

Energy and Resource Development

Annual Report
2016–2017

**Energy and Resource Development
Annual Report 2016-2017**

Province of New Brunswick
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Transmittal letters

From the Minister to the Lieutenant-Governor

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 Resource Development, Province of New Brunswick, for the fiscal year April 1, 2016, to March 31, 2017.

Respectfully submitted,



Honourable Rick Doucet
Minister

From the Deputy Minister to the Minister

Honourable Rick Doucet
Minister of Energy and Resource Development

Sir:

I am pleased to be able to present the annual report describing operations of the Department of Energy and Resource Development for the fiscal year April 1, 2016, to March 31, 2017.

Respectfully submitted,



Jean Finn
Deputy Minister

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Minister's message

Our natural resources are some of our most precious assets. Safe and responsible development of our natural resources is a priority for our government. The right development helps create jobs in New Brunswick and grows our province's economy. It also provides revenues that pay for important services, such as education and health care, that New Brunswickers need.

We are continually improving, transitioning to new ideas and considering new ways to get the most out of our province's resources while achieving maximum benefits for New Brunswickers. This will ensure the sustainability of our resources for years to come.

With the 2016 merger of the departments of Natural Resources and Energy and Mines into the new Department of Energy and Resource Development, we are streamlining our services for stakeholders and New Brunswickers. I am proud to work with the staff of the Department of Energy and Resource Development as we work to foster responsible and sustainable growth.

Forestry is a traditional industry in New Brunswick, a part of our social fabric that contributes greatly to our way of life and puts food on the table for thousands of New Brunswickers. It is a vital component of the province's economy, particularly in rural communities, providing more than \$1 billion to the province's GDP.

Mining is another high value industry, offering well-paying jobs and revenues to government. Mining has a huge economic impact, employing thousands of New Brunswickers and contributing \$798 million to the provincial GDP while enhancing New Brunswick's reputation as a proven producer of world class mines with the infrastructure to reach prime global markets.

The energy sector is poised to begin development on a number of renewable energy projects, including tidal energy, and it is working closely with provincial departmental colleagues and interest groups on sector-specific issues to foster future growth opportunities.

These examples are just a few of the reasons why securing the competitive position of New Brunswick's resource sectors remains a focus of our government's efforts. We are working to ensure the sustainability of these sectors to make sure they remain a cornerstone of our province's economy.

Our province is facing big challenges, but from these challenges come big opportunities. Government is committed to working together with First Nations right holders to contribute to economic development in New Brunswick, especially during these difficult economic times.

The energy, mines and forestry sectors are constantly evolving, and I congratulate the dedicated staff at the Department of Energy and Resource Development on their ability to continue delivering great service on behalf of the people of New Brunswick.



Honourable Rick Doucet
Minister of Agriculture, Aquaculture and Fisheries

Deputy Minister's message

The Department of Energy and Resource Development plays an important role in support of the government's commitment to create jobs, strengthen the economy and improve the province's fiscal health. The department continues to support economic growth that is both sustainable and responsible through leadership, focused programs and services to the sectors.

Our department recognizes the importance of energy, mining and forestry to the New Brunswick economy. We are always working to identify new opportunities while continuing to build on our working relationship with our First Nations partners.

Our priority is the safe and responsible development of our natural resources.

Over the past year, we have worked to help support the priorities of the *New Brunswick Economic Growth Plan*, the provincial strategy for growing the economy and creating job opportunities for New Brunswickers. The plan outlines how government will mobilize to ensure there is a coordinated, complementary effort to improve the New Brunswick economy and realize maximum benefits.

The department continues its collaboration with the departments of Agriculture, Aquaculture and Fisheries, Justice and Public Safety and Environment and Local Government on a number of important files, including rabies prevention, implementation of the second phase of e-licencing and enforcement of the laws protecting our resources.

Developing our resources provides employment for tens of thousands of New Brunswickers, and government is committed to fostering an environment that spurs even more growth in our traditional industries.

In the coming year, we will remain focused on performance-based operations to ensure a sustainable, healthy future while exploring every opportunity to achieve the full benefit of our natural resources.

A handwritten signature in black ink, appearing to be 'JF', with a long horizontal stroke extending to the right.

Jean Finn
Deputy Minister

Strategic priorities

Strategy management

The Government of New Brunswick (GNB) uses a Formal Management system built on leading business practices to develop, communicate and review strategy. This process provides the Public Service with a proven methodology to execute strategy, increase accountability and continuously drive improvement.

The development of the strategy, using the Formal Management system, starts with a strategic vision to move New Brunswick forward. This vision is anchored in five priority areas:

- 1. Jobs** – Creating the best environment for jobs to be generated by New Brunswickers, by businesses, by their ideas, by their entrepreneurial spirit, and by their hard work. Growth efforts will be guided by the *New Brunswick Economic Growth Plan*, which focuses on strengthening the workforce; expanding innovation capacity; increasing the agility of government; fostering public and private investment in strategic infrastructure; and growing capital investment from the private sector.
- 2. Education** – Improving education as guided by two 10-year plans, *Everyone at Their Best* for the anglophone sector and *Donnons à nos enfants une longueur d'avance* for the francophone sector, that identify objectives for the early learning and education system and establish clear expectations for standards and performance. The areas of focus for the first year are: ensuring children and other learners develop the competencies they need to be successful in school and life; improving both literacy and numeracy skills for all learners; and working to make post-secondary education more accessible and affordable.
- 3. Families** – Creating a healthier and stronger New Brunswick by focusing on seven key areas: improving access to primary and acute care; promoting wellness; supporting those with mental health challenges; fostering healthy aging and support for seniors; advancing women's equality; reducing poverty; and providing support for persons living with a disability.
- 4. Federal and Aboriginal Relations** – Building stronger relationships with First Nations; strengthening action on climate change; and working with the federal government to maximize federal funding, including optimizing infrastructure funding and growing the workforce through immigration.
- 5. Smart Province** – Providing taxpayers with better value for their money by transforming the culture of government by eliminating duplication; adopting new innovations in technology to improve services and savings; and ensuring GNB has a ready workforce that has the skills, training, support, leadership and working environments it needs to thrive.

Highlights

During the 2016-2017 fiscal year, the Department of Energy and Resource Development focused on these strategic priorities:

- ◆ Providing support for forest fire suppression in New Brunswick and coordinating the mobilization of 77 staff to assist with fire suppression in Alberta and Nova Scotia.
- ◆ Coordinating a multi-departmental acquisition more than 1.9 million ha of new LiDAR (Light Detection and Ranging) data coverage in north-central New Brunswick.
- ◆ Pursuing formal accord negotiations with the Government of Canada to provide for the joint and equal management of potential offshore petroleum resources.
- ◆ Negotiating an accommodation agreement with six Maliseet communities concerning the development of the Sisson Mine.
- ◆ Coordinating an independent resource assessment of the Penobsquis potash deposit prior to approving shaft decommissioning.
- ◆ Holding a Tidal Energy Opportunities Summit to pair New Brunswick industry with tidal energy developers in cooperation with the Port of Saint John.
- ◆ Entering into a long term agreement with Enbridge Gas New Brunswick for the distribution of natural gas in the province.
- ◆ Coordinating departmental commitments under New Brunswick's Climate Change Action Plan *Transitioning to a Low-Carbon Economy*.
- ◆ Expanding the e-Licensing system by implementing a second phase around hunting and trapping. E-licensing is an electronic web-based system that enables residents and non-residents to purchase licenses and apply for draws online for angling, hunting and trapping.
- ◆ Promoting New Brunswick's mining sector at the 2017 Exploration Roundup in Vancouver and the Prospectors and Developers Association of Canada conference in Toronto.
- ◆ Expanding the use of crossbow hunting to allow hunters to harvest deer during the 2016 season.
- ◆ Hosting the 41st annual Exploration, Mining and Petroleum Conference, which brought together more than 200 delegates for presentations on a variety of topics relative to minerals and energy in the province.
- ◆ Teaming with NB Power to host a series of public information sessions on community renewable energy projects.
- ◆ Participating in trade investigations of two major forest product grades by the United States Department of Commerce.
- ◆ Continuing progress on Crown Timber outcome-based management and successfully reducing the License Management Services expenditure in line with the Strategic Program Review (SPR) objective.

Performance measures

Jobs	Measures
More jobs.	Forest sector contribution to Gross Domestic Product (GDP) from Crown forests.
Ensure responsible resource development.	Amount of Crown Annual Allowable Cut (AAC) fully utilized.
Pursuing excellence in geoscience.	Increase in usage of geoscientific information.
Smart Province	Measures
Grow revenue.	Ratio of actual to budgeted revenue.
Reduce expenditures.	Ratio of actual to budgeted expenditures.
Enhance employee involvement, commitment and productivity.	Percentage of employee performance reviews completed.
Eliminate waste and duplication.	Improvement rate via Continuous Improvement.

Jobs

Objective of the measure

More jobs.

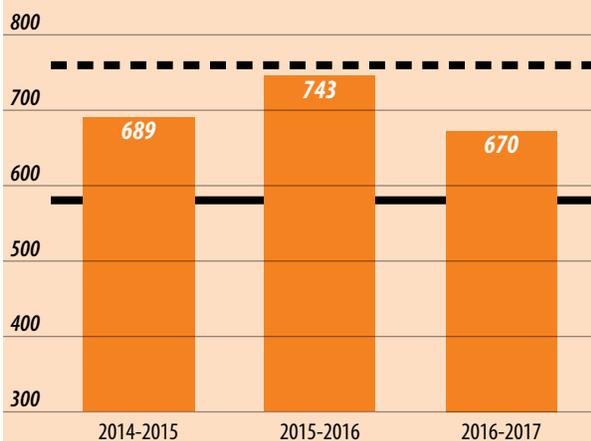
Measure

Forest sector contribution to Gross Domestic Product (GDP) from Crown forests.

Description of measure

The forest sector is a major contributor (about five per cent) to New Brunswick's GDP and, therefore, employment in the province. Wood consumption on Crown lands provides a key supply to the forest sector in addition to private wood supplies and imports. The forest sector's impact on the GDP is largely influenced by commodity prices, but it is also influenced by total volume consumed.

Forest sector contribution to Gross Domestic Product (GDP) from Crown forests (\$M)



Overall performance

The department saw a reduction in its performance by reporting \$670 million, or 12 per cent below target.

Why do we measure this?

This measure attempts to remove variation in commodity prices to allow the department to understand its influence on the GDP. The department's role is primarily to facilitate the consumption of volume to ultimately increase the forest sector contribution to GDP. Multipliers have been developed to associate roundwood production, manufactured wood products and pulp and paper product sales on direct and indirect GDP. GNB cannot control commodity prices, but it can influence consumption of Crown roundwood.

What initiatives or projects were undertaken in the reporting year to achieve the outcome?

The initiative undertaken to achieve the outcome was to use tactics to maximize the consumption of the sustainable Crown wood supply. The result was about 12 per cent below target, largely based on lower Crown hardwood roundwood consumption at a few key mills, which have a high GDP per unit volume multiplier.

Jobs

Objective of the measure

Ensure responsible resource development.

Measure

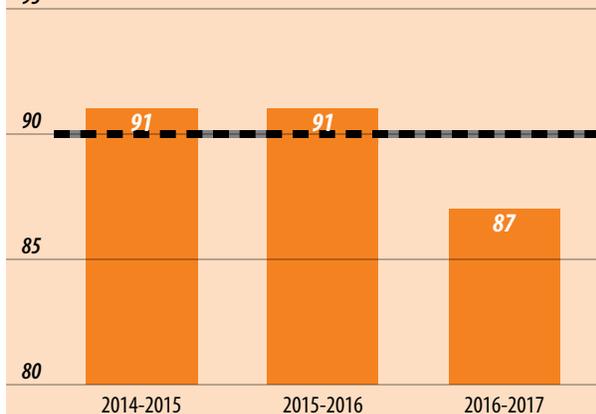
Amount of Crown Annual Allowable Cut (AAC) fully utilized.

Description of measure

To judge progress in achieving the department's goal of full consumption of the roundwood volume referred to as the AAC.

Crown Annual Allowable Cut (AAC) fully utilized (%)

95



Overall performance

The annual volume harvested was 87 per cent of the AAC. This value is slightly lower than the 2015-2016 values; the proportion of softwood harvested remained about the same but was still slightly below expectations. There was a reduction in the proportion of hardwood products harvested, largely because operators were required to reduce the harvest of hardwood from previous years to align to the five-year sustainability requirements of not exceeding the AAC over the 2012-2017 period.

————— Baseline: 90%
- - - - - Target: 90%
Actual: 87%

Why do we measure this?

Monitoring the volume of wood consumed by quarter provides insight on wood flows through the year, and they can be compared to past consumption trends throughout the year. Significant divergence from past trends may indicate required interventions (approved export permits, transfers, temporary assignments) to keep wood flowing to New Brunswick facilities.

What initiatives or projects were undertaken in the reporting year to achieve the outcome?

The department maintained the previous year's initiatives to develop a process to better monitor wood flow trends and to improve and facilitate wood flow from Crown land in the province. This measure would have been at 80 per cent had the department not undertaken actions to improve wood flows (largely with respect to softwood species) via temporary assignments (373,000 cubic metres or six per cent) and export of biomass and pulp (19,000 cubic metres or 0.32 per cent).

Jobs

Objective of the measure

Pursuing excellence in geoscience.

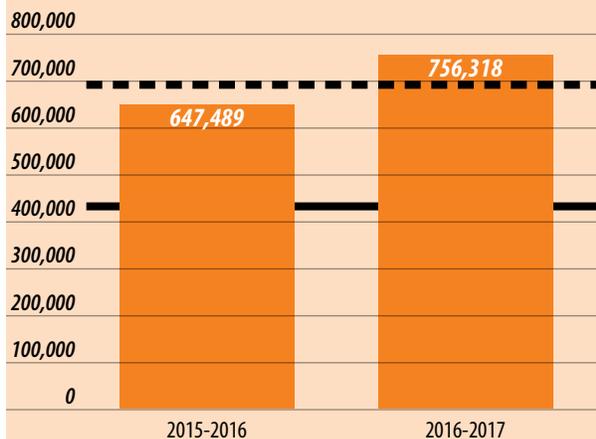
Measure

Percent increase in usage of geoscientific information.

Description of measure

This measure is captured from web statistics on the access to geoscience databases and downloads of geoscience maps and reports.

Increase in use of geoscientific information



Overall performance

The department was successful in increasing the amount of information accessed.

- Baseline:** 431,659
(3-year annual average from 2013-2015)
- Target:** 699,288
(8% increase from 2015-2016 results)
- Actual:** 756,318
(17% increase from 2015-2016 results)

Why do we measure this?

By providing better digital access to sophisticated geoscience data, this results in increased mineral industry investment and exploration activity in the province. In addition, measuring increases in geoscience access and usage provides the department with a tool to help forecast trends in mineral exploration activity.

What initiatives or projects were undertaken in the reporting year to achieve the outcome?

The department has completed the following initiatives:

- uploaded the New Brunswick bedrock geology layer to GeoNB;
- uploaded nine publication notices to inform clients and the public about newly available geoscience publications; and
- released 197 Mineral Exploration Reports of Work to the public through the department's website.

Smart Province

Objective of the measure

Grow revenue.

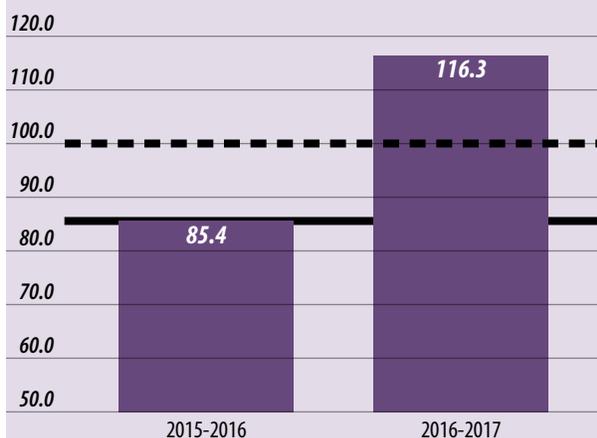
Measure

Ratio of actual to budgeted revenue.

Description of measure

The ratio measures whether the department is over-budget or under-budget on revenue. The ratio will exceed 100 per cent when revenue has exceeded budget and be less than 100 per cent when revenue has not achieved budget.

Ratio of actual to budgeted revenue (%)



Overall performance

The department's revenue was above budget by \$13,174,700.

————— **Baseline: 85.4%**
(restated 2015-2016 figures for the Department of Energy and Resource Development)

- - - - - **Target: 100.0%**
Actual: 116.3%

Why do we measure this?

This measure shows whether the department is accomplishing the projected revenue that it tabled at the beginning of the fiscal year.

What initiatives or projects were undertaken in the reporting year to achieve the outcome?

The department reached 116.3 per cent of the ordinary revenue budget mainly due to higher than expected royalty rates, a reimbursement for the purchase of digital aerial imagery (LiDAR), revenue from fire mobilization deployments to other provinces and an increase in harvesting permits issued to new maple sugary leases needing to clear land.

Smart Province

Objective of the measure

Reduce expenditures.

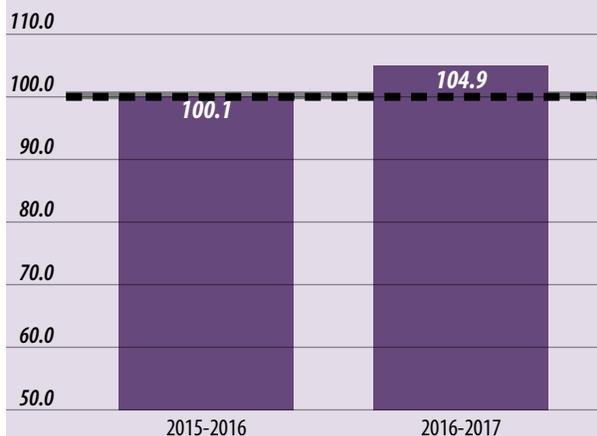
Measure

Ratio of actual to budgeted expenses.

Description of measure

The ratio measures whether the department is over-budget or under-budget on expenditures. The ratio will exceed 100 per cent when expenses are over-budget and be less than 100 per cent when under-budget.

Ratio of actual to budgeted expenditures (%)



Overall performance

The department was over-budget on expenditures by \$5,045,500.

- Baseline:** 100.1%
(restated 2015-2016 figures for the Department of Energy and Resource Development)
- Target:** 100.0%
- Actual:** 104.9%

Why do we measure this?

This measure shows whether the department is adhering to the expense budget that it tabled at the beginning of the fiscal year. It shows whether the department is able to implement and manage the various budget decisions incorporated into its expense budget plan, although there will be some variables that are not within government's control (floods, etc.).

What initiatives or projects were undertaken in the reporting year to achieve the outcome?

The department was over-budget in 2016 -17 mainly due to recording the estimated cost to undertake the construction of the Caribou Mine water drainage channel as a liability which has been budgeted in the 2017-18 Energy and Resource Development Capital Budget, the expenditure related to the inflation of the contaminated mine sites liability and the purchase of the digital aerial imagery (LiDAR). The department received a reimbursement for the purchase of digital aerial imagery (LiDAR) and this has been recorded as departmental revenue.

Smart Province

Objective of the measure

Enhance employee involvement, commitment and productivity.

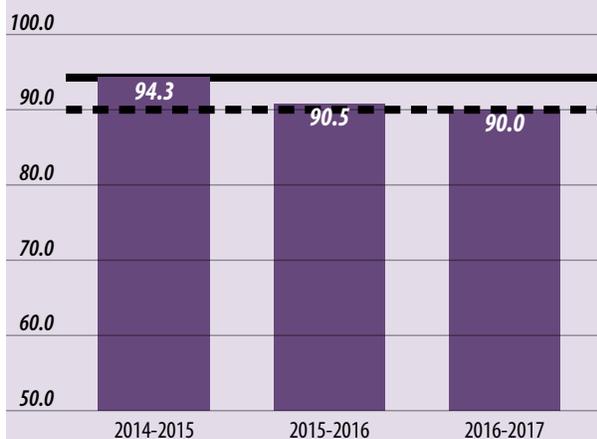
Measure

Percentage of employee performance reviews completed.

Description of measure

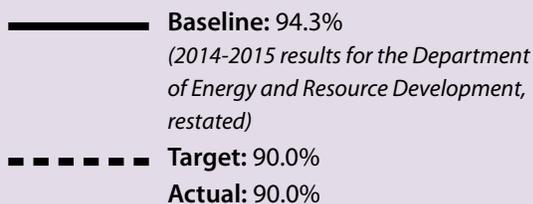
The completion of performance agreements provides an opportunity to align and cascade goals throughout the department. Performance agreements also drive business results by linking individual performance to the overall departmental strategy.

Performance agreements completed (%)



Overall performance

The department met the target set at 90 per cent in 2016-2017 and reported a 90 per cent completion rate for all performance agreements.



Why do we measure this?

The completion of performance agreements provides an opportunity for managers and employees to discuss, review and assess the accomplishment of work objectives, demonstrated competencies and overall individual employee contribution against GNB's business results. Currently, completion rates for performance agreements vary across Part 1. Performance agreement targets have been established for Part 1. Departments are required to indicate their quarterly targets based on how many employees are eligible for review within each quarter.

What initiatives or projects were undertaken in the reporting year to achieve the outcome?

Early communications regarding target setting and timelines for completion of performance agreements ensured that a high percentage of performance agreements were completed in a timely manner. Initiatives included:

- ongoing enhancements of the overall Performance Management process;
- identifying and implementing process improvements for ensuring timely and accurate performance agreement data; and
- providing monthly and quarterly reports to the directors and executive management committee with completed and outstanding performance agreements.

Smart Province

Objective of the measure

Eliminate waste and duplication.

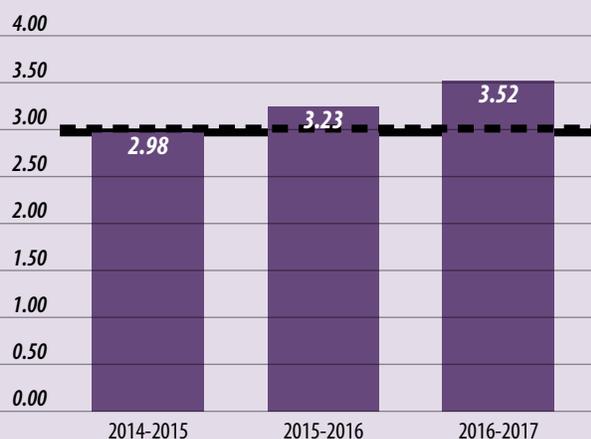
Measure

Improvement rate via Continuous Improvement.

Description of measure

This measure focuses on the dollars achieved via continuous improvement initiatives using Lean Six Sigma, expressed as a percentage of the department's ordinary budget.

Improvement rate via continuous improvement (%)



Overall performance

The improvement rate via continuous improvement exceeded the target of three per cent of the ordinary budget.

————— **Baseline: 2.98%**
(2014-2015 result restated for the Department of Energy and Resource Development)

- - - - - **Target: 3.01%**
Actual: 3.52%

Note: Figures for 2015-2016 have also been restated for the Department of Energy and Resource Development.

Why do we measure this?

An important aspect to the formal management system is for each department to undertake process improvement projects to reduce costs and increase efficiency of processes and services. This measure tracks the value of savings for these improvement projects. Some projects resulting in hard savings associated with this target include:

- deployment of district field staff to reduce travel to and from work sites; and
- projects related to license management and oversight that reduced the license management service fees paid to industry.

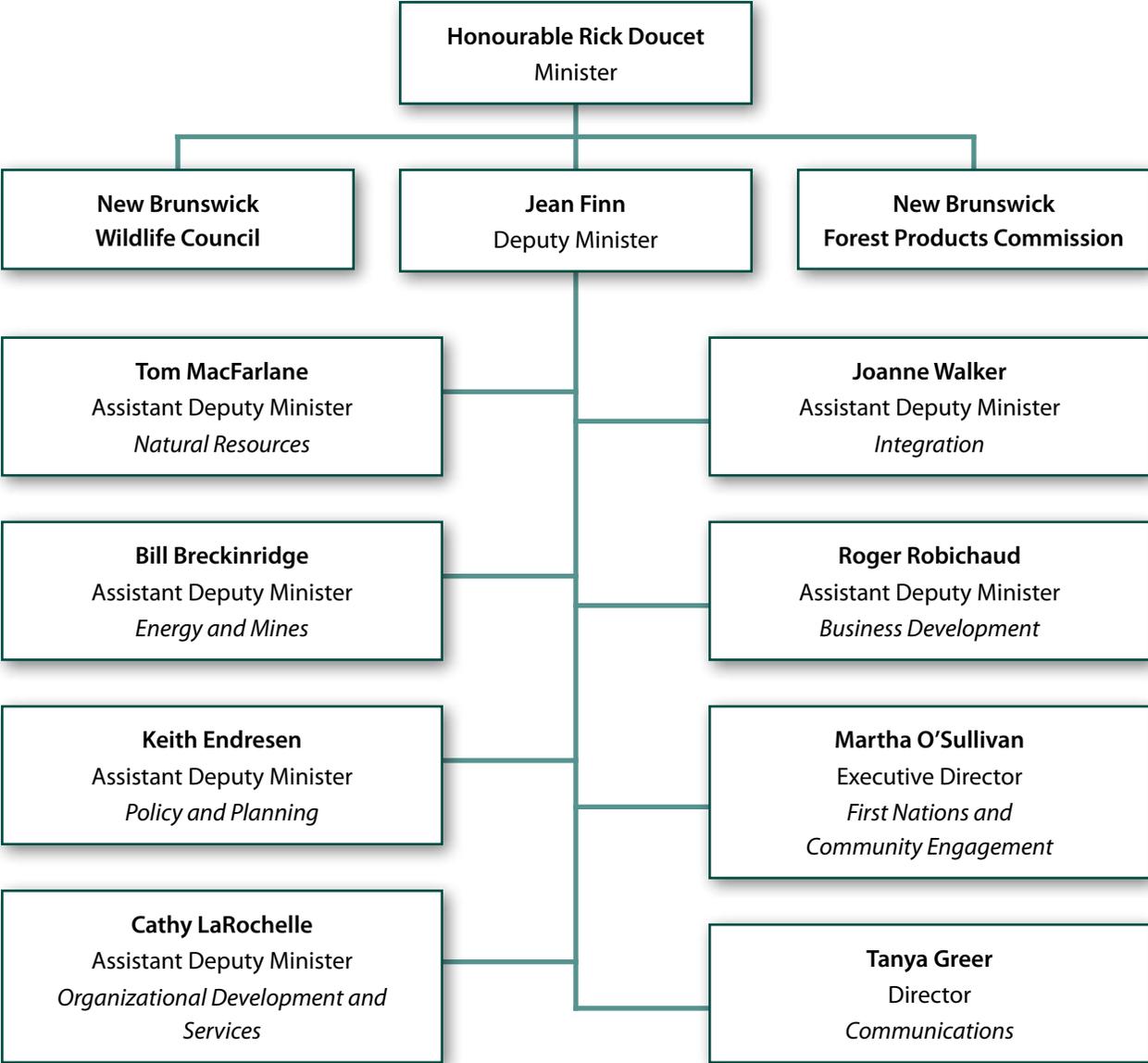
What initiatives or projects were undertaken in the reporting year to achieve the outcome?

Savings from seven process improvement projects contributed to our results this year. The department also achieved almost \$298,000 in savings of time and money from Waste Walk activities (small improvements throughout the department), for a total improvement savings valued at \$3,546,046.

Overview of departmental operations

The mandate of the Department of Energy and Resource Development is to support, manage and protect the forests, fish and wildlife of New Brunswick and to develop and manage the province's energy and mineral resources.

High-level organizational chart



Division overview and highlights

Natural Resources Division

The **Natural Resources Division** supports, manages and protects the forests, fish and wildlife of New Brunswick.

The division consists of the following branches:

The **Fish and Wildlife Branch** administers programs related to the sustainable use of fish and wildlife resources in the province and manages hunting, trapping and angling activities. The branch is also responsible for fish and wildlife related licensing and conservation education activities.

The **Forest Management Branch** supports and manages provincial timber resources and facilitates silviculture activities on Crown and private land.

The **Regional Operations and Support Services Branch** delivers operational programs in the regions and districts. It consists of the Regional Support Services Branch, Region 1 (Bathurst), Region 2 (Miramichi), Region 3 (Fredericton) and Region 4 (Edmundston).

The **Renewable Resources and Land Use Inventory Branch** is responsible for the coordination, and deployment of various biological and environmental inventories under the department's responsibility.

HIGHLIGHTS

- ◆ *The Fish and Wildlife Branch implemented the second phase of its e-licensing system called Phase II, a follow up to the 2015 Phase I, which pertained to angling. Phase II enables applicants to apply for various draws and to purchase most resident licences. The e-Licensing system is an electronic web-based system that enables clients to purchase licences and apply for draws online for angling, hunting and trapping.*
- ◆ *The Forest Management Branch participated in the investigation of two major trade disputes with the United States (softwood lumber and supercalendared*

paper). The branch continued its transition to outcome-based management with Licenses 1, 8, and 3, and several improvement projects were implemented. This is part of the department's Strategic Program Review project, which resulted in a budgeted savings of \$2.032 million.

- ◆ *Several recommendations from the 2015 Auditor General Report on Silviculture and Private Wood Supply were successfully carried out.*
- ◆ *The branch participated in the third year of the early intervention strategy for spruce budworm that included the treatment of more than 63,000 ha of forest with approved and federally registered insecticides. Other activities include the mapping 2,500 ha of spruce budworm related defoliation and the coordinating and completing an intensive monitoring program for emerging spruce budworm populations with samples taken at 1,650 locations in New Brunswick.*
- ◆ *The Regional Operations and Support Services Branch, in addition to providing support to the regions for New Brunswick fires, coordinated the mobilization of 77 staff to assist with fire suppression in Alberta and Nova Scotia. This was done through a resource sharing agreement with the Canadian Interagency Forest Fire Centre (CIFFC), designed to move resources from provinces with low fire activity to provinces with high fire activity.*
- ◆ *The Renewable Resources and Land Use Inventory Branch was involved in a multi-departmental acquisition of more than 1.9 million ha of new inventory data coverage in north-central New Brunswick using a sophisticated new approach to terrain and vegetation mapping called LiDAR. This technology uses airborne laser scanners to produce very high resolution maps of the landscape. The branch also coordinated improvements and data collection associated with its inventory support plot system for New Brunswick where approximately 1,000 plots were measured in 2016-17.*

Energy and Mines Division

The **Energy and Mines Division** develops and manages the province's energy and mineral resources.

The **Mines** component of the division provides relevant geological knowledge, promotion of provincial resources, advice and support to the public and private sectors. It provides for the sustainable exploration and development of mineral, petroleum, Crown aggregate and Crown peat resources through a comprehensive regulatory framework.

The **Energy** component of the division provides policy, regulatory and legislative support on matters related to the downstream-side of the energy sector. The Energy Branch maintains a number of acts and regulations that balance industry and consumer needs.

The division consists of the **Energy Branch**, the **Geological Surveys Branch**, the **Minerals and Resource Development Branch** and **Promotion and Information Services**.

The **Energy Branch** is divided into three main areas: sustainability, electricity and petroleum. The electricity group focuses on working closely with NB Power and municipal utilities to ensure efficient and transparent regulation of the sector. The petroleum group provides insight into market trends and works with industry and consumers to ensure an adequate supply of petroleum products while maintaining price stability. Both groups monitor New Brunswick Energy and Utilities Board (EUB) hearings related to the sector and work with the EUB to ensure acts and regulations are working effectively. The sustainability group works closely with both the electricity and petroleum groups to ensure the promotion of energy efficiency and climate change initiatives, including sustainable development opportunities across all energy sectors. The branch also works closely with other provincial departmental colleagues and interest groups as needed on sector-specific issues.

The **Geological Surveys Branch** is composed of two sections: Geological Surveys North and Geological Surveys South. The branch is responsible for developing and maintaining a geoscience knowledge base and providing advice to the public and private sectors regarding mineral and petroleum resources and land

use. The branch actively promotes the province's mineral and petroleum resource potential and administers an Exploration Assistance Program to stimulate mineral exploration in New Brunswick.

The **Minerals and Resource Development Branch** is composed of the Resource Tenure, Petroleum Resource Development and the Mining and Mineral Resources sections. Overall, the branch administers and manages the allocation of mineral, petroleum, Crown peat and Crown aggregate rights, and the exploration and development of these resources through the effective administration of departmental legislation and regulation.

The role of **Promotion and Information Services** is to promote investment in energy, mineral and petroleum sectors in New Brunswick. Staff is responsible for marketing New Brunswick as a preferred location for mineral and petroleum investment; participating in national conferences and leading in responsibility for the department's annual Exploration, Mining and Petroleum conference; managing an extensive geological, mineral and petroleum resources database; and publishing geoscientific information on New Brunswick.

HIGHLIGHTS

- ◆ *The Minerals and Resource Development Branch entered into formal accord negotiations with the Government of Canada to provide for the joint and equal management of offshore petroleum resources. The branch conducted an independent resource assessment of the Penobsquis potash deposit prior to approving shaft decommissioning and maintained a government commitment regarding hydraulic fracturing, as a result of the findings from the New Brunswick Commission on Hydraulic Fracturing (February 2016) by continuing the moratorium on hydraulic fracturing indefinitely.*
- ◆ *The Energy Branch held a Tidal Energy Opportunities Summit to pair New Brunswick industry with tidal energy developers in cooperation with the Port of Saint John and successfully concluded the Enbridge Gas New Brunswick lawsuit against GNB. The branch also held a series of public sessions to discuss community renewable energy opportunities around the province.*

Policy and Planning Division

The **Policy and Planning Division** provides support to the department.

The division consists of the **Strategic Planning and Intergovernmental Relations Branch**, the **Regulatory Affairs Branch**, the **Corporate Affairs Branch**, the **Performance Excellence Branch**, the **Sector Strategy Development Branch** and the **Economic Analysis Branch**.

HIGHLIGHTS

- ◆ *The Strategic Planning and Intergovernmental Relations Branch coordinated departmental commitments under the new Climate Change Action Plan called Transitioning to a Low-Carbon Economy. The branch provided support for the Energy and Mines Ministers Conference, the Canadian Council of Forest Ministers, and the Ministers Responsible for Conservation, Wildlife and Biodiversity. It also led New Brunswick's involvement as co-lead of the Canadian Energy Strategy and co-chair of the first annual teleconference of Ministers responsible for Energy under the Council of the Federation.*
- ◆ *The Regulatory Affairs Branch responded to 28 requests under the Right to Information and Protection of Privacy Act.*
- ◆ *The Performance Excellence Branch implemented seven Black Belt/Green Belt Process Improvement projects and conducted two Waste Walk training sessions for 19 employees, generating savings valued at more than \$3.5million in time and money. The branch also supported program areas in launching three strategic initiatives under the Priority Delivery Unit model.*

Organizational Development and Services Division

The **Organizational Development and Services Division** provides direction and support in matters of human resources, financial services, information and technology, and facilities management and coordinates financial assistance to the sectors under various funding programs. The division is also responsible for the management of the province's Crown land resources and various leasing and licensing functions.

The division consists of the **Financial Services Branch**, the **Human Resources Branch**, the **Information Systems and Departmental Services Branch**, the **Crown Lands/Leasing and Licensing Branch** and the **Industry Financial Programs Branch**.

HIGHLIGHTS

- ◆ *During the fiscal year, an organization structure was developed that reflects the common administration of the two departments (Energy and Resource Development and Agriculture, Aquaculture and Fisheries) to achieve efficiencies and to re-invest efforts where additional capacity was required.*
- ◆ *The Human Resources Branch provided training on various human resources related topics to all managers/supervisors. The branch provided all human resources support while standardizing a number of functions, including recruitment, leadership development and employee recognition.*
- ◆ *The Financial Services Branch supported the implementation of the common administration of the department by updating budgets, financial systems and processes. The branch also amalgamated the financial services functions into one Financial Services branch that supports both departments.*
- ◆ *The Information Systems and Departmental Services Branch completed an integration project for both departments. This included the amalgamation of the two record centres into a shared location at the Hugh John Fleming Forestry Centre. The branch also signed the ESRI Enterprise License Agreement (ELA) that incorporates the department and provides a platform for expansion of spatial information applications in its three sectors.*
- ◆ *The new Crown Lands/Leasing and Licensing Branch completed a Process Improvement project exploring options to increase efficiency and standardize functions for all Crown land tenure requests. A total of 372 Crown land applications were received and processed, and 572 leases (i.e., renewals and new) and 141 licences of occupation on Crown lands were issued.*

First Nations and Community Engagement Division

The **First Nations and Community Engagement Division** consists of three areas of focus and support for the department. A collaborative approach was used by the

team to help the different sectors fulfil legal obligations under the Duty to Consult and to work with industry partners to find employment and economic opportunities for First Nation communities.

The three areas of focus and responsibilities are the Consultation Unit, Bilateral and Tripartite Negotiations and Proponent Engagement.

HIGHLIGHTS

- ◆ *The division was successful in building a stronger relationship with First Nation communities and their representatives by building a more holistic team to help with the continuum of First Nation rights and interests.*
- ◆ *The consultation team participated in a process improvement project with the Aboriginal Affairs Secretariat to help improve GNB's approach to engagement and consultation and to build consistency between sector approaches.*
- ◆ *The division was central in the negotiations of two key accommodation agreements in 2016-2017.*

Business Development Division

The newly formed, multi-disciplinary **Business Development Division** collaborates with clients and subject matter experts across GNB. The goal of the collaboration is to overcome impediments and to ensure the successful and timely completion of major resource development projects. These projects are aimed at providing economic and sustainable development benefits to New Brunswick and to move the province forward by focusing on economic growth and job creation, primarily by driving opportunities through the opportunities model.

Financial information

Expenditures in detail 2016-2017 (\$)

Ordinary Program	Main Estimates	Appropriation Transfers	Final Budget	Actual	Difference
Administration	11,731,000	2,300	11,733,300	10,862,700	(870,600)
Natural Resources	79,783,100	102,600	79,885,700	78,852,100	(1,033,600)
Energy and Mines	6,269,800	828,000	7,097,800	11,799,800	4,702,000
Land Management	5,189,100	6,800	5,195,900	7,443,600	2,247,700
Total 2016-2017	102,973,000	939,700	103,912,700	108,958,200	5,045,500
Capital and Special Purpose Accounts	Main Estimates	Appropriation Transfers	Final Budget	Actual	Difference
Wildlife Trust Fund	1,700,000	–	1,700,000	1,462,400	(237,600)
Trail Management Trust Fund	1,400,000	–	1,400,000	2,159,500	759,500
Recoverable Projects	200,000	–	200,000	0	(200,000)
Total 2016-2017	3,300,000	–	3,300,000	3,621,900	321,900

Revenues in detail 2016-2017 (\$)

Revenue	Main Estimates	Appropriation Transfers	Final Budget	Actual	Difference
Return on Investment	127,000	–	127,000	98,700	(28,300)
Licences and Permits	5,735,000	–	5,735,000	5,721,200	(13,800)
Sales of Goods and Services	3,953,000	–	3,953,000	5,116,000	1,163,000
Royalties	70,430,000	–	70,430,000	79,456,900	9,026,900
Fines and Penalties	314,000	–	314,000	295,500	(18,500)
Miscellaneous	21,000	–	21,000	3,066,300	3,045,300
Total 2016-2017	80,580,000	–	80,580,000	93,754,600	13,174,600
Capital and Special Purpose Accounts	Main Estimates	Appropriation Transfers	Final Budget	Actual	Difference
Capital Recoveries – own source	40,000	–	40,000	20,700	(19,300)
Return on Investment	39,000	–	39,000	11,100	(27,900)
Licences and Permits	3,103,000	–	3,103,000	3,243,900	140,900
Sales of Goods and Services	5,000	–	5,000	0	(5,000)
Miscellaneous	0	–	0	4,100	4,100
Conditional Grants - Canada	200,000	–	200,000	0	(200,000)
Total 2016-2017	3,387,000	–	3,387,000	3,279,800	(107,200)

Summary of staffing activity

Pursuant to section 4 of the *Civil Service Act*, the Secretary to Treasury Board delegates staffing to each Deputy Head for his or her respective department(s). Please find below a summary of the staffing activity for 2016-2017 for the Department of Energy and Resource Development.

Number of permanent and temporary employees, as of December 31, 2016		
Employee type	2016	2015
Permanent	444	449*
Temporary	47	47*
TOTAL	491	496*

* Data includes total for former departments of Natural Resources and Energy and Mines. The 2015 numbers were restated.

The department advertised 18 competitions, including two open (public) competitions and 16 closed (internal) competitions.

Pursuant to sections 15 and 16 of the *Civil Service Act*, the department made the following appointments using processes to establish merit other 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: <ul style="list-style-type: none"> – 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)	10
Lateral transfer	The GNB transfer process facilitates the transfer of employees from within Part 1, 2 (school boards) and 3 (hospital corporations) of the Public Service.	16(1) or 16(1)(c)	6
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)	4
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*, no complaints alleging favouritism were made to the Deputy Head of Energy and Resource Development and no complaints were submitted to the Ombud.

Summary of legislation and legislative activity

Bill #	Name of legislation	Date of Royal Assent	Summary of changes
24	<i>An Act to Implement Strategic Program Review Initiatives</i> http://www.gnb.ca/legis/bill/pdf/58/2/Bill-24.pdf	July 8, 2016	The omnibus bill contained one component related to the Department of Energy and Resource Development. As part of the corporate Strategic Program Review Project related to SPR-19 Agencies, Boards and Commissions, the department recommended the elimination of the Trail Management Trust Fund Advisory Board under the <i>Off-Road Vehicle Act</i> . The elimination of the board allowed the department to streamline the process and created increased efficiencies in the dispersal of the funds to the ATV and motorized snow vehicle trail managers.
6	<i>An Act to Amend the Gas Distribution Act, 1999</i> http://www.gnb.ca/legis/bill/pdf/58/3/Bill-6.pdf	Dec. 16, 2016	The Act met obligations under a Memorandum of Understanding to settle litigation against the GNB. It provided the Energy and Utilities Board with more oversight in the regulation of natural gas rates, assigned a value to the regulatory deferral account and provided for a method of its recovery as well as limited trucked natural gas so as not to further erode the customer base of the general franchise holder.

The acts and regulations for which the department was responsible in 2016-2017 may be found at:
<http://laws.gnb.ca/en/deplinks?subjectnumber=47>

Summary of Official Languages activities

Introduction

The department continued to work on its Official Languages action plan to address the four sectors of activity identified in GNB's *Plan on Official Languages – Official Bilingualism: A Fundamental Value*. The following outlines some actions taken in each of the areas of focus.

Focus 1

Ensure access to service of equal quality in English and French throughout the province.

The objective that the department wanted to address in 2016-2017 was to continue efforts to ensure that all written and oral communication with clients was done in the Official Language of their choice.

Random audits were conducted on employee telephone lines to verify that the active Offer of Service was provided in the client's Official Language of choice. Missed opportunities were addressed through case-by-case interventions and general reminders were sent to all employees. In addition, all linguistic profiles are updated regularly to ensure the department's ability to provide services in both Official Languages throughout the province.

Focus 2

An environment and climate that encourages, for all employees, the use of the Official Language of their choice in their workplace.

The objective that the department wanted to address in 2016-2017 was to ensure that administrative services were offered and provided to employees in the employee's Official Language of choice.

Communication and correspondence with employees are delivered in their Official Language of choice. The department continued to encourage the use of both Official Languages for small meetings. For all large meetings, the department promoted simultaneous interpretation, bilingual presentations, or separate English and French sessions.

Focus 3

New and revised government programs and policies will take the realities of the province's official linguistic communities into account.

The objective that the department wanted to address in 2016-2017 was to ensure employees take into account the Official Language of choice when meeting and consulting with the public.

Correspondence and information are provided to the public in the Official Language of their choice. Also, a section in the department's annual report provides a summary of activities associated with Official Languages.

Focus 4

Ensure employees have a thorough knowledge and understanding of the *Official Languages Act*, relevant policies, regulations and the GNB's obligations with respect to official languages.

The objective that the department wanted to address in 2016-2017 was to ensure that employees were reminded of the legal obligation to offer services in the Official Language of choice of the client. A memo from the Deputy Minister was sent to all employees reminding them of the legal obligation of all government employees to offer services in the Official Language of choice of the client. The memo also referenced the *Language of Service Policy and Guidelines* and the *Official Languages Toolkit*. As part of the employee performance agreement, employees are also expected to review policies related to Official Languages on a yearly basis.

Conclusion

The department recognizes its obligations under the *Official Languages Act* and related policies and strives to provide quality services to clients in both Official Languages. The department encourages and supports the use of both Official Languages in the workplace and invests in employee development through second language training.

Summary of recommendations from the Office of the Auditor General

Name and year of audit area with link to online document	Recommendations	
	Total	Adopted
2015 Volume 2 Chapter 3 Silviculture To determine if the Department of Natural Resources is meeting its responsibilities respecting timber supply from private woodlots. http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2015V2/Chap3e.pdf	26	8
2015 Volume 2 Chapter 4 Private Wood Supply To determine if the New Brunswick Forest Products Commission provides adequate oversight of Forest Products Marketing Boards http://www.agnb-vgnb.ca/content/dam/agnb-vgnb/pdf/Reports-Rapports/2015V2/Chap4e.pdf	14	11

Report on the *Public Interest Disclosure Act*

As provided under section 18(1) of the *Public Interest Disclosure Act*, the chief executive officer shall prepare a report of any disclosures of wrongdoing that have been made to a supervisor or designated officer of the portion of the public service for which the chief executive officer is responsible. The Department of Energy and Resource Development did not receive any disclosures of wrongdoing in the 2016-2017 fiscal year.

Appendix A: Silviculture

Production at the Kingsclear Nursery and the Atlantic Forest Seed Centre

Product	2016-2017	2015-2016	2014-2015
Seedling produced	19,000,000	20,222,000	21,230,000
Seed produced (kg)	4	330	44
Seed stored (kg)	1,528	1,826	1,368
Seed stored for clients (kg)	2,768	2,636	2,385

Crown silviculture by year (ha)

Year	Planting-related activities		Pre-commercial thinning
	Tree planting	Plantation tending	
2016-2017	10,166	15,366	15,038
2015-2016	9,977	16,131	14,855
2014-2015	10,073	15,475	13,991

Private land silviculture by year (ha)

Year	Planting-related activities			Pre-commercial thinning
	Site preparation	Tree planting	Plantation tending	
2016-2017	682	1,243	1,958	2,537
2015-2016	709	1,706	1,814	2,721
2014-2015	1,678	1,757	1,512	3,008

Appendix B: Harvesting volume

Year	Species Group	Licensees and Sub-Licensees	First Nations	Special Permits	Total
2016-2017	Softwood	3,420,908	182,846	50	5,411,190
	Hardwood	1,734,980	44,569	27,836	
2015-2016	Softwood	3,374,566	205,914	14,387	5,813,640
	Hardwood	2,115,845	54,044	48,883	
2014-2015 ¹	Softwood	3,315,599	201,251	5,203	5,475,332
	Hardwood	1,874,654	46,102	32,523	

Note: Includes all species and products

¹ Calculations reported in the 2014-2015 Annual Report erroneously included the estimated volume of utilized pulpwood. These figures have been adjusted accordingly.

Appendix C: Fire

Area destroyed by fire (ha)

Region		1	2	3	4	Total
2016	Fires	51	50	136	45	282
	Ha	28	30	162	44	264
2016	Fires	56	30	110	25	221
	Ha	81	17	138	26	262
2016	Fires	30	21	101	28	180
	Ha	15	18	59	21	113

2016 fires, by cause

Cause	Number	Ha
Resident	120	81.2
Incendiary	68	102.2
Unknown	31	43.4
Recreation	17	7.9
Miscellaneous	12	4.5
Lightning	13	21.7
Forest Industry	8	0.8
Other Industry	6	1
Railroad	7	1.6
Total	282	264.3

Appendix D: Fish and Wildlife

Hunting licences issued

Licence type	Deer	Moose*	Bear	Small game	Varmint	Minors**
Resident	46,381	4,541	4,801	12,921	9,627	1,304
Designated Hunter	-	3 329	-	-	-	-
Non-Resident	333	99	2 265	417	7	-
Total 2016	46,714	7,948	7,066	13,338	9,634	1,304
Resident	48,521	4,560	4,014	11,565	9,440	1,527
Designated Hunter	-	3 282	-	-	-	-
Non-Resident	314	100	2 101	387	11	-
Total 2015	48,835	7,902	6,115	11,952	9,451	1,527
Resident	49,102	4,576	3,968	11,775	9,261	1,662
Designated Hunter	-	3 383	-	-	-	-
Non-Resident	374	100	2 016	365	11	-
Total 2014	49,476	8,059	5,984	12,140	9,272	1,662

* Resident moose hunters may designate a hunter to accompany them.
The bag limit for the party remains one moose.

** The equivalent of a small game licence for person aged 12 to 15 years.

Angling licences issued

Species	2016	2015	2014
Atlantic Salmon	13,800	12,535	22,108
Other species *	58,135	53,431	46,505
Total	71,935	65,966	66,613

* Includes ice fishing licence sales.

Details of licences issued, 2016

Angling	Resident	Non-resident
Salmon	10,209	3,591
Trout, etc.	53,772	3,253
Ice Fishing	1 052	58
Crown Reserve*		Residents only
Miramichi		1 299
Restigouche		654
Patapedia		48

* Regular stretches only.