B.C. struggles to support industry, survey says

Fraser Institute ranks Alberta, Quebec near top for receptivity to mining activity, but critics skeptical of this province's standing

BY SCOTT SIMPSON
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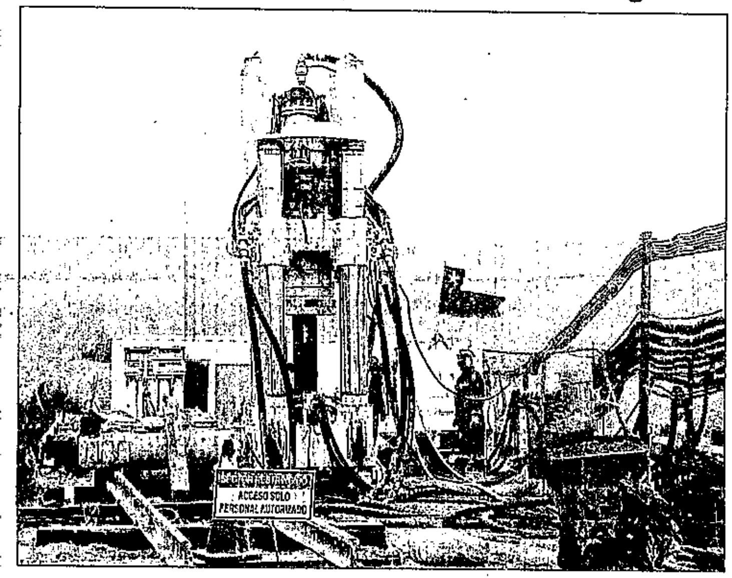

Chile, the world's largest copper producer, consistently ranks among the top 10 jurisdictions.

An international survey ranking British Columbia near the bottom of Canadian mining jurisdictions is attracting some skepticism from the industry.

The Fraser Institute's annual survey of mining company executives, who are asked to rank mining investment opportunities by province, state, and nation, puts B.C. 36th out of 72 jurisdictions in 2010 — up from 38th in 2009.

The survey is based on opinions from miners representing 494 mineral exploration and development companies operating in jurisdictions around the world.

Canadian provinces claimed four of the top 10 spots, with Alberta ranked No. 1 in the world. Saskatchewan was third, Quebec fourth and Manitoba ninth.

Only Nunavut and Northwest Territories ranked below B.C.

"B.C. continues to be viewed poorly, with respondents citing land claims issues, environmental uncertainty, and political turmoil at the provincial level as reasons to remain hesitant about investing in British Columbia," survey coordinator Fred McMahon said in a news release.

Pierre Gratton, president and CEO of the Mining Association of B.C., believes negative sentiment about British Columbia is overstated — and may be a reflection of the large number of mining companies based in British Columbia.

"This is an opinion survey. It has its value but I've had the opinion for a while that B.C. comes out short because a lot of the people who do this interview are based here. I think B.C. suffers from a grass-is-greener syndrome," Gratton said in a phone interview.

"I often feel B.C. is underrated. It shouldn't be at the top of the list — within Canada, Alberta, Quebec, Ontario to a degree, really have governments that are more proactively supportive of the sector than we've seen here."

Gratton noted that B.C. ranks 30th for tax policy — "yet objectively, we've got the best tax regime in the country for mining."

He said that despite the view that B.C. is beset with labour-management conflicts, "we've had relatively good labour peace for a long time."

"I feel we deserve to be higher, but I won't dispute the low marks we get related to uncertainty around [aboriginal] land claims."

Association for Mineral Exploration BC said the survey gives B.C. an opportunity.

AME said it was "encouraged" to see B.C. move into the top half of the list but acknowledged in a news release that "challenges remain" with regard to business certainty.

The association also called on premier-designate Christy Clark to take advantage of the opportunity to make B.C. one of the world's top mining jurisdictions.

"The new leadership in the provincial government presents an excellent opportunity for B.C. to potentially lead the world in key mineral exploration and development policies that will improve investor confidence, increase exploration and development activities, and create safe, family-sustaining jobs in all regions of the province," AME BC president and CEO Gavin Dirom said in the release.

"As well, we will encourage government to be more transparent, clear, and accountable regarding disputed land claims, expropriated mineral titles, and areas of the province that will be protected as wilderness zones, parks, or archeological sites."

Dirom said continued investment in geoscience and greater certainty for mineral tenure holders in both the security of their tenure and their opportunity to explore will improve the ability of industry to discover and develop new deposits.

In a news release, the Fraser Institute said the report also notes that the worldwide economic turnaround has created optimism in the mining industry, with more than three-quarters of respondents saying they expect to increase their exploration budgets this year.

"In order to attract investment and compete globally, governments must offer sensible, stable mining policies which, above all, uphold the rule of law and respect negotiated contracts and property rights," McMahon said in the release.

"Royalty increases and convoluted regulatory schemes create uncertainty in mining, which will only drive mining investment away."

Overall, the top 10 jurisdictions in the survey are Alberta, Nevada, Saskatchewan, Quebec, Finland, Utah, Sweden, Chile, Manitoba and Wyoming.

Seven of the same jurisdictions ranked among the top 10 last year.

The three exceptions are Utah, which rose to sixth place from 15th; Sweden, which climbed to seventh from 12th; and Wyoming, which jumped to 10th from 13th.

Chile is the only jurisdiction outside of North America that consistently ranks among the top 10.

The world's largest copper producer, Chile was by far the highest-ranked jurisdiction in Latin America.

The bottom 10 scores went to Indonesia, Zimbabwe, Wisconsin, Madagascar, India, Guatemala, Bolivia, Democratic Republic of Congo, Venezuela, and Honduras.

Botswana took the top African slot, ranking higher than gold mining hot spots like Burkina Faso and Mali.

"There's one shining light in Africa and that's Botswana," said McMahon.

"The other countries bounce around, but their overall average is about the same."

McMahon said the annual survey, now in its 15th year, lets miners share their views on laws and practices in the various places where they operate.

ssimpson@vancouversun.com
With a file from Reuters

I KNOW WHAT B.C. IS
DOING: WHAT ARE YOU DOING WRONG