

# BALANCED BUDGET 2007

*Ministry of  
Energy, Mines and  
Petroleum Resources*

## **2007/08 – 2009/10 SERVICE PLAN**

February 2007



**Library and Archives Canada Cataloguing in Publication Data**

British Columbia. Ministry of Energy, Mines and Petroleum Resources.

Service plan. – 2006/07/2008/09 –

Annual.

Continues: British Columbia. Ministry of Energy and Mines. Service plan. ISSN 1703-9304.

ISSN 1718-3014 = Service plan (British Columbia. Ministry of Energy, Mines and Petroleum Resources)

1. British Columbia. Ministry of Energy, Mines and Petroleum Resources – Periodicals. 2. Mines and mineral resources – British Columbia – Periodicals. 3. Mineral industries – Government policy – British Columbia – Periodicals. 4. Petroleum industry and trade – Government policy – British Columbia – Periodicals. I. Title. II. Title: Ministry of Energy, Mines and Petroleum Resources, service plan.

TN27.B7B74

354.4'09711'05

C2006-960009-0

Ministry of Energy, Mines and Petroleum Resources, contact:

DEPUTY MINISTER'S OFFICE  
PO BOX 9319  
STN PROV GOVT  
VICTORIA, BC  
V8W 9N3

or visit our website at

***<http://www.gov.bc.ca/em>***

Published by the Ministry of Energy, Mines and Petroleum Resources



## **Message from the Minister and Accountability Statement**

British Columbia is powering its way into the future fuelled by a growing economy, increased investment and the development of exciting new technology that will unleash our full potential as a global energy powerhouse.

The Ministry of Energy, Mines and Petroleum Resources continues to develop and implement policies which will lay the framework for expanding clean, secure and reliable energy sources to achieve environmental sustainability, create new business opportunities, and lead Canada in job creation. We will build upon the success of the 2002 Energy Plan that ensured low cost and reliable electricity, created private sector opportunities and maintained high standards of environmental responsibility.

British Columbia enjoys some of the lowest electricity prices in the world, and we are fortunate to have access to clean and reliable hydro-electric power generation. But energy consumption is increasing, so we plan to implement aggressive conservation targets and support the development of alternative sources of clean energy including small hydro, natural gas, wind, ocean, tidal, solar, hydrogen and geothermal.

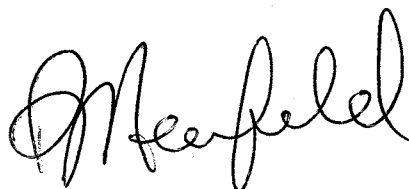
We will strive to ensure that all new electricity comes from British Columbia sources, and our expanded energy vision will include new conservation targets to help make British Columbia electricity self-sufficient within the decade ahead.

We are investing in upgrading heritage assets overseen by BC Hydro and the BC Transmission Corporation, and are encouraging the development of new sources of clean power including wood residue and mountain pine beetle-attacked wood.

The oil and gas industry generates significant revenue for government, helping to pay for health care, education and the needs of our growing communities. British Columbia's conventional and unconventional natural gas resources are significant and we have experienced growth in drilling activity and production over the past several years while at the same time increasing the production replacement rate — a key success and sustainability factor. B.C. is well connected to North American markets and is a key transit corridor for several proposed multi-million dollar energy projects.

Our Ministry will continue to ensure the Province is a leader in environmentally sustainable energy planning. We look forward to continued collaboration with the private sector in providing clean, affordable and environmentally responsible energy for all British Columbians. By engaging with local governments, landowners, industry, First Nations, and environmental organizations, we will ensure the responsible development of our natural resources that will provide clean, reliable energy for generations to come.

The Ministry of Energy, Mines and Petroleum Resources 2007/08 – 2009/10 Service Plan was prepared under my direction in accordance with the *Budget Transparency and Accountability Act*. I am accountable for the basis on which the plan has been prepared. All material fiscal assumptions and policy decisions as of February 8, 2006 have been considered in preparing the plan and I am accountable for achieving the specific objectives in the plan.

A handwritten signature in black ink, appearing to read "R. Neufeld". The signature is fluid and cursive, with the first letter "R" being particularly large and stylized.

Honourable Richard Neufeld  
Minister of Energy, Mines and Petroleum Resources

February 13, 2007



## **Message from the Minister of State for Mining and Accountability Statement**

Mining in British Columbia is a tremendous success story as record levels of exploration, development, investment and new mine openings have put the mineral exploration and development industry back on the map. Mining in British Columbia has been reborn. New levels of exploration driven by renewed international investor confidence in B.C. is leading to mines opening, creating highly paid mining jobs. British Columbia's minerals are essential to support our standard of living and social programs. Not only does resource revenue help fund healthcare and education, these valuable resources are the basic building blocks for technology, construction, pharmaceuticals, even the clothes on our backs.

British Columbia is one of the richest mineral regions in the world. The Ministry of Energy, Mines and Petroleum Resources intends to build upon our improvements in policy, regulation and support for the industry, reflected in the resurgence of the mining sector. Mining in British Columbia is forecast to be a \$6 billion industry in 2006. Mineral exploration is at a 15-year high and has seen a staggering increase of more than 800 per cent since 2001. Two major mines opened in 2006, and almost half of all new potential mine development projects in Canada are located right here in British Columbia.

The Ministry intends to create opportunities for industry to capitalize on B.C.'s tremendous resource potential including coal, aggregate, industrial minerals and metal resources. The significant upturn in international mineral commodity markets coupled with the growing economies of Asia, provide British Columbia with opportunities to benefit from exploration investments and new and expanded mine developments. Government policies and commodity prices are fuelling investor confidence, increasing revenues and creating jobs to develop these essential resources.

The Ministry will be at the forefront in leading mining trade delegations to China in support of the Province's Asia-Pacific Initiative, further integrating the Province into Asian markets and defining British Columbia's role in the Asia Pacific economy.

The BC Mining Plan: Report on Progress shows how we're working closely with a wide range of other agencies, individuals and organizations to implement the 57 specific action items included in the 2005 BC Mining Plan. Together, we are creating a thriving, globally competitive, safe and environmentally responsible exploration and mining industry. British Columbia's mines are among the most environmentally responsible and technologically advanced in the world.

We are teaming up with educational institutions and industry groups to educate the next generation of mine workers and equip them with the skills needed to explore the challenging careers this high tech industry has to offer.

We are proud to support the mining industry, mine workers, and mining communities and will continue to work to increase investment and exploration in mining, creating jobs and economic benefits for all British Columbians.

I am the Minister of State for Mining and under the *Balanced Budget and Ministerial Accountability Act*, I am accountable for achieving the following results for 2007/08:

1. Develop and implement an Asia Pacific Initiative to encourage those countries to:
  - a. invest in B.C. exploration and mining projects, and
  - b. do business with the B.C. mining services sector (engineering, reclamation, health and safety, financial and legal consulting service businesses).
2. Improve global competitiveness and investment in B.C. by streamlining regulations and reducing regulatory overlap between various levels of government.
3. Increase education, training and skills development to address skills shortages in mineral exploration and mining.
4. Improve community and First Nations' awareness of the economic and social benefits from sustainable mineral exploration and mining.



Honourable Kevin Krueger  
Minister of State for Mining

February 13, 2007

# Table of Contents

<b>Ministry Overview</b> .....	7
Purpose of Ministry.....	7
Vision, Mission and Values.....	7
<b>Strategic Context</b> .....	9
<b>Core Business Areas</b> .....	12
<b>New Relationship</b> .....	16
<b>Goals, Objectives, Strategies and Results</b> .....	17
Overview of Ministry Goals.....	17
Linkage to the Government’s Great Goals.....	17
Cross Ministry Initiatives.....	18
Performance Plan.....	21
Performance Plan Summary Table.....	21
<b>Resource Summary</b> .....	30





# **Ministry Overview**

## **Purpose of Ministry**

The Ministry of Energy, Mines and Petroleum Resources is tasked with managing the responsible development of British Columbia's energy, mining and petroleum resource sectors. The Ministry retains responsibility for the policy direction provided to the Oil and Gas Commission, which regulates the oil and gas industry throughout British Columbia.

Natural gas is now the single largest source of provincial revenue derived from a natural resource in British Columbia. As commodity prices for natural gas, oil, electricity and minerals remain strong, British Columbians can expect to see continued benefits and resource development opportunities. This Service Plan outlines the Ministry's strategies to increase jobs, investment and revenue related to these sectors, while ensuring the highest degree of environmentally responsible resource development occurs on the land base from which energy, mineral and petroleum resources are derived.

The Ministry administers 25 statutes pertaining to the energy, mining and petroleum resource sectors. In addition, the Minister of Energy, Mines and Petroleum Resources is responsible for the Assayers Certification Board of Examiners, the British Columbia Hydro and Power Authority, the British Columbia Transmission Corporation, the Columbia Power Corporation, the Mediation and Arbitration Board and the Oil and Gas Commission.

## **Vision, Mission and Values**

### **Vision**

We envision thriving, safe, environmentally responsible and competitive energy, mining and petroleum resource sectors, which contribute to the economic growth and development of communities throughout British Columbia.

### **Mission**

We facilitate a positive climate for the economic, environmental and socially responsible development of British Columbia's energy, mineral and petroleum resources for the benefit of British Columbians.

## **Values**

### **Integrity**

We conduct ourselves in a respectful, honest, trustworthy and ethical manner.

### **Responsiveness**

We respond to the needs of our clients, stakeholders and the general public in a timely and effective manner.

### **Accountability**

We are accountable to decision makers and to British Columbians at all levels in our Ministry.

### **Professionalism**

We strive for the highest levels of technical competency and public service.

### **Innovation**

We continually look for creative ways to improve and develop ourselves, our work environment and our services.

### **Collaboration**

We promote teamwork, advance positive working relationships and develop effective collaboration within our Ministry, with other ministries, and with all of our clients.

### **Motivation**

We encourage a culture in which healthy, motivated employees proactively participate in the Ministry.

## **Strategic Context**

British Columbia is in the fortunate position of having abundant opportunities for energy, mineral and petroleum resource development. The Ministry is committed to working with communities, industry, First Nations and environmental organizations to ensure that the continued economic growth and development of these sectors is socially and environmentally responsible. British Columbians are witnessing increased jobs, business opportunities and government revenue from the production and sale of commodities. Electricity prices in British Columbia are among the lowest in North America, thanks to continued public ownership of British Columbia's electricity generation, transmission and distribution assets and the BC Utilities Commission's regulation of domestic rates under the heritage contract.

The estimated British Columbia onshore oil and gas resources are substantial: 50 trillion cubic feet of conventional gas, 84 trillion cubic feet of coalbed gas, upwards of 250 trillion cubic feet of shale and tight gas and 7.9 billion barrels of oil. Oil and gas activity levels remain robust in the British Columbia portion of the Western Canadian Sedimentary Basin. Companies can still pursue large resource plans, as they are able to acquire substantial contiguous blocks of petroleum and natural gas rights in British Columbia. However, after accelerated growth in recent years, growth in exploration activities is expected to ease in 2008.

The resurgence of the mining industry reflects the significant improvements in policy made since 2001. B.C. has gone from having six per cent of Canada's mineral exploration investment in 2001 to a forecasted 15 per cent in 2006. It is essential that B.C. continues to simplify doing business in the Province, without diminishing the high level of environmental stewardship expected by British Columbians. Stronger mineral prices and the emergence of robust Asian economies provide excellent opportunities for mining in B.C. provided the Province remains competitive.

B.C. is at the forefront of environmental and economic leadership as it takes full advantage of clean, renewable energy sources to meet the demands of continued growth. By focusing on the electricity, alternative energy and oil and gas sectors, the Province will encourage conservation, innovation and ongoing job and economic opportunities. Ensuring a secure, reliable supply of affordable electricity produced in an environmentally responsible way will provide benefits for generations to come.

The Ministry of Energy, Mines and Petroleum Resources assesses its risks and opportunities annually as part of its strategic planning process. Once risks/opportunities have been identified, they are addressed through strategies that result in the successful implementation of Ministry goals and objectives for that given period. The following is a comprehensive list of the Ministry's external and internal risks and opportunities.

## External Risks

**Financial** — The Ministry is focused on identifying the opportunities created by the high commodity price environment to accelerate responsible and sustainable development in the near-term even though financial markets may continue to experience volatility. Most world banks have ended their cycle of interest rate increases which could influence spending and investment in some sectors. In addition, commodity prices can have a significant impact on investment levels.

**Competition** — Investment dollars move readily around the globe to the jurisdictions that provide the highest net return for given levels of risk. The Ministry monitors changes in British Columbia's competitiveness as compared to other jurisdictions and implements strategies to maintain our competitive position and investment attractiveness. For example, the Ministry continues to streamline and update legislative and policy frameworks to minimize the regulatory burden and increase British Columbia's competitiveness.

**Environment** — The Province is committed to the environmentally and socially responsible management, development and use of energy resources. B.C. supports the reduction of greenhouse gas emissions in the electricity, oil and gas and transportation industries. Current provincial efforts at reducing the impacts of climate change will continue.

**Skilled Workers** — The re-emergence of our mining sector and the rapid expansion of our energy sector means a growing number of permanent, well paying employment opportunities for British Columbians. However, with shortages of skills in our exploration and mining sectors, one of the difficulties facing the mining industry today is attracting young people to the industry. There is a risk that the demographic trend towards an ageing population and fewer employee-aged people in B.C. will prove challenging. The BC Mining Plan and other policies are implementing an approach to skills training and labour which focuses on attracting, developing, retaining, and informing workers about employment opportunities.

## External Opportunities

**Global Supply/Demand** — The emergence of China and India as major commodity consumers continues to influence demand and prices in a wide range of resource commodity markets. China is also emerging as a new source of investment funds that can be attracted to British Columbia. The Ministry is fully engaged in the provincial Asia Pacific Initiative, aimed at positioning British Columbia as the preferred economic and cultural gateway between North America and the Asia Pacific region.

North American demand in the oil and gas markets continues to increase while new supply opportunities are limited. British Columbia will remain as a significant supplier of natural gas to North American markets.

B.C.'s opportunity to supply minerals to the world is unprecedented as mineral prices and demand remain strong.

***New Relationship with First Nations and Community Consultation*** — British Columbia’s communities in resource rich areas continue to seek earlier and more comprehensive information from government regarding the development of resources in their areas. Many First Nations and communities are actively looking at the opportunities open to them to engage in proactive energy planning — ranging from energy conservation programs to economic and resource development. The Ministry is actively working with First Nations and will continue to work to enhance public confidence, identify ways to provide greater community benefits and increase investment certainty for industry.

***Sesquicentennial 2008*** — The Ministry is working with the Association for Mineral Exploration of British Columbia to give Roundup 2008 a theme of “150 years of Mining” for the provincial sesquicentennial celebration.

## **Internal Opportunities**

***Collaborative Relationship with Stakeholders*** — The Ministry will continue to build strong relationships with its key client groups and stakeholders. The Ministry recognizes the need to build solid relationships to advance its programs and strategies.

***Technology*** — The Ministry continues to focus on technological innovations to enhance service responsiveness to our clients and industry, such as the recently implemented Mineral Titles Online and Petroleum Titles Online systems, British Columbia’s state of the art mineral resource and geoscience databases, and interactive mapping websites. The Ministry is committed to developing further innovations since they are internationally recognized as key to B.C.’s competitiveness and investment attractiveness.

***Regulatory Streamlining*** — The Ministry has simplified regulations while ensuring the integrity of environmental, health and safety standards. The Ministry continues to support the government-wide regulatory reform initiative by meeting the goal of no net increase in regulation over the next three years.

***New Opportunities Explored*** — The Ministry recently issued its “BC Mining Plan: Report on Progress”, a status report on Mining Plan implementation. The Ministry continues to roll out its community engagement strategy focusing on working with local governments, communities and non-governmental organizations to seek advice on key policy matters and to provide information on the benefits and opportunities of resource development.

***Capacity*** — The Ministry explores opportunities to improve service through regulatory reviews and new technology, and seeks to mitigate the impacts of staff retirements from a number of key Ministry positions through new hires and innovative human resource practices.

## **Core Business Areas**

### **Oil and Gas**

The Crown owns most of the Province's petroleum and natural gas resources. The Ministry of Energy, Mines and Petroleum Resources is responsible for the management of these resources and is mandated to ensure protection of the environment in oil and gas development as well as ensure that benefits from these resources are maximized for British Columbians. In 2005/06, provincial government revenue generated directly from the production of oil and gas in British Columbia was approximately \$2.45 billion, which is about ten per cent of the Province's annual revenue. Following rapid expansion in recent years, exploration growth in British Columbia is expected to lessen in 2007/08. However, with abundant oil and gas deposits throughout the Province, oil and gas revenue will continue to play an important role in the provincial economy and the public services that revenue supports.

The Oil and Gas Division strives to create a vibrant and sustainable oil and gas industry over the long-term by providing a vehicle for the orderly and timely development of British Columbia's available oil and gas resources. The Division is planning for the future by reviewing its policies and programs to enhance the oil and gas regulatory regime. The Oil and Gas Regulatory Improvement Initiative being developed by the Ministry in cooperation with Oil and Gas Commission is one such program. Its objectives are to further the government's results-based approach to regulation and environmental management and enhance efficiency for all oil and gas permitting, compliance and enforcement.

The Division also strives to maximize the benefits from the Province's oil and gas resources, including increasing revenue and private sector business opportunities, implementing innovative oil and gas infrastructure and royalty programs, promoting geological potential, and enhancing the competitive business climate for oil and gas service companies.

While most of the current oil and gas investment is for conventional oil and gas in the Western Canada Sedimentary Basin, increasingly the Division is focussing on supporting activity in underdeveloped areas and unconventional gas. Working with industry and stakeholders, the Division supports collecting baseline data and geoscience research. In particular, the Nechako Initiative will facilitate pursuing oil and gas development in the Interior Basins, including a comprehensive Environmental Information Program to identify baseline information needs in the area.

### **Titles and Offshore**

In November 2006 the former Titles Division was merged with the former Offshore Oil and Gas Division to form a new Titles and Offshore Division. The new division is responsible for tenure issuance, administration and compliance, land use coordination, and works to enable offshore oil and gas development to occur in British Columbia.

The Oil and Gas Titles Branch in the Titles and Offshore Division issues and administers tenures for Crown-owned petroleum and natural gas, geothermal and underground gas storage rights, and collects associated revenues. The monthly disposition process for oil and gas rights generates over \$400 million in revenue annually, while the administration of tenures provides a further \$60 million each year.

The Mineral Titles Branch in the Titles and Offshore Division issues and administers tenures for Crown-owned mineral, placer and coal rights. Mineral Titles Online, an award winning, state-of-the-art, internet-based mineral tenure acquisition and maintenance system, provides enhanced service delivery to clients.

The Compliance and Administration Branch delivers accounting, revenue forecasting and financial control over all B.C. subsurface tenure revenues; develops and manages the division budget, financial administration, infrastructure requirements, and human resources activities; coordinates and leads policy activities related to title issuance and community issues; and leads Business Plan development and reporting.

The Land Use Coordination Branch leads the development of land use strategies, concepts and policies for the Ministry; represents the interests of the Ministry in a wide range of land use initiatives throughout the Province; provides the Ministry with information and advice regarding current and emerging land use decisions; and coordinates land use issues within the Ministry to ensure the overall goals and objectives of the organization are consistent and properly represented.

The Offshore Oil and Gas Branch will continue to identify potential benefits and risks of offshore development, develop a comprehensive fiscal and regulatory regime, and advance scientific knowledge of offshore energy development. The Province of British Columbia believes that the potential opportunities provided by offshore oil and gas development are of significant public value. The Province is taking a principled approach to researching management and regulatory regimes in other jurisdictions in order to identify best practices for west coast offshore development.

The Offshore Oil and Gas Branch is investing in research and partnering with British Columbia's universities to establish environmental baseline data that will facilitate responsible exploration and development of offshore oil and gas. The Branch has concluded a Protocol Agreement with the Nisga'a Nation to work collaboratively on offshore issues, and has provided financial support for a project to collect and disseminate information to Nisga'a Citizens on the risks and benefits of offshore oil and gas development. Plans are underway to bring coastal community and First Nations leaders together to work on a number of matters related to offshore development, including regulatory frameworks, benefits, risks and opportunities. The Branch also participates in federal and provincial ocean planning initiatives to ensure offshore oil and gas development is factored into marine management decision-making.

## **Mining and Minerals**

British Columbia is rich in mineralization and is ranked high by companies with respect to mineral resource potential including coal, aggregate, industrial minerals and metal resources. Mining revenues and jobs are increasing as government policies and commodity prices fuel investor confidence and attract the mining industry to develop these rich resources. The provincial government is committed to attracting exploration investment and building the mining industry in order to ensure benefits for all British Columbians.

The Mining and Minerals Division develops and implements policies and programs to enhance British Columbia's competitiveness world-wide in order to attract new investment in mineral exploration and development. The Division fosters the economic efficiency of the mineral sector in a manner that is socially and environmentally responsible.

British Columbia is a leader in innovation and high technology research and education. The Mining and Minerals Division is advancing a number of technology initiatives to enhance service and attractiveness to industry, such as an online permitting system for mineral exploration, continuing with state of the art mineral resource and geoscience databases, and an interactive mapping website, <http://www.MapPlace.ca/>.

The Division is responsible for health, safety and environmental regulations at mine sites, which are part of the framework that establishes British Columbia's mines as among the most environmentally responsible, technologically advanced, and the safest in the world. It manages the exploration and development of mineral resources while ensuring the involvement of communities, environmental organizations and First Nations, and is responsible for the development and implementation of the BC Mining Plan.

## **Electricity and Alternative Energy**

The Electricity and Alternative Energy Division develops and implements policies and programs to support all forms of electrical power generation, alternative energy sources, energy efficiency measures, and leading edge and evolving technologies. The Division focuses on facilitating thriving, competitive, reliable, efficient and environmentally responsible electricity and alternative energy sectors for the benefit of British Columbians.

As British Columbia's economy strengthens, it continues to rely on reliable, low-cost electricity. The government is dedicated to striking a balance between the responsible development of conventional sources of electricity, and developing policies that will encourage the use of new and alternative sources. The Division is responsible for developing and implementing provincial policy with respect to BC Hydro, the BC Transmission Corporation, Columbia Power Corporation and other electricity utilities, and for ensuring that British Columbia's energy interests in inter-jurisdictional relations are met. One of B.C.'s competitive advantages is its historical investment in hydro-electric dams. This investment ensures ratepayers continue to receive the benefits of low cost electricity. The Division will endeavor to maintain this competitive advantage in the context of challenging public



expectations of the public for low air emissions and often more expensive unconventional electricity production.

### **Marketing, Aboriginal and Community Relations**

The Marketing, Aboriginal and Community Relations Division provides a unified, corporate approach to other divisions by leading or supporting the Ministry's First Nations consultation processes and advancing the New Relationship; leading the community engagement and marketing strategies; providing strategic planning, corporate policy advice, and ensuring reporting requirements are met; leading cross ministry and intergovernmental initiatives; and overseeing legislative and regulation development.

The Division is also responsible for providing administrative support services to the Mediation and Arbitration Board.

### **Executive and Support Services**

Financial and administrative support services, payroll, human resources and budgeting, are provided by the Management Services Division in a shared service arrangement with the Ministry of Economic Development.

An overview of the Ministry's Information Resource Management Plan can be found at: <http://www.em.gov.bc.ca/serviceplan/irmpoverview.htm>.

## **New Relationship**

The Government of British Columbia is leading the nation in developing a New Relationship with First Nations and Aboriginal people. Guided by principles of trust, and by recognition and respect of First Nations rights and title, we are building a stronger and healthier relationship between government and Aboriginal people. By working together, we will bring tangible social and economic benefits to Aboriginal people across the Province and narrow the gap between Aboriginal people and other British Columbians.

The Ministry of Energy, Mines and Petroleum Resources is working to support the New Relationship by developing programs that include training Aboriginal people, facilitating First Nations' employment in the energy, mineral and petroleum resource sectors, supporting treaty negotiations, and undertaking strategic initiatives in cooperation with other ministries. Examples include:

- the Mining and Minerals Protocol Agreement between the Ministry and the Upper Similkameen Indian Band;
- the Tahltan/B.C. Protocol Table led by the Ministry of Aboriginal Relations and Reconciliation;
- the Treaty 8 Set Aside Negotiations also led by the Ministry of Aboriginal Relations and Reconciliation;
- a Mining Consultation Agreement with the Ktunaxa Nation Council led by the Ministry of Energy, Mines and Petroleum Resources; and
- government-to-government discussions with regard to the Ruby Creek Project led by the Environmental Assessment Office.

Implementation of the New Relationship is a significant step in ensuring Aboriginal people benefit from the continued growth and development of British Columbia's resources.

# Goals, Objectives, Strategies and Results

## Overview of Ministry Goals

The Ministry's three goals are:

1. Thriving and competitive energy, mineral and petroleum resource sectors;
2. Safe and environmentally responsible energy, mineral and petroleum resource development and use; and
3. The Ministry, First Nations, communities and industry working cooperatively for the responsible development and use of British Columbia's energy, mineral and petroleum resources.

The Ministry's first goal is important because thriving and competitive energy, mineral and petroleum resource sectors are significant sources of employment for British Columbians and revenue to the Province, paying for education, health care and other essential government services. As we all need energy and minerals in our daily lives, our second goal is particularly relevant. The Ministry recognizes how important safe and environmentally responsible resource development is to British Columbians. With respect to our third goal, the engagement of communities and industry to work cooperatively for the responsible development of our resources is vital for the industry to thrive and prosper.

## Linkage to the Government's Great Goals

*Create more jobs per capita than anywhere else in Canada*

A wide range of Ministry strategies are being implemented in support of this goal, including: expanding opportunities for job training and placement; facilitating First Nation involvement; engaging communities and stakeholders; and ensuring reliable low cost electricity is available to support economic development and job creation.

*Lead the world in sustainable environmental management, with the best air and water quality, and the best fisheries management, bar none*

The Ministry will continue to pursue best practices for oil and gas development, maintain effective, efficient regulation of mines and mineral exploration sites aimed at health, safety and environmental best practices, and promote the development and use of alternative energy technology and energy efficiency measures.

## **Cross Ministry Initiatives**

The Ministry is working jointly with other agencies on the following initiatives:

### **Mountain Pine Beetle**

Projections indicate the mountain pine beetle infestation could kill 80 per cent of the pine forest in British Columbia by 2013. Pine forests dominate the interior of B.C., and their loss has significant implications to the forest environment, economy and the communities that depend on those forests for sustainability. The B.C. government, through coordination by the Ministry of Forests and Range and the *Provincial Mountain Pine Beetle Action Plan*, is working across a number of ministries to minimize and mitigate negative environmental and socio-economic impacts of the infestation, while recovering the greatest value and protecting public health, safety and infrastructure. In collaboration with other ministries, the Ministry of Energy, Mines and Petroleum Resources is accelerating the identification and development of energy, mineral and other non-forest economic opportunities and related infrastructure requirements in areas where the mountain pine beetle has attacked wood.

### **Asia Pacific Initiative**

The British Columbia Asia Pacific Initiative ensures the province has a coordinated and targeted strategic plan in place that takes full advantage of B.C.'s Pacific Gateway advantages and Asian cultural and language base. The Asia Pacific Initiative defines B.C.'s future role in the Asia Pacific economy and identifies the immediate priority actions that must be taken to further integrate the province into Asian markets.

The Ministry supports the government's Asia Pacific Initiative by: promoting increased investment in British Columbia's mining sector and in new and existing pipelines, both within the province and through British Columbia from Alberta; streamlining and updating legislative and policy frameworks to minimize regulatory burdens and increase British Columbia's competitiveness; and the ongoing promotion of British Columbia's alternative energy generation technologies and hydrogen, fuel cell, and mining services sectors.

The Minister of State for Mining and staff attended the November 2006 China Mining Congress in Beijing to gather information, build relationships with key Chinese officials in the mining industry, and to attract direct investment into British Columbia mining opportunities. The forum was an opportunity to promote British Columbia-based mining, energy service and technology businesses, including mine engineering, reclamation and environmental consulting services, the Province's hydrogen fuel cell sector and alternative and green energy technology businesses.

### **2010 Olympic and Paralympic Winter Games**

All provincial ministries, agencies and Crowns have been working together to ensure every available opportunity to develop sustainable economic legacies are explored and pursued so that businesses and communities in British Columbia receive benefit from the Games.

The Ministry will highlight examples of excellence in British Columbia that support the concept of a “green Olympics” for both the Beijing and Vancouver Olympic events.

### **Regulatory Reform**

British Columbia continues to make regulatory reform a priority across government, making it easier for businesses to operate and succeed in British Columbia, while still preserving regulations that protect public health, safety and the environment. A citizen-centred approach to regulatory reform will reduce the number of steps it takes to comply with government requirements or access government programs and services.

The Ministry supports the government’s regulatory reform initiative by meeting its target of no net increase in regulations over the next three years. Any new regulation will be balanced with ensuring that those regulations that no longer serve a useful purpose are eliminated. This will shift the Ministry’s regulatory climate to more cost-effective, results-based regulatory requirements that are responsive to our fast changing world.

The Ministry is leading or supporting a number of intergovernmental initiatives aimed at making material improvements to the efficiency of the regulatory and project assessment processes applied to mining and energy projects. These initiatives include those directed by the federal/provincial/territorial Ministers of Energy and Mines from across Canada, as well as proposed streamlining initiatives being developed bilaterally between British Columbia and Canada.

The Ministry’s Oil and Gas Regulatory Improvement Initiative will advance the government’s results based approach to regulation and reduce the regulatory burden on citizens and businesses. In addition, the Ministry has identified access improvements to Petroleum Titles Online as our Citizen Centred Regulatory Reform Project, and will be working to map the business process improvements by April 2007.

### **Citizen-Centred Service Delivery Initiative**

Citizen-centred service delivery is a government-wide initiative to coordinate information, programs and services so that they can be presented to citizens in a way that takes their needs into account from beginning to end. The vision is to make it possible for citizens to access the government information and services they need in a simple and timely manner with a phone call, a mouse click or a visit to a service centre, no matter how many programs or ministries are involved in their request.

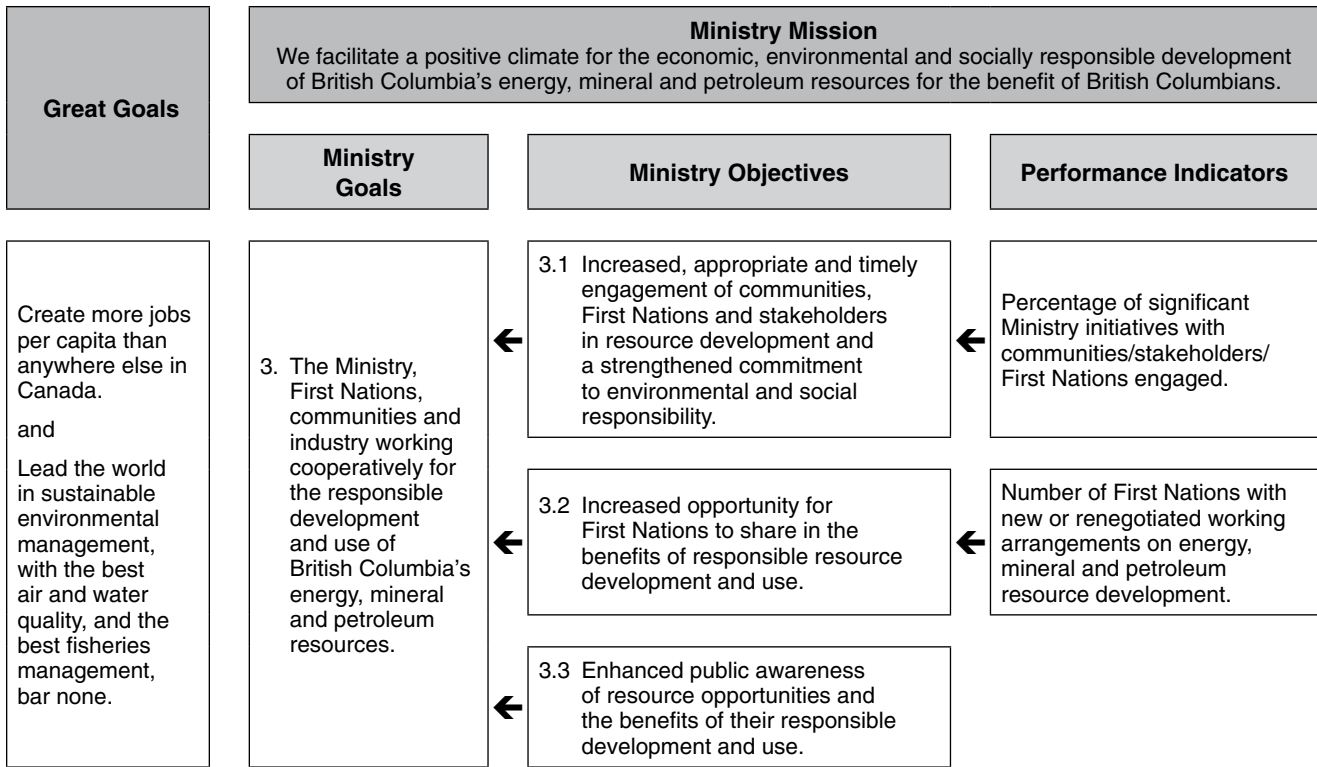
Examples of Ministry support for the goals of citizen-centred service delivery include an ongoing program for the upgrade and improvement of Mineral Titles Online and Petroleum Titles Online to meet client needs and provide public information, evaluating options for Coal Titles Online, and the planned establishment of two positions in Fort St. John to carry out First Nations and community engagement.

In support of the governments' FrontCounter BC initiative, the Ministry is working directly with the Integrated Land Management Bureau to support that agency's delivery of "single point of contact" services in a number of regional centres on behalf of natural resource ministries and agencies. The Ministry's clients will be able to seek information and make application for certain services through the Bureau. In addition, the Ministry is committed to making best efforts to achieve target adjudication times on applications that have been agreed to between the Ministry and the Bureau. Examples of services available through Bureau offices include: applications for Oil and Gas Permits, Notice of Work Placer and Notice of Work Mineral and Coal Bulk Sample/Small Mine Permits.

# Performance Plan

## Performance Plan Summary Table

Great Goals	Ministry Mission		
	We facilitate a positive climate for the economic, environmental and socially responsible development of British Columbia's energy, mineral and petroleum resources for the benefit of British Columbians.		
	Ministry Goals	Ministry Objectives	Performance Indicators
<p>Create more jobs per capita than anywhere else in Canada.</p> <p>and</p> <p>Lead the world in sustainable environmental management, with the best air and water quality, and the best fisheries management, bar none.</p>	<p>1. Thriving and competitive energy, mineral and petroleum resource sectors.</p>	<p>1.1 Increased investment, revenue generation, and job creation in energy, mineral and petroleum resource development, and an increasingly secure, reliable supply of energy for the long term benefit of all British Columbians.</p>	<p>Capital investment in oil and gas activities.</p> <p>Natural gas production.</p> <p>Annual mineral exploration expenditure.</p> <p>Capital investment in new or existing mines.</p>
		<p>1.2 Efficient and effective fiscal, legislative and regulatory frameworks and services that reflect the public interest, and enhanced social and economic benefits for all British Columbians.</p>	
		<p>1.3 Greater community awareness of the benefits of energy, mineral and petroleum resource opportunities.</p>	
	<p>2 Safe and environmentally responsible energy, mineral and petroleum resource development and use.</p>	<p>2.1 Operational practices at work sites that protect the public, workers' safety and the environment.</p>	<p>Flaring at oil and gas production wells.</p> <p>Lost time accident frequency at mines.</p>
		<p>2.2 Increased energy conservation and use of alternative, clean energy and efficient technologies.</p>	<p>Cumulative gigawatt/hours of electricity saved through the PowerSmart and PowerSense conservation programs.</p> <p>Percentage of furnaces installed with Energy Star rating.</p>



**Goal 1: *Thriving and competitive energy, mineral and petroleum resource sectors.***

**Core Business Areas:** *Oil and Gas; Mining and Minerals; Marketing, Aboriginal and Community Relations; Electricity and Alternative Energy.*

**Objective 1:** *Increased investment, revenue generation and job creation in energy, mineral and petroleum resource development for the long term benefit of all British Columbians, and an increasingly secure, reliable supply of energy for the long term benefit of all British Columbians.*

**Strategies**

1. Attract investment by working with industry to develop and implement focused marketing and investment programs to showcase British Columbia as a centre of excellence for energy, mining, oil and gas development.



2. Work with industry, post secondary institutions, the federal government and provincial agency partners to further establish British Columbia as an innovation and high technology research and education centre.
3. Promote innovative and aggressive conservation and electricity procurement programs.
4. Work to diversify British Columbia's fuel supply.
5. Improve British Columbia's competitiveness in energy, mineral and petroleum development, by providing leadership and information, and investing in infrastructure.

**Objective 2:** *Efficient and effective fiscal, legislative and regulatory frameworks and services that reflect the public interest, and enhanced social and economic benefits for all British Columbians.*

### **Strategies**

1. Review regulatory issues in cooperation with other levels of government to ensure British Columbia remains competitive, and monitor the provincial regulatory environment for global competitiveness.
2. Continue to identify opportunities for appropriate regulatory reductions while ensuring the integrity of environmental, health and safety standards.
3. Develop and implement a faster and simplified approach to multi-agency exploration and mining approvals, with the Ministry of Energy, Mines and Petroleum Resources as the single coordinating agency.
4. Expand and improve online service delivery and the use of e-business.
5. Introduce new, targeted royalty and incentive programs to stimulate development of oil and gas resource opportunities, and review existing programs to ensure that they are still current and relevant.

**Objective 3:** *Greater community awareness of the benefits of energy, mineral and petroleum resource opportunities.*

### **Strategies**

1. Work with industry to develop and implement focused training and marketing programs to inform British Columbians about opportunities in the energy, mining, and petroleum industries.
2. Build community and industry relationships by engaging them in discussion about the benefits and opportunities of resource development, and developing an offshore oil and gas benefits sharing model.
3. Increase provincial awareness of energy opportunities by engaging school students in a discussion of responsible energy, mineral and petroleum resource development.

4. Pursue financial and cooperative energy partnerships with industry, such as those developed with Independent Power Producers, communities and other levels of government.
5. Manage Columbia River Treaty and Downstream Benefit Entitlement matters.

## **Performance Measures**

<b>Performance Measures</b>	<b>2005/06 Actual</b>	<b>2006/07 Forecast</b>	<b>2007/08 Target</b>	<b>2008/09 Target</b>	<b>2009/10 Target</b>
Annual Capital investment in Oil and Gas Activities.	\$4.9 billion <sup>1</sup>	\$4.5 billion	\$4.5 billion	\$4.8 billion	\$5 billion
Annual Natural Gas Production.	1.02 trillion <sup>2</sup> cubic feet	1.04 trillion cubic feet	1.06 trillion cubic feet	1.08 trillion cubic feet	1.10 trillion cubic feet
Annual mineral exploration expenditure.	\$220 million <sup>3</sup>	\$200 million	\$200 million	\$200 million	\$200 million
Annual capital investment in new or existing mines.	\$345 million <sup>4</sup>	\$350 million	\$400 million	\$450 million	\$450 million

<sup>1</sup> Source: Canadian Association of Petroleum Producers. These estimates are provided only by calendar year.

<sup>2</sup> Source: British Columbia Ministry of Energy, Mines and Petroleum Resources. Raw natural gas production by fiscal year.

<sup>3</sup> Source: British Columbia Ministry of Energy, Mines and Petroleum Resources, based on annual surveys conducted by the Ministry in collaboration with Natural Resources Canada and Statistics Canada (calendar year).

<sup>4</sup> Source: Based on Ministry of Energy, Mines and Petroleum Resources staff using data from annual surveys by PricewaterhouseCoopers and Natural Resources Canada, adjusted to reflect non-surveyed activities and post-survey developments.

## **Goal 2: *Safe and environmentally responsible energy, mineral and petroleum resource development and use.***

**Core Business Areas:** *Oil and Gas; Titles and Offshore; Mining and Minerals; Marketing, Aboriginal and Community Relations; Electricity and Alternative Energy.*

**Objective 1:** *Operational practices at work sites that protect the public, workers' safety and the environment.*

### **Strategies**

1. Develop leading health and safety standards and practices in cooperation with labour and industry groups.
2. Improve safety compliance through inspections and audits.

3. Work with individuals, industry, environmental groups, universities, colleges and other government organizations to expand environmentally responsible energy, mining and petroleum development.
4. Improve environmental compliance through inspections and audits at development sites.
5. Encourage the development and adoption of “Clean” technology through innovative funding mechanisms.

## Performance Measures

Performance Measure	2005/06 Actual	2006/07 Forecast	2007/08 Target	2008/09 Target	2009/10 Target
Flaring at oil and gas production wells. <sup>1</sup>	100	90	80	70	60
Lost time accident frequency at mines. <sup>2</sup>	2.5 days per 100 workers	0% increase	0% increase	0% increase	0% increase

<sup>1</sup> When natural gas is removed from the ground, some gas is routinely flared to prevent harm from exposure to unburned fuel. As flaring wastes a valuable combustible resource and produces environmental effects, a flaring reduction strategy is being implemented. These figures represent flaring at oil and gas producing wells, converted to index numbers. Fiscal year 2005/06 is used as base for the index (i.e., equals 100). Index numbers are useful to show trends in variables, and allow to quickly calculate the expected change in the variable against the base period. For example, the index for 2009/10 for flaring at oil and gas production wells is expected to be 60, which implies a 40% reduction in four years, or  $[(60 / 100) - 1] \times 100 = - 40\%$ .

<sup>2</sup> Refers to time lost due to injury at mines. It is expected that with several new mines in operation and new employees at those mines, the numbers of lost days will be maintained at the benchmark of 2.5 as long as proper training and tools are available for these new workers. The target of 0% increase in lost time is meaningful against a background of expanded industry activity.

**Objective 2:** *Increased energy conservation and use of alternative, clean energy and efficient technologies.*

## Strategies

1. Work with electricity generators, electricity utilities and consumers across British Columbia to ensure an active and coordinated focus on energy conservation in the province.
2. Increase the participation of local governments in the Community Action on Energy Efficiency Program and expand the First Nation and Remote Community Clean Energy Program.
3. Encourage the procurement of electricity from BC Clean sources.
4. Pursue strategic alliances with the federal government to further develop the hydrogen fuel cells industry and other technology that supports alternative energy.

## Performance Measures

Performance Measure	2005/06 Actual	2006/07 Forecast	2007/08 Target	2008/09 Target	2009/10 Target
Cumulative gigawatt/hours of electricity saved through the PowerSmart and PowerSense conservation programs. <sup>1</sup>	2,102	2,624	3,043	3,557	4,071
Percentage of furnaces installed with Energy Star rating. <sup>2</sup>	35%	45%	60%	70%	75%

<sup>1</sup> Source: BC Hydro and FortisBC. These figures represent electrical savings through BC Hydro's PowerSmart and FortisBC's PowerSense demand side management programs. The figures shown are cumulative GWh for PowerSmart II (two) which commenced April 1, 2001. FortisBC results are asynchronous since they are based on a calendar year, beginning January 1, 2001. Both electric utilities offer a broad range of demand side management programs, which are targeted to the three main market sectors: residential, commercial and industrial.

<sup>2</sup> ENERGY STAR is the international symbol of energy efficiency. The ENERGY STAR symbol helps consumers quickly and easily identify home appliances and other energy-using equipment that save energy. The ENERGY STAR symbol identifies products as high efficiency performers in their category. The ENERGY STAR symbol, which is placed on the product and/or incorporated in its literature, indicates that the product meets a premium level of energy efficiency making it easy for consumers to choose the most energy-efficient products sold in the Canadian marketplace.

Source: Heating, Refrigeration and Air Conditioning Institute.

### **Goal 3: *The Ministry, First Nations, communities and industry working cooperatively for the responsible development and use of British Columbia's energy, mineral and petroleum resources.***

**Core Business Areas:** *Oil and Gas; Titles and Offshore; Mining and Minerals; Marketing, Aboriginal and Community Relations; Electricity and Alternative Energy.*

**Objective 1:** *Increased, appropriate and timely engagement of communities, First Nations and stakeholders in resource development, and a strengthened commitment to environmental and social responsibility.*

### **Strategies**

1. Improve working relationships between industry and local communities and landowners by clarifying and simplifying processes, enhancing dispute resolution methods, and offering more support and information.
2. Support First Nations in providing cross cultural training to agencies and industry.

3. Assist industry with engaging First Nations in development proposals at an early stage.
4. Provide information about local development activities to local governments, education and health service providers to inform the development of social infrastructure.
5. Examine tenure policies and develop guidelines to address areas that require special consideration.

## **Performance Measure**

Performance Measure	Benchmark	2007/08 Target	2008/09 Target	2009/10 Target
Percentage of significant Ministry initiatives with communities/stakeholders/ First Nations engaged. <sup>1</sup>	100%	100%	100%	100%

<sup>1</sup> A significant initiative is a multi-divisional corporate initiative that will involve a change in the way that the Ministry does its business, for example the Oil and Gas Regulatory Improvement Initiative.

**Objective 2:** *Increased opportunity for First Nations to share in the benefits of responsible resource development and use.*

## **Strategies**

1. Engage First Nations to identify opportunities to participate in and benefit from energy, mineral and petroleum resource development.
2. Develop partnerships between First Nations, industry and government to fund skills, employment and business development opportunities.
3. Negotiate First Nations Agreements which engage First Nations from pre-tenure through to reclamation.
4. Involve First Nations and coastal communities in the development of an offshore oil and gas regulatory and benefit sharing model, and a remote Community Clean Energy Program.

## Performance Measure

Performance Measure	2005/06 Actual	2006/07 Forecast	2007/08 Target	2008/09 Target	2009/10 Target
Number of First Nations with new or renegotiated working arrangements on energy, mineral and petroleum resource development. <sup>1</sup>	37	45	55	65	75

<sup>1</sup> Under these arrangements, the Oil and Gas Commission contributed \$11.1 million to First Nations, and the Ministry contributed \$2.6 million during 2005/6. The Ministry's new or renegotiated working arrangements include a broad span of initiatives, from on-reserve oil and gas revenue sharing to formalized consultation processes. The benefits to communities from these arrangements include: revenues, formalized information sharing, defined steps for the fulfillment of consultation obligations, ability for communities to prioritize the use of their limited lands and resource staff, opportunities to discuss and participate in policy development, and access to training in the processes and systems used by the Ministry related to mining and oil and gas development.

**Objective 3:** *Enhanced public awareness of resource opportunities and the benefits of their responsible development and use.*

### Strategies

1. Seek public opinion on the energy challenges and opportunities faced by British Columbia over the next ten years.
2. Host regional mining and community forums each year.
3. Continue the annual Sustainable Mining Award (implemented 2006) to recognize the achievements of communities, industry and organizations.
4. Review and improve all points of access to information currently provided by the Ministry to make more user friendly, and evaluate and improve existing public information strategy.

### Changes to Goals, Objectives, Strategies, Performance Measures and Targets

The Ministry made minor wording refinements to some of its objectives in the Service Plan, which clarify but do not alter the intent of the objectives.

The Ministry has revised all its strategies to reflect current and emerging policies and the British Columbia Mining Plan.

The Ministry added a new performance measure for community engagement, which we undertook to do in our 2006/07 Service Plan. The new measure is "Percentage of significant Ministry initiatives with communities/stakeholders/First Nations engaged".

A new performance measure was added to support our second ministry goal, which is, "Safe and environmentally responsible energy, mineral and petroleum resource development

and use”. The new measure is: Cumulative gigawatt/hours of electricity saved through the PowerSmart and PowerSense conservation programs. This measure replaces a measure from our 2006/07 Service Plan which was, “Percentage of new electricity generation from “BC Clean” and clean self generation sources” as the new measure is more easily understood.

Also supporting our second goal, the Ministry has redefined the flaring reduction measure as an index to make it more meaningful and easily understood. Based upon the aim of reducing flaring at oil and gas producing wells by 50 per cent in five years, the revised measure is “Flaring at oil and gas production wells”, and is expressed as an index declining from a base of 100.

# Resource Summary

Core Business Areas	2006/07 Restated Estimates	2007/08 Estimates	2008/09 Plan	2009/10 Plan
<b>Operating Expenses (\$000)</b>				
Oil and Gas .....	10,711	10,073	10,178	10,279
Titles and Offshore .....	7,436	5,511	5,586	5,654
Mining and Minerals .....	11,868	14,082	14,209	14,326
Electricity and Alternative Energy .....	3,720	2,389	2,415	2,437
Marketing, Aboriginal and Community Relations .....	6,711	4,968	5,031	5,089
Executive and Support Services .....	4,454	6,876	6,899	6,922
Contracts and Funding Arrangements <sup>1</sup> .....	33,560	33,560	33,560	33,560
<b>Total .....</b>	<b>78,460</b>	<b>77,459</b>	<b>77,878</b>	<b>78,267</b>
<b>Full-time Equivalents (Direct FTEs)</b>				
Oil and Gas .....	78	70	70	70
Titles and Offshore .....	48	43	43	43
Mining and Minerals .....	75	118	118	118
Electricity and Alternative Energy .....	15	22	22	22
Marketing, Aboriginal and Community Relations .....	35	36	36	36
Executive and Support Services .....	20	26	26	26
<b>Total .....</b>	<b>271</b>	<b>315</b>	<b>315</b>	<b>315</b>
<b>Ministry Capital Expenditures (Energy, Mines and Petroleum Resources) (\$000)</b>				
Oil and Gas .....	566	383	383	383
Titles and Offshore .....	51	54	54	54
Mining and Minerals .....	1,000	813	813	813
Electricity and Alternative Energy .....	0	7	7	7
Marketing, Aboriginal and Community Relations .....	0	0	0	0
Executive and Support Services .....	182	178	178	178
<b>Total .....</b>	<b>1,799</b>	<b>1,435</b>	<b>1,435</b>	<b>1,435</b>

<sup>1</sup> Contracts and funding arrangements includes: an annual payment for three years to reflect the province's obligations under the Vancouver Island Gas Pipeline Agreement, and revenue sharing agreements.



Core Business Areas	2006/07 Restated Estimates	2007/08 Estimates	2008/09 Plan	2009/10 Plan
<b>Other Financing Transactions (\$000)</b>				
<b><i>Oil and Gas Commission Act</i></b>				
Receipts .....	32,602	31,393	32,300	33,260
Disbursements .....	(32,602)	(31,393)	(32,300)	(33,260)
<b>Total Net Cash Source (Requirements) .....</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## **Explanation and Comments**

The Ministry underwent a structural change on November 13, 2006: the Offshore Oil and Gas Division was merged with the Titles Division to form the Titles and Offshore Division. The Ministry did not acquire any new positions during this structural rearrangement, and the total Full Time Equivalents count remains the same. Staff reallocations were made to some divisions such as Electricity and Alternative Energy and Mining and Minerals, while Oil and Gas received fewer positions.

2006/07 figures have been restated to reflect the negotiated framework salaries and benefits increase, and budget funds transferred to ministries for centralized management services.

The amounts for Titles and Offshore reflect the Titles portion transferred from the Mining and Minerals Division. Executive and Support Services amounts have been restated for 2006/07 as a result of moving the Corporate Services group from Marketing during 2006/07.

