0
Innovative Clean Energy Fund Special Account	14,947	0	14,947	10,864	(4,083)
Sub-total	439,569	29,942	469,511	465,063	(4,447)
Prior Year Accrual Reversals	0	0	0	(179)	(179)
Total	439,569	29,942	469,511	464,884	(4,627)
Ministry Capital Expenditures (Consolidated Revenue Fund) (\$000)					
Oil and Gas	27,000	0	27,000	25,298	(1,702)
Mines and Mineral Resources	0	0	0	0	0
Executive and Support Services	418	0	418	292	(126)
Liquor and Gaming Administration	750	0	750	666	(84)
Total	28,168	0	28,168	26,256	(1,912)
Capital Plan (\$000)					
Housing	44,506	15,766	60,272	60,272	0
Total	44,506	15,766	60,272	60,272	0

Ministry of Energy, Mines and Natural Gas

Other Financing Transactions (\$000)					
Oil and Gas Commission Receipts	31,157	0	31,157	28,434	(2,723)
Oil and Gas Commission Disbursements	(31,157)	0	(31,157)	(28,434)	2,723
Net Cash Source (Requirements)	0	0	0	0	0
Northwest Transmission Line Receipts	60,000	0	60,000	23,429	(36,571)
Northwest Transmission Line Disbursements	(60,000)	0	(60,000)	(23,429)	36,571
Net Cash Source (Requirements)	0	0	0	0	0

¹ "Other Authorizations" includes Contingencies. Amounts in this column are not related to the "estimated amount" under sections 5(1) and 6(1) of the *Balanced Budget and Ministerial Accountability Act* for ministerial accountability for operating expenses under the Act.

Annual Service Plan Report Appendices

Appendix A: Ministry Contact Information

Deputy Minister's Office:

Eighth Floor, 1810 Blanshard Street

PO Box 9319 Stn Prov Govt

Victoria, B.C. V8W 9N3

Phone: 250-952-0241

website: www.gov.bc.ca/empr

Mines and Minerals Resources Regional Offices:

Northwest:

PO Box 5000

Second Floor, 3726 Alfred Avenue

Smithers, B.C. V0J 2N0

Phone: 250-847-7383

Northeast/Central:

350–1011 4th Avenue

Prince George, B.C. V2L 3H9

Phone: 250-565-4240

South Central:

441 Columbia Street

Kamloops, B.C. V2C 3T3

Phone: 250-828-4131

Southeast:

1902 Theatre Road

Cranbrook, B.C. V1C 7G1

Phone: 250-426-1766

Southwest:

PO Box 9395 Stn Prov Govt

Sixth Floor, 1810 Blanshard Street

Victoria, B.C. V8W 9N3

Phone: 250-387-4825

Mineral Titles Branch and Mineral Development Office:

303–865 Hornby Street

Vancouver BC V6Z 2G3

Phone: 1-866-616-4999

Residential Tenancy Branch Regional Offices

Victoria:

Suite 101 – 3350 Douglas St, Victoria BC V8Z 3L1

PO Box 9298 Stn Prov Govt Victoria BC V8W 9J8

Burnaby:

#400 – 5021 Kingsway, Burnaby BC V5H 4A5

Kelowna:

#305 – 478 Bernard Ave, Kelowna BC V1Y 6N7

Appendix B: Hyperlinks to Additional Information

A list of legislation administered by the Ministry can be found at:

www.empr.gov.bc.ca/Titles/legislation/Pages/default.aspx

A list of Crowns, Agencies, Boards and Commissions reporting to the Minister, can be found at:

www.empr.gov.bc.ca/Titles/legislation/Pages/Major_Agencies_Boards_and_Commissins.aspx

Energy, Mines and Natural Gas Information

British Columbia's Mineral Exploration and Mining Strategy can be found at:

<http://www.empr.gov.bc.ca/Mining/Documents/MiningStrategy2012.pdf>

British Columbia's Natural Gas Strategy can be found at:

http://www.gov.bc.ca/ener/popt/down/natural_gas_strategy.pdf

Liquefied Natural Gas: A Strategy for B.C.'s Newest Industry can be found at:

http://www.gov.bc.ca/ener/popt/down/liquefied_natural_gas_strategy.pdf

Canada Starts Here: The BC Jobs Plan can be found at:

<http://www.bcjobsplan.ca/>

The Frac Focus BC website can be found at: <http://fracfocus.ca/>

The *BC Energy Plan* can be found at: www.energyplan.gov.bc.ca/

The *Clean Energy Act* and a complete set of backgrounders and factsheets can be found at: www.mediaroom.gov.bc.ca/DisplayEventDetails.aspx?eventId=490

Housing Policy and Building and Safety Standards

Contact and other information about Housing Policy and Building and Safety Standards can be found at: www.housing.gov.bc.ca

Information about Aboriginal Housing Initiatives can be found at: <http://www.bchousing.org/Initiatives/Creating/AHI>

The Provincial Housing Strategy, *Housing Matters BC*, can be found at: www.housingmattersbc.ca

Information about the British Columbia Housing Management Commission (BC Housing) can be found at: www.bchousing.org

Residential Tenancy

Contact and other information about Residential Tenancy can be found at: www.rto.gov.bc.ca

Problem Gambling Help Line

For help in recognizing the warning signs of problem gambling - and to get information on free programs, services and resources available to assist problem gamblers and their families:

Call 1-888-795-6111 or visit www.bcreponsiblegambling.ca

Confidential ♦ Free ♦ 24 hours/7 days ♦ Multiple Languages

Gaming Policy and Enforcement

www.gaming.gov.bc.ca

Liquor Control and Licensing

www.pssg.gov.bc.ca/lclb