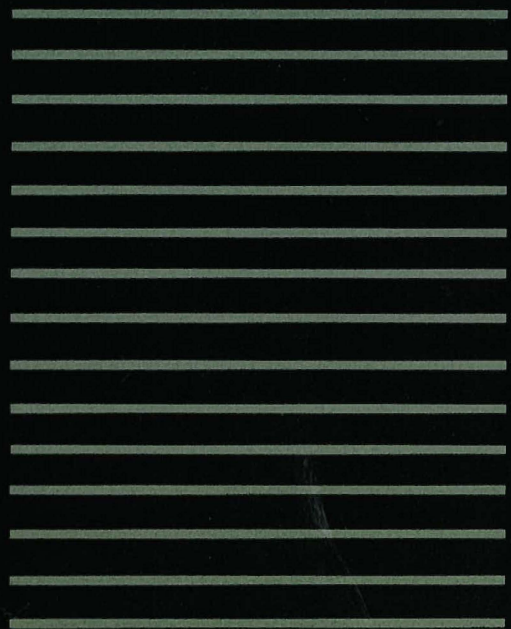
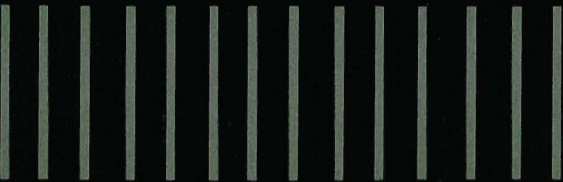
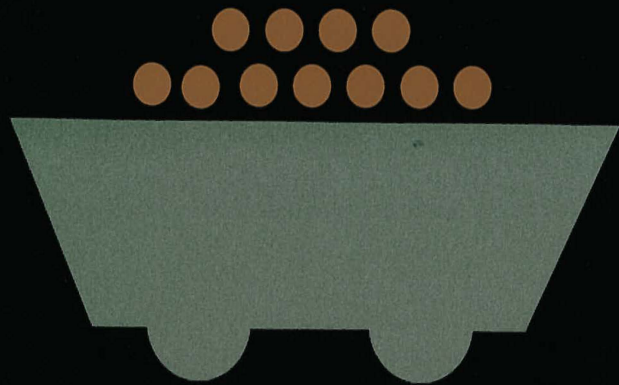
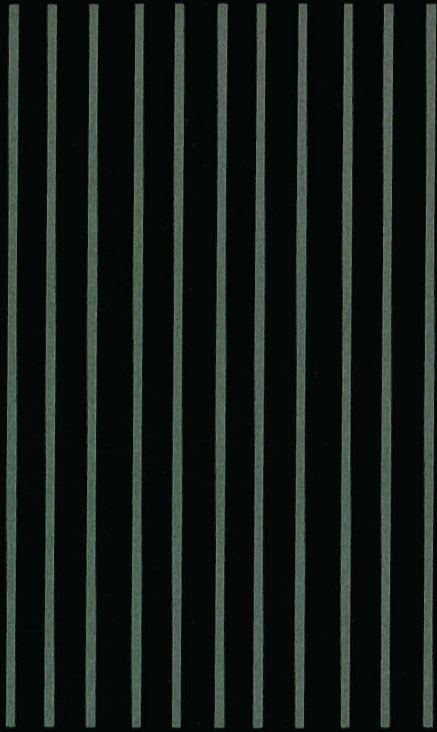


# The Fraser Institute Survey of

# Mining Companies Operating in Canada

*Fall 1997*



## About The Fraser Institute

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The Fraser Institute is an independent Canadian economic and social research and educational organization. It has as its objective the redirection of public attention to the role of competitive markets in providing for the well-being of Canadians. Where markets work, the Institute's interest lies in trying to discover prospects for improvement. Where markets do not work, its interest lies in finding the reasons. Where competitive markets have been replaced by government control, the interest of the Institute lies in documenting objectively the nature of the improvement or deterioration resulting from government intervention. The Fraser Institute is a national, federally chartered non-profit organization financed by the sale of its publications and the contributions of its members.

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### ***Survey Information***

*The Fraser Institute Survey of Mining Companies Operating in Canada* was sent to 174 senior and junior mining companies. The survey represents responses from 30 percent (52) of those companies. The companies participating in the survey manage exploration budgets spent inside and outside of Canada that total over \$467 million. Roughly \$141 million is spent in Canada, which represents about 16 percent of the total exploration expenditure in Canada.

A copy of the survey questions reviewed is included at the end of this document.

## Executive Summary

### Introducing The Fraser Institute Survey of Mining Companies Operating in Canada

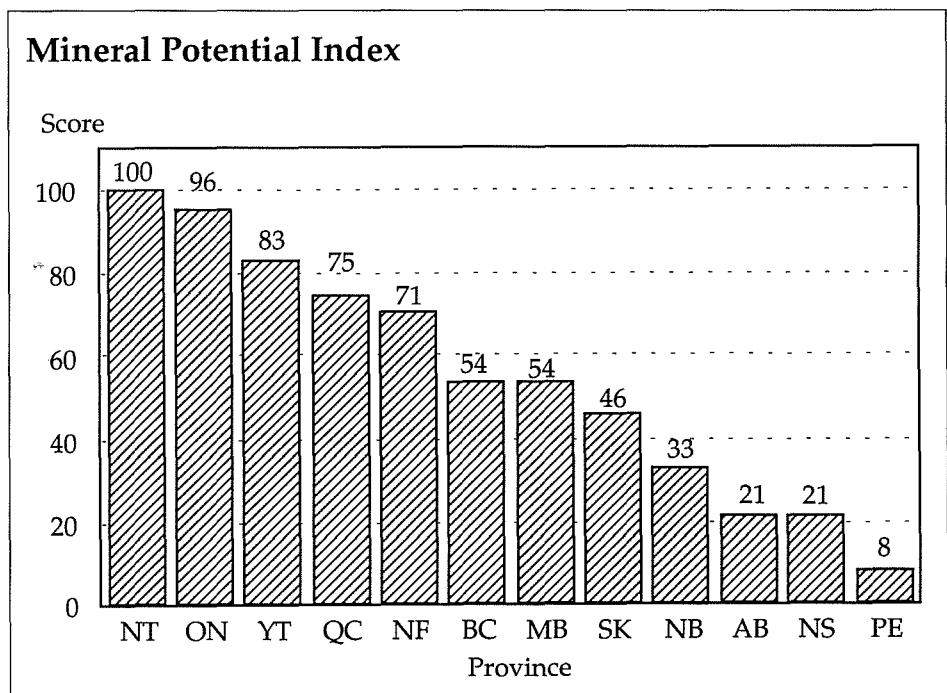
Exploration investment is a key indicator of the future health of the mining industry. Mining companies are well aware that government policy can attract or deter investment. Unfortunately, those in the mining community often are reluctant to express these views publicly. Any criticism of government policy may have negative effects on projects currently under way in a region. As a result, complaints about policy tend to be anecdotal in nature and governments remain largely unaccountable for the effects of their actions on new exploration. This lack of accountability is cause for concern because the mining industry in Canada accounts for approximately 4.4 percent of GDP and directly employs close to 90,000 people in well-paying industrial jobs.

While decisions to spend on exploration depend on a number of variables beyond a policy maker's control, such as mineral commodities prices and a region's mineral potential, these decisions are also highly sensitive to a region's policy climate. When companies decide to invest, they consider tax rates, regulations, access to land, and security of mineral tenure. While many provinces in Canada have favourable geology that easily competes with other regions around the world to attract investment, unfavourable public policies are increasingly threatening new exploration.

In order to assess how various public policy factors affect a company's decision to invest in exploration, The Fraser Institute surveyed senior and junior mining companies operating in Canada. The survey provides the public and policy makers with valuable information about the factors that influence new exploration investment decisions that, in turn, affect the future health of the mining industry.

#### Mineral Potential Index

The mineral potential index rates a region's attractiveness for new investment based on



its geology. The province thought to have the highest potential was given a score of one hundred points. The Northwest Territories is highest on this index, so it scores 100. Ontario (96), the Yukon (83), Quebec (75), Newfoundland (71), British Columbia (54) and Manitoba (54) also have mineral potential that favours exploration investment. The lowest-rated province in terms of mineral potential, with a score of 8 out of 100, is Prince Edward Island. Other provinces where mineral potential is considered a deterrent to exploration include New Brunswick (33), Alberta (21), and Nova Scotia (21).

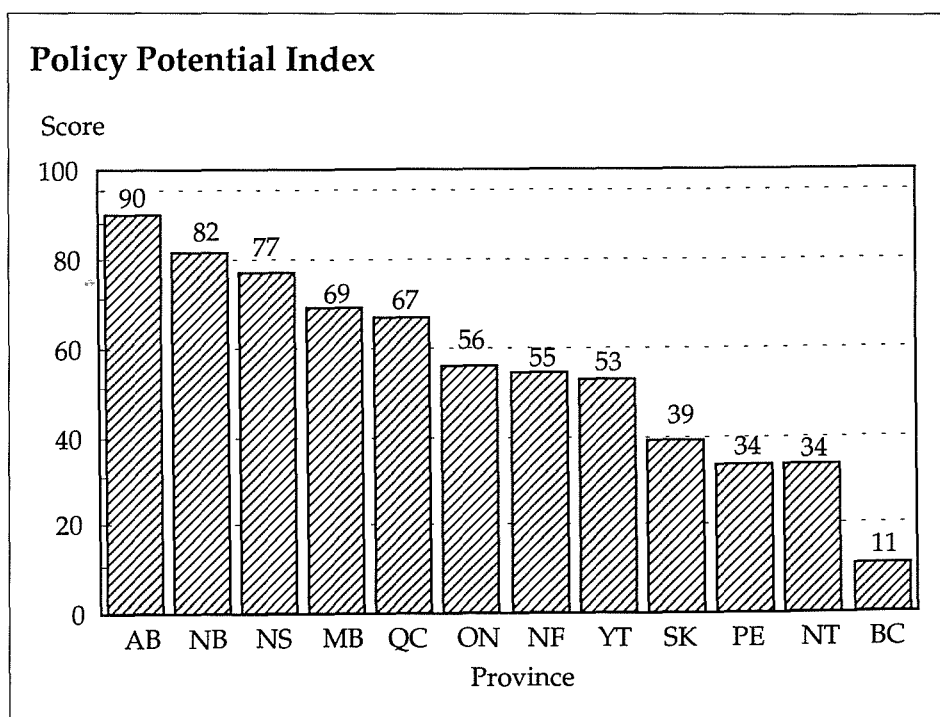
### Policy Potential Index

The policy potential index is a composite index that measures the effects of government policies—including taxation, regulation, and land use—on attracting new exploration investment. Alberta rates poorly on the mineral potential index, but is the most attractive province for new investment in terms of its policies; it scored 90 out of a possible 100 points. It is the highest-rated province in all policy categories except for uncertainty over land claims and labour regulation.

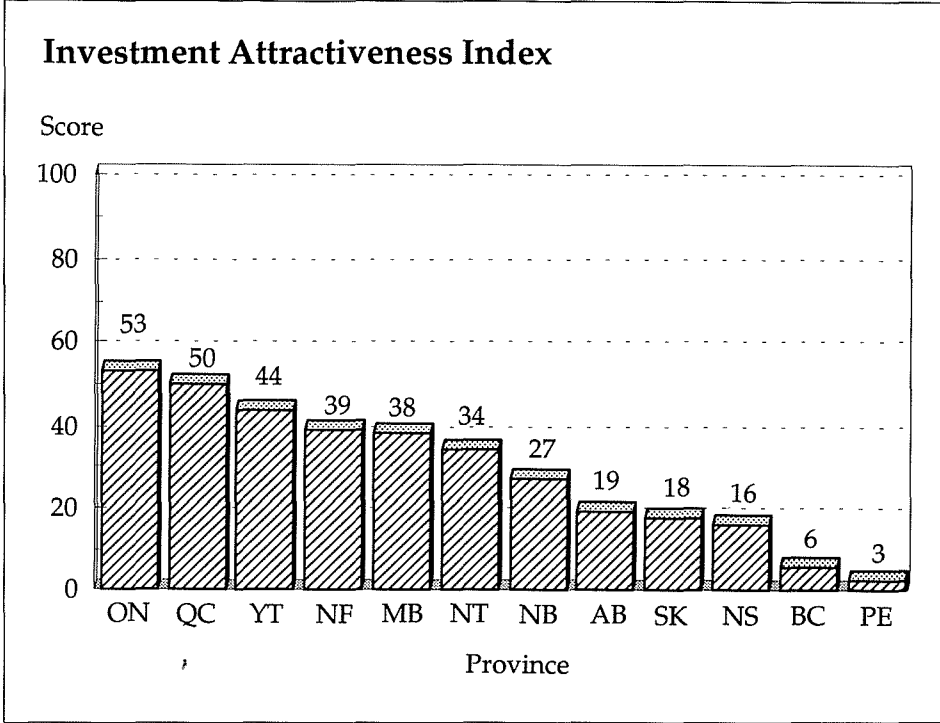
British Columbia, on the other hand, is a region rich in mineral potential yet its policies are the lowest-rated in the country by a substantial margin. The next worst-rated regions, the Northwest Territories and Prince Edward Island, are three times more attractive than British Columbia in this regard. Excessive regulation, high taxes, and uncertainty regarding land use contribute to B.C.'s poor showing. For example, 92 percent of respondents indicate that land claims uncertainty is a strong deterrent to investment (see figure 8), 89 percent of companies surveyed think uncertainty about protected areas deters exploration (see figure 9), 79 percent indicate environmental regulation is a strong deterrent to new exploration (see figure 6) and 70 percent of respondents indicate that government policy deters exploration investment (see figure 13). British Columbia is the lowest rated province in every policy category except for infrastructure.

### Investment Attractiveness Index

The investment attractiveness index combines the information on mineral potential



and policy to create a ranking of the ability of the provinces to attract new investment. The highest score on this index is 100. The province considered most attractive to new investment when both policy and mineral potential are taken into account is Ontario, due to its high mineral potential and middle rating on policy. Quebec is the second-highest rated province in terms of investment, due to its high mineral



potential and reasonable policy. The Yukon rates third, despite its eighth place rating on policy, as a result of its excellent mineral potential.

Prince Edward Island is the least attractive province for new investment due to its poor mineral potential and low score on policy. Despite attractive geology, British Columbia's policies reduce its attractiveness to just a few points higher than Prince Edward Island's.

# Survey Results

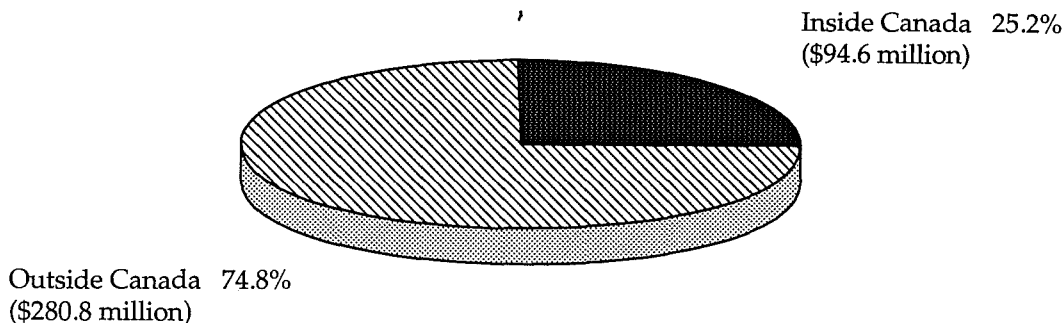
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## Section I: Investment Overview

### Canada Not a Favoured Destination for Mining Exploration Among Senior Mining Firms

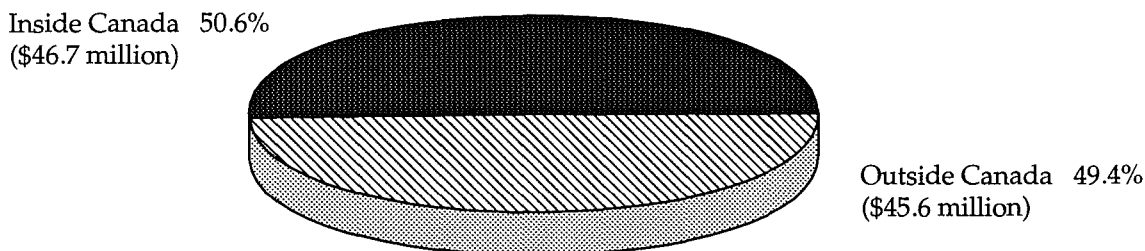
In 1996, Canada's senior mining companies representing exploration budgets totalling over \$375 million (junior companies surveyed represent \$92 million), spent only 25 percent of their budgets in Canada, while investing 75 percent overseas, according to the first Fraser Institute Survey of Mining Companies Operating in Canada.

**Figure 1: Canadian Senior Mining Company Exploration Expenditures in 1996**



Junior mining companies, on the other hand, indicate that 49 percent (\$45.6 million) of their exploration budgets are spent outside of Canada while 51 percent (\$46.7 million) are spent in Canada.

**Figure 2: Canadian Junior Company Exploration Expenditures in 1996**





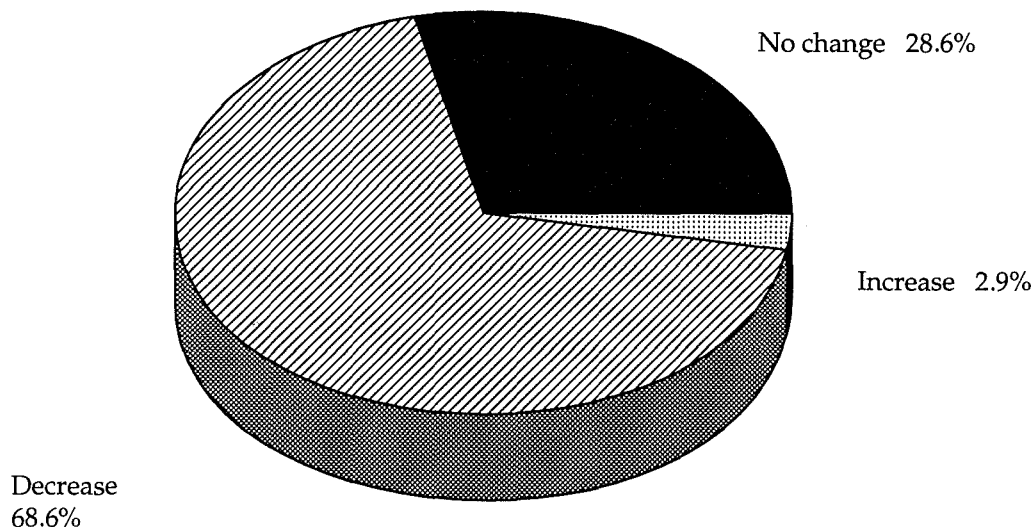
## Section II: Exploration Investment Trends

### Despite Attractive Geology, Canada is Losing Exploration Dollars

While overall exploration expenditure has increased in Canada and internationally over the past five years, the *proportion* of exploration expenditure allocated to Canada has fallen.

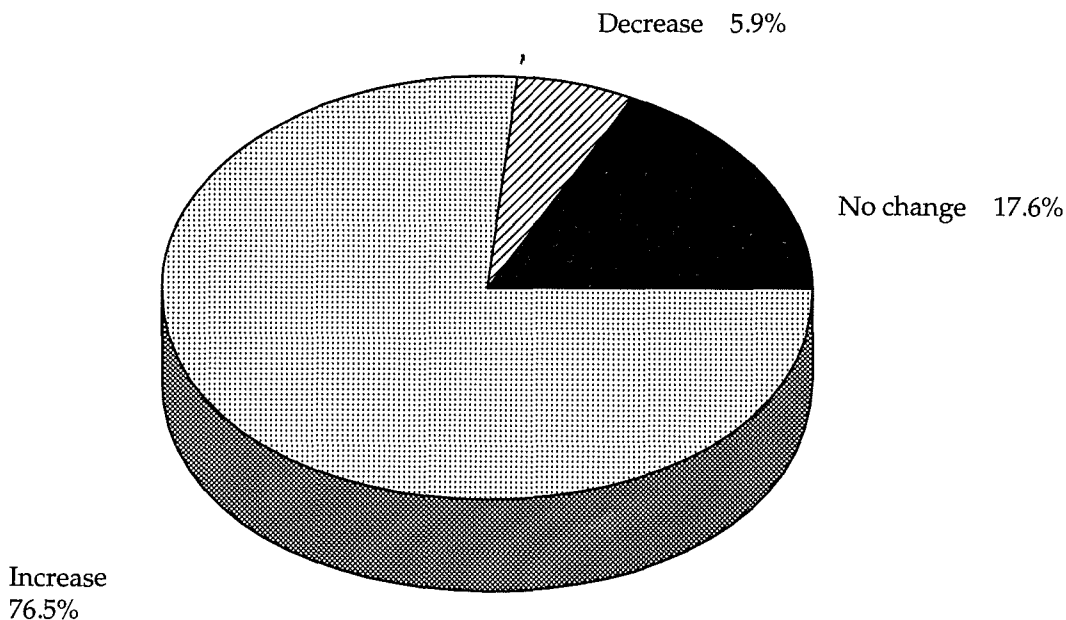
Sixty-eight percent of junior and senior mining companies, representing exploration budgets of \$467 million, reduced the proportion of their budgets dedicated to Canadian exploration between 1991 and 1996. Only 3 percent the companies indicate an increase in the proportion of their exploration budgets allocated to Canada and 29 percent report no change. While the decrease may, in part, be due to the relative attractiveness of new opportunities in other countries, it also reflects the detrimental impact of domestic government policies such as high taxation, onerous environmental and labour regulations, and uncertainty about protected areas and native land claims. The relative decline in exploration and development of new mines in Canada is a concern since the future health of the industry and its associated jobs depend on exploration and development activities undertaken today (see figure 3).

**Figure 3: Companies Indicating Changes in the Proportion of Their Exploration Budgets Allocated to Canadian Exploration Investment Between 1991 and 1996**



Of the companies surveyed, 76 percent indicate an increase in the proportion of their exploration budgets dedicated to activity outside of Canada between 1991 and 1996. Despite Canada's favourable geology and mineral potential, the majority of Canadian senior and junior mining companies are favouring exploration activities outside of Canada. Natural Resources Canada (1996), found that properties held by Canadian companies abroad increased from about 20 percent of the total Canadian portfolio of properties in 1992 to almost 40 percent in 1995 (see figure 4).

**Figure 4: Companies Indicating Changes in the Proportion of Their Exploration Budgets Spent Outside Canada Between 1991 and 1996**



**Section III**  
**Investment Climate: Provincial Ratings**

The following section provides an analysis of ten factors that determine the ability of the provinces and territories to attract exploration investment. Companies were asked to rate for each province the following ten factors on a scale of 1 to 6.

**Factors**

- (a) Levels of taxation
- (b) Provincial environmental regulation
- (c) Duplication of federal and provincial regulations
- (d) Uncertainty concerning what areas will be protected
- (e) Mineral Potential
- (f) Relative Attractiveness of mineral deposits in other regions
- (g) Labour Regulation
- (h) Government Policy (legislative clarity, policy climate and interpretation and administration of regulations)
- (i) Infrastructure
- (j) Socio-economic agreements (employment agreements, community development agreements, etc.)

**Scale**

- 1 = encourages exploration investment
- 2 = not a deterrent to exploration investment
- 3 = mild deterrent to investment
- 4 = strong deterrent to exploration investment
- 5 = would not pursue exploration investment in this region due to this factor
- 6 = do not know

Figures 5 to 15 show the percentage of respondents who rate various factors as a strong deterrent to exploration investment. This includes survey respondents who rate the factor a "strong deterrent to exploration investment" and those who "would not pursue exploration investment in this region due to this factor." The results are summarized in table 1. Table 2 summarizes the percentage of respondents who rate the various factors as "encouraging exploration investment" and "not a deterrent to exploration investment." Table 3 highlights the factor that most discourages, and that which most encourages investment in each province.

Figures 16, 17, and 18 give the composite ratings for mineral potential, policy attractiveness, and combined mineral potential and policy attractiveness, respectively.

## **Uncertainty About Native Land Claims a Deterrent to Exploration in Every Province**

Survey respondents indicate that land claims uncertainty is a threat to new exploration investment in every province. It is the most serious problem in British Columbia and the Northwest Territories, where 92 percent and 62 percent respectively of companies surveyed either consider it a *strong deterrent* or *would not invest* in the province as a result of the uncertainty. Companies worry least about land claims uncertainty in Quebec, where only 8 percent of companies consider it a threat to investment.

## **Uncertainty About Protected Areas Constrains Exploration Investment Across Canada**

Uncertainty about protected areas is a concern across the country. Eighty-nine percent of respondents consider it a serious problem in British Columbia and 62 percent of companies indicate it discourages investment in the Northwest Territories. Protected areas uncertainty is also a threat to exploration investment in Prince Edward Island (44%), Yukon (39%), Nova Scotia (36%), Ontario (32%), Saskatchewan (29%) and Newfoundland (29%).

## **British Columbia's Investment Climate Hostile to Mining Exploration**

British Columbia's policy climate is rated lowest in the country. Although B.C. has favourable mineral potential, the majority of respondents find that uncertainty about land claims and protected areas, environmental regulation, government policy, taxation, and regulatory overlap are "strong deterrents" to exploration investment. The province compares unfavourably with other provinces in every category except mineral potential and infrastructure.

- B.C. scores lowest on the policy potential index with 11 points out of 100. The next lowest score is the Northwest Territories with 34 points out of 100. The low score on policy makes B.C. one of the least attractive provinces in the country for new exploration.
- 92% of respondents indicate that land claims uncertainty is a strong deterrent to investment
- 89% of companies surveyed think uncertainty about protected areas deters exploration
- 79% indicate environmental regulation is a strong deterrent to exploration investment
- 70% think government policy deters exploration investment
- 62% claim that taxation is a strong deterrent to new investment
- 62% indicate regulatory overlap is a strong deterrent to investment
- 58% think labour regulation is a strong deterrent to investment

## **Alberta's Policies Compare Favourably With those in Other Provinces**

Alberta receives the highest ratings for its mining policies with an overall score of 90 out of a possible 100 points. Alberta compares favourably with other provinces in the categories of tax policy, environmental regulation, and government policy. According to survey respondents, the strongest deterrent to new exploration investment in Alberta is mineral potential.

- 84% indicate that Alberta's tax policies "encourage" or are "not a deterrent" to exploration investment. Furthermore, no respondents indicated that tax policies in Alberta are a strong deterrent to exploration investment.
- No respondents indicate that environmental regulation is a strong deterrent to investment
- 76% believe that government policy in Alberta either encourages or is neutral to new exploration investment
- 50% indicate that mineral potential is a strong deterrent to exploration investment

## **Saskatchewan's Policies Rated Ninth of the 12 Provinces**

Saskatchewan rates ninth out of the 12 provinces on the policy potential index. Regulatory overlap and uncertainty about protected areas are the two strongest deterrents to exploration investment. Mineral potential in Saskatchewan rates eighth of the 12 provinces.

- 29% think regulatory overlap is a strong deterrent to exploration investment
- 29% think protected areas uncertainty is a strong deterrent to exploration investment
- 59% indicate that infrastructure and socio-economic agreements discourage exploration investment

## **Manitoba's Mineral Potential Strong and Policies Encourage Exploration**

Manitoba ties with British for sixth place on the mineral potential index. It also does well on the policy potential index where it is in fourth place behind Alberta, New Brunswick and Nova Scotia. Land claims are the strongest deterrent to new investment in Manitoba.

- 82% indicate that mineral potential encourages or does not discourage investment. Only 5% of companies think mineral potential is a strong deterrent to exploration investment in Manitoba.
- 35% think land claims uncertainty is a strong deterrent to investment in Manitoba

## **Ontario's Mineral Potential Encourages Investment, But Land Claims are Still a Threat**

Ontario's mineral potential rates second only to that of the Northwest Territories. But while almost all companies responding to the survey indicate that Ontario's mineral potential encourages investment, many indicate that land claims uncertainty is a strong deterrent to investment. In the policy potential index Ontario is sixth behind Alberta, New Brunswick, Nova Scotia, Manitoba and Quebec.

- 93% indicate that Ontario's mineral potential encourages exploration investment and no respondents indicate that it is a strong deterrent to exploration investment
- Land claims uncertainty is the biggest deterrent to exploration investment in Ontario; 46% of firms surveyed indicate that it is a concern
- Only 8% of companies indicate that government policy is a strong deterrent to investment and 54% indicate that government policy encourages exploration

## **Quebec an Attractive Investment Prospect**

Quebec rates second only to Ontario on the investment attractiveness index. This high rating is a result of its high ratings on the mineral potential index (fourth) and the policy potential index (fifth). The majority of firms responding to the survey think that mineral potential, tax policy, environmental regulation, government policy, and infrastructure encourage or do not discourage exploration investment in Quebec. The strongest deterrent to exploration investment in the province is regulatory overlap.

- 92% think that mineral potential in Quebec encourages or does not discourage exploration investment
- 82% indicate that infrastructure encourages or does not discourage investment
- 74% think government policy encourages or does not discourage new investment. Only 9% indicate that government policy is a strong deterrent to investment
- 59% indicate that tax policy in Quebec favours investment

## **With the Exception of Newfoundland, Maritimes Lack Significant Mineral Potential**

### *New Brunswick*

New Brunswick's biggest obstacle to attracting new investment is mineral potential. It rates ninth on the mineral potential index. Policy, however, encourages investment. New Brunswick rates second only to Alberta on the policy potential index.

- 31% of respondents indicate that mineral potential is a strong deterrent to exploration investment
- 80% indicate that government policy and infrastructure encourage or does not discourage exploration investment

### *Nova Scotia*

The strongest deterrent to new exploration investment in Nova Scotia is the attractiveness of mineral deposits in other regions. The only province that is rated lower is Prince Edward Island. Forty-three percent of respondents indicate that the attractiveness of mineral deposits in other regions is a strong deterrent to exploration investment in Nova Scotia.

### *Prince Edward Island*

Prince Edward Island is the lowest-rated province on the mineral potential index. It also scores poorly in terms of policy potential where it beats only British Columbia.

### *Newfoundland: Exploration Threatened by Land Claims*

Newfoundland rates fifth in the country in terms of its mineral potential but only seventh in terms of its policies.

- 89% indicate that mineral potential in Newfoundland encourages investment
- 41% consider land claims uncertainty a strong deterrent

## **Northwest Territories Faces Threats to New Exploration Due to Uncertainty Over Protected Areas and Land Claims**

Mineral potential in the Northwest Territories rates the highest in the country. However, policy is major investment deterrent in the Northwest Territories. British Columbia is the only region that rated lower on the policy potential index. Land claims and protected areas uncertainty are the most serious threats to exploration investment.

- 97% of respondents think that mineral potential encourages investment

- 62% of survey respondents indicate that protected area and land claims uncertainty are a strong deterrent to exploration

### **Yukon Faces Uncertainty Concerning Land Claims**

The Yukon has excellent mineral potential but policies that deter exploration. It rates third on the mineral potential index and eighth on the policy potential index.

- Ninety-two percent of survey respondents think that the Yukon has good mineral potential
- Tax policies also favour investment: sixty-one percent indicate that tax policies encourage investment while none (0%) think that tax policies in the Yukon deter investment
- The most serious threat to investment is uncertainty about protected areas (39%)



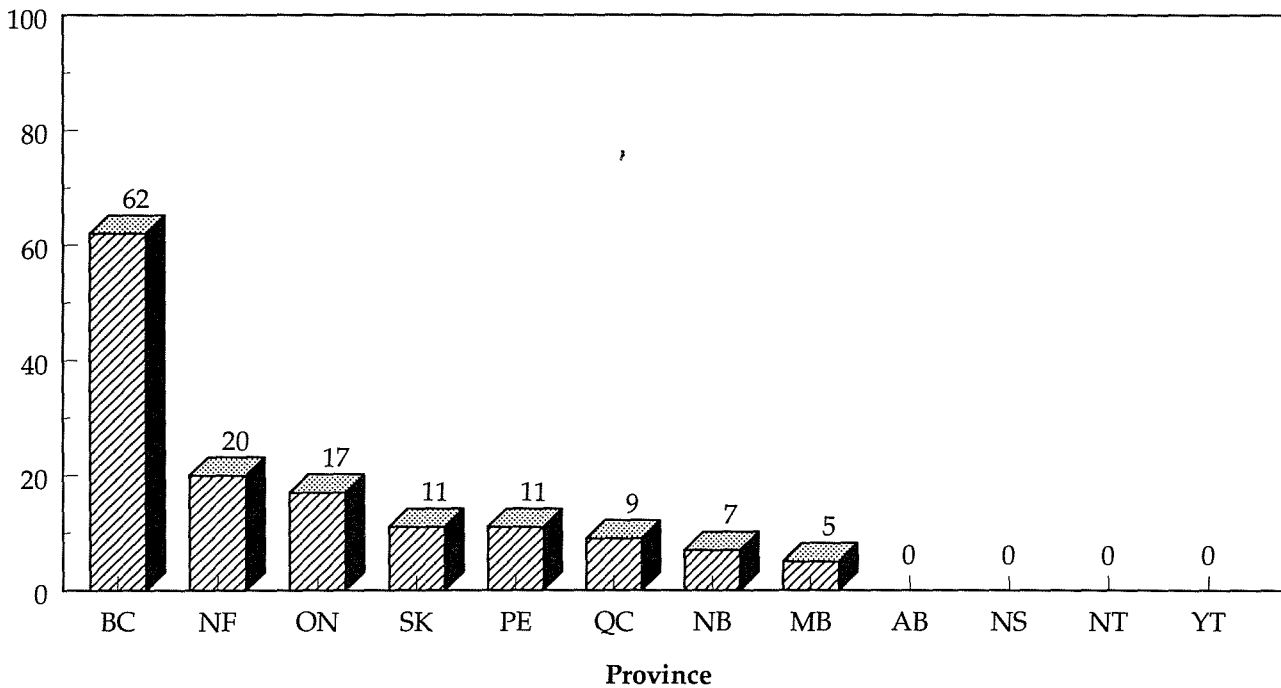
## Graphical Results

### Figure 5: Taxation

On the basis of taxation, British Columbia is considered the worst province to undertake new exploration, with 62 percent of survey respondents indicating tax policies are a strong deterrent to exploration investment. Alberta fares best in this category; no respondents indicated that its tax policies deter investment.

Figure 5: Taxation

% Who Rate Taxation a Strong Deterrent to Exploration

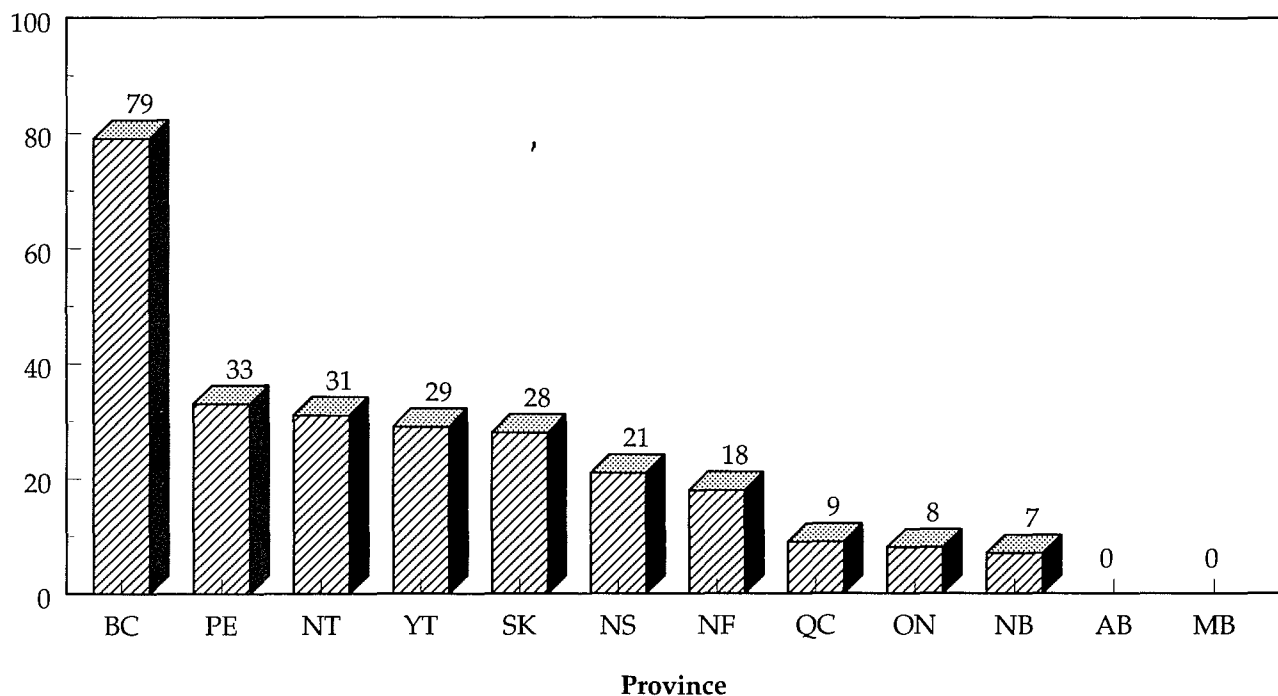


### Figure 6: Environmental Regulation

Seventy-nine percent of survey respondents indicate that British Columbia's environmental regulations are a strong deterrent to exploration investment. On the other hand, environmental regulations are not a deterrent to exploration investment in Alberta and Manitoba.

### Figure 6: Provincial Environmental Regulation

% Who Rate Provincial Environmental Regulation a Strong Deterrent to Exploration

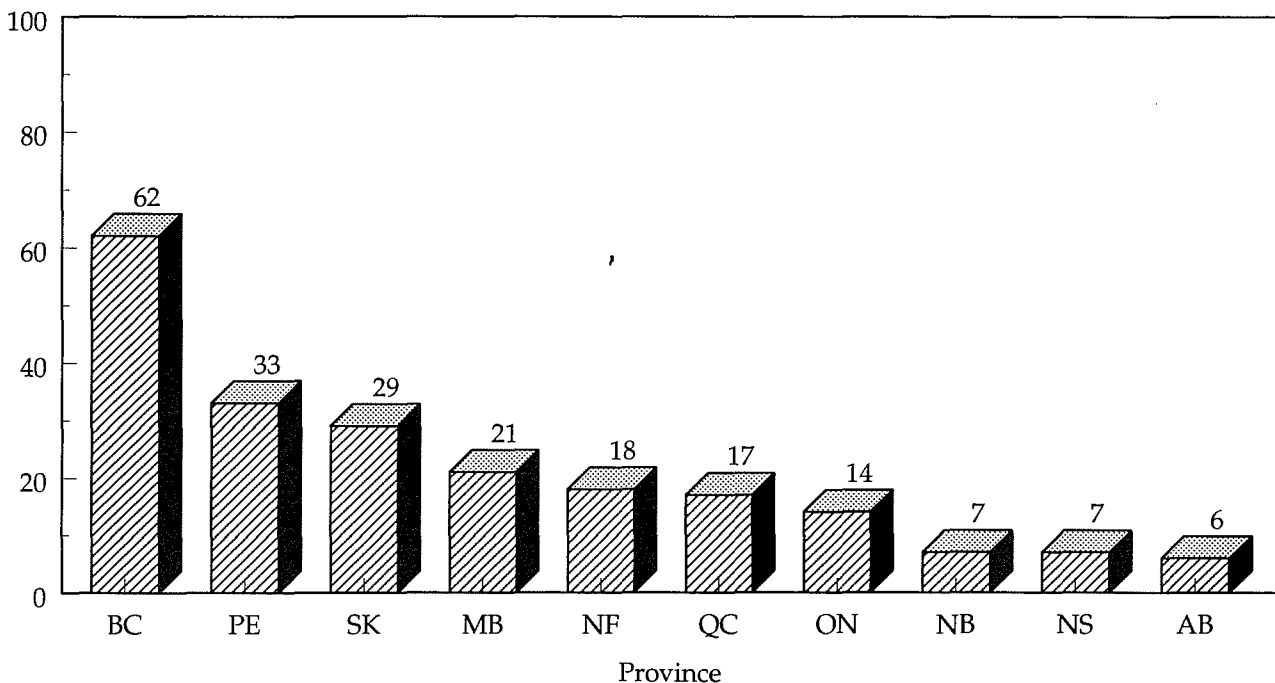


### Figure 7: Regulatory Overlap

Sixty-two percent of survey respondents consider regulatory overlap a strong deterrent to exploration investment in British Columbia.

### Figure 7: Federal/Provincial Regulatory Overlap

% Who Rate Regulatory Overlap a Strong Deterrent to Exploration

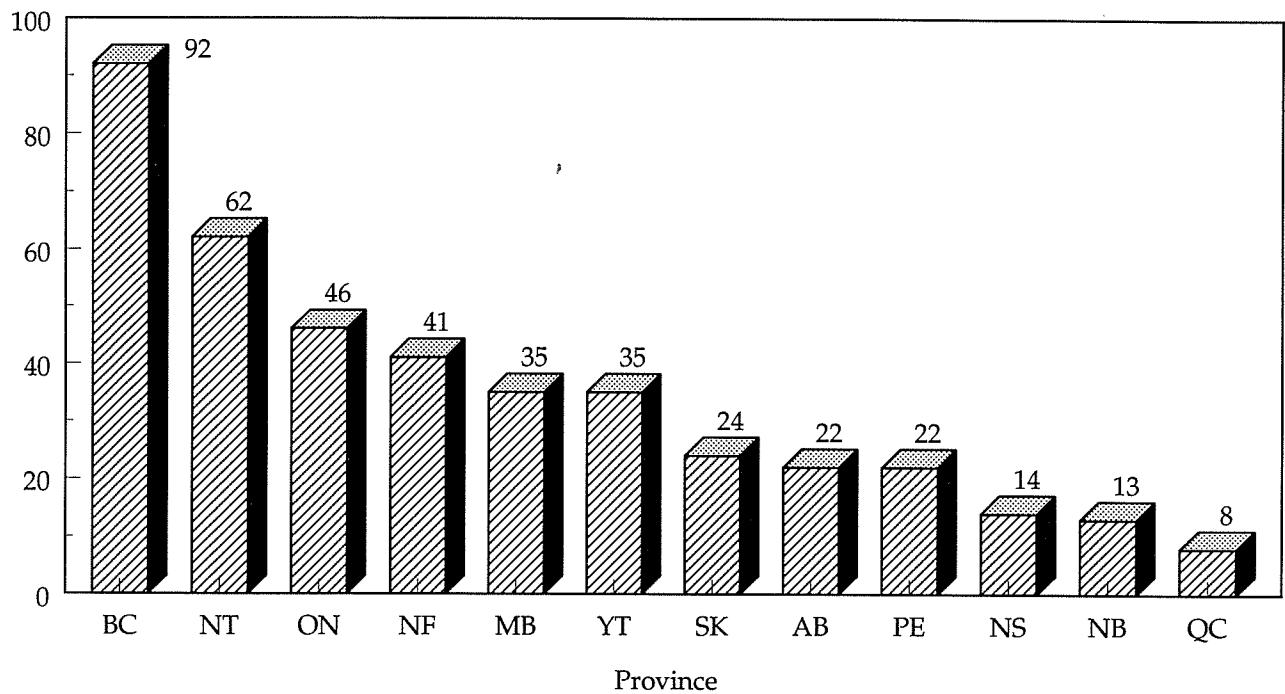


### Figure 8: Land Claims Uncertainty

Uncertainty concerning the settlement of native land claims is identified as a deterrent to exploration investment in every province. However, it is considered the greatest liability in British Columbia, where 92 percent of survey respondents consider land claims uncertainty a serious deterrent to exploration investment. Of that 92 percent, 34 percent indicate that they would not invest in British Columbia due to the uncertainty surrounding land claims.

**Figure 8: Land Claims Uncertainty**

% Who Rate Land Claims Uncertainty a Strong Deterrent to Exploration Investment

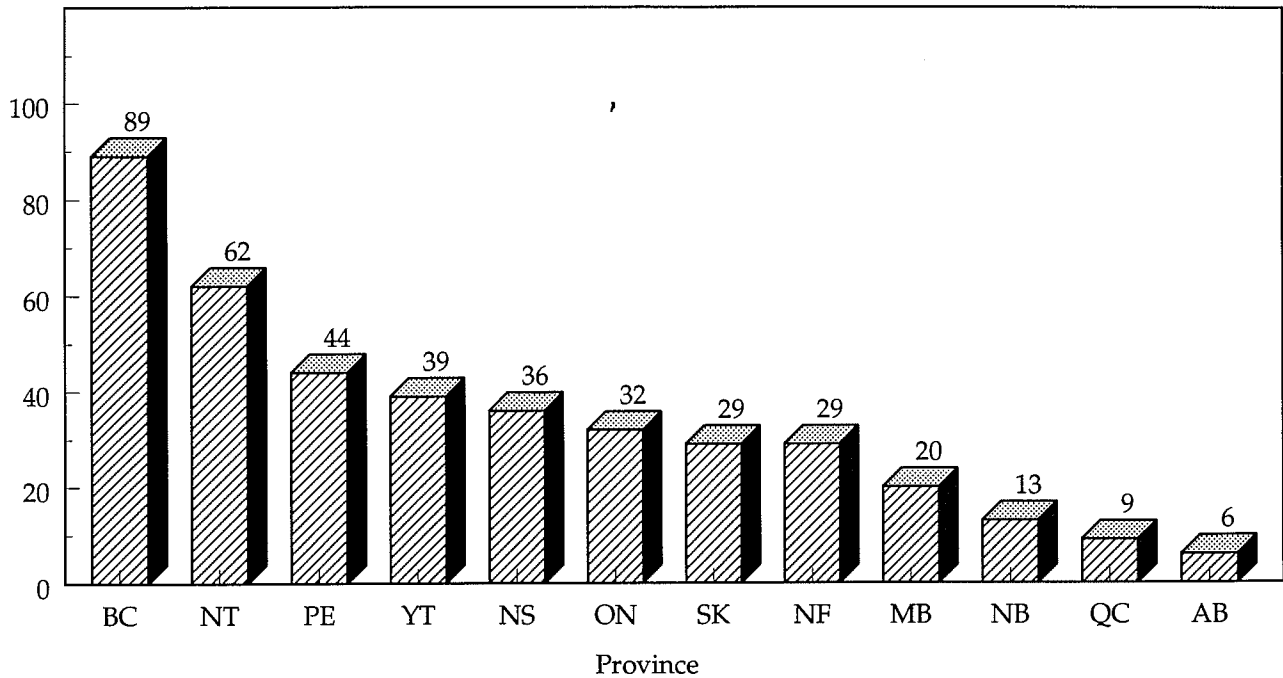


### Figure 9: Protected Areas Uncertainty

Uncertainty over future protected areas is also identified as a deterrent to exploration investment in every province. Respondents indicate that the uncertainty over protected areas has the greatest impact on exploration investment in British Columbia where 89 percent of respondents claim that it is a strong deterrent. Also seriously affected is the Northwest Territories where 62 percent of respondents claim it is a strong deterrent.

**Figure 9: Protected Areas Uncertainty**

% Who Rate Protected Areas Uncertainty a Strong Deterrent to Exploration Investment

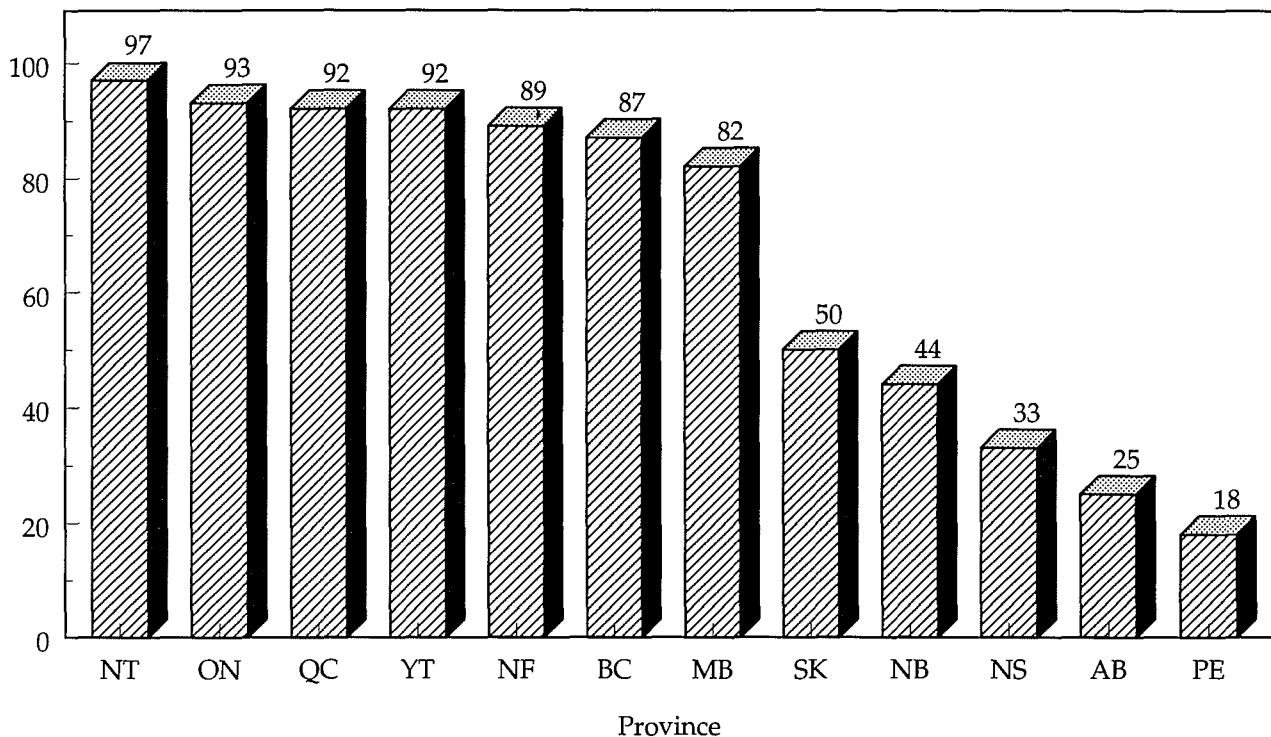


### Figure 10: Mineral Potential

In terms of mineral potential, the Northwest Territories was rated the top province or territory, with 97 percent of survey respondents indicating that the mineral potential in the Northwest Territories encourages or does not deter exploration investment. Other provinces with good mineral potential include Ontario (93%), Quebec (92%), Yukon (92%), Newfoundland (89%), British Columbia (87%), and Manitoba (82%).

Figure 10: Mineral Potential

% Who Indicate Mineral Potential Encourages or is Not a Deterrent to Exploration Investment

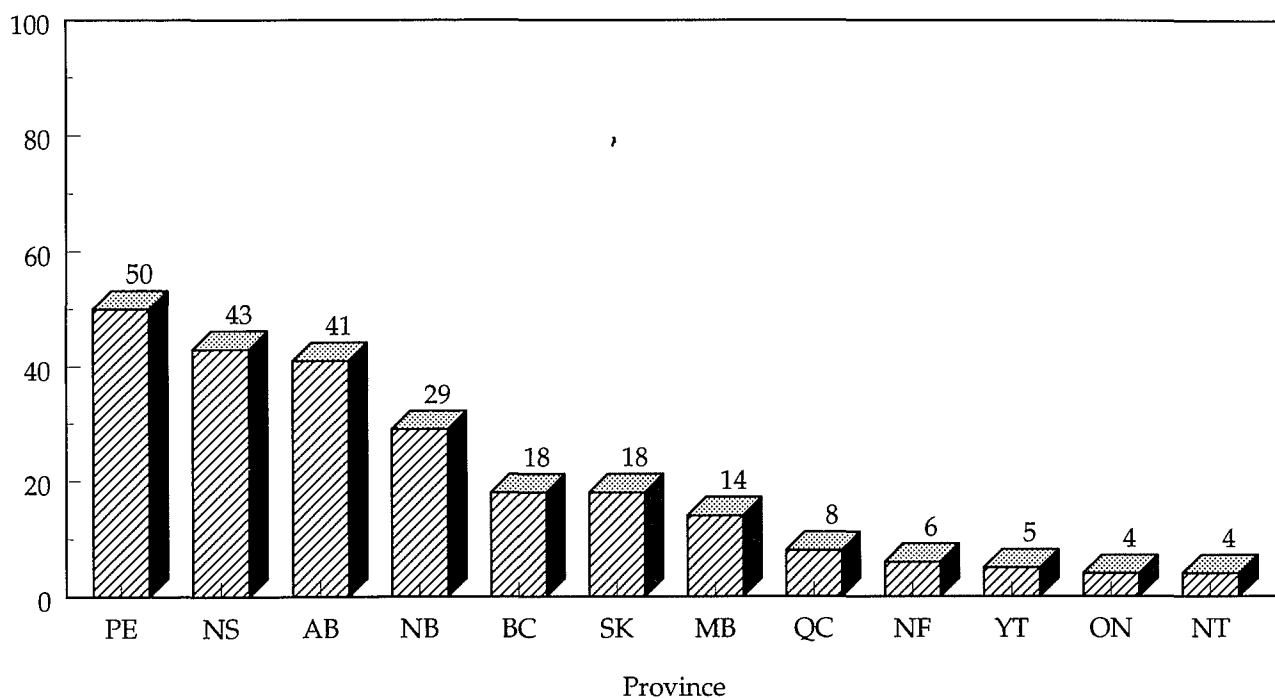


### Figure 11: Relative Attractiveness of Deposits in Other Regions

The attractiveness of deposits in other regions is a strong deterrent to exploration investment in Prince Edward Island, Nova Scotia, Alberta, and New Brunswick.

**Figure 11: Relative Attractiveness of Mineral Deposits in Other Regions (Worldwide)**

% Who Rate the Relative Attractiveness of Mineral Deposits in Other Regions a Strong Deterrent to Exploration Investment



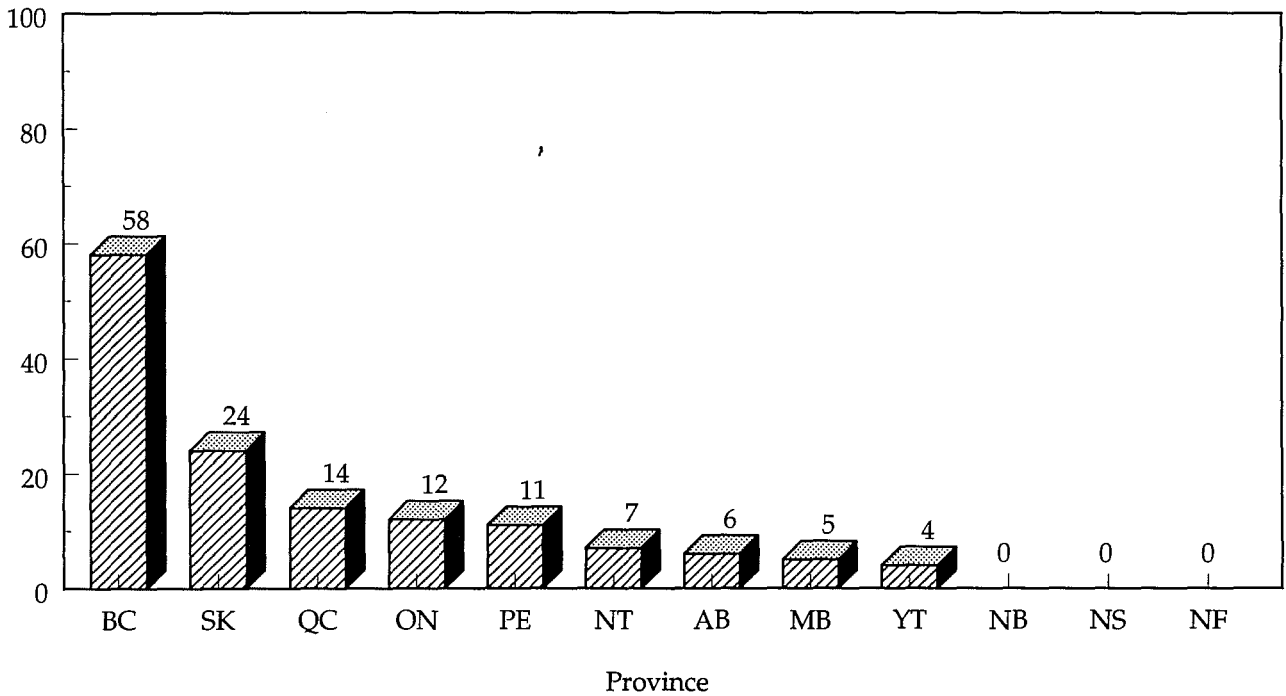


**Figure 12: Labour Regulation**

British Columbia is the province rated worst on labour regulation. Fifty-eight percent of survey respondents identify labour regulation in British Columbia as a strong deterrent to exploration investment. Of these, 18 percent would not invest in British Columbia due to this factor.

**Figure 12: Labour Regulation**

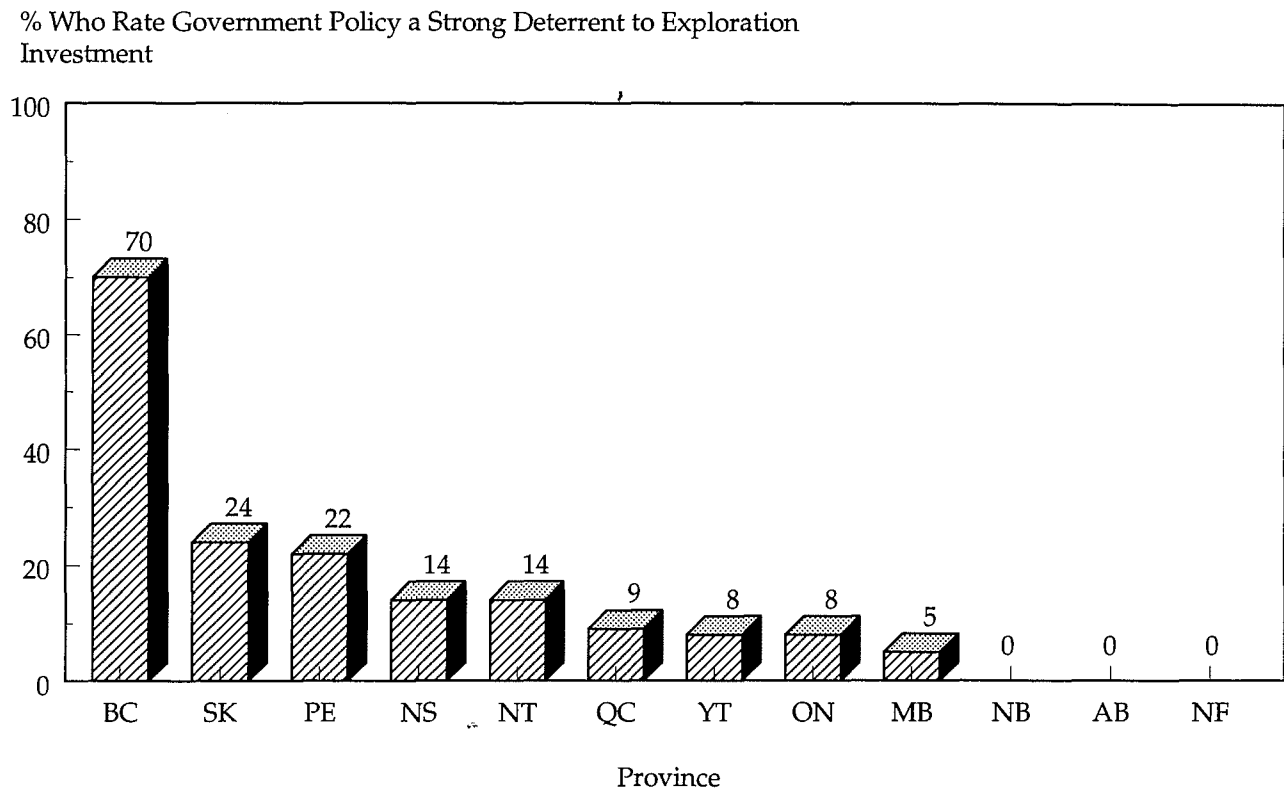
% Who Rate Labour Regulation a Strong Deterrent to Exploration Investment



### Figure 13: Government Policy

Government policy includes legislative clarity, policy climate, and the interpretation and administration of regulations. Seventy percent of survey respondents consider government policy a strong deterrent to exploration investment in British Columbia. Of these, 29 percent would not invest in British Columbia due to this factor. On the other hand, New Brunswick, Alberta, and Manitoba are considered good places for investment in terms of government policy with 80 percent, 76 percent, and 70 percent respectively of survey respondents answering that government policy in these provinces encouraged or was not a deterrent to investment.

**Figure 13: Government Policy**



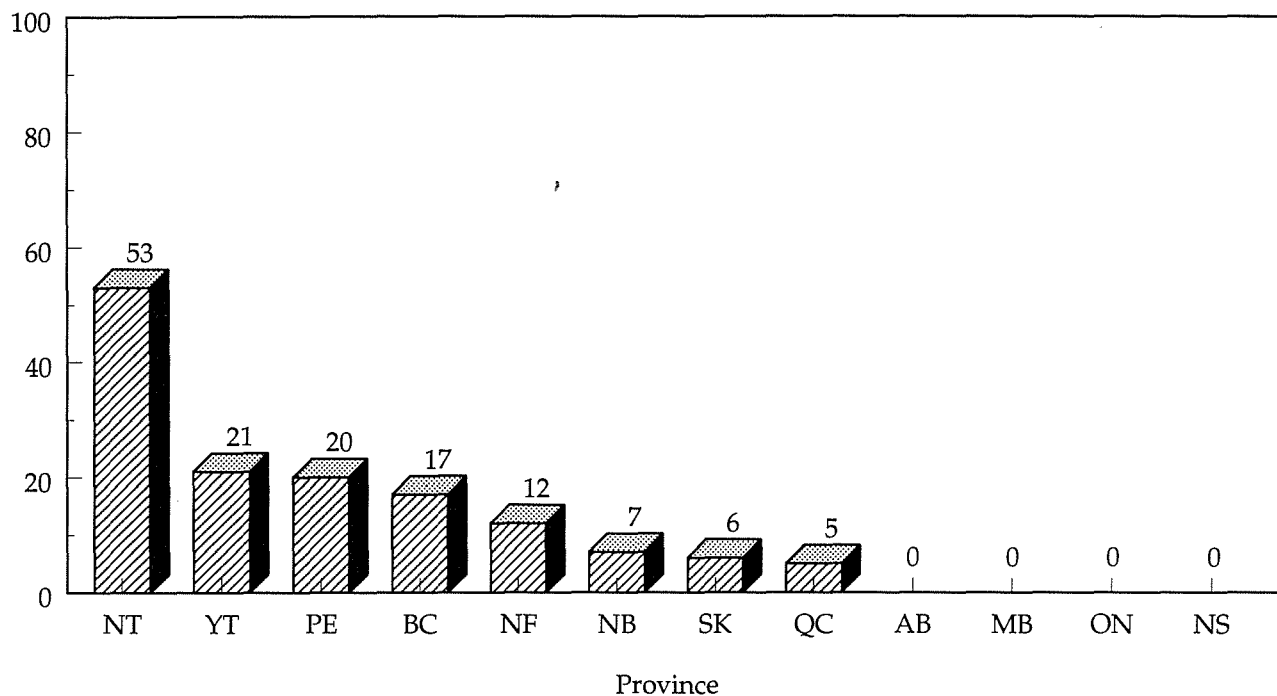
Note: Government Policy includes legislative clarity, policy climate and interpretation, and administration of regulations.

### Figure 14: Infrastructure

Fifty-three percent of survey respondents claim that lack of infrastructure is a strong deterrent to exploration investment in the Northwest Territories. Ontario has the best rating, with 87 percent of respondents indicating that infrastructure either encouraged or is not a deterrent to exploration in this province (see table 2).

### Figure 14: Infrastructure

% Who Rate Infrastructure a Strong Deterrent to Exploration Investment

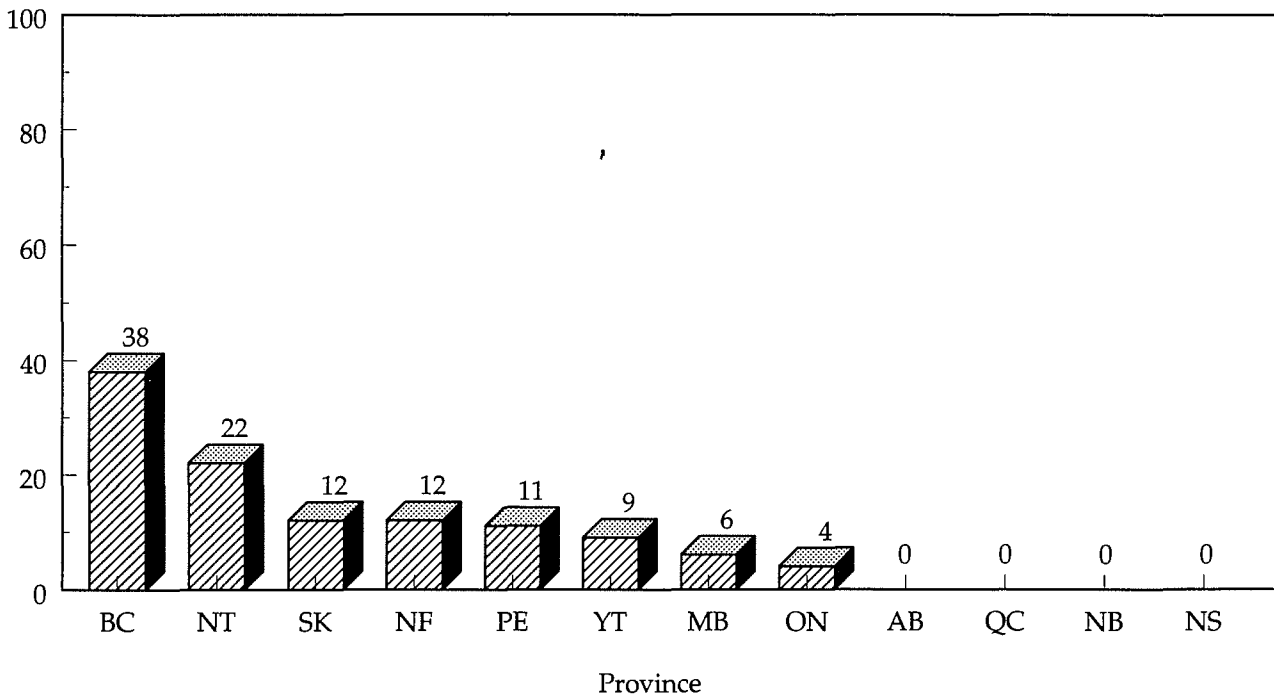


### Figure 15: Socio-economic Agreements

Thirty-eight percent of respondents believe that socio-economic agreements including employment agreements and community development agreements are a strong deterrent to exploration investment in British Columbia. Such agreements were not an issue in Alberta, Quebec, New Brunswick, and Nova Scotia.

**Figure 15: Socio-economic Agreements**

% Who Rate Socio-economic Agreements a Strong Deterrent to Exploration Investment



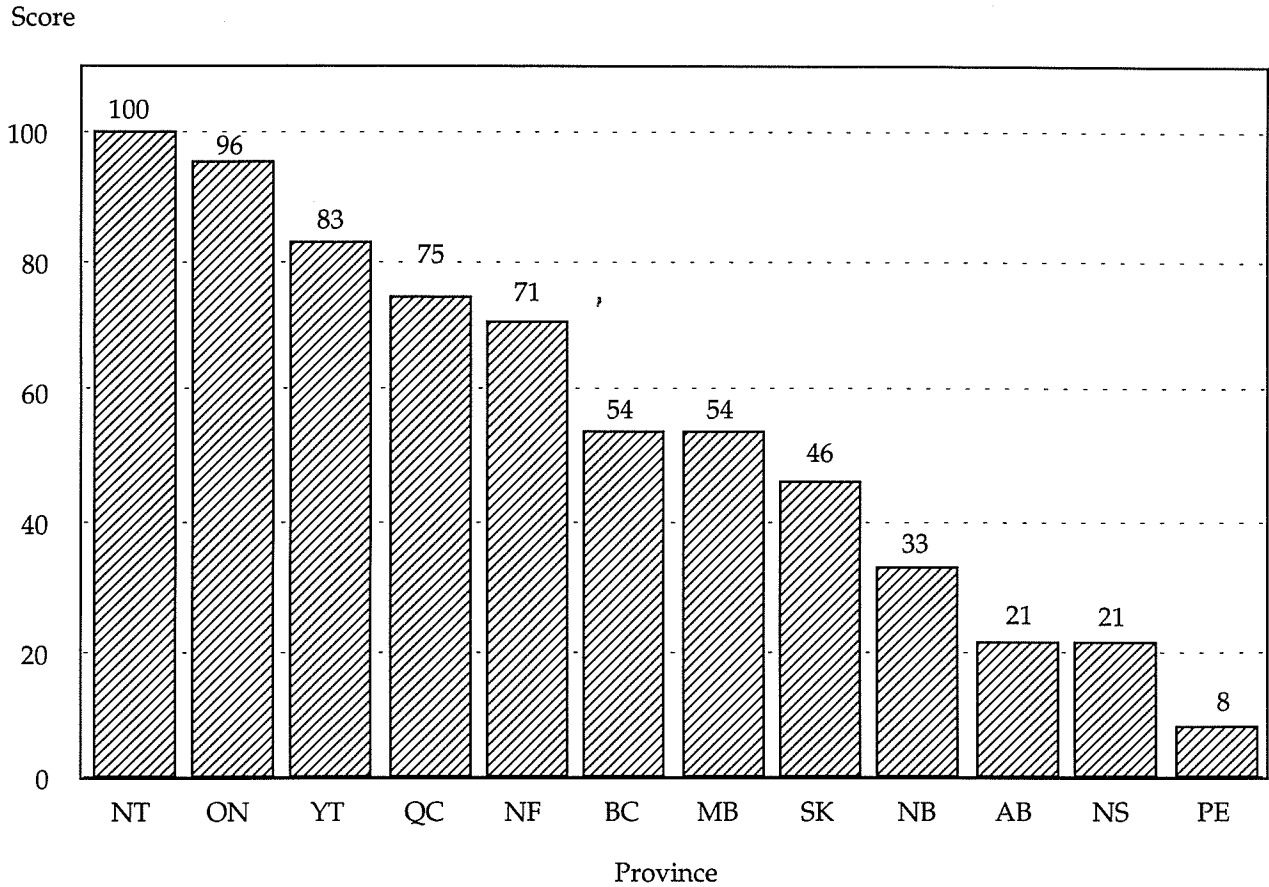
Note: Socio-economic agreements include employment agreements and community development agreements.

## Composite Indices

### Figure 16: Mineral Potential Index

The mineral potential index isolates a region's attractiveness for new investment based on its geology. The Northwest Territories rates highest on this index. Prince Edward Island rates lowest on the mineral potential index.

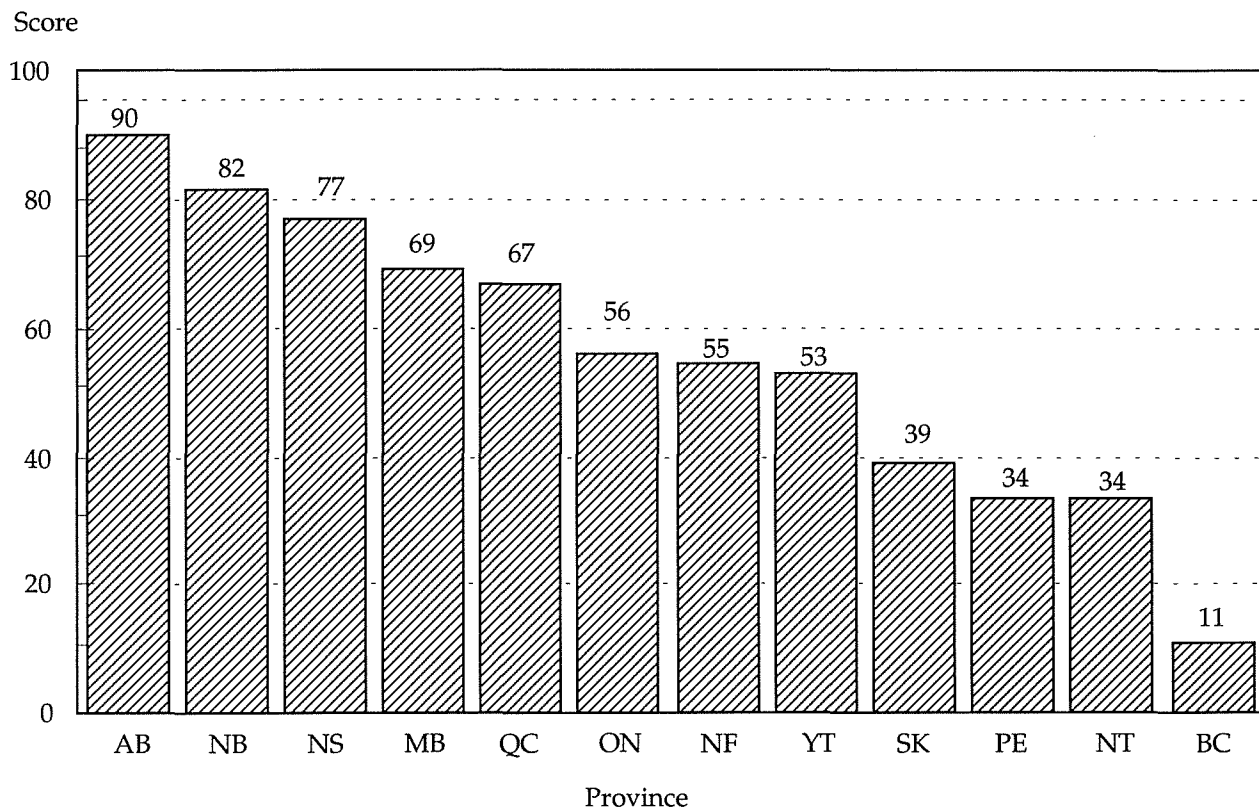
Figure 16: Mineral Potential Index



### Figure 17: Policy Potential Index

The policy potential index considers the effect of government policies including taxation, regulation and land use on attracting new exploration investment. Alberta is the most attractive province for new investment based on policy. British Columbia is the lowest rated province.

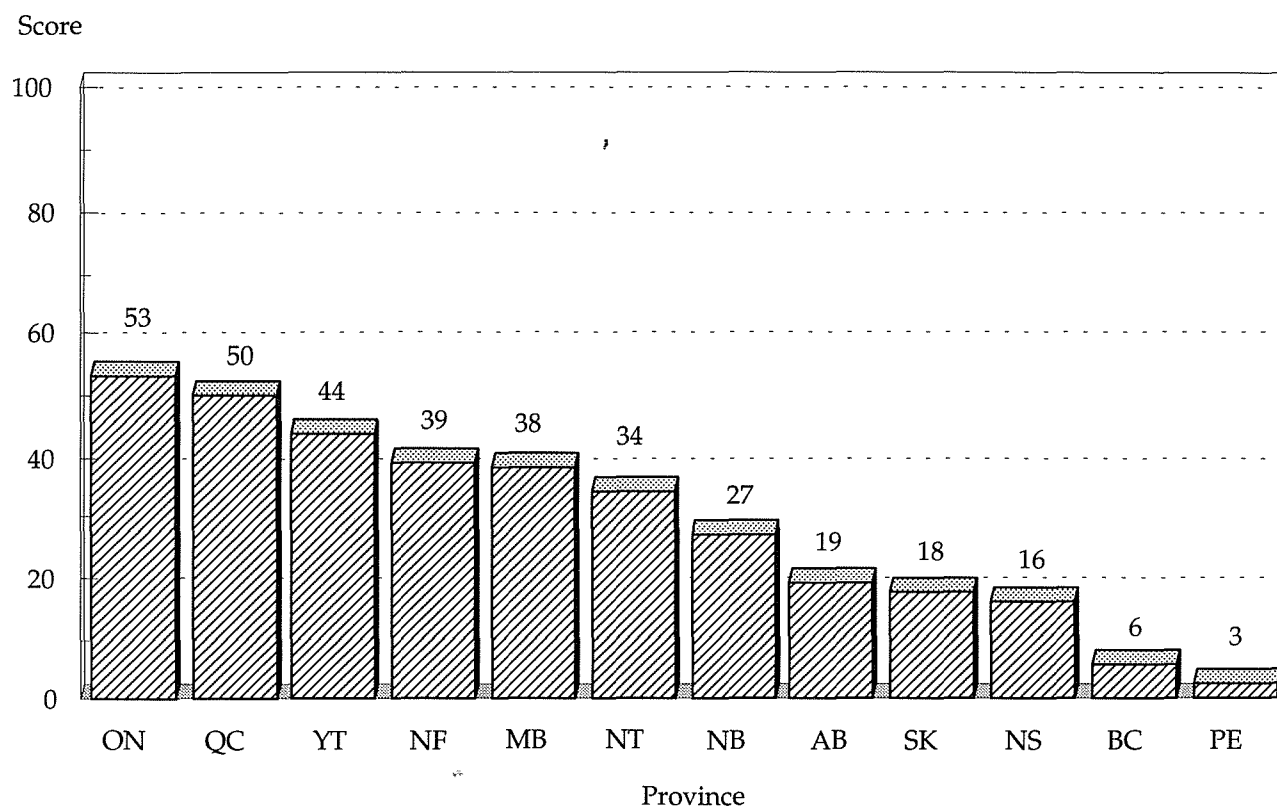
Figure 17: Policy Potential Index



### Figure 18: Investment Attractiveness Index

The investment attractiveness index combines the information on mineral potential and policy to create a ranking of the ability of the provinces to attract new investment. The highest score on this index is 100. The province considered most attractive to new investment when both policy and mineral potential are taken into account is Ontario. Prince Edward Island is the lowest rated province.

**Figure 18: Investment Attractiveness Index  
(Combined policy and mineral potential ratings)**





## Tabular Material

**Table 1: Percentage of Respondents Who Consider Factors a Strong Deterrent to Exploration Investment\***

Province/ Factor	BC	AB	SK	MB	ON	QC	NB	NS	PE	NF	NT	YT
Taxation	62%	0%	11%	5%	17%	9%	7%	0%	11%	20%	0%	0%
Environmental Regulation	79%	0%	28%	0%	8%	9%	7%	21%	33%	18%	31%	29%
Regulatory Overlap	62%	6%	29%	21%	14%	17%	7%	7%	33%	18%	N/A	N/A
Land Claims Uncertainty	92%	22%	24%	35%	46%	8%	13%	14%	22%	41%	62%	35%
Protected Areas Uncertainty	89%	6%	29%	20%	32%	9%	13%	36%	44%	29%	62%	39%
Mineral Potential	5%	50%	15%	5%	0%	4%	31%	40%	73%	6%	0%	4%
Attractiveness of Mineral Deposits in Other Regions	18%	41%	18%	14%	4%	8%	29%	43%	50%	6%	4%	5%
Labour Regulation	58%	6%	24%	5%	12%	14%	0%	0%	11%	0%	7%	4%
Government Policy	70%	0%	24%	5%	8%	9%	5%	14%	22%	0%	14%	8%
Infrastructure	17%	0%	6%	0%	0%	5%	7%	0%	20%	12%	53%	21%
Socio-economic Agreements	38%	0%	12%	6%	4%	0%	0%	0%	11%	12%	22%	9%

\*This includes both those respondents who claim the factor is a “strong deterrent to exploration investment” and those who “would not pursue exploration investment in this region due to this factor.”

**Table 2: Percentage of Respondents Who Indicate Factors Encourage or Are Neutral to Exploration Investment\***

Province/Factor	BC	AB	SK	MB	ON	QC	NB	NS	PE	NF	NT	YT
Taxation	8%	84%	17%	57%	35%	59%	60%	50%	44%	53%	64%	61%
Environmental Regulation	0%	71%	44%	63%	28%	73%	53%	36%	22%	47%	28%	42%
Regulatory Overlap	11%	47%	24%	47%	33%	48%	36%	36%	22%	35%	N/A	N/A
Land Claims Uncertainty	3%	56%	29%	30%	21%	42%	73%	64%	44%	29%	17%	26%
Protected Areas Uncertainty	3%	44%	29%	40%	27%	52%	67%	50%	33%	41%	17%	26%
Mineral Potential	87%	25%	50%	82%	93%	92%	44%	33%	18%	89%	97%	92%
Attractiveness of Mineral Deposits in Other Regions	59%	29%	41%	62%	72%	71%	43%	36%	40%	67%	75%	68%
Labour Regulation	16%	72%	18%	53%	88%	59%	53%	36%	33%	76%	54%	58%
Government Policy	8%	76%	47%	70%	54%	74%	80%	57%	33%	59%	29%	42%
Infrastructure	53%	71%	59%	60%	86%	82%	80%	85%	60%	41%	27%	50%
Socio-economic Agreements	19%	75%	59%	61%	60%	60%	73%	93%	56%	65%	33%	52%

\*This includes both those respondents who claim the factor “encourages exploration investment” and those who indicate the factor is “not a deterrent to exploration investment.”

**Table 3: Factors Most Affecting Exploration Investment**

<b>Province</b>	<b>Factor Considered Strongest Deterrent To Investment</b>	<b>Factor that Most Encourages Investment</b>
BC	Land Claims Uncertainty (92%)	Mineral Potential (87%)
AB	Mineral Potential (50%)	Taxation (84%)
SK	Regulatory Overlap/Protected Areas Uncertainty (29%)	Infrastructure/Socio-economic Agreements (59%)
MB	Land Claims Uncertainty (35%)	Mineral Potential (82%)
ON	Land Claims Uncertainty (46%)	Mineral Potential (93%)
QC	Regulatory Overlap (17%)	Mineral Potential (92%)
NB	Mineral Potential (31%)	Government Policy/Infrastructure (80%)
NS	Attractiveness of Mineral Deposits in Other Regions (43%)	Socio-economic Agreements (93%)
PE	Mineral Potential (73%)	Infrastructure (60%)
NF	Land Claims Uncertainty (41%)	Mineral Potential (89%)
NT	Land Claims/Protected Areas Uncertainty (62%)	Mineral Potential (97%)
YT	Protected Areas Uncertainty (39%)	Mineral Potential (92%)

## Section IV: Regulation

This section ranks the jurisdictions which are likely to have the longest delays in issuing environmental assessment approvals. 1 = *shortest delay*, 12 = *longest delay*

Quebec (shortest delay)	1
Manitoba	2
New Brunswick	3
Alberta	4
Newfoundland	5
Ontario	6
Saskatchewan	7
Yukon	8
Northwest Territories	9
Nova Scotia	10
Prince Edward Island	11
British Columbia (longest delay)	12

According to the survey respondents, Quebec has the shortest delays in issuing environmental assessment approvals while British Columbia has the longest delays.

Respondents rated jurisdictions that are likely to have the greatest regulatory compliance costs (time delays, extent of review and permitting process, regulatory fees, etc.) 1 = *least costly*, 12 = *most costly*.

Quebec (least costly)	1
Manitoba	2
Newfoundland	3
Alberta	4
New Brunswick	5
Ontario	6
Yukon	7
Nova Scotia	8
Saskatchewan	9
Northwest Territories	10
Prince Edward Island	11
British Columbia (most costly)	12

According to survey respondents, Quebec has the least costly regulatory compliance, while British Columbia has the most costly.

## Survey Questions

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### INVESTMENT

Note: For the purposes of this survey, *exploration investment* includes both basic and advanced exploration. This includes all exploration expenditures (financing costs, option payments, finders fees, etc.) incurred in searching for and delineating mineral deposits on properties where no production is taking place.

What percentage of your annual exploration budget in 1996 was spent

inside Canada \_\_\_\_\_

outside Canada \_\_\_\_\_

Has that percentage changed over the 5 years from 1991 to 1996? If so, please provide the positive or negative percentage changes (for example, +5% or -5%).

inside Canada \_\_\_\_\_

outside Canada \_\_\_\_\_

### REGULATION

Please rank from 1 through 12 the jurisdictions which are likely to have the longest delays in issuing environmental assessment approvals. 1 = longest delay, 12 = shortest delay.

\_\_\_ Alberta

\_\_\_ Nova Scotia

\_\_\_ British Columbia

\_\_\_ Ontario

\_\_\_ Manitoba

\_\_\_ Prince Edward Island

\_\_\_ New Brunswick

\_\_\_ Quebec

\_\_\_ Newfoundland

\_\_\_ Saskatchewan

\_\_\_ Northwest Territories

\_\_\_ Yukon

Please rank from 1 through 12 the jurisdictions which are likely to have the greatest regulatory compliance costs (time delays, extent or review and permitting process, regulatory fees etc.) 1 = most costly, 12 = least costly.

\_\_\_ Alberta

\_\_\_ Nova Scotia

\_\_\_ British Columbia

\_\_\_ Ontario

\_\_\_ Manitoba

\_\_\_ Prince Edward Island

\_\_\_ New Brunswick

\_\_\_ Quebec

\_\_\_ Newfoundland

\_\_\_ Saskatchewan

\_\_\_ Northwest Territories

\_\_\_ Yukon

## INVESTMENT OUTLOOK

Please rate each of the following considerations in pursuing new exploration investment in the regions listed using this scale:

### Scale

- 1 = encourages exploration investment
- 2 = not a deterrent to exploration investment
- 3 = mild deterrent to investment
- 4 = strong deterrent to exploration investment
- 5 = would not pursue exploration investment in this region due to this factor
- 6 = do not know

### Region: BRITISH COLUMBIA

Factor to be Considered	Rating					
Levels of taxation	1	2	3	4	5	6
Provincial environmental regulation	1	2	3	4	5	6
Duplication of Federal and Provincial regulations	1	2	3	4	5	6
Uncertainty concerning native land claims	1	2	3	4	5	6
Uncertainty concerning what areas will be protected	1	2	3	4	5	6
Mineral potential	1	2	3	4	5	6
Relative attractiveness of mineral deposits in other regions	1	2	3	4	5	6
Labour regulation	1	2	3	4	5	6
Government policy (legislative clarity, policy climate and interpretation and administration of regulations)	1	2	3	4	5	6
Infrastructure	1	2	3	4	5	6
Socio-economic agreements (employment agreements, community development agreements etc.)	1	2	3	4	5	6
Other (please specify)	1	2	3	4	5	6

(REPEATED FOR EACH PROVINCE)

***BACKGROUND INFORMATION***

What is the value (Canadian \$) of your 1996 annual exploration expenditures?

inside Canada \_\_\_\_\_

outside Canada \_\_\_\_\_

Are you considered a Junior or Senior mining company?

\_\_\_\_\_ Junior

\_\_\_\_\_ Senior