

Ministry of
Natural Gas Development
and Minister Responsible for Housing

2015/16
Annual Service Plan Report



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Minister's Message and Accountability Statement



Guided by B.C.'s 2012 strategies for natural gas and liquefied natural gas (LNG), the Ministry is striving to see the province benefit fully from its vast natural gas resources. This report highlights the Ministry's efforts during 2015/16 to realize the generational economic opportunity represented by LNG as well as increase the province's pipeline infrastructure, expand upstream oil and gas potential and provide for BC's housing needs. Key efforts to advance LNG development included hosting the province's third successful International LNG in BC Conference in October 2015, promoting B.C.'s LNG opportunity to 3,000 industry representatives from around the world, as well as passing the *Liquefied Natural Gas Project Agreements Act* in July 2015. This

Act allows for agreements that create financial certainty for both the Province and LNG proponents. In May 2015 the first Project Development Agreement, for Pacific NorthWest LNG, was ratified.

The Ministry continued to enhance the competitiveness of B.C.'s massive shale natural gas resource with royalty and infrastructure credit programs that recognize the specific challenges of developing unconventional gas in the province. This will maximize the amount of B.C. natural gas flowing to LNG facilities. Direct government revenue from oil and natural gas is estimated at \$949 million for 2015/16, and the disposition of Crown subsurface natural gas and oil rights realized approximately \$704 million. The Province also received an estimated \$182 million in natural gas and oil royalties. These revenues support vital public services such as health care and education.

The *Residential Tenancy Act* was amended in late 2015, to allow landlords to return a damage deposit by electronic funds transfer and to allow tenants who are fleeing family violence or who need to move into long term care to end their lease early without penalty. The Ministry implemented three service improvements to online applications that make it easier for landlords and tenants to access dispute resolution services. Amendments made to the *Strata Property Act* in November 2015 will allow strata owners to terminate a strata corporation with an 80 percent vote and court order, a change which supports redevelopment opportunities.

In early 2015, the Province introduced a new *Building Act* - the first provincial act devoted solely to building and construction - setting a framework for greater consistency, competency and innovation in B.C.'s construction sector. This was followed by an enhanced licensing system for residential builders, leading to higher professional standards in residential construction.

The Ministry of Natural Gas Development and Minister Responsible for Housing 2015/16 Annual Service Plan Report compares the Ministry's actual results to the expected results identified in the 2015/16 - 2017/18 Service Plan. I am accountable for those results as reported.

A handwritten signature in black ink, appearing to be 'Rich Coleman', written in a cursive style.

Honourable Rich Coleman
Minister of Natural Gas Development and Minister Responsible for Housing
June 17, 2016

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Purpose of the Ministry

The purpose of the [Ministry of Natural Gas Development and Minister Responsible for Housing](#) is twofold:

1. To guide responsible development and ensure maximum economic benefits to British Columbians from the province's natural gas resources, new export markets related to interprovincial pipelines, oil projects and value-added natural gas products, and the province's next new major industrial sector—that of liquefied natural gas (LNG); and
2. To provide British Columbians with access to safe, affordable and appropriate housing through policy and programs, technical codes and standards, and services for landlords and tenants.

The Ministry's stakeholders are the citizens of British Columbia and their representatives at all levels of government, First Nations, community groups, non-profit societies, schools, service organizations, private sector companies, project proponents, and environmental 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 is responsible for two Crown Corporations, the [BC Housing Management Commission](#) and the [Oil and Gas Commission](#).

Strategic Direction and Context

Minister Coleman's Mandate Letter from Premier Christy Clark, dated June 10, 2014, included a number of key deliverables relating to energy investment, a competitive LNG tax and regulatory framework, the use of clean power for LNG projects, LNG greenhouse gas emissions, BC's five conditions for heavy oil projects, home inspections and the Building Code (Act). Appendix D provides a report out on the specific deliverables in the Letter. The Ministry supports the direction in the Taxpayer Accountability Principles to reinvigorate the Government's commitment to an accountable and cost consciousness culture. Key challenges facing the Ministry in 2015/16 included a prolonged decline in world energy prices which delayed some LNG project Final Investment Decisions. Work continued on negotiations for clean energy supply with some LNG proponents and on the fiscal and policy framework for LNG. Production levels of marketable natural gas were stable in the B.C. portion of the Western Canadian Sedimentary Basin during 2015/16. A high volume of residential tenancy dispute resolution applications received in the summer of 2015 necessitated an improvement to the online application system.

During 2015/16, the Ministry focused on the initiatives outlined in British Columbia's LNG Strategy and its accompanying Natural Gas Strategy, released in February 2012:

http://www.gov.bc.ca/ener/natural_gas_strategy.html, as a way to realize the full potential of the province's enormous natural gas resources. Marketable natural gas production in B.C. was an estimated 44.5 billion cubic metres in 2015/16. There are about 550,000 rental households in B.C. and in 2015/16 the Ministry received over 22,000 application for dispute resolution and heard more than 20,000 landlord-tenant disputes. About 104,025 households throughout B.C. are estimated to have received subsidized housing assistance in 2015/16. This accounts for approximately six per cent of all housing in the province and includes 30,378 low-income households receiving rental assistance in the private market. In March 2016, B.C. introduced new requirements for home inspectors, including stronger regulations regarding contracts with consumers, insurance, and inspection reports.

Report on Performance

Minister Coleman's June 10, 2014 Mandate Letter contained direction from the Premier to meet eleven policy objectives relating to investment, the LNG tax and regulatory framework, clean power for LNG projects, LNG greenhouse gas emissions, conditions for heavy oil projects, home inspections and the Building Code (Act). Appendix C provides a report on how each of these objectives was met.

The Ministry's 2015/16 goals supported the Taxpayer Accountability Principles by focusing on outcomes for citizens and effective communication. During 2015/16, the Oil and Gas Commission Board Chair and Deputy Minister met regularly with the Minister. The Chair held bi-weekly meetings with the Commissioner and CEO. Similar engagement occurred with the BC Housing Management Commission, where the Minister and CEO had monthly briefings.

The Oil and Gas Commission's development of a water portal, a map based water information tool providing public access to a wide range of water-related information in northeast B.C. supported the taxpayer principle of service.

Goals, Objectives, Strategies and Performance Results

The Ministry's Goals directly supported the *BC Jobs Plan*, the Minister's June 10, 2014 Mandate Letter and Government's strategic priorities. Goal 1 focused on job creation and economic growth as well as mandate letter items four for a competitive LNG framework and five for a LNG tax and regulatory framework. Goal 2 supported job creation, economic growth and mandate letter item four. Goal 3 supported economic growth and mandate letter item three for energy investments in Canada. Goals 4 through 6 supported safe communities under the strategic priority of a secure tomorrow and mandate letter item ten for home inspector accreditation and item eleven for a new BC Building Code (Act).

Goal 1: A globally competitive Liquefied Natural Gas export industry in B.C. that supports a prosperous economy and benefits all British Columbians.

Objective 1.1: A competitive fiscal and policy framework that supports LNG investment in B.C.

Strategies

- Work with project proponents to ensure an overall competitive LNG fiscal and policy framework that will result in positive final investment decisions on B.C. LNG projects.
- Work with the Ministry of Aboriginal Relations and Reconciliation and the federal government to develop specific First Nations negotiation mandates along the pipeline corridors, LNG plant locations and marine traffic routes in order to facilitate rapid investment in LNG facilities.
- Work with the Ministry of Forests, Lands and Natural Resource Operations to ensure that Crown land disposition processes support LNG investment and the development of linear infrastructure,

including; pipelines, roads and electricity required for new LNG facilities, working cooperatively with the federal government on federal investment in infrastructure.

- Work closely with the Ministry of Jobs, Tourism and Skills Training, and the federal government, where appropriate, to develop and implement programs that address skills gaps and meet the labour needs of the LNG and natural gas sectors.
- Work with BC Hydro to ensure an adequate supply of clean, affordable electricity is available from the grid to support new investments in LNG, and in electrification opportunities to support upstream natural gas and oil exploration and development

Performance Measure 1: LNG Power Supply Agreements.

Performance Measure	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	2016/17 Target	2017/18 Target
Cumulative number of power supply agreements reached with proponents for LNG compression and/or ancillary power requirements	0	1	2	2	3	4

¹**Data Source:** Ministry of Natural Gas Development internal tracking documents.

Discussion

LNG facilities require large amounts of energy, both for compression and ancillary purposes, which typically come from grid power or self-generated power (using natural gas turbines) or a combination of both. Accordingly, electricity supply and grid interconnection agreements must be in place before final investment decisions (FIDs) on LNG projects can be made. The number of power supply agreements for LNG facilities reached is a key measure of provincial progress towards the establishment of a competitive LNG export industry in B.C. This is a cumulative total, and because the industry is in its early stages, no benchmark is available for this performance measure. The Ministry met its target of 2 power supply agreements reached with proponents.

Performance Measure 2: Project Development Agreements.

Performance Measure	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	2016/17 Target	2017/18 Target
Cumulative number of Project Development Agreements completed	0	1	5	1	5	6

¹**Data Source:** Ministry of Natural Gas Development internal tracking documents.

Discussion

The Province enters into Project Development Agreements with project proponents in order to provide certainty for LNG development with respect to those costs, including a number of provincial taxes, within provincial jurisdiction. These agreements will provide proponents with long term certainty about the fiscal and policy framework that will apply to their projects once they have reached a final investment decision and proceed with construction, thus supporting Goal 1. The target of five agreements was not met in 2015/16 due to a protracted slump in world energy prices which has delayed expected Final Investment Decisions for some proposed LNG projects. The Province's public commitment to entering into Project Development Agreements with a number of LNG proponents is a strong and visible indicator of its confidence that a competitive and sustainable LNG export industry will be established in BC. Project Development Agreement negotiations are planned with a number of LNG proponents following the conclusion of negotiations with one particular proponent. These negotiations will accelerate as LNG proponents are close to final investment decisions. For these reasons the Ministry chose to leave its Project Development Agreement targets for 2016/17 and 2017/18 unchanged.

Objective 1.2: A robust regulatory framework that supports environmentally and socially responsible LNG development in B.C.

Strategies

- Continue to work with the Oil and Gas Commission, permitting agencies, local authorities and the Environmental Assessment Office to ensure streamlined, integrated and robust regulatory and permitting processes.
- Work with the Ministry of Aboriginal Relations and Reconciliation to develop and implement policies that result in First Nations' meaningful engagement specific to the development of a LNG industry.
- In consultation with the Climate Action Secretariat and the federal government, implement world-leading GHG emission benchmarks that ensure British Columbia LNG facilities are the cleanest in the world, while providing strong incentives for the use of clean energy from the BC Hydro grid.
- Work with the Ministry of Environment and, in consultation with the federal government, implement air emission standards and interim ambient air quality objectives that protect health, are consistent with leading jurisdictions and encourage clean LNG facilities.
- Work with First Nations, communities and the federal government to ensure best practices are in place to guide marine traffic and the safe shipment of LNG to export markets.
- Work with the federal government and the Port of Prince Rupert to ensure that the regulation of LNG facilities and related pipeline projects on federal lands in the Port of Prince Rupert occurs in substantially the same manner as other projects in the Province.

Objective 1.3: British Columbians have the opportunity to understand the economic and social benefits they receive from responsible energy development in B.C.

Strategies

- Develop objective, plain-language descriptions of the economic and social benefits of responsible energy development in B.C.
- Engage with First Nations and communities regarding these benefits through face-to-face forums, print and social media.
- Build relationships and work collaboratively with key communities and stakeholders to prepare for the emerging economic and social opportunities created by a new LNG industry.
- Ensure First Nations, and communities directly impacted by LNG development are net beneficiaries of this development.

Goal 2: A competitive upstream natural gas sector¹ that creates jobs, revenue and economic growth.

Objective 2.1: B.C.'s upstream sector is attractive for investment and B.C.'s natural gas is the input of choice for LNG development.

Strategies

- Continuously improve geological and resource assessments for natural gas and oil, through collaboration with industry, industry associations, and academic and research institutes.
- Continue to support the development of upstream infrastructure.
- Continue to monitor and adapt British Columbia's natural gas and oil fiscal and regulatory frameworks to ensure they are competitive.
- Improve the competitiveness of B.C.'s upstream sector by providing leadership, information and new policies, regulations and programs and modernizing tenure legislation.

Objective 2.2: Optimal revenue from the development of B.C.'s upstream natural gas and oil resources.²

Strategies

- Continue to hold monthly Crown natural gas and oil rights sales.

¹ The upstream sector includes searching for potential underground natural gas and oil, disposition of the rights to develop the underground resource, drilling of exploratory wells, and subsequently drilling and operating the producing wells.

² Optimal revenue is defined as the fairest and best return that can be collected by the Crown for the use of publicly owned resources under prevailing economic, environmental and social conditions.

- Optimize royalty programs to create a competitive environment and generate Crown revenue.
- Maximize the amount of B.C.'s natural gas that feeds the LNG export plants to ensure B.C. receives maximum value for its natural gas resource.

Performance Measure 3: Annual investment in natural gas and oil exploration and development.

Performance Measure	2012/13 Baseline	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Estimate*	2016/17 Target	2017/18 Target
Annual investment in natural gas and oil exploration and development ¹	\$5.2 Billion	\$5.5 Billion	\$7.3 Billion	\$6.2 Billion	\$3.5 Billion	N/A	N/A

¹**Data Source:** Ministry of Natural Gas Development based on Canadian Association of Petroleum Producers data for previous years. Actuals and Estimates are only available and provided by calendar year. *Figure for 2015/16 (the 2015 calendar year) is an estimate based on preliminary data. The final 2015 investment figure will not be available until November 2016 when it is released by the Canadian Association of Petroleum Producers.

Discussion

Annual investment in natural gas and oil exploration and development, which supports jobs and generates revenue, consists of industry expenditures on resource rights acquisition, geophysical and geological surveys, exploration and production wells, pipelines, roads and processing plants.

Through its strategies to improve B.C.'s competitiveness, the Ministry strives to attract long term investment in B.C.'s natural gas and oil sector 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. Markets for natural gas and oil commodities are cyclical and at times very volatile, which in turn creates changes in the levels of investment in the sector. Financial markets and currency fluctuations also affect investment levels. Streamlined processes for natural gas and oil project permitting and environmental assessment, along with the timely review of tenure applications, help to reduce risk and sustain investment levels.

As of May 2016, the 2015/16 estimate for Performance Measure 3 is \$3.5 billion. Investment is expected to come well below expectations primarily due to the significant drop in North American natural gas and crude oil prices that became more acute in the second half of 2015. Estimated investment in natural gas and oil for BC for 2015/16 compared to actual 2014/15 investment was down by 52%, similar to the decrease for Canada overall which was down by 47%. Starting with Service Plan 2016/17, this Performance Measure was replaced with a relative measure of investment by industry in British Columbia versus total industry investment in Canada.

Objective 2.3: Responsible upstream natural gas and oil development.

Strategies

- With other government agencies, continue to study the effects of natural gas and oil development on environmental and social values.
- Complete the Carbon Capture and Storage regulatory framework and work with industry to identify carbon sequestration projects and opportunities for carbon dioxide use in enhanced oil recovery.
- Work with the BC Oil and Gas Commission to continue to ensure that the use of hydraulic fracturing in natural gas and oil extraction meets the highest standards in the world.
- Develop and implement new legislation, regulations and programs that support the responsible development and use of natural gas and oil resources.
- Work with the BC Oil and Gas Commission and other provincial ministries to respond to increasing economic activity by delivering sound, timely decisions on natural gas and oil, LNG, and related water, Crown land and other permits, authorizations and tenures.

Objective 2.4: Engaged stakeholders, communities and First Nations working collaboratively in Northeast B.C.

Strategies

- Engage with local governments regarding upstream development activities in Northeast B.C.
- Continue to collaborate with other ministries, agencies and Crown corporations to promote greater public understanding of the exploration and development of natural gas and oil resources.
- Foster working relationships among industry, the public, First Nations and landowners by clarifying and simplifying natural gas and oil resource exploration and development management processes, enhancing dispute resolution methods, and offering more support and information.
- Support the development and continuous improvement of Strategic Engagement Agreements, other consultation agreements, and Revenue Sharing Agreements with First Nations.
- Continue to work collaboratively with the Ministry of Aboriginal Relations and Reconciliation to build effective business development relations with First Nations.

Goal 3: Increased responsible export of energy resources, new markets opened and related infrastructure projects that benefit British Columbians.

Objective 3.1: A common oil and gas vision for B.C. and Alberta related to exports and opening new markets.

Strategies

- Act as the main Government liaison with Alberta regarding oil.
- Develop recommendations and action plans that benefit B.C.
- Support the Major Investment Office in discussions with potential energy project investors and continue to explore and develop B.C. based opportunities for value added natural gas developments.
- Continue to work closely with the BC Oil and Gas Commission.

Objective 3.2: B.C.’s “five requirements” for heavy oil pipelines and related infrastructure are addressed.³

Strategies

- Work collaboratively with other provincial and federal government agencies to address the “five requirements” and the roles that each agency will play.
- Act as the Government’s point of contact and key liaison on proposed interprovincial oil transmission pipelines to B.C.’s coast.
- Work with the B.C. Environmental Assessment Office in the National Energy Board process related to the proposed Kinder Morgan Canada Trans Mountain Pipeline project.
- Continue to lead the B.C. Oil and Gas Major Projects Team as the forum for ensuring timely access to and information sharing amongst government officials and coordinating provincial reviews of National Energy Board regulated projects.

Goal 4: Healthy buildings, strong communities.

Objective 4.1: Clear, effective, and balanced building and safety standards and governance frameworks.

Strategies

- Support an effective governance framework for housing, buildings, technical systems and equipment through legislation and regulation.
- Provide provincial guidance and expert evaluation of innovative building solutions.
- Review the *Safety Standards Act* to provide continued effective regulation of new products, technologies and industries.
- Strengthen home inspector licensing.

³ The “five requirements” are contained in the Province’s policy paper [“Requirements for B.C. to Consider Support for Heavy Oil Pipelines”](#).

Goal 5: Stable housing, increased confidence.

Objective 5.1: Modern, affordable and accessible services that promote housing stability for renters, landlords and strata owners.

Strategies

- Transform the Residential Tenancy Branch services to enhance services and meet growing and evolving demand.
- Implement an accessible, cost effective dispute resolution system for strata property owners.

Performance Measure 4: Residential tenancy dispute resolution requests.

Performance Measure	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	2016/17 Target	2017/18 Target
Number of residential tenancy dispute resolution requests per 1,000 British Columbia adult population (over age 19)	5.7	6.0*	5.9	6.1*	5.8	5.7

*The 2014/15 actuals were atypically lower than previous years. The average for the previous five years was 6.1 requests per 1,000 adult population. The 2015/16 actual of 6.1 dispute resolution requests per 1,000 adult population is consistent with that data.

Data Source: Targets for this measure are derived from records of dispute resolution requests to the Ministry’s Residential Tenancy Branch and BCStats population projection data. The measure includes only those British Columbians over age 19 because of the age group categories used by BCStats.

Discussion

This measure reflects the number of applications received for formal dispute resolution services. Resolved disputes create stability between landlord and tenant, thus contributing to Goal Five. An unusually high volume of applications was received in the summer of 2015. In 2015, the online application system was improved to make it more accessible for landlords and tenants. In 2015/16, 26 percent of applications were made online, up from 19 percent in 2014/15. The Ministry substantially met its 2015/16 target, and the result is in line with the average for the previous five years. Service improvements are expected to result in a reduction in the number of requests for dispute resolution over time making it easier for tenants and landlords to access information, ensuring that enquiries and requests are addressed, and supporting the prevention and early resolution of disputes between landlords and tenants. About one third of all B.C. households are rental households. As the B.C. population increases every year, so does the number of tenancies. Tying the number of dispute resolution requests to the adult population provides a comparable measure across fiscal years.

Goal 6: Committed partnerships, greater choice.

Objective 6.1: Strategic partnerships that increase housing options, decrease costs and promote effective, coordinated programs for all British Columbians.

Strategies

- Facilitate the redevelopment and renovation of existing social housing.
- Partner with the non-profit sector, local governments and developers to leverage innovative models for building, maintaining and funding social housing, and housing the homeless in private rentals.
- Facilitate partnerships with, and provide education to, local government and community agencies to encourage infill and higher density development.
- Collaborate with our provincial, territorial and federal partners to develop long term solutions to issues of affordable housing in Canada.

Performance Measure 5: Number of households benefiting from affordable housing programs.

Performance Measure	2013/14 Actual	2014/15 Forecast	2015/16 Target	2015/16 Actual	2016/17 Target	2017/18 Target
Number of households that benefit from provincial affordable housing programs	99,014	102,000	103,000	104,025	104,000	104,000

Data Source: BC Housing total households served.

Discussion

This measure is an indicator of the total number of households that benefit from subsidized housing programs each year. These programs increase choice for British Columbians, contributing to Goal Six. This measure includes; shelters and housing with supports for those who are homeless; housing that meets the cultural needs of Aboriginal peoples; transition housing and supports for women and children fleeing violence; and assisted living and wheelchair accessible apartments for seniors and people with disabilities. This also includes an increased emphasis on rent supplements that help to connect people who are homeless to stable housing and also keep private market rents affordable for families and seniors. The Ministry slightly exceeded the 2015/16 target.

Financial Report

Financial Report Summary Table

	2015/16 Estimated	Other Authorizations ¹	Total Estimated	Actual	Variance ⁴
Operating Expenses (\$000)					
Upstream Development ³	12,524	0	12,524	10,608	(1,916)
Liquefied Natural Gas.....	6,063	0	6,063	4,023	(2,040)
Oil and Strategic Initiatives.....	1,015	0	1,015	912	(103)
Executive and Support Services ³	4,270	0	4,270	6,855	2,585
Housing.....	408,393	898	409,291	409,291	0
Housing Endowment Fund.....	12,000	0	12,000	12,000	0
Sub-Total	444,265	898	445,163	443,689	(1,474)
Ministry Adjustment of Prior Year Accrual²	0	0	0	(13)	(13)
Total	444,265	898	445,163	443,676	(1,487)
Ministry Capital Expenditures (Consolidated Revenue Fund) (\$000)					
Executive and Support Services	1	0	1	0	(1)
Total	1	0	1	0	(1)
Capital Plan (\$000)⁵					
Housing.....	14,969	0	14,969	14,969	0
Total	14,969	0	14,969	14,969	0
Other Financing Transactions (\$000)					
Oil and Gas Commission Receipts ⁶	(29,740)	0	(29,740)	(33,608)	(3,868)
Oil and Gas Commission Disbursements	29,740	0	29,740	33,608	3,868
Net Cash Source (Requirements)	0	0	0	0	0
Total Receipts	(29,740)	0	(29,740)	(33,608)	(3,868)
Total Disbursements	29,740	0	29,740	33,608	3,868

Total Net Cash Source (Requirements)	0	0	0	0	0
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¹ “Other Authorizations” include Supplementary Estimates, Statutory Appropriations and 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.

² The Adjustment of Prior Year Accrual of \$0.013 million is a reversal of accruals in the previous year.

³ The ministry expected underspending in Upstream Development for SYD road amortization savings in Fiscal 15/16 and planned to use the savings to support LNG initiatives including legal costs which are funded in Executive & Support Services.

⁴ “Variance” represents “Actual” minus “Total Estimated”. If the Actual is greater than the Total Estimated, the Variance will be displayed as a positive number.

⁵ Housing Capital funded under Other Appropriations Vote 46 Capital Funding.

⁶ Reported information may differ from OGC due to recognition differences.

Appendix A: Contact Information and Hyperlink

Ministry Contact Information

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Appendix B: List of Crowns, Agencies, Boards and Commissions

The Ministry is responsible for the following agencies, boards and commissions:

[BC Housing Management Commission](#)

[Provincial Rental Housing Corporation](#)

[Oil and Gas Commission](#)

[Building Code Appeal Board](#)

[Safety Standards Appeal Board](#)

[Surface Rights Board](#)

[Homeowner Protection Office](#)

[Safety Authority of BC](#)

Appendix C – Minister’s Mandate and Actions Summary

In the Premier’s annual Mandate Letter to the Minister dated June 10, 2014, the Minister of Natural Gas Development and Minister Responsible for Housing received direction on strategic priorities for the 2015/16 fiscal year. These priorities and the ministry’s resulting actions are summarized below:

Mandate Letter Direction	Ministry’s Action
1. Balance your ministerial budget in order to control spending and ensure an overall balanced budget for the Province of British Columbia.	Ministry met its fiscal 2015/16 budget
2. Provide to Treasury Board a report on how the additional \$29 million that was invested in the ministry over the next three years is being allocated.	Monitoring and reporting to Treasury Board occurred as directed.
3. Work with Intergovernmental Relations to ensure major energy investments in Canada are welcomed and federal approvals streamlined in order to secure additional international energy investments in British Columbia.	Federal-Provincial teleconferences on LNG occurred every six weeks, involving a wide range of agencies (including the Ministries of Transportation and Infrastructure; Aboriginal Relations and Reconciliation; Environment and Jobs, Tourism and Skills Training) to ensure cooperation between governments in facilitating LNG development in BC.
4. Work with project proponents to ensure an overall competitive LNG framework that will result in final investment decisions on BC LNG projects.	The LNG tax was introduced in October 2014 and received Royal Assent on November 27, 2014. Work continued to fine-tune the fiscal and policy framework in order to provide cost certainty for LNG proponents as they advance to Final Investment Decisions. Changes to the <i>Petroleum and Natural Gas Act</i> were introduced in Spring 2015 to allow the Minister to enter into Long Term Royalty Agreements with upstream companies that support projects that increase BC’s natural gas demand. The first Long Term Royalty Agreement was signed with North Montney Joint Venture (upstream supplier to Pacific NorthWest LNG) shortly after.
5. Work with Finance to complete the LNG tax and regulatory framework for introduction in the fall 2014 legislative session.	The LNG tax was introduced in October 2014 and received Royal Assent on November 27, 2014.
6. Maximize the use of clean power in LNG projects while preserving maximum provincial revenue generation opportunities.	Negotiations for clean energy supply continued with some proponents for full electricity supply (liquefaction and ancillary needs), and with others for their ancillary load requirements. Two proponents announced plans to use electricity for their liquefaction process. One proponent and BC Hydro concluded negotiations for power

	<p>requirements, while another one proponent has expressed interest in using grid supply from BC Hydro and discussions have commenced. BC Hydro completed a power agreement with one proponent. Electricity rates for liquefied natural gas (LNG) proponents to connect to BC Hydro's electrical grid have been set at a level rate that protects BC Hydro ratepayers.</p>
<p>7. Work with the Ministry of Environment to develop criteria and standards for emissions for LNG developments in British Columbia.</p>	<p>The Greenhouse Gas Industrial Reporting and Control Act received Royal Assent on November 27, 2014. The Act puts in place an intensity benchmark for LNG facilities of 0.16 t CO₂e/t LNG. Facilities above the benchmark can use offsets and/or a technology fund to reach the benchmark. Regulations were developed in 2015-2016. Air quality and airshed implications for LNG proponents were reviewed. A Prince Rupert Airshed Assessment was carried out in 2015. Industry and First Nations were engaged in the study.</p>
<p>8. Work with the Minister of Aboriginal Relations and Reconciliation and BC First Nations that are impacted by natural gas extraction, pipelines or LNG facilities to facilitate the advancement of these projects.</p>	<p>Negotiations proceeded with 30 plus First Nations on proposed pipelines. Facility-related negotiations continued with Coastal First Nations and were initiated with other Tsimshian First Nations in the Prince Rupert area.</p> <p>Consultation agreements, pipeline benefit agreements and other negotiations were ongoing with Treaty 8 First Nations with regards to upstream development.</p>
<p>9. Work with the Ministry of Environment to participate in the Kinder Morgan Trans Mountain Pipeline Expansion federal environmental review and ensure that the project meets BC's 5 conditions for supporting heavy oil projects.</p>	<p>The Province registered and participated as an intervener in the National Energy Board regulatory review hearings which began in April 2014. A Steering Committee was established with the Ministry participation along with the BC Environmental Assessment Office, BC Oil and Gas Commission and legal counsel from the Ministry of Justice.</p>
<p>10. Work with the BC Association of Building Inspectors to determine and implement a new home inspector accreditation as committed in Strong Economy, Secure Tomorrow.</p>	<p>MNGD formed a regulatory advisory committee and worked closely with the Ministry of Justice (responsible for the Home Inspector Licensing Regulation) and Consumer Protection BC (responsible for licensing) to implement recommendations approved by the Cabinet Committee on Secure Tomorrow in July 2014.</p>
<p>11. Introduce a new BC Building Code in the spring 2015 legislative session.</p>	<p>The <i>Building Act</i> proceeded to the Legislature in spring 2015.</p>