



# Department of Energy and Mines

Annual Report  
2013-2014





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ISBN 978-1-4605-0689-9 (print edition)  
ISBN 978-1-4605-0690-5 (édition imprimée)  
ISBN 978-1-4605-0691-2 (PDF: English)  
ISBN 978-1-4605-0692-9 (PDF: française)  
ISSN 2292-3942 (print)  
ISSN 2292-3950 (online)

10090



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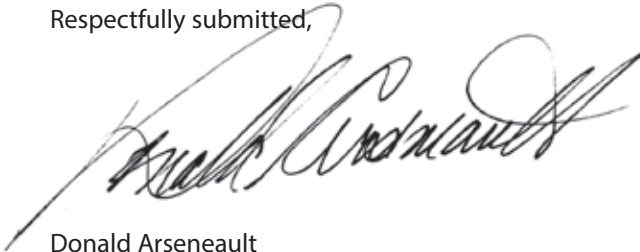
The Honourable Jocelyne Roy-Vienneau

Lieutenant-Governor of New Brunswick

May it please your Honour:

It is my privilege to submit the Annual Report of the Department of Energy and Mines, Province of New Brunswick, for the fiscal year April 1, 2013, to March 31, 2014.

Respectfully submitted,



Donald Arseneault  
Minister

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The Honorable Donald Arseneault

Minister of Energy and Mines

Sir:

I am pleased to be able to present the Annual Report describing operations of the Department of Energy and Mines for the fiscal year 2013-2014.

Respectfully submitted,



Jean Finn  
Deputy Minister

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# Minister's Message

The mission of the Department of Energy and Mines is to create jobs and economic prosperity through responsible development and management of energy and mineral resources.

New Brunswick was built on resource development and is on the brink of opportunity for many natural resource projects. We would like to see New Brunswick prosper through the strategic development of its rich abundance of natural resources.

Again this year, it was confirmed that our province does have great potential – the Fraser Institute's Survey of Mining Companies ranked New Brunswick's mining policy second-best in Canada and seventh-best in the world.

At the core of our mission is a responsibility to promote and regulate the development of the resources our province has to offer. By ensuring the safe and responsible development of our resources today, we can set the stage for a brighter economic future for New Brunswick.

I am pleased to present to you our 2013-2014 annual report.

Hon. Donald Arseneault  
Minister of Energy and Mines

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# Deputy Minister's Message

This annual report by the Department of Energy and Mines is part of an initiative undertaken by government to streamline the reporting process to ensure greater consistency amongst departments and put a greater emphasis on performance reporting, ultimately allowing departments to measure their progress in meeting performance goals in alignment with the strategic themes of the province.

The Department of Energy and Mines' 2013-2014 Annual Report marks the first full reporting period of the department since its creation in 2012. As such, this report presents the new structure of the department, which occurred in 2013.

In 2013-2014, the department worked closely with the Office of Strategy Management to prepare for its launch as a Wave III adopter of the Performance Excellence Process, including the development of a strategy map and a balanced scorecard. As such, employees began to learn about adopting a culture of continuous process improvement using Lean Six Sigma and other tools to increase efficiency and accountability, improve services to the public and streamline administration.

Since 2012, we have seen great successes and accomplished numerous objectives, yielding positive results for the energy and mining sectors and the province as a whole. Through the Performance Excellence Process and guided by a departmental Alignment Champion, the department is poised to continue its activities with a greater focus on continuous improvement in meeting its goal to create economic prosperity through responsible development and management of energy and mineral resources.

The departmental team has worked tirelessly to begin its transition toward a performance-based organization. As we look forward to the year ahead, we are eager to set and meet additional targets and goals.

Jean Finn  
Deputy Minister

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# Highlights

In May 2013, the department released *The New Brunswick Oil and Natural Gas Blueprint*, aimed at addressing environmental, social, regulatory and economic issues in relation to future resource exploration and development in New Brunswick.



Amendments to the *Oil and Natural Gas Act* and regulations in 2013 helped to fulfill government's commitment to enhance the regulatory oversight for the oil and natural gas industry in New Brunswick.



A new royalty structure for natural gas was unveiled in November 2013 that ensures a fair return to the Crown, while encouraging sector investment. It is based on approximately two years of research, discussion and analysis.



As part of the implementation of *The New Brunswick Energy Blueprint*, a new *Electricity Act* was passed. The new act increases transparency, while allowing NB Power to operate more efficiently and continue to provide stable electricity rates.



The creation of the New Brunswick Energy Institute (NBEI) to serve as an independent advisory body to the provincial government and a resource to the people of New Brunswick. The role of the NBEI is to involve the research capacity of major universities in the review and assessment of the environmental, social, economic and health factors relating to energy extraction, development or production within New Brunswick.



*An Act Respecting a Public Intervener for the Energy Sector* was introduced in the legislature. Having a full-time energy public intervener will replace the system of the attorney general appointing private-practice lawyers to represent the public interest in energy-related proceedings before the Energy and Utilities Board.



*An Act to Amend the Energy and Utilities Board Act* was introduced in the legislature and was proclaimed in November 2013. The legislation restructured the board to consist exclusively full-time members.



The department welcomed the announcement of TransCanada Corporation's commitment to proceed with the Energy East pipeline project after a successful open season process.



The department was involved a key investment mission to India and China where New Brunswick was promoted as an ideal place for investment in the energy and mining sectors, considering the province's diverse geology and its proven history of mineral deposits.



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The department, working closely with the Office of Strategy Management, began to make preparations for its launch as a Wave III adopter of the Performance Excellence Process including the development of its first strategy map and balanced scorecard.



The department released its second progress report on the implementation of *The New Brunswick Energy Blueprint* noting that 60 percent of the action items were complete and that it was on target to complete the remaining action items before September 2014.



New Brunswick remained among the top ten most attractive jurisdictions worldwide for mining investment, according to the Survey of Mining Companies released on March 3, 2014 by the Fraser Institute.

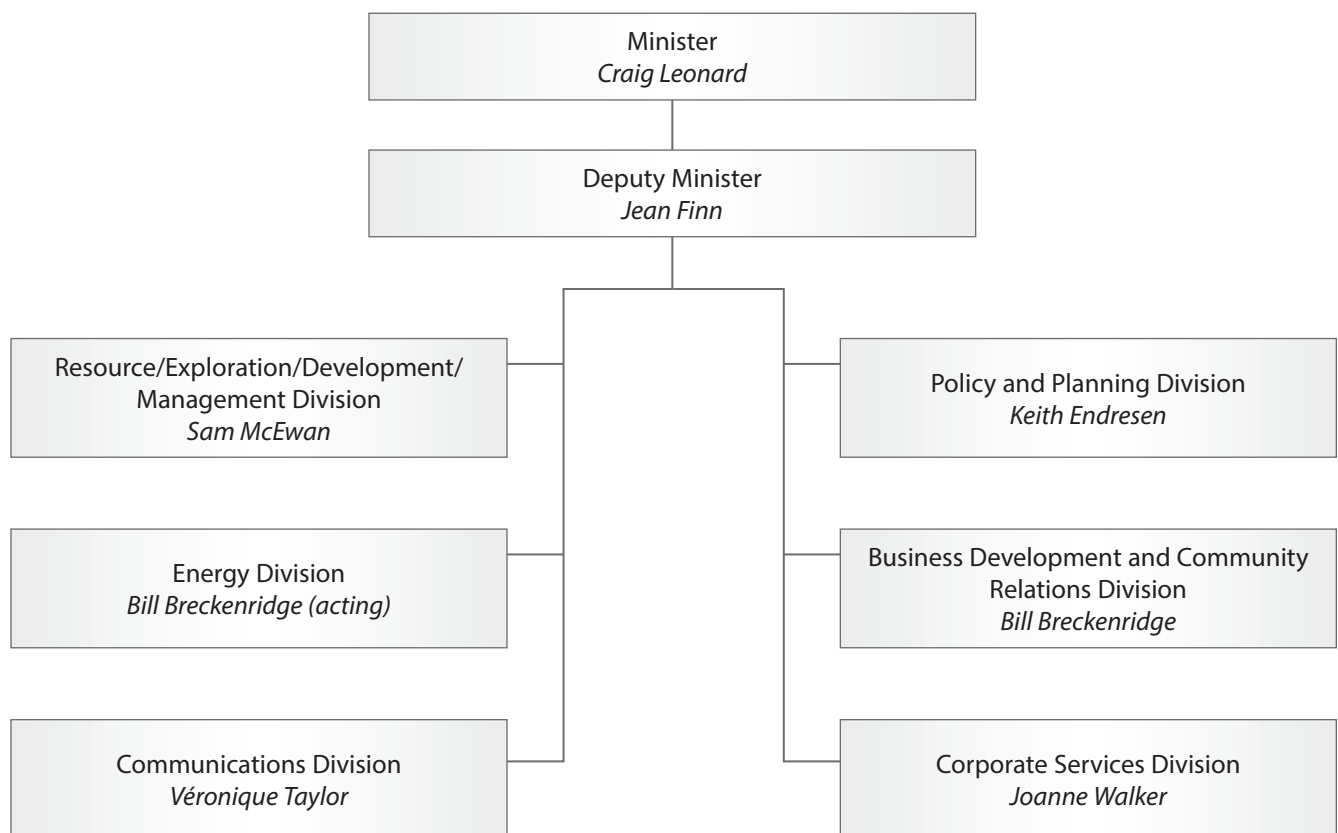
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# Overview of Departmental Operations

The Department of Energy and Mines' mission is to create economic prosperity through the responsible development and management of New Brunswick's energy and mineral resources.

In 2013-2014, the department employed up to 90 individuals on a full time, casual or contract basis.

Each division and section plays a crucial role in the research, promotion and management of New Brunswick's energy, mineral and petroleum resources.



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## Communications Division

The **Communications Division's** mandate is to communicate the department's activities, policies and initiatives to the public and to internal staff. The division is also the point of contact for any inquiries or issues from media or the public.

Staff are responsible for providing leadership in delivering the department's communications and public relations strategies; ensuring that corporate standards and guidelines are followed in all communications projects and activities; anticipating media trends and monitoring and analyzing media coverage; managing media relations; writing speeches and issuing news releases; providing advice to the minister and senior managers on communications issues; providing support to the minister and senior staff during the legislative session; and administering the department's website.

### Communications Division Highlights

Coordinated the publication of *The New Brunswick Oil and Gas Blueprint*

Coordinated the publication of the second progress report of *The New Brunswick Energy Blueprint*

## Corporate Services Division

The **Corporate Services Division** provides management and administrative support for programs and activities of the departments of Energy and Mines and Natural Resources. On top of the services they provide to the Department of Natural Resources, the Human Resources Branch, the Financial Services Branch and the Information Services and Systems Branch also provide support and services to Energy and Mines' staff.

The **Human Resource Services Branch** provides strategic and operational advice and assistance on all human resource management matters in support of the department's objectives. Services include the recruitment, training and development of quality staff; human resources planning; succession planning; engagement; official languages; performance management; classification and compensation; employee and labour relations; and health, wellness and safety.

The **Information Services and Systems Branch** is responsible to develop, manage and support the department's information technology and information management services and systems. The branch is responsible for coordinating the strategic data and application development of GIS; development and maintenance of software applications; departmental records management and external sales and services. In addition, the branch is responsible for Information Assurance and Risk Management ensuring compliance with the Government Information Systems Security Policy.

The **Financial Services Branch** is responsible for financial resources management. It includes the management of expenditures and revenues in accordance to acts, regulations, policies and accounting standards. It provides financial advice, financial reporting, support and other services.

### Corporate Services Division Highlights

Developed an Orientation Program for employees with a goal of improving retention of high performing staff. The program includes a large safety element, complying with the new legislative requirements of the *Occupational Health and Safety Act*

Delivered training sessions to all managers and supervisors on performance and attendance

Facilitated focus group sessions to identify improvements on two important aspects of engagement: meaningful recognition of staff, and the flow of essential information

Streamlined accounting processes to find efficiencies in staff time

Provided cross training opportunities for employees

Supported management in ensuring the department delivered services and initiatives while being \$159,200 under budget

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## Resource/Exploration/Development/Management Division

The **Resource/Exploration/Development/Management Division's** mandate is to provide relevant geological knowledge, advice and support to the public and private sectors, while managing the sustainable exploration and development of Crown mineral, petroleum, aggregate and peat resources through the effective administration of legislation and regulations under the jurisdiction of the Department of Energy and Mines.

The **Geological Surveys Branch** is responsible for developing and maintaining a geoscience knowledge base and to provide advice to the public and private sectors regarding mineral and petroleum resources and land use. The branch also actively promotes the province's mineral and petroleum-resource potential and administers an Exploration Assistance Program to stimulate mineral exploration in New Brunswick.

The **Resource Exploration and Development Branch** administers and manages the allocation of Crown mineral, petroleum, peat and aggregate rights, and the exploration and development of these rights through a comprehensive legislative and regulatory framework.

### Resource/Exploration/Development/Management Division Highlights

Acquired 1500 km of digitally enhanced industry seismic profiles from the Gulf of St. Lawrence and Northumberland Strait to assess the potential of oil and natural gas deposits in New Brunswick's eastern offshore in support of Action Item 16 of *The New Brunswick Oil and Natural Gas Blueprint*

Provided a total of \$448,423 in financial assistance to 13 junior mining companies and a total of \$326,767 to 59 prospectors

Collaborated with the Geological Survey of Canada and the University of New Brunswick to increase the understanding of tin-tungsten-molybdenum deposits in New Brunswick

A total of 22 mining leases were in good standing and four mines in full or seasonal operation

A total of 26 companies were extracting peat in the province

Nine different companies held 1.2 million hectares of oil and natural gas rights under tenure, generating \$740,000 in annual rental revenue

Resources that fall under the department's management generated \$23.8 million in royalties for the province

Reviewed, approved and regulated two seismic programs between Moncton and Rogersville, along with five work-over operations in the McCully gas field

Initiated discussions on a Canada-New Brunswick offshore accord with the federal government as directed under *The New Brunswick Oil and Natural Gas Blueprint*

Contributed to the launch of the New Brunswick Energy Institute to ensure credible academic research and monitoring in support of key energy files

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## Business Development and Community Relations Section

The role of the **Business Development and Community Relations Section** is to promote interest in New Brunswick's mineral, petroleum and energy potential; foster strategic partnerships; advance community relations; serve as the departmental lead on First Nations engagement; and provide support for major project management.

Section staff are responsible for marketing New Brunswick as a preferred location for mineral and petroleum investment; participating in mineral and petroleum exploration conferences, including lead responsibility for the department's annual Exploration, Mining and Petroleum conference; publishing geoscientific information on New Brunswick's mineral and petroleum resource potential; collecting, collating, and analyzing of mineral statistics; managing an extensive geological, mineral and petroleum resources database; liaising with industry on major projects in New Brunswick.

A key priority for the section is relationship building with First Nations. The section serves as the primary Energy and Mines contact for First Nations matters and works with other government departments, First Nations communities, and industry to encourage meaningful dialogue.

The Business Development and Community Relations Section also coordinates the department's activities with other governments as it collaborates on Energy and Mines-related matters. New Brunswick has a long history of working collaboratively with its federal, provincial, territorial and New England counterparts. As such, the department has supported the work of various cooperative endeavors with respect to energy, upstream oil and gas, minerals and mines.

### Business Development and Community Relations Section Highlights

Prepared six publication notices to notify clients and the public of the availability of departmental reports and maps that were published and those made available on the department's internet website

Published four geoscience reports and 23 map plates and the release of 86 Mineral Exploration Reports of Work to the public through the department's website

Supported the department's role in trade and investment missions in both China and India and hosted a business delegation from China

Participated in the creation of a Bilateral Table on Energy and Mines as a forum for engagement and dialogue with First Nations represented by the Assembly of First Nations Chiefs in New Brunswick



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## Policy and Planning Division

The **Policy and Planning Division** provides support and direction for corporate planning and major policy initiatives within the department and is responsible for the coordination and provision of strategic planning activities and policy development directly, and indirectly, under the jurisdiction of the Minister of Energy and Mines. This includes policy and regulatory support for NB Power and the New Brunswick Energy and Utilities Board.

The Policy and Planning Division's responsibilities include the review and development of policy, involvement in the legislative processes and key strategic policy documents such as *The New Brunswick Oil and Natural Gas Blueprint* and *The New Brunswick Energy Blueprint*.

The division is also responsible for the execution of the Performance Excellence Process in the department. This process is a results-oriented long-term approach to the way the department manages its business. It uses several best practice methodologies including a strategy map, balanced scorecard and Lean Six Sigma process improvement.

The Policy and Planning Division represents the department on several interdepartmental committees, including the Provincial Emergency Action Committee of Government, as an example.

The division also carries out several coordination and reporting functions for the department related to: requests for information addressed to the department under the *Right to Information and Protection of Privacy Act*; legislative and policy coordination; SOMIA (Strategies, Objectives, Measures, Initiatives, and Actions); blueprint action items; and coordination of submissions to the department for review under the Province's Environmental Impact Assessment regulation.

### Policy and Planning Division Highlights

Released *The New Brunswick Oil and Natural Gas Blueprint*, a policy document which addresses environmental, social, regulatory and economic issues in relation to future resource exploration and development in New Brunswick

Introduced amendments to the *Oil and Natural Gas Act* and regulations that helped fulfill government's commitment to enhance the regulatory oversight for the oil and natural gas industry in New Brunswick

Unveiled a new royalty structure for natural gas that ensures a fair return to the Crown, while encouraging investment in this sector

Began the transition toward a performance-based organization by successfully preparing for the Department's launch as a Wave III adopter of the Performance Excellence Process methodology, which included the development of a Departmental strategy map and a balanced scorecard

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## Energy Division

The **Energy Division** provides a number of services related to the energy sector for both consumers and industry. With a particular focus on the downstream side of the energy sector, the division maintains a number of acts and regulations that balances industry and consumer needs.

The Energy Division is divided into two areas: electricity and petroleum. The electricity group focuses on the electricity sector by working closely with NB Power and municipal utilities to promote energy efficiency and climate change. The petroleum group provides insight into market trends and works with industry and consumers to ensure adequate supply of products while maintaining price stability.

Both groups monitor Energy and Utility Board hearings related to the sector and work with the board to ensure acts and regulations are working effectively. They also work closely with other provincial departmental colleagues as needed on sector-specific issues.

### Energy Division Highlights

Reintegrated the NB Power group of companies, the New Brunswick System Operator and the New Brunswick Electric Finance Corporation into a single Crown utility with the adoption of the new *Electricity Act* in October 2013

Strengthened the Energy and Utilities Board by restructuring it to ensure effective regulatory oversight with exclusively full-time members

Introduced legislation to enable the Office of the Attorney General to recruit a Public Energy Advocate for the province

# Financial Information

## Expenditures in Detail 2013-14 (\$)

Ordinary Program	Main Estimates	Appropriation Transfers <sup>1</sup>	Final Budget	Actual	Difference
Administration	657 000		657 000	676 400	19 400
Policy Management & Business Development	3 733 000	858 400	4 591 400	4 427 400	(164 000) <sup>(2)</sup>
Resource Exploration, Development and Management	3 671 000	10 100	3 681 100	3 666 500	(14 600)
<b>Total 2013-2014</b>	<b>8 061 000</b>	<b>868 500</b>	<b>8 929 500</b>	<b>8 770 300</b>	<b>(159 200)</b>

Revenue	Main Estimates	Appropriation Transfers <sup>1</sup>	Final Budget	Actual	Difference
Return on Investment	6 000	-	6 000	7 400	(1 400)
Licences and Permits	1 853 000	-	1 853 000	2 250 900	(397 900) <sup>(3)</sup>
Sale of Goods and Services	6 000	-	6 000	29 300	(23 300) <sup>(4)</sup>
Royalties	38 130 000	-	38 130 000	16 843 300	21 286 700 <sup>(5)</sup>
Miscellaneous	1 000	-	1 000	2 200	(1 200)
<b>Total 2013-2014</b>	<b>39 996 000</b>	<b>-</b>	<b>39 996 000</b>	<b>19 133 100</b>	<b>20 862 900</b>

### Notes

- 1 Appropriation transfers are due to wage settlements
- 2 Savings were a result of vacancies and general efficiencies
- 3 The higher revenue is due to an increase in the number of mineral claims registered and petroleum leases and licences issued
- 4 The increase in revenue is mainly from the Exploration, Mining and Petroleum Conference
- 5 The short fall in revenue attributable to potash's low commodity price

# Summary of Staffing Activity

Pursuant to section 4 of the *Civil Service Act*, the Deputy Minister of the Department of Human Resources delegates staffing to each Deputy Head for their respective departments. Please find below a summary of the staffing activity for 2013-2014 for the Department of Energy and Mines.

The department advertised 11 competitions, including three open (public) competitions and eight closed (internal) competitions.

Pursuant to sections 15 and 16 of the *Civil Service Act*, the department made the following appointments using other processes to establish merit than the competitive process:

Appointment Type	Appointment Description	Section of the <i>Civil Service Act</i>	Number
Specialized Professional, Scientific or Technical	An appointment may be made without competition when a position requires: a high degree of expertise and training a high degree of technical skill recognized experts in their field	15(1)	0
Equal Employment Opportunity Program	Provides Aboriginals, persons with disabilities and members of a visible minority group with equal access to employment, training and advancement opportunities.	16(1)(a)	0
Department Talent Management Program	Permanent employees identified in corporate and departmental talent pools, who meet the four-point criteria for assessing talent, namely performance, readiness, willingness and criticalness.	16(1)(b)	0
Lateral transfer	The GNB transfer process facilitates the transfer of employees from within Part I, II (School Boards) and III (Hospital Corporations) of the Public Service	16(1) or 16(1)(c)	5
Regular appointment of casual/temporary	An individual hired on a casual or temporary basis under section 17 may be appointed without competition to a regular properly classified position within the Civil Service.	16(1)(d)(i)	0
Regular appointment of students/apprentices	Summer students, university or community college co-op students or apprentices may be appointed without competition to an entry level position within the Civil Service.	16(1)(d)(ii)	0

Pursuant to section 33 of the *Civil Service Act*, zero complaints alleging favouritism were made to the Deputy Head of Department of Finance and zero complaints were submitted to the Ombudsman.

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# Summary of Legislation and Legislative Activities

## **Received Royal Assent on June 21, 2013**

Bill 62 – *An Act to amend the Energy and Utilities Board Act*

Bill 61 – *An Act respecting a Public Intervener for the Energy Sector*

Bill 45 – *An Act to amend the Oil and Natural Gas Act*

Bill 39 – *Electricity Act*

To view all acts and regulations administered under the jurisdiction of the Department of Energy and Mines please visit: <http://laws.gnb.ca/en/deplinks?subjectnumber=39>

# Summary of Official Languages Activities

Introduction	The Department continued to work on the existing Action Plan to address the four sectors of activity identified in the Government Plan on Official Languages. The following outlines some actions taken in each of the areas of focus.
Focus 1	Random audits were conducted to verify that the active offer and service were provided in both official languages. Missed opportunities were addressed. With the creation of the Department of Energy and Mines and its new structure, new linguistic profiles were created for the department in order to ensure access to service of equal quality in both official languages. All profiles are updated on an ongoing basis.
Focus 2	Communication and correspondence with employees is delivered in their official language of choice. The department continued to provide either simultaneous interpretation or bilingual presentations for all large meetings. Where appropriate, meetings are organized by linguistic group.
Focus 3	An employee orientation program has been developed in which official languages policies are promoted and the completion of two training modules is mandatory. It will be fully implemented in the department in 2014-15.
Focus 4	In order to ensure that all employees have a thorough knowledge and understanding of the <i>Official Languages Act</i> , relevant policies, regulations, and the province's obligations with respect to official languages, the department facilitated the completion of two official languages training modules that are mandatory for all current employees. In some cases, this required separate training sessions for staff.
Conclusion	The Department of Energy and Mines will continue to emphasize the importance of respecting the <i>Official Languages Act</i> to all current and new employees. Second language training will continue to be offered to employees who wish to further their knowledge of their second official language. Official languages remain an important and ongoing commitment for the department.

## Summary of recommendations from the Office of the Auditor General

There were no recommendations to the Department of Energy and Mines from the Office of the Auditor General during this reporting period.