

MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

BRIEFING NOTE FOR INFORMATION

I PREPARED FOR: Honourable John Horgan, Premier of British Columbia

II ISSUE: Meeting with Tan Sri Wan Zulkiflee Wan Ariffin – President & Group Chief Executive Officer of PETRONAS

III BACKGROUND:

- PETRONAS, short for Petroliam Nasional Berhad (National Petroleum, Limited), is a Malaysian oil and gas company that was founded on August 17, 1974. The corporation is wholly owned by the Government of Malaysia, is vested with the entire oil and gas resources in Malaysia, and is entrusted with the responsibility of developing and adding value to these resources.
- The group is engaged in a wide spectrum of petroleum activities, including upstream exploration and production of oil and gas to downstream oil refining; marketing and distribution of petroleum products; trading; gas processing and liquefaction; gas transmission pipeline network operations; marketing of liquefied natural gas; petrochemical manufacturing and marketing; shipping; automotive engineering; and property investment.
- PETRONAS provides a substantial source of income for the Malaysian government, with half of the government's budget dependent on PETRONAS' dividend.
- PETRONAS completed two liquefaction projects in 2017, expanding its role as a supplier in the global LNG market.
- With many legacy fields in Malaysia facing decline over the next decade, PETRONAS has moved to maintain its feedstock base in order to ensure its position in the global LNG market.
- One of PETRONAS' primary objectives is to secure supply for the Malaysian market, given its role as the country's national oil company. Over time, Malaysia's gas supply-demand balance became increasingly complicated with demand centers in Peninsular Malaysia requiring more gas as legacy production areas within the country declined. This created a scenario where PETRONAS attempted to build up a strong LNG portfolio to supply its domestic customers.

LNG Canada

- In May 2018, Shell Canada Energy, on behalf of the joint venture participants in LNG Canada, announced that PETRONAS will take an equity position in LNG Canada pending regulatory approvals and subject to closing conditions. On July 23, the deal with PETRONAS was finalized and LNG Canada formally welcomed PETRONAS as their fifth Joint Venture Participant.
 - Ownership interest is now Shell 40 percent, PETRONAS 25 percent, PetroChina 15 percent, Diamond LNG Canada, an affiliate of Mitsubishi Corporation 15 percent, and KOGAS 5 percent.

- On October 1, 2018, LNG Canada announced that its joint venture participants had taken a Final Investment Decision (FID) to build the LNG Canada export facility. With this announcement the project moved immediately into the construction phase.

Progress Energy and North Montney Joint Venture

- Progress Energy is a wholly owned subsidiary of PETRONAS. Together with its North Montney Joint Venture partners, Japan Petroleum Exploration Company (JAPEX), PetroleumBRUNEI, IndianOil Corporation, and Sinopec-China Huadian, Progress is the largest natural gas reserves owner in Canada with approximately 800,000 acres of largely contiguous mineral rights in the North Montney and over 52 trillion cubic feet worth of reserves. Progress is the operator of the joint venture, which has more than 15,000 identified potential drilling locations.
- While a portion of Progress Energy's natural gas production will be directed towards LNG Canada, the company has plans to grow its natural gas production substantially to supply the North American market as well, and is seeking other opportunities to realize additional value from its gas resources.

IV DISCUSSION:

Natural Gas Development Framework

- As essential part of LNG Canada's final investment decision was the BC government's March 2018 fiscal framework. The framework aims to put natural gas development on a level playing field with other industries in BC and to support good jobs and revenues for the Province, and to ensure British Columbians benefit from natural gas development.
- The framework follows a review of competitiveness issues facing the LNG sector and a detailed financial analysis of the LNG Canada proposal. Government developed measures to help ensure British Columbians receive a good return for natural gas resources, while unlocking new investment in the sector.
- In light of LNG Canada's positive final investment decision, the government is working to put these measures in place.

1. PST/Operating performance payments

The BC government has exempted LNG Canada from the provincial sales tax on most elements of the construction of its initial facility. Separately, the province is working with LNG Canada to enter into an agreement with the Province whereby LNG Canada will pay annual operating performance payments s.13,s.17 which are tied to the production and export of LNG s.13,s.17

s.13,s.17

2. Clean growth incentive program

The provincial government recognizes that energy-intensive trade-exposed industries, including the natural gas sector, face unfair competition when competing globally with jurisdictions that do not impose a price on carbon.

The government intends that LNG projects will be eligible to participate in the new clean growth incentive program, announced by the provincial government in Budget 2018. A benchmark for LNG production will be established as part of this program,

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3. Industrial electricity rates

The government has enabled LNG projects to receive electricity at the general industrial rate charged by BC Hydro. This is the same rate paid by other large industrial users in BC.

4. Removal of LNG income tax

Government intends to introduce legislation to repeal this tax. It is the government's intention that the natural-gas income-tax credit will be retained to encourage the use of BC's natural gas at LNG facilities.

V CONCLUSION:

- The Province understands the LNG industry's competitiveness and was pleased to bring forward its Natural Gas Development Framework that was an essential part to LNG Canada's positive FID.
- PETRONAS plays an integral role in BC's energy system, and as a Joint Venture Partner in LNG Canada will be a part of the largest private sector investment in Canadian history.
- The Ministry of Energy Mines and Petroleum Resources will continue to work closely with PETRONAS and the LNG Canada project as they move into the construction phase.

Appendix: Appendix A – Biography- Datuk Wan Zulkiflee Wan Ariffin
Appendix B - Company Profile

DRAFTED BY:

Mark Urwin, Director OGD

APPROVED BY:

Geoff Turner, ED OGD

Ines Piccinino, ADM OGD

Dave Nikolejsin, DM EMPR

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Appendix A: Biography Datuk Wan Zulkiflee Wan Ariffin



DATUK WAN ZULKIFLEE WAN ARIFFIN

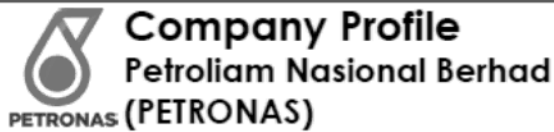
President & Group Chief Executive Officer

Datuk Wan Zulkiflee Wan Ariffin was appointed as the President & Group Chief Executive Officer on 1 April 2015. He began his career with PETRONAS in 1983.

Prior to his current appointment, he was the Group Chief Operating Officer and Executive Vice President & Chief Executive Officer of Downstream Business.

Datuk Wan Zulkiflee is the Chairman of the Board of PETRONAS Carigali Sdn Bhd, the Group's wholly owned exploration and production arm. He also serves as the Chairman of the National Trust Fund, Chairman of the East Coast Economic Region Development Council (ECERDC)'s Audit Committee, and is a member of the Board of Trustees of the Razak School of Government.

Appendix B: Company Profile



MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES
OIL AND GAS DIVISION

CORPORATE OVERVIEW

- PETRONAS is a Malaysian oil and gas company wholly owned by the Government of Malaysia, the corporation is vested with the entire oil and gas resources in Malaysia and is entrusted with the responsibility of developing and adding value to these resources.
- Since its incorporation, PETRONAS has grown to be an integrated oil and gas company with business interest in 35 countries.
- The company engaged is a wide spectrum of petroleum activities, including upstream exploration and production of oil and gas to downstream oil refining; marketing and distribution of petroleum products; trading; gas processing and liquefaction; gas transmission pipeline network operations; marketing of LNG; petrochemical manufacturing and marketing; shipping; automotive engineering; and property investment.

FINANCIAL OVERVIEW

Table 1: Select Financials (In Billions, USD)

	2017	2016	2015
Income Statement			
Revenue	55.1	47.1	57.7
Gross Profit	20.6	13.3	16.5
Net Income	11.2	5.4	4.9
Balance Sheet			
Total Assets	147.8	138.8	137.9
Total Liabilities	41.2	41.3	41.0
Cashflow			
CAPEX	11.0	11.6	15.1

LNG STRATEGY

- One of PETRONAS' primary objectives is to secure supply for the Malaysian market, given its role as the country's NOC. The country's gas supply-demand balance became increasingly complicated with demand centres in Peninsular Malaysia requiring more gas as legacy production areas in the country declined.

LNG STRATEGY CONT'D

- PETRONAS completed two liquefaction projects in 2017, making it the third largest supplier in the global LNG market.
- However, the company is tasked with placing its growing supply of uncontracted cargoes, both from new projects and expiring contracts at legacy MLNG plants at a time when competitive LNG supply in the global market is expanding.
- As such, PETRONAS has moved to offer more flexible contract terms and for shorter durations in order to shore up offtakers and attempt to expand to new markets.
- Beyond Malaysia, PETRONAS expanded its portfolio internationally over the last fifteen years in order to ensure supply security for its offtake obligations, part of its initial strategy of aggressively building up its LNG portfolio.

LNG PROJECTS

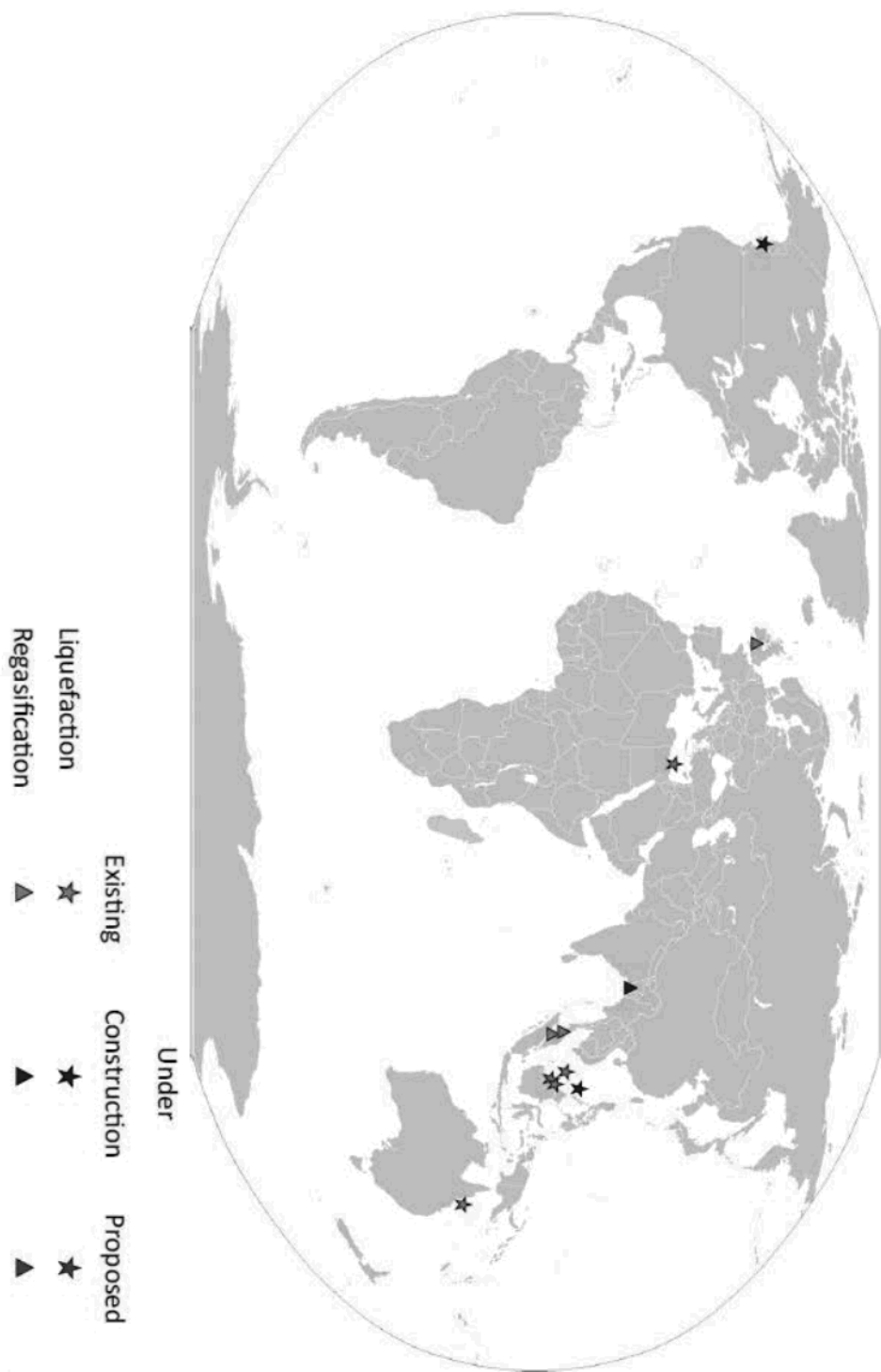
Liquefaction Facilities

Project	Country	Start Date	Equity Stake
Operational			
MLNG Satu T1-3	Malaysia	1983	90%
MLNG Dua T1-3	Malaysia	1995	80%
MLNG Tiga T1-2	Malaysia	2003	60%
ELNG T1-2	Egypt	2005	36% T1 38% T2
GLNG T1-2	Australia	2016	28%
MLNG T9	Malaysia	2017	70%
PFLNG Satu	Malaysia	2017	100%
Under Construction			
PFLNG Dua	Malaysia	2020	100%
LNG Canada	Canada	2023	25%

Regasification Facilities

Project	Country	Start Date	Equity Stake
Operational			
Dragon	UK	2009	50%
Sungai Udang	Malaysia	2013	100%
RGT2 (Pengerang)	Malaysia	2017	65%
Proposed			
Kutubdia LNG	Bangladesh	2019	25%

Global LNG Infrastructure



MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES
BRIEFING NOTE FOR INFORMATION

I PREPARED FOR: Honourable John Horgan, Premier of British Columbia

II ISSUE: Premier's Meeting with the Canadian Association of Petroleum Producers' Executive Policy Group (CAPP-EPG)

III BACKGROUND:

The Canadian Association of Petroleum Producers (CAPP) represents more than 90 producer members in the upstream oil and natural gas industry. CAPP's purpose is to "enable the responsible growth of our industry and advocate for economic competitiveness and safe, environmentally and socially responsible performance." CAPP's member companies produce about 80 percent of Canada's natural gas and crude oil. CAPP's associate members provide a wide range of services that support the upstream crude oil and natural gas industry.

CAPP's Executive Policy Group for British Columbia (CAPP-EPG) is an executive team comprised of Vice Presidents and CEOs with operations in the Province (see current membership in Appendix 1). CAPP-EPG works on a variety of environmental and regulatory policy matters affecting the upstream industry in the Province. CAPP-EPG meets monthly in Calgary, and government and BC Oil and Gas Commission (BCOGC) staff are frequently invited to provide presentations on emerging topics.

CAPP-EPG meets annually with the Deputy Ministers from all the Natural Resource agencies, the BCOGC's Commissioner, and the Deputy Minister of Finance (collectively, "DMs") to discuss ongoing and upcoming government policies and their impact on overall industry competitiveness.

CAPP considers these meetings key for a proactive relationship with BC and has recognized on multiple occasions that this engagement is unique to our Province, allowing for positive, comprehensive dialogue, better understanding of government priorities/connections, and opportunities for collaboration.

The last CAPP-EPG/DMs meeting was held in Victoria on November 23, 2017, and covered topics ranging from carbon policy, upstream electrification incentives, LNG opportunities and royalties, to environmental assessment revitalization, species at risk legislation and professional reliance, among others.

IV DISCUSSION:

The 2018 CAPP-EPG/DMs meeting is scheduled for October 19, from 12:00 pm to 5:00 pm at the Victoria Conference Centre. The agenda is included as Appendix 2.

The Premier accepted to meet with some key representatives from CAPP (see Appendix 3 for bios) ahead of the DMs meeting.

It is expected CAPP will highlight the cumulative impact of government initiatives, policies and regulations on industry, the challenging natural gas price environment, and the need to preserve competitiveness in an increasingly complex North American market. The final investment decision by LNG Canada will be mentioned on the positive developments side, and it is expected there will be recognition to the Natural Gas Development Framework released by the Province in March 2018 to support it.

Appendix 4 includes a diagram developed by CAPP showing how the association perceives government initiatives impact their business. CAPP refers to this diagram as “the spider diagram”. Most of those topics will be discussed during the CAPP-EPG/DMs meeting in detail.

The Province appreciates the efforts CAPP has made to provide feedback and support to the range of initiatives that are currently underway. The Province will continue to consult with CAPP on the development of policies and regulation and looks forward to continued opportunities for collaboration to advance mutual goals.

V KEY MESSAGES:

CAPP representatives are expected to discuss the cumulative impact of government initiatives, policies and regulations in a context of challenging economic conditions for the sector.

Government recognizes the importance of the oil and gas industry to BC’s economy – a point reinforced by the attendance of a large group of Deputy Minister’s for the afternoon’s meeting.

Government also recognizes the importance of ensuring that activity taking place on the land base is carried out in a safe, responsible and appropriate manner and has made a strong commitment to genuine reconciliation with the province’s indigenous peoples.

These outcomes and commitments do not need to be mutually exclusive with the continued success of the provinces oil and gas industry – indeed done correctly they will provide a stronger foundation for the long term success of the industry.

While the review and planning processes currently underway may involve tight timelines and some uncertainty for industry, they address important issues and ultimately will provide clarity for businesses investing in the province.

The CAPP-EPG/DMs meeting agenda was designed jointly to address the most strategic topics in detail.

APPROVED BY:

Ines Piccinino, ADM, Oil and Gas Division ✓

Dave Nikolejsin, DM ✓

Appendix 1

CAPP-EPG Membership

- Anderson, Terry, Senior Vice President and Chief Operating Officer, ARC Resources Ltd.
- Stadnyk, Myron, President and Chief Executive Officer, ARC Resources Ltd.
- Clapperton, Bill, VP, Regulatory, Stakeholder and Environmental Affairs, Canadian Natural Resources Limited
- Phillips, Donna, Executive Vice President, Corporate Development, Canbriam Energy Inc.
- Morrison, Geoff, Manager British Columbia, CAPP
- Brad Herald, VP Western Canada Operations, CAPP
- Bateyko, Darwin, Group Lead, Environment and Regulatory, Cenovus Energy Inc.
- Maier, Rod, Vice President, Policy, Government and Public Affairs, Chevron Canada Resources
- Hass, Darryl, Vice President, Health, Safety & Sustainable Development, ConocoPhillips Canada Resources Corp.
- Simpson, Mike, Sr. Advisor, Government and Public Policy, Devon Canada Corporation
- Dunn, Richard, VP, Government Relations, Encana Corporation
- Lye, David, Vice President, External Affairs, Encana Corporation
- Bateman, Jason, Canadian Assets Manager, Enerplus Corporation
- Brown, Dick, President & CEO, Ferus Inc.
- Pinhey, Scott, Opportunity Manager, Imperial Oil, Imperial Oil Resources Limited
- Bak, Robert, Manager, Subsurface Development – B.C. Montney, Murphy Oil Company Ltd.
- Donnelly, Patrick, Director, External Engagement & Legal Counsel, Painted Pony Energy Ltd.
- Lawrence, Dennis, VP, Production & Facilities, Progress Energy Canada Ltd.

Appendix 2

Agenda for CAPP-EPG/DMs October 19th Meeting

BC DEPUTY MINISTERS/CANADIAN ASSOCIATION OF PETROLEUM PRODUCERS (CAPP) MEETING

OCTOBER 19TH, 2018 – NOON TO 5:00 PM

SAANICH ROOM - VICTORIA CONFERENCE CENTRE

VICTORIA, BC

AGENDA

- A. Welcome from Dave Nikolejsin (Deputy Minister, Ministry of Energy, Mines and Petroleum Resources) and Myron Stadnyk (Chair of the BC Executive Policy Group, CAPP)
- B. Introductions
- C. Government presentation:
 - 1. Resource development within Clean Growth Future
LEAD AGENCY: MEMPR/ENV&CC
- D. CAPP presentation: Setting the Stage
- E. Economic Value (Benefit/Cost) & Competitiveness
 - 1. Natural Gas Development Framework implementation, Market Access– status and next steps
LEAD AGENCY: MEMPR
 - 2. Royalty Programs – Future of Infrastructure Programs
LEAD AGENCY: MEMPR
 - 3. Carbon Tax, Industry Clean Growth Incentive program, Offsets and new GHG targets
LEAD AGENCY: ENV & CC (Climate Action), MEMPR
 - 4. Liability Management
LEAD AGENCY: OGC

5. **Upstream Electrification**
LEAD AGENCY: MEMPR, BC Hydro
6. **Reference Question and proposed regulation**
LEAD AGENCY: ENV & CC, OGC

F. Indigenous Reconciliation and Cumulative Effects

7. **Resource development within framework of implementing UNDRIP and Draft 10 Principles**
LEAD AGENCY: MIRR/ Jessica W
8. **EMPR's work: UNDRIP and Draft 10 Principles**
LEAD: MEMPR
9. **Environmental Assessment Revitalization**
LEAD: EAO
10. **Cumulative Effects Management Framework**
LEAD: FLNRO
11. **NEBC Regional Strategic Environmental Assessment (RSEA)**
LEAD: FNLRO, MEMPR
12. **BRFN Interim Measures**
LEAD: MEMPR, OGC

G. Public Confidence, Quality of Life and Responsible Regulator

13. **Review of the Agricultural Land Reserve & ALC**
LEAD AGENCY: AGRI
14. **Farmington, Stakeholder Advisory Committee**
LEAD AGENCY: OGC, MEMPR
15. **Hydraulic fracturing scientific review panel – update**
LEAD AGENCY: MEMPR
16. **Professional Reliance**
LEAD AGENCY: ENV & CC

17. Land Use Plans

LEAD AGENCY: FLNRORD

18. Emergency Management Act (Spill preparedness)– Regulations Phase 1 & 2

LEAD AGENCY: ENV & CC, OGC

H. Environmental Protection Items

19. Boreal Caribou and new ‘restoration’ fund

LEAD AGENCY: ENV/FLNRORD

20. Methane Emissions from Oil and Gas – Regulations and Equivalency

LEAD AGENCY: MEMPR / ENV & CC (Climate Action) / OGC

21. Wildlife Management, Habitat Conservation and BC species at risk legislation

LEAD AGENCY: ENV & CC

Appendix 3

CAPP Representatives Meeting with Honourable John Horgan, Premier

Tim MacMillan

On September 30, 2014 Mr. Tim MacMillan resigned from Saskatchewan politics after seven years of service to take the position of President of CAPP, effective October 1, 2014 – a position he has held since that date. Before resignation Mr. MacMillan served in a number of other portfolios, including Minister Responsible for Energy and Resources.

Tim grew up on his family farm, 20 miles east of Lloydminster, where the MacMillan family homesteaded more than 100 years ago.

Tim attended the University of Victoria where he received a degree in Economics. After his schooling, Tim travelled and worked abroad extensively. His travels have taken him from hiking to the Mount Everest Base Camp to diving on the Great Barrier Reef in Australia.

Tim is also a Microsoft Certified Systems Engineer and spent a year contracting as an IT professional in London, England. He then returned to his family farm to establish a business and raise his family. Prior to his election in 2007, Tim operated an oilfield service company. Tim was re-elected by his constituents in the 2011 provincial election.

Before his resignation, Tim was the Minister Responsible for Rural and Remote Health.

He and his wife Ali, have two daughters, Reilly and Gracie.

Brad Herald

Brad Herald is the Vice President, Western Canada Operations for the Canadian Association of Petroleum Producers.

- Prior to assuming this position, Brad was the Director of Western Canada Operations. Brad also held the positions of Manager of Alberta, Saskatchewan, British Columbia and Health & Safety for the Canadian Association of Petroleum Producers.
- Brad serves as the Chairman of the Alberta Orphan Well Association.

He has a degree in business administration from Saint Francis Xavier University in Nova Scotia.

Prior to coming to Alberta, Brad was the owner of a successful small business in Nova Scotia.

Myron M. Stadnyk

CEO, President & Director,
ARC Resources Ltd.

Mr. Myron M. Stadnyk, B.Sc., P.Eng., has been an Independent Director of PrairieSky Royalty Ltd. since June 18, 2018. Mr. Stadnyk has been the Chief Executive Officer

and President of ARC Resources Ltd. since January 1, 2013 and February 1, 2009 respectively and served as its Chief Operating Officer since February 1, 2009 until January 1, 2013. Mr. Stadnyk served as Senior Vice President of ARC Energy Trust (formerly, ARC Resources Ltd) until February 2009 and Vice President of Operations and Land. He is responsible for all of ARC's operational activities.

Mr. Stadnyk has 18 years experience in all aspects of oil and gas production operations. Prior to joining ARC Resources Ltd. in 1997, Mr. Stadnyk worked with a major oil and gas company in both domestic and international operations and oil and gas facility design and construction. He has been a Non Independent Director of ARC Resources Ltd. since January 01, 2013.

Mr. Stadnyk has a B.Sc degree in Mechanical Engineering from University of Saskatchewan and is a graduate of the Harvard Business School Advanced Management program. He is a member of the Association of Professional Engineers, Geologists and Geophysicists in Alberta and the Association of Professional Engineers and Geoscientists in Saskatchewan. He is the Chair of the British Columbia Executive Policy Group. He serves as a Governor for the Canadian Association of Petroleum Producers Board of Governors. Mr. Stadnyk is also a member of the Board of Directors for STARS (Shock Trauma Air Rescue Society) Ambulance and the University of Saskatchewan Engineering Advancement Trust.

Patrick R. Ward, P. Geol.

President and Chief Executive Officer
Painted Pony Energy
www.paintedpony.ca

Mr. Ward, P. Geol, who has more than 31 years of experience in the oil and natural gas industry, graduated from the University of Calgary in 1978 with an Honors Degree in Geology.

Mr. Ward was Vice-President, Exploration of Innova Exploration from May 2004 to May 2006. Mr. Ward co-founded Chowade Energy Ltd. in 2003 which was merged into Innova Exploration in 2004. From 1999 to 2003 Mr. Ward was Manager, Geology & Geophysics with the NCE Resources Group and Petrofund Energy Trust, where he was a key member of the Petrofund Management team.

Mr. Ward was Vice President and Chief Operating Officer at Rockport Energy Corp. from 1998 to 1999 and from 1981 to 1997 he worked for Total Petroleum Canada, which became Rigel Oil & Gas where he was Exploration Manager for the last 7 years. Mr. Ward is a member of APEGA and AAPG, as well as a Governor of the Canadian Association of Petroleum Producers

Paul Myers

President & Chief Executive Officer, Director
Cambrium Energy
www.canbrium.com

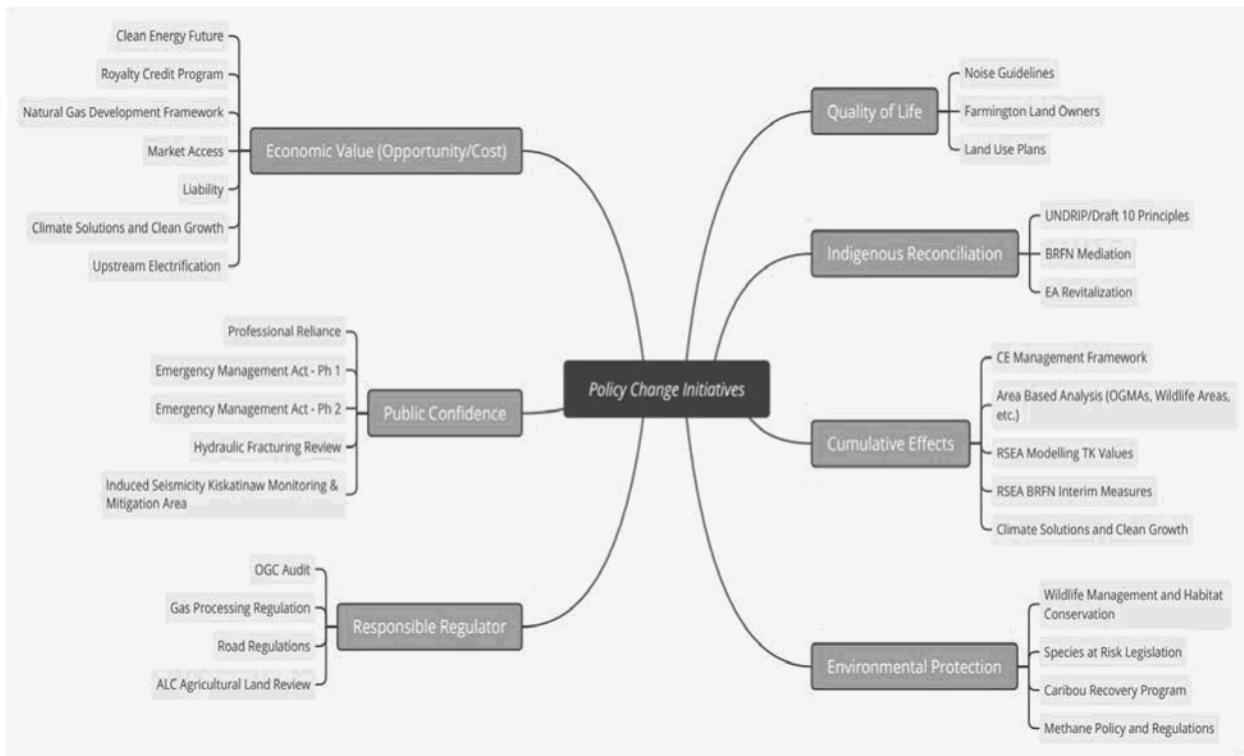
Paul Myers is Canbriam's President and Chief Executive Officer and is also a member of the Board of Directors. He is a 26 year veteran of the oil and gas industry with experience in North America, Europe, and West Africa. Paul's primary focus has been in the Gulf of Mexico and the Western Canadian Sedimentary Basin.

Prior to the formation of Canbriam, Paul was President and Chief Executive Officer of Esprit Energy Trust, where he was instrumental in an operational turn-around and divestiture to Pengrowth Energy Trust in October 2006. Prior to Esprit, Paul was accountable for building a Gulf of Mexico deepwater position for PanCanadian (EnCana). Before moving to Calgary in 2000, Paul was the Vice President, Exploration for Statoil Exploration US in Houston, TX. Paul also spent 10 years in various roles with Amoco Production Company in New Orleans, LA and Houston, TX.

Paul holds a Bachelor of Science degree in Geophysics from Lehigh University, a Master of Science degree in Geology (Geophysics emphasis) from the University of Kansas, and a Master of Business Administration degree from the University of Calgary.

Appendix 4

CAPP's "Spider Diagram" on BC Government Initiatives



MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES (EMPR)

BRIEFING NOTE FOR INFORMATION

I PREPARED FOR: Honourable John Horgan, Premier of British Columbia

II ISSUE: Meeting request from Clean Energy Association of BC (CEBC) to discuss their white paper on electrification of British Columbia (BC)

III BACKGROUND:

On October 16, 2018, CEBC¹ released a white paper entitled “Electrification of British Columbia: Assessing the Economic and Environmental Benefits of Extensive Electrification in BC.” Jae Mather, the Executive Director of CEBC, wishes to meet with the Premier to explain the white paper’s findings.

The stated goal of the white paper is to inform the development of the Province’s Clean Growth Strategy². The white paper compiles and analyzes research into the greenhouse gas (GHG) reductions that are possible through the electrification of key sectors of BC’s economy to meet the Province’s carbon emission reduction targets. It estimates potential emissions reduction opportunities through electrification of the natural gas and transportation sectors, as well as the built environment. The white paper argues that BC’s greatest potential for GHG emission reductions is through extensive electrification of the production and distribution of liquefied natural gas (LNG)³.

The white paper draws on analysis done by several engineering consulting firms on emissions associated with the “upstream” and “downstream” natural gas sectors to argue that “as leading economies decarbonize, the future viability of BC’s natural gas and LNG sectors will hinge on linking their production to the province’s clean power.” The white paper summarizes analysis done by the University of Victoria’s Institute for Integrated Energy Systems to identify the GHG and load implications of transportation electrification; as well as a Kerr Wood Leidal study for the Climate Action Secretariat that identifies the GHG and load implications of electrifying space and water heating in the built environment.

IV DISCUSSION:

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¹ CEBC is a membership organization that represents clean energy companies in the Province, as well as the suppliers, contractors and service providers to BC’s clean energy sector.

² BC is working on a clean growth strategy to integrate the Province’s goals for climate action, clean energy and sustainable economic growth. The strategy will be released in the fall of 2018.

³ The CEBC white paper asserts that electrification of the upstream, distribution, and downstream LNG sectors could reduce the total emissions of conventional LNG process by as much as 65 percent and reduce the emissions of the LNG Canada project by 59 percent.

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Paul Wieringa, Exec. Dir, EPB ✓
Les MacLaren, ADM, EAED ✓
Dave Nikolejsin, DM ✓

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BRIEFING NOTE

Meeting: British Columbia Federation of Students (BCFS)

Location:

What:

- BCFS is a provincial-level organization of 13 affiliated university and college student associations that collectively represent approximately 130,000 students.
- BCFS meets regularly with elected officials to advocate for issues of importance to post-secondary students.

Who:

- Aran Armutlu, Chair, British Columbia Federation of Students (BCFS)
- Michael Olson, Executive Officer, BCFS

Executive Summary:

- BCFS advocates for improving affordability for post-secondary students. Student aid, tuition fees, and housing are issues of ongoing concern for the organization.
- Priority issues for 2018 meetings with elected officials include:
 - Elimination of interest on student loans
 - Up-front, needs-based grants for students
 - Expansion of Open Textbook initiatives
- Work is underway in the Ministry of Advanced Education, Skills and Training (AEST) on each of the priority issues identified by BCFS.

Background:

- Government is actively working on the areas of concern for the BCFS:

BCFS Request	Government Action
Eliminate interest charged on all BC student loans.	<ul style="list-style-type: none"> • In August 2017, government reduced the interest rate charged on B.C. student loans by 2.5% to prime. Further reductions will be phased in. • This initial interest rate reduction provides approximately \$11 million in interest relief and benefits to approximately 200,000 current borrowers.
Provide up-front, needs-based grants to combat financial barriers to post-secondary study.	<ul style="list-style-type: none"> • AEST is currently reviewing student financial assistance policy, including best practices for the allocation of grants to ensure they are designed to support students when and where they need it most.

BRIEFING NOTE

Meeting: British Columbia Federation of Students (BCFS)

Location:

BCFS Request	Government Action
Expand the Open Textbook Project to develop resources that are a viable alternative to high-priced textbooks.	<ul style="list-style-type: none"> Since 2012, BC has invested \$2.5M in open textbooks, with the most recent commitment of \$250,000 in June 2018 to create or adapt textbooks for all courses in all levels of the British Columbia adult graduation diploma. More than 90,000 students across BC have benefitted from open textbooks, saving as much as \$9 million dollars.
Strengthen the Sexual Violence and Misconduct Policy (SVMP)	<ul style="list-style-type: none"> This spring marks one year since all B.C. public Post-Secondary institutions have Sexual Violence and Misconduct Policies (SVMP). The <i>Sexual Violence and Misconduct Policy Act</i> requires all BC public PSIs to establish and implement a SVMP by May 19, 2017. AEST conducted an online Prevent Sexual Violence outreach campaign to collect feedback on the implementation of the SVMP and to solicit input on how to further strengthen these policies between Dec 2017 and Feb 2018. In response to the feedback for increased awareness on the issue, AEST ran a back-to-school information campaign at all public PSIs between Aug 27 and Oct 21, 2018. AEST will soon be convening a working group, with stakeholders and student representation, to develop an Action Plan for Sexual Violence Prevention at PSIs across B.C.

BCFS member associations include:

- Camosun College Student Society
- Coast Mountain College Students' Union
- College of New Caledonia Students' Union
- Douglas Students' Union
- Emily Carr Students' Union
- North Island Students' Union
- Northern British Columbia Graduate Students' Society
- Okanagan College Students' Union
- Selkirk College Students' Union
- Students' Union of Vancouver Community College
- Thompson Rivers University Students' Union
- University of British Columbia Students' Union – Okanagan
- Vancouver Island University Students' Union

BRIEFING NOTE

Meeting: British Columbia Federation of Students (BCFS)

Location:

Recommendations:

- Thank the BCFS for their advocacy work on behalf of post-secondary students.
- BCFS is a valued partner in ensuring people around the province have access to affordable, high-quality public post-secondary education.
- AEST staff look forward to continuing to work with the BCFS on a wide range of issues affecting post-secondary students.

MEETING MATERIAL

Cliff #: 1123196

PREPARED FOR: Honourable John Horgan, Premier, for a meeting with the Hospital Employees' Union (HEU) – Thursday October 18th.

TITLE: Premier meeting with the HEU

MEETING REQUEST/ISSUE: The meeting was requested by the HEU as part of their visit to the Legislature for Health Care Assistant Day. Topics for discussion may include:

- Violence prevention
- Trellis/Silverstone
- Seniors care: Recent government announcement of \$240 million over three years, government will increase the direct care seniors receive to 3.36 hours per-resident day

SHOULD MINISTRY STAFF ATTEND THIS MEETING: Yes; the ADM of the Workforce Agreements, Compensation and Beneficiary Services Division.

BACKGROUND: The HEU is the oldest health care union in BC, representing 49,000 members in health authorities, affiliates and the private sector. Members include care aides, lab assistants, nursing unit assistants, trades and maintenance workers, and food service workers.

Victor Elkins is currently the President of the HEU and Jennifer Whiteside is the Secretary-Business Manager.

In the health sector, HEU is the largest constituent member of the Facilities Bargaining Association, representing approximately 37,500 members or 86% of FBA members. The FBA is established under Section 19 of the *Health Authorities Act*. Other FBA members are represented by the Canadian Union of Public Employees (CUPE), and the BC Government and Service Employees Union (BCGEU). The FBA Collective Agreement covers approximately 43,613 active employees, or 30,005 Full Time Equivalents (FTEs), and represents an estimated \$1.9 billion in annual expenditure on compensation.¹ HEU also represents a relatively small number of health employees who are members of the Community Bargaining Association in the health sector (1,216 FTEs).²

COLLECTIVE BARGAINING: The FBA and HEABC ratified a five year collective agreement under the 2014 round of negotiations on June 24, 2014. Highlights of the agreement included:

- 5-year term (April 1, 2014 to March 31, 2019).
- General wage increases of 5.5% over the five year term.
- Potential for an annual Economic Stability Dividend (conditional increases tied to the province's GDP growth) starting February 1, 2016.

¹ PSEC Quarterly Report, August 2015 (unreleased). p.21.

² HEABC Annual Report 2016-17

- Formation of a Joint Facilities Benefits Trust to provide cost certainty for employers and sustainable benefits for employees.
- Renewal of Enhanced Disability Management Program funding.
- A cap on contracting out services that result in the layoff of FBA members, of 500 FTEs over the term of the agreement.
- Establishment of a joint committee on health and safety to review risks associated with shift work.
- Establishment of a Joint Recruitment and Retention Committee.
- Renewal of the FBA Education Fund.
- New classifications for paramedics and regular part-time BCEHS employees, revised ambulance station standards and universal hourly wage rates for paramedics and dispatchers that represent the first significant changes to the BC Ambulance Service (BCAS) contract in several rounds of bargaining.
- Changes that will allow for the implementation of a community para-medicine program.

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SENIORS CARE: Recent government announcement of \$240 million over three years

- In 2009, following a literature review and review of existing staffing levels in each health authority, the Ministry of Health determined that an average by health authority of 3.36 direct care hours per resident day target would help raise the level of care.
- Despite the recommended 3.36 standard, almost a decade later, it has not been reached.
- \$240 million has been dedicated to reach an average by health authority of 3.36 hours of direct care per resident day by 2021.
- As part of this, health authorities are working with contracted residential care providers to convert many of the health-care assistants who are part-time and casual to full-time.
- Already in 2017/18 approximately 330 part-time health-care assistant positions were converted to full-time. In 2018/19 almost 500 part-time positions will be converted to full-time for a total of 830 full time positions in 2 years.
- By then end of the strategy, the Ministry of Health estimates that approximately 1500 new full time equivalent (FTE) positions will be added, including, 900 health-care assistants, 165 registered nurses, 300 licensed practical nurses, 50 allied health-care professionals (physiotherapists, occupational therapists, social workers), and 100 other non-professional allied health-care workers.
- As a result of these actions, this year (2018/19) 1.2 million hours of care for seniors in residential care homes will be added – with almost 270,000 more direct care hours already being provided across all facilities. \$48.4 million in funding was allocated to health authorities in 2018/19 for these additional hours
- By raising the care hours in residential care homes, seniors will get more of the one on one time needed from staff for safe, quality care.
- Raising the staffing levels also supports the people who care for seniors.

TRELLIS/SILVERSTONE:

- As part of the Vancouver Coastal Health's (VCH) region-wide residential care bed rejuvenation plan, VCH announced in June 2016 that it had signed a contract with Trellis Seniors Services, Ltd. to build a new care home in Sechelt that would replace two VCH-owned and operated facilities in Sechelt: Shorncliffe and Totem Lodge. Trellis has formed a company, Silverstone LP, for the purposes of undertaking the development and operation of the new facility.
- The new development will increase residential care beds in Sechelt from 108 to 125 funded beds. It was originally expected to open in late summer 2018.
- The Trellis development will be privately owned and operated but remains publicly funded.
- There was strong community opposition to shifting from a publicly-operated to a privately-operated care model.
- On February 2, 2018 VCH, Trellis (operating under Silverstone LP) and the Sechelt Nation issued a news release to announce discussions were underway between Trellis and the Sechelt Nation for construction of the new care home. Because the development is on Band land, the District of Sechelt development application process does not apply although there may be municipal services that need to be worked out.
- VCH has undertaken the necessary due diligence, and is supportive of the site change to the Sechelt First Nations land, if VCH conditions are met.
- One of the key VCH conditions is the adoption of a satisfactory labour protection clause for impacted VCH staff at Shorncliffe and Totem Lodge.
- Recently the Ministry of Health facilitated an agreement between the parties for satisfactory labour protection for the current care staff represented by the HEU. This has not yet been made public.
- s.13

WORKPLACE VIOLENCE PREVENTION:

Workforce Violence Prevention Framework

The Ministry has developed a Provincial Violence Prevention Policy Framework and Policy Directive aimed at improving injury reporting systems, providing more effective violence prevention training, and ensuring greater accountability for policies and practices among all public and private health employers.

The Policy Framework and Directive identify several key actions; the Ministry is currently working with Health Authorities, HEABC and stakeholders to ensure these key actions are met.

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The framework and directive have also been discussed at the Provincial Occupational Health and Safety Directors meetings in January and February. A draft “environmental scan” was done regarding the Policy Framework and Directive key action items regarding what work had been completed, what potential work was outstanding and included potential timelines for the completion of work in the future.

Workplace Violence Prevention Working Session 2018:

Building on the “*Summit to Prevent Workplace Violence in Health Care*” held in April 2015, a day long workshop with representatives from health authorities, unions, and other stakeholders took place on April 18, 2018 at HEABC. The tone of this session was operational, with an emphasis on promoting dialogue, fostering collaboration and clarifying themes in the violence prevention policy directive. A briefing note was provided to appropriate stakeholders summarizing the session.

The Ministry of Health and the Nurse’ Bargaining Association (NBA) each committed \$1 million in funding in 2015 to take violence prevention actions at four high-priority sites. And, in 2016, another \$2 million each was committed to making improvements at an additional six sites.

- The 4 facilities deemed high risk for violence included:
 1. Forensic Psychiatric Hospital (Coquitlam) – Actions were: replace the distress system; create a coordinator position to develop/support mentoring programs; enhance orientation and training requirements.
 2. Hillside Centre (Kamloops) – Actions were: increase staffing levels; add enhanced 24/7 mental-health worker position; and introduce new training and education focused on interpersonal communication, respectful workplace practices, and resolving conflict.
 3. Seven Oaks Tertiary Mental Health (Victoria) – Actions included: increase Security’s involvement in performing hands on patient restraints; add a low

stimulation room; add a Clinical Nurse Supervisor to provide mentorship and further support care planning and staff education.

4. Abbotsford Regional Hospital – Actions included: upgrade communication systems, panic buttons, security cameras in interview and triage areas; enhance access to seclusion room space.
- In May 2016, the Ministry, HEABC, and the NBA ratified a new collective agreement that set out a number of commitments to address workplace violence.
 - Building on the 4 sites reviewed in 2015, the Ministry and NBA committed a further \$2 million each to expand to 6 additional sites. The BCNU proposed the following sites:
 1. Royal Jubilee Hospital Psychiatric Emergency Services, PIC, 1S, 2S (Island Health)
 2. The Views at St Joseph's (Island Health Affiliate)
 3. Penticton Regional Hospital (Interior Health)
 4. Mills Memorial – ER and Regional Psychiatric Unit (Interior Health and Northern Health)
 5. Royal Columbian Hospital – ER and Inpatient Psych, 5N, 5S (Fraser Health)
 6. Hilltop Long Term Care (Vancouver Coastal Health)
 - Mills Memorial – ER and Regional Psychiatric Unit in Terrace is the first of the six sites to be addressed. The project team and project steering committee convened for their initial meeting on June 26, 2018 in Terrace to engage in planning for the site.
 - A consultant hired for the six sites project has begun reviewing data and documentation provided by the employer and the BCNU and will soon begin onsite engagement sessions which will feed into a risk assessment report for Mills Memorial.
 - **While the high priority sites were identified between MoH and the BCNU, they have a broader mandate than just nursing, focusing on the risk and prevention of workplace violence for all health care professionals.**

ADVICE: s.13

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The HEU, as the lead union for the FBA is currently in active bargaining with HEABC under the government's Sustainable Services Negotiating Mandate. The current collective agreement does not expire until March 31, 2019.

JOINT MINISTER MEETING: N

PREPARED BY: Workforce, Agreements, Compensation and Beneficiary Services Division

DATE: October 15, 2018

BRIEFING NOTE FOR DECISION

DATE: October 12, 2018

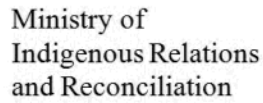
PREPARED FOR: Hon. John Horgan, Premier

ISSUE: A meeting request to PJH by John Henderson, representative of the Kwakiutl District Council and Wildlife Stewardship Council

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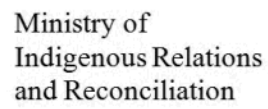
BACKGROUND:

- John Henderson representing Kwakiutl District Council (KDC) was present at the 2017 First Nation Leadership Gathering (FNLG) and focused his concerns on the function of the Wildlife Stewardship Council (WSC). From his perspective, WSC represents First Nation interests in wildlife and habitat management throughout the province. He believes they provide a valuable service including education, stewardship and oversight over provincial policies and management. Mr. Henderson feels WSC have built round tables with other organizations like the BC Wildlife Federation, BC Guide Outfitters, and First Nations around BC. At FNLG, he was seeking financial support from the province to continue this work. A commitment was made at FNLG for MIRR to arrange for WSC/FLNRORD to discuss further funding support.
- FLNRORD have been in discussion with WSC for several years and follow-up meetings were completed after FNLG. A formal email was sent to WSC from FLNRORD on December 12, 2017 describing why funding cannot be provided to WSC based on the perceptions of neutrality and other related concerns. WSC has its roots with the Vancouver Island guiding community and FLNRORD feel it is sometimes unclear who the WSC is speaking for or representing. At times WSC seems to speak for First Nations generally, sometimes the guiding industry, and occasionally for First Nations who are involved in the guiding industry.
- FLNRORD has provided funding to the WSC through the First Nation Fisheries Council in an attempt to address the governance issues that FLNRORD has raised.
- On April 4th, 2018 WSC board members met with FLNRORD ADMs Tom Ethier (Resource Stewardship) and Craig Sutherland (Coast Operations) to discuss partnership opportunities, indigenous youth trapper training, and predator management.
- On April 17, 2018, there was a meeting with MSF (with FLNRORD and MIRR staff providing support) and John Henderson about WSC interest and engagement regarding wildlife. John Henderson asked for \$300,000 to support the WSC. MSF indicated that any core funding for WSC would need to come from FLNRORD and not MIRR. MSF also indicated he understood FLNRORD was undertaking broad Indigenous engagement through their Improving Wildlife and Habitat Conservation mandate work and encouraged WSC to participate in that project. FLNRORD requested that Mr. Henderson and WSC be



- As a follow up to these meetings FLNRORD Coast operations staff and the Wildlife and Habitat Branch were directed to work with the WSC to identify project-focused activities that may be considered for funding. It was communicated to the WSC that government would not directly support the development of the WSC as a governance body.
- WSC is currently entering a contractual relationship (\$25,000) with the province to develop an indigenous youth trapper training program and communications material.
- WSC has gained new board membership over the last year including members from the Okanagan Nation Alliance and the Tsilhqot'in National Government. These members may provide the WSC insights into specific government-to-government agreements.

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Date _____

Jennifer Psyllakis, Director, FLNRORD / Peter Poland, Manager,
West Coast Region, MIRR
(250) 213-9032, (250) 713-0617

BRIEFING NOTE FOR INFORMATION

DATE: October 10, 2018
PREPARED FOR: Premier John Horgan
MEETING: Island Corridor Foundation (ICF)
ISSUE: E&N Railway Corridor

SUMMARY:

- **Ministry staff met with ICF representatives on several occasions to discuss a path for working together. The ministry proposed undertaking a technical review of the rail to help further understand the potential costs and implications to determine future options;**
- **The ICF Board reviewed the ministry's proposal to undertake such a review. The CEO Larry Stevenson and co-chair Phil Kent (Mayor of Duncan) subsequently met with ministry staff to discuss the ICF's plan on how it would like to proceed working together; and,**
- **The plan proposed by the ICF involves a formal agreement between the two parties that includes a development plan, funding support to leverage federal dollars, timelines, partner participation, First Nations engagement and a communications plan.**

BACKGROUND:

A meeting with the Premier and Vancouver Island MLAs was held on September 5, 2018 to discuss the E&N railway corridor. At that meeting it was confirmed that TRAN staff would work closely with the ICF on any future planning and assessment of the corridor within the CRD and possibly north to Duncan.

Following the commitment to work with the ICF, TRAN staff had several discussions, and met with ICF CEO Larry Stevenson and co-chair Phil Kent (Mayor of Duncan) at the UBCM Convention, to discuss the possibility of the ministry undertaking a technical assessment of the rail condition to help better understand options for costing and moving forward.

The proposal for the ministry to undertake this assessment was presented to the ICF Board by the CEO. Ministry staff were not invited to attend.

The ICF CEO and co-chair met again with ministry staff on September 18, 2018 to discuss the Board's concerns as outlined below:

- **Fiduciary Duty** – the board believes that it has a fiduciary duty to act in the best interest of the organization which includes the entire corridor. Given the entire corridor is part of the ICF charter, the board can only support a plan that has provision for the entire corridor.
- **Timing** – the board was concerned that another "study" could drag out to the point that it will miss the opportunity for shared funding with the current Federal government, given the current election cycle.

DISCUSSION:

The ICF CEO has written to ministry (attached) to suggest a way to proceed whereby the province and the ICF enter into a formal written agreement that includes the following:

- **Development Plan** – the Province must commit to a development plan (“asset condition review”) that includes the entire corridor recognizing the urgency around the capital region. The ICF would be supportive of an incremental development approach however the commitment must be for the entire corridor.
- **Funding** – the Province must lend their support for shared funding and work with the ICF to develop a funding agreement with the Federal government.
- **Timing** – any agreement must include strict timelines to move the project forward quickly.
- **Review/Plan Participation** - the ICF and its operating partner, Southern Vancouver Island Rail (SVIR), must be included in any RFP processes as it relates to any studies/reviews of the corridor. Participation must be as a full partner in the development of the RFP and the selection of firm to undertake the project. This participation would extend to the development of RFP's or plans related to the actual development of the corridor.
- **First Nations** –the ICF must be responsible for handling all interactions with First Nations groups.
- **Communications** – there must be an agreed upon communications strategy to ensure consistent and cohesive messaging from all parties to avoid confusion. Initial communications should include a joint statement with the Premier and or the Minister and the ICF acknowledging we are working together to open the corridor.

The ICF has requested a meeting with Premier to discuss their proposal and a way to move forward.

NEXT STEPS:

The ICF has asked the Ministry to respond to its letter. The ministry is working on a response pending the outcome of the meeting with the Premier.

FINANCIAL IMPLICATIONS:

In order to understand the financial implications related to improving the line, an asset review of the rail will be required.

PREPARED BY:

Kathy Kirby, Executive Director
Programs Transportation Policy & Legislation
778-698-5190

REVIEWED BY:

Kathy Kirby, Executive Director
Transportation Policy & Legislation

Deborah Bowman, ADM
Transportation Policy and Programs Department

Kevin Richter, ADM
Highways

Pat March obo Nancy Bain, EFO
Finance and Management Services

INITIALS

KK

DB

KR

PM

ATTACHMENT: Letter from ICF

Kirby, Katherine TRAN:EX

From: Larry Stevenson <larrystevenson@islandrail.ca>
Sent: September 23, 2018 6:23 PM
To: Kirby, Katherine TRAN:EX
Cc: Phil Kent; Judith Sayers
Subject: Our Meeting

Katherine Kirby
Executive Director
Policy and Legislation
Transportation and Infrastructure

Dear Kathy,

Thank you for meeting with Island Corridor Foundation (ICF) Chairman Phil Kent and myself earlier this week. We are very pleased that the Province is looking at rail as a potential solution to some of the transportation issues on the island. We very much want to be a part of that solution and appreciate your initiation of this discussion.

Our understanding after Judith Sayers' call with the ministry, and our meeting with ADM Kevin Richter and Ed Miska, is that the Province would like to undertake a condition assessment of the corridor. The assessment would determine costs to restore the line to a level that would support commuter rail, would be limited in scope, looking at only the Victoria to Langford/Westhills portion of the corridor.

While we are certainly supportive of any efforts to reopen the rail line, the Province's proposal brings forth some serious concerns for the ICF:

Fiduciary Duty – the ICF was formed in part to provide protection and improvement over the entire corridor. Our board has a fiduciary duty to act in the best interest of the organization which includes the entire corridor. Given the entire corridor is part of our charter, the board can only support a plan that has provision for the entire corridor.

Definition – the plan the Province has provided is to restore the line to a level that would support commuter rail. Commuter rail means various things and brings with it a myriad of cost models depending on what is meant by "commuter". It is not clear to the ICF exactly what it is the Province is trying to accomplish.

Studies – we are very concerned that we are now talking about another "study". As discussed, there have been no less than 10 studies done on the corridor over the past several years. It is our belief that the public is suffering from study fatigue and would suggest that the plan presented to us is more of a review, and it be called that going forward.

Timing - It is our belief that we are entering into a critical timing issue as another Federal election is on the horizon. Most plans and studies have relied on a shared funding model that includes the Provincial and Federal governments and we are concerned that further "studies" could drag out to the point that we will miss the opportunity for shared funding with the current Federal government.

How to Proceed

As indicated at the outset of our meetings, the ICF is committed to working with the Province to restore rail service to Vancouver Island. We do want to proceed and would suggest that the Province and the ICF enter into a formal written agreement that includes the following:

Development Plan – the Province must commit to a development plan that includes the entire corridor. We certainly understand there is some urgency around the capital region and would be supportive of an incremental development approach however the commitment must be for the entire corridor.

Funding – the Province must lend their support for shared funding and work with the ICF to develop a funding agreement with the Federal government.

Timing – any agreement must include strict timelines to move the project forward quickly. We need to ensure we do not become ensnared in another Federal election.

Review/Plan Participation - Given our experience and expertise in rail, the ICF and its operating partner, Southern Vancouver Island Rail (SVI), must be included in any RFP processes as it relates to any studies/reviews of the corridor. Participation must be as a full partner in the development of the RFP and the selection of firm to undertake the project. This participation would extend to the development of RFP's or plans related to the actual development of the corridor.

First Nations – the ICF has the experience and guidance of five First Nations groups on our board as well as the leadership and expertise of Judith Sayers. The ICF must be responsible for handling all interactions with First Nations groups.

Communications – there must be an agreed upon communications strategy to ensure we have consistent and cohesive messaging from all parties to avoid confusion. This would include direction on handling media issues and announcements. Initial communications should include a joint statement with the Premier and or Minister and the ICF acknowledging we are working together to open the corridor.

I cannot overstate that the ICF remains committed to working with the Province. In my brief discussion with Premier Horgan he indicated his frustration with rail; it is a frustration we share with him. We want to be part of the solution and we look forward to working with you to move forward.

Sincerely,

Larry Stevenson
Chief Executive Officer
Island Corridor Foundation
250-754-5104
Box 375 Stn A, Nanaimo, BC V9R 5L3
www.islandrail.ca



BRIEFING NOTE FOR INFORMATION

DATE: October 5, 2018

PREPARED FOR: Honourable John Horgan, Premier of British Columbia

ISSUE: Western trade corridors roundtable discussion on October 11, 2018.

BACKGROUND and DISCUSSION:

The Pacific Gateway Branch (PGB) of the Ministry of Transportation and Infrastructure (TRAN) has partnered with the Asia Pacific Foundation (APF), the Western Transportation Advisory Council (WESTAC) and the Greater Vancouver Gateway Council (GVGC) to convene a roundtable with major transportation service providers and select industry representatives including port authorities, rail, airport authority, Indigenous leaders, Labour leaders and private sector industry such as terminals and shippers (see Attachment A for a complete list of participants).

The focus of the roundtable will be on discussing growing trade opportunities in the Asia Pacific region, and how British Columbia can strengthen its competitive advantage to ensure it is well positioned to capitalize on these opportunities.

Minister Trevena will chair the meeting, while Minister Ralston and Secretary of State Chow will also attend and discuss connections with government's broader economic and other policy priorities.

The APF, WESTAC and the GVGC will present on trade opportunities in Asia, provide forecasts of demand for Canadian goods and services, and discuss the current capacity of the western trade corridors. The agenda (see Attachment B for Agenda) will include case studies as well as a facilitated panel discussion.

John Forsdick of Context Research has been contracted to act as a facilitator for the day, and provide a report back to partners on the day's proceedings.

Media have not been invited to attend.

A key objective of the forum will be to identify areas of shared priority, which will be used to inform future western trade corridors initiatives including planning for federal funding opportunities.

FINANCIAL IMPLICATIONS:

- None.

Attachments:

- A. Western Trade Corridors Roundtable list of participants
- B. Agenda
- C. Background on participants and companies

PREPARED BY:

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REVIEWED BY:

Silas Brownsey, Assistant Deputy Minister
Partnerships Department
Nancy Bain, EFO
Finance and Management Services Department

INITIALS

SB

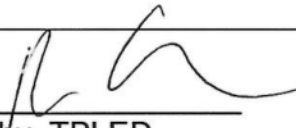

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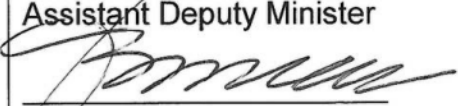
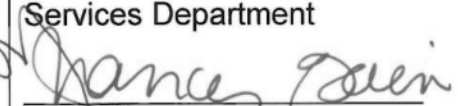


Ministry of
Transportation
and Infrastructure

PO Briefing Note
Routing and Approval Sheet

Briefing Note Number: CLIFF 280994	Package prepared by: Writer: Bob Steele, Director, TPL Reviewers: Bart Walman, Transit Branch Kirk Rockerbie, Manager, TPL David Marr, ED, Infrastructure & Major Projects Janelle Staite, Regional Deputy Director, SCR - Vancouver Island District
Subject: Meeting with E&N Railway Roundtable Group (ENRRG) on October 30, 2018	

Routing	Approval Signature	Date
 Kathy Kirby, TPLED		Oct 24/18
 David Greer, A/ADM, Partnerships		Oct 24 /18.
 Kevin Richter, ADM, Hwys		Oct 24 2018.

Assistant Deputy Minister  (Deborah Bowman, TPP)		Oct 25/18
Assistant Deputy Minister, EFO Finance and Management Services Department  Nancy Bain, Finance	✓	Oct 29, 2018

BRIEFING NOTE

Meeting with E&N Railway Roundtable Group (ENRRG) on October 30, 2018

Location – Premier's Office

Briefing Note

What:

Meeting with ENRRG Re Funding, First Nation Land Claims and ICF Issues

Who:

Representative(s) from the E&N Railway Roundtable Group (possibly including Jack Peake and Glenn Migneault? TBC by MO or PMO?)

Executive Summary:

Government indicated that its first priority along the E&N corridor is within the CRD to facilitate the movement of people between Victoria and the Westshore. On October 22nd, the Premier met with representatives from the Island Corridor Foundation (ICF), including new CEO Larry Stevenson and Duncan Mayor Phil Kent. At that meeting, the parties agreed to a forum to be held in early December that will include all stakeholders, regional districts, First Nations, local governments, and MLAs that have shown an interest in, or been engaged with the ICF on, the E&N corridor. The purpose of the forum is to bring parties together to discuss their vision for the corridor. Under the previous administration, the Province committed \$7.5m in capital funding for the E&N corridor, of which a notional \$7m remains.

Background:

Jack Peake is the Chair of the ENRRG, and a past chair of the ICF. The ENRRG encourages the Province to work with all key stakeholders to undertake a rebuild of the railway to bring it up to modern day standards.

BRIEFING NOTE

Meeting with E&N Railway Roundtable Group (ENRRG) on October 30, 2018

Location – Premier's Office

The Ministry has undertaken previous studies on the E&N corridor, both in 2010, and a bridge study that was undertaken in 2012. The cost to upgrade the full E&N corridor was estimated at \$216.63m, plus other potential costs of up to another \$154.4m. The southern corridor section repairs were estimated at \$118.3m, plus other potential costs of up to another \$70m for new grade separations and \$18.8m for bridge replacements. The Niagara bridge repairs/replacement was estimated at approximately \$12.5m.

Three First Nations (Snaw-Naw-As, Cowichan Tribes, and Halalt) have filed civil lawsuits against the federal government and the ICF to have land where the E&N railway crosses their reserve returned to them, claiming there is no reasonable expectation that rail operations will resume. The ICF argues the railway is still being maintained and that it intends to re-establish service. Canada's filed response to one of the lawsuits accepts that the land in question may revert back to Canada upon cessation of railway operations for the benefit of the First Nation. MLA Mitzi Dean has previously engaged with the Songhees and Esquimalt Nations on the E&N, however, further First Nation consultation is required.

Recommendations:

The Province will: 1) Continue to engage with the ICF; 2) Hold a forum with stakeholders and the ICF in December to discuss their vision for the E&N corridor; 3) Undertake further consultation with the Esquimalt and Songhees First Nations; 4) Assess any potential E&N related improvements in the context of other possible multi-modal transportation improvements on the South Island; and 5) Continue to make public transit investments within the CRD including construction of bus lanes on the TCH to address peak congestion, while continuing to explore E&N related options.

**MINISTRY OF ATTORNEY GENERAL
LIQUOR AND CANNABIS REGULATION BRANCH
BRIEFING NOTE**

PREPARED FOR: For INFORMATION for Premier John Horgan

DATE OF MEETING: Monday, October 15, 2018

ATTENDEES: Alliance of Beverage Licensees (ABLE)

ISSUE: Topics related to the Licensee Retail Store sector (private liquor stores)

BACKGROUND:

Historically, the liquor industry has submitted many requests for policy changes, some small and some that are significant. In March, 2018 the Ministry of Attorney General invited representatives from the liquor industry sectors to participate in a panel chaired by the Special Advisor on Liquor Policy (Mark Hicken) to develop a consensus report identifying the most significant issues and recommendations faced by industry in the relationship with government.

The Business Technical Advisory Report was submitted in April, 2018 and contains 24 comprehensive recommendations that were submitted as industry consensus of the top issues. The Report is posted on the Liquor and Cannabis Regulation Branch's website.

Government has committed to assessing each of the recommendations for potential fiscal, health, labour and trade impacts before any further requests for liquor policy changes will be considered.

ABLE has requested a meeting with the Premier to discuss the following topics; of the seven items, three are related to Business Technical Advisory Panel recommendations.

Issue 1: Guarantee the 1 km rule for 10 years

Background:

- A minimum distance criterion of 0.5 km separating new or relocating Liquor Retail Stores (LRS) from existing LRS or LRS applications was imposed in 2004, at the request of the Hospitality Industry Coalition (HIC), the predecessor of Alliance of Beverage Licensees (ABLE).
- In January, 2010, in response to a request of ABLE, the regulations were amended to increase the distance criterion from 0.5 to 1.0 km, with the stated objective being to provide market certainty for LRS operators and prevent further market saturation.
- Government has maintained the distance criterion is related social responsibility (accessibility of liquor).
- This regulation has contributed to the value of an LRS licence. A significant portion of licensing time is spent measuring the distance between LRS applications who wish to transfer locations in order to avoid issuing licenses within 1 KM of another licence.

- Government has chosen not to impose a distance requirement between cannabis retail stores, rather choosing to allow local government and Indigenous Nations to decide if such a restriction is warranted in their individual communities.

Regulation:

- Section 58 of the *Liquor Control and Licensing Regulations* (LCLA) stipulates that an LRS cannot relocate to a location that is within 1 km of another LRS, government liquor store or a proposed location of a store¹.

Suggested Response:

- The distance requirement is in the *Liquor Control and Licensing Regulations* and we are not currently contemplating a change to this requirement or regulation.
- We do not foresee legislating a timeframe of 10 years for this requirement to be in force.

Issue 2: Moratorium on new licences:

Background:

- The last time new LRS applications were accepted was 2002.
- In 2012 government extended the moratorium to 2022 and it was included in the *Liquor Control and Licensing Act* - Section 57
- The moratorium was first adopted at the request of industry to provide those who already had licences with market certainty.
- Government has also maintained the moratorium is related social responsibility (accessibility of liquor).
- The moratorium has contributed to the value of the LRS licence.
- BC has 671 LRS's. By comparison, Alberta has over 1,500 private liquor stores
- Government has not capped the number of cannabis retail licences the province will issue, rather choosing to allow local government and Indigenous Nations to decide if such a restriction is warranted in their individual communities.

Suggested Response:

- The current moratorium is in place until 2022, we are not contemplating making amendments to change that.
- A decision about the moratorium will be made closer to 2022.

¹ There are four exceptions when a relocation within 1 km may be approved by the Liquor and Cannabis Regulation Branch general manager: within the same legal address, when the new location is no closer to another retailer than the current location (grandfathered locations), when travel by road is more than 1 km because of a natural barrier, and when a relocation is necessary because of a fire or natural disaster. The first two circumstances are not uncommon, whereas the latter two are very uncommon.

Issue 3: No further expansion into grocery:

Background:

- The previous government implemented the policy of allowing the sale of BC-only wine in a limited number of grocery stores.
- There are two types of licences that currently sell 100% BC wine on grocery store shelves; Special Wine Store (SWS) Licences and BCVQA Wine Store licences.
- There are currently 29 grocery store locations with wine on the shelf.

Suggested Response:

- This policy has attracted the attention of Canada's trading partners who have launched two trade challenges and was the subject during the USMCA negotiations.
- No new opportunities for special wine store licences will be made available
- We do not intend to expand liquor or wine in grocery beyond those licences that have already been issued or have the opportunity
- We are going to enact the necessary regulatory and policy changes to permit the SWS and BCVQA licence types operating in grocery stores to sell import wine but do not intend further changes.

Issue 4: Curtail BC Liquor Stores hours of operation and other retail initiatives:

Background:

- The previous government introduced a new wholesale price structure in April 2015 and separating the wholesale and retail operations into two distinct lines of business.
- Given all liquor retailers now pay the same wholesale price for product, BC Liquor Stores are expected to compete in the market, with the goal of generating a return for the Province and contributing to the fiscal plan.
- Initiatives such as extended operating hours and Sunday openings are being evaluated on a store-by-store basis to determine where they make business sense for BC Liquor Stores – meeting consumer demand and contributing to profitability.
- BC Liquor Stores will continue to evaluate stores to determine which locations make business sense in order to remain competitive.
- This item is related to the Business Technical Advisory Panel's recommendations 6 – 9.

Suggested Response:

- Given all liquor retailers, including BC Liquor Stores, now pay the same wholesale price for product, BC Liquor Stores are expected to compete in the market, including providing a high level of service to its customers, with the goal of generating a return for the Province – revenue that goes back into important health and social programs for British Columbians.
- Individual stores will continue to be evaluated on a store-by-store basis to determine what makes the best business sense in terms of hours and closures and to meet customer demand.

- The Business Technical Advisory Panel identified a number of concerns related to the Liquor Distribution Branch and those will be fully examined.

Issue 5: Wholesale Customer Care and perception that LDB Wholesale gives preferential order fulfillment to BC Liquor Stores

Background:

- Unprecedented seasonal demand, supplier shortages and logistical constraints at both the LDB and agent warehouses have recently led to product shortages.
- This summer in particular saw many suppliers run out of high demand products, primarily refreshment beverages, and this impacted some shipments to wholesale customers, including BC Liquor Stores.
- The LDB took a number of steps to address these issues, including hiring additional staff, increasing the number of supplier appointments to bring product into the LDB's warehouse and adding trucks, drivers and delivery companies.
- While these issues have generally been addressed, the LDB's distribution centres and agent warehouses continue to face resource and capacity challenges, which are expected to continue until the move into the new Delta Distribution Centre is completed, when the LDB anticipates that these challenges will be resolved and result in significant and lasting improvements to customer service.
- The LDB does not prioritize BC Liquor Stores orders over other wholesale customer order. Sales from July 29 (period 5) to this week show private store case shipments from LDB Wholesale are up year over year by over 14%, versus BC Liquor Stores which, in the same time period, show shipments from the LDB Wholesale to government stores down by almost 1%.
- This item is related to the Business Technical Advisory Panel's recommendations 6 – 9.

Suggested Response:

- Unprecedented seasonal demand, supplier shortages and logistical constraints at both the LDB and agent warehouses have recently led to product shortages.
- All customers are valuable to LDB's business. The LDB has taken, and continues to take, steps to address customer care issues, and with the move of the Vancouver Distribution Centre to Delta, the LDB anticipates that the challenges will be resolved and expect that the new warehouse will result in significant and lasting improvements to customer service.
- Business improvement processes will continue to be explored and implemented.
- The LDB does not prioritize BC Liquor Stores orders over other wholesale customer orders. Regarding deliveries, the LDB has always, and will continue to, prioritize filling the orders of customers with less frequent delivery schedules (i.e. small private liquor stores and Rural Agency Stores) over government stores.
- The Business Technical Advisory Panel identified a number of concerns related to the Liquor Distribution Branch and those will be fully examined.

Issue 6: Licencee to Licensee Sales:

Background:

- Currently, the vast majority of restaurants, bars and pubs (hospitality sector) are prohibited from purchasing their liquor from LRS's – they must buy their liquor from a BC Liquor Store location (or LDB authorized manufacturer).
- The ability of the hospitality sector to be able to purchase liquor from any licenced source is recommendation 11 of the Business Technical Advisory Panel report submitted by Special Advisor on Liquor Policy Mark Hicken.
- Sales to hospitality customers account for approximately \$69M annually in revenue for the Liquor Distribution Branch and if implemented, would have a significant impact on the fiscal plan. Work is underway with the Ministry of Finance to review this recommendation.

Suggested Response:

- As you know, allowing the hospitality sector to purchase liquor from any licenced source is one of the recommendations of the Business Technical Advisory Panel.
- Ministry staff will be providing me with an analysis of each of the recommendations over the coming months, including the potential financial, health and labour impacts of any change to the status quo.
- Government will make a decision once we're in a position to make an informed one.

Issue 7: LRS Selling Cannabis:

Background:

- The selling of cannabis in retail liquor stores was one of the significant decision points considered in the development of the regulatory regime for the sale of non-medical cannabis.
- The decision was to prohibit the co-sale of cannabis and liquor.

Suggested Response:

- Our government has wholly considered this issue.
- Cannabis and liquor will not be permitted to be sold in the same store for the foreseeable future.
- We accommodated liquor retailers insofar as we are permitting the sale of cannabis in the same building as a liquor store as long as separation requirements are met (creation of vestibule).
- The Liquor and Cannabis Regulation Branch is available to answer questions from any cannabis retail applicant with an application to make structural changes to their LRS to accommodate the cannabis application requirements.

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Attachment(s)

n/a