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**Addressing
the Mining
Industry —
Government
Interface**

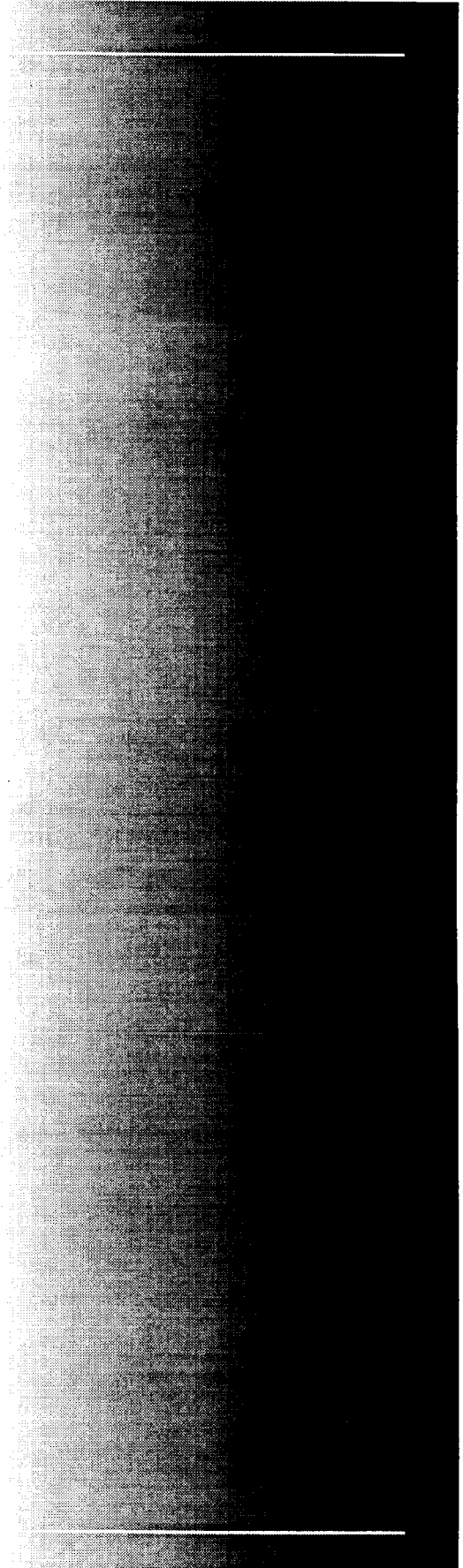


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1.0 INTRODUCTION

This report presents the results of Ernst & Young's analysis of the government-mining industry relationship. One of three case study projects, this study was limited to examining service delivery to the mining industry. This analysis was undertaken as background to a discussion of service delivery models aimed at enhancing the government-mining industry relationship.

The objective of this report is to provide an independent and objective perspective on the government-mining industry relationship. The paper spends considerable effort attempting to establish the nature of the "problem." While this diagnostic may be familiar to others, it is nevertheless important to lay out and clarify before moving into a discussion of solutions. It is important because it leads to a distinction, however imperfect, between process issues -- concerns over how the relationship is managed -- and substantive or policy issues. It is argued that the former can be addressed through closer attention to the needs of the client (the mining company); the latter can only be addressed through the consultative and political vehicles that are used to establish the overall policy framework.

Having said this, we do not attempt to establish a substantive agenda for reform. Rather we examine service delivery models based largely on their ability to improve the **process** of the mining company-government industry relationship. We do look at complementary structures that could address substantive matters as well.

The emphasis is on understanding what new service models would look like from a client point of view, in this case the mining industry, and understanding what they would mean from the government perspective.

1.1 Context and Scope

The relationship between the mining industry and governments is only one of a number of relationships governments have with Canadians over mining issues. There are also important linkages to the aboriginal community, the environmental community, those whose main concern is jobs and so on (see Chart 1).

Indeed, the overall policy framework as it affects the mining industry needs to be seen as the outcome of a dialogue -- or at least an understanding -- among governments and these competing interests. In simpler terms, political leadership is about finding and striking the appropriate balance. The impact of environment-related legislation on the industry, for example, reflects a balancing of the concerns of all stakeholders.

When one looks at the full range of special interest groups who play on specific issues at points in the mining sequence, it becomes apparent that the environment in which mining activity takes place may bear little resemblance to the "optimal" climate from the individual mining company's perspective.

It is, then, in the setting of the overall policy framework that government establishes industry-related "client relationships" with those outside the mining industry.

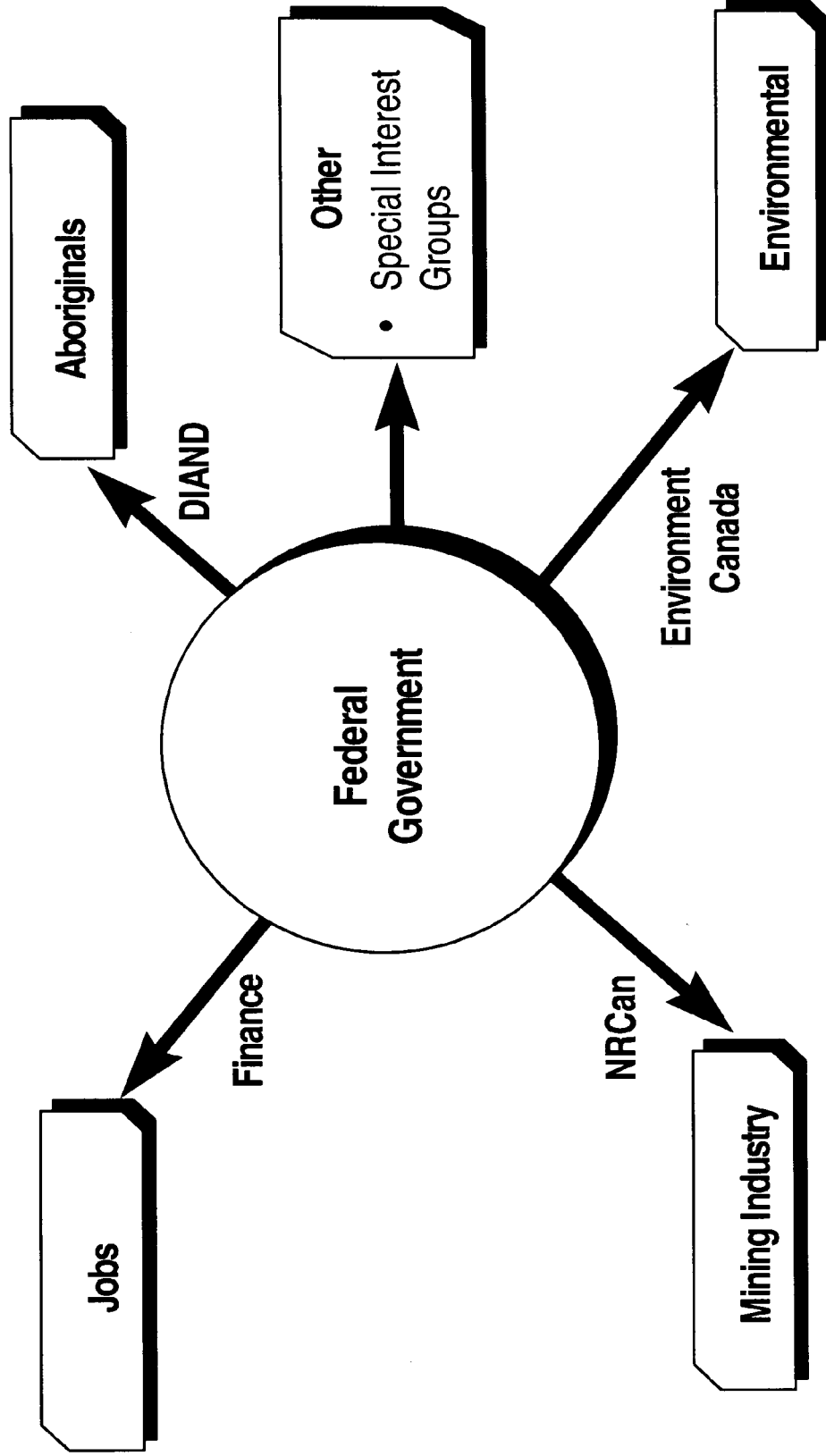
While these relationships are of obvious importance, for the most part they are outside the scope of this report. Similarly, the policy framework itself is taken as given; i.e. it too is largely outside the scope of this report.

In short, this report focuses on the "primary" mining relationship -- between governments and mining companies -- and on the relationship **given** the policy framework.

1.2 The Client Relationship - Overview

By all accounts, the relationship between governments and the mining industry is wanting. The advance of regulatory intervention -- in land use, in environmental and sustainable development matters, in land claim matters and so on -- by all levels of government has spawned growth of red tape and paper burden. It has created multiple points of contact within individual levels of government (federal, provincial and

Chart 1 - GOVERNMENT/MINING SECTOR RELATIONSHIPS



municipal/regional). And it has led to overlapping government intervention in areas where jurisdictions are shared -- most notably in the area of environmental legislation.

It is also important to point out that the problems in the mining-government relationship are illustrative of the problems in many of the resource sectors. And, if the complexity of the government-mining industry interface results in foregone economic opportunities and jobs in Canada, these losses are probably multiplied in the other resource sectors.

Despite promises by governments -- including the current federal government -- to address the situation, progress has been slow. There have been many efforts to "fix" the regulatory problem within the federal government. Most recently an internal exercise flowing out of *Building a More Innovative Economy* failed to achieve results. The multi-stakeholder Whitehorse Mining Initiative addressed a range of issues much wider than just regulatory reform; it appears to have made limited progress in some areas but appears to be losing momentum. Why has this been the case? After all, this is an industry that has major economic impacts on many of our rural and outlying communities.

There are a number of reasons why progress has been limited:

- the range of competing interests, including the mining companies themselves, is complex and difficult to balance politically;
- these competing public interests can be reflected in the specific responsibilities of government departments; with no overall coordination, there is no effective "champion" for mining company/industry issues;
- the growing complexity of government has meant growth of legislation and regulation which can have unintended impacts, work at cross purposes and create paper burden which is hard to eliminate;
- the "costs" of the poor client relationship are difficult to see; they are likely more often in the form of foregone opportunities rather than existing measurable dollars or jobs; and
- the sparsely populated areas where mining activity often takes place means few votes which translates into political support.

Regardless, the bottom line is that there is considerable room to improve the government-mining industry client relationship, within the existing policy framework.

The remainder of this report examines these issues in greater detail, concluding with a discussion around a range of alternative client relationship models, highlighting the pros and cons of each. Before proceeding, however, the next section explores the nature of the client relationship as it applies to corporate “citizens,” particularly mining companies

2.0 THE CLIENT RELATIONSHIP - GOVERNMENT AND THE MINING INDUSTRY

2.1 Clarifying the Client Relationship

The Task Force is looking to "push the envelope" on service delivery models; it is looking at rethinking and rebuilding the government service equation around the "client". In this context, it is useful to spend a few moments clarifying the nature of the relationship between the government and the mining industry.

In general, the nature of the relationship between the mining company/industry and government is fundamentally different from the relationship between the citizen and government. In part this stems from the fact that the citizen is directly franchised in an electoral sense whereas the mining company has no direct electoral vote. Rather, the mining company, like any business, votes with their capital – ultimately they will locate and do business where it makes the most sense to do so from their shareholders' perspective.

So, in the case of the business/mining client relationship, it might be argued that customer satisfaction is ultimately focused on economic objectives: service quality is imperative in order to avoid foregone economic opportunities and lost profits, and more generally to ensure a business climate conducive to jobs and growth.

In the case of the citizen client relationship, the objectives may be less tangible; customer satisfaction may be focused on the "right" of the taxpaying citizen to quality service on the one hand, and the relationship between the **voting** citizen and the government on the other.

So for example, the citizen client relationship tends to be centred on transactions -- passports, pensions, tax information and assistance and so on. In this context, it is fairly straightforward, conceptually, to consider how to improve service through the applications of conventional quality standards – responsiveness, timeliness, accuracy, reliability, access and so on.

However, for mining companies, and others in the natural resource sectors more generally, the relationship is complex and such that the application of service quality standards may, in the limit, address only a very small subset of problems/concerns.

This is because in the case of the business/mining client, the nature of the service interface is dominated by concerns such as regulatory **compliance** and **enforcement**, the implications of the interaction between the programs and policies of federal and provincial (and municipal) governments in their respective jurisdictions, and the lack of coordination even among departments within one level of government.

These are the types of major issues that affect directly the individual mining company in its relationship with governments, and which can affect the ability or interest of the company in meeting economic objectives. But they do not lend themselves to amelioration through the transactional service relationship/interaction between governments and the individual company. Rather they require interaction at the stakeholder level to address issues of harmonization, regulatory regime and so on.

This distinction between the citizen-government and company-government relationships are raised here for clarification. However, the issue of the complexity of the mining-company-government relationship dominates the remainder of this report.

2.2 Industry Views

The general concerns raised by the mining industry at the level of the Mining Association of Canada (MAC) are typical of a client relationship that has deep systemic problems:

"Our analysis shows that the current regulatory system is choked with red tape. Regulations, guidelines, and decision-making processes duplicate and contradict each other from one department to another and between the two levels of

government. Federal and provincial standards should complement and support each other, but often run at cross purposes."

Regulatory Streamlining: "Keeping the Promise", Submission to the Standing Committee on Natural Resources, November 6, 1995. p. 1

It is important to note that the focus of this concern by the MAC is two fold. First, concerns with red tape, regulatory burden and duplicate decision-making procedures both across departments in one level of government, and between levels of government. These concerns are very much about process.

A second set of concerns is also raised: concerns with standards running at cross purposes and decision-making processes contradicting each other. These concerns, although appearing as process, may in fact be much more about substance -- differing standards for example may reflect differing policy objectives.

On explicit matters of substance -- sustainable development for example -- the MAC has pointed out that the mining industry is

"...unequivocally committed to environmental excellence and to the concept of sustainable development. In making suggestions for regulatory improvement, we emphasize that we are not suggesting any decrease in environmental protection or any lowering of standards."

Regulatory Streamlining: "Keeping the Promise", Submission to the Standing Committee on Natural Resources, November 6, 1995, p. 3

Without endorsing this position on sustainable development, we cite it to illustrate that improving the service relationship raises important questions about what we are trying to "fix." At one level the objective is to "fix" the process, or the interface relationship (although even this may be more complex than first appears because of the blurring of policy and process). At another level the objective may be to fix the policy process itself -- new consensus-building mechanisms -- in addition to, or instead of, the interface relationship.

As we pointed out earlier, our primary focus is on the narrower objective of searching for solutions to the interface relationship. And at least at one level, the MAC citations above suggest that it should be possible to do this in a number of areas.

Given this, the question then arises, what has happened to the government-industry client relationship? why is the system not working more effectively? In order to answer this question, it is important to understand the complex nature of the relationship in more detail.

2.3 Industry/Government Interface

The relationship between the mining industry and government is multi-faceted and complex. One of the reasons for this complexity flows from the distribution of powers in the Constitution. While the provinces have authority over natural resources, and hence mining, other responsibilities such as for aboriginals, and shared authorities as in the case of the environment, lead to the need for contact through the mining sequence with both levels of government. This is further complicated by the need for contact with many departments at both levels of government.

The MAC concern with standards running at cross purposes may in part be a manifestation of the two levels of government operating in their own areas of jurisdiction -- or in the case of the environment, shared jurisdiction. This is an important diagnostic point: one element of a solution to the relationship will be more effective collaboration among governments in areas of shared jurisdiction and more careful attention to the inadvertent impacts of their regulatory activity in other areas.

More generally, Chart 2 tracks the points of contact between the industry and government departments (provincial and federal) throughout the mining sequence. As a means of illustration, we have focused on the province of Ontario. The mining industry must deal with 10 provincial governments all of which may require similar points of contact through the mining sequence.

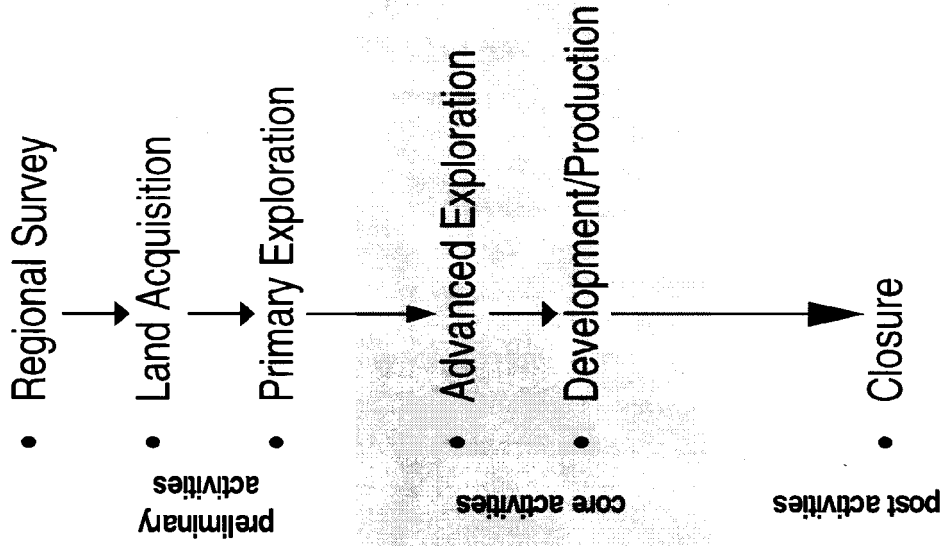
Some of these points of contact occur at a particular point in the mining sequence and are specific to the mining industry; others may apply more generally to the business community and result in ongoing points of contact -- e.g. taxation. A rough count suggests that the life cycle mining sequence can bring a company into contact with

Chart 2 - GOVERNMENT INTERFACE

Provincial Ministries (e.g., Ontario)

- Ministry of Economic Development and Trade
- Ministry of Consumer & Commercial Relations
- Ministry of Natural Resources
- Ministry of Northern Development & Mines
- Ministry of Labour
- Ministry of Finance
- Ministry of Environment & Energy
- Ministry of Health
- Ministry of Transportation
- Ministry of Municipal Affairs
- Ministry of Tourism & Recreation

Mining Sequence



C O R P O R A T E

Federal Departments

- DIAND
- Natural Resources Canada
- Industry Canada
- DFAIT
- Environment Canada
- Department of Fisheries & Oceans
- Heritage Canada
- Parks Canada
- Statistics Canada
- Transport Canada
- Revenue Canada
- Department of Finance
- Health Canada

between 10-13 different federal government departments. And in the case of Ontario, 11 provincial government departments.

The nature of that interface can be broad in scope and cover a range of issues. From the provincial point of view, the relationship involves many regulatory and compliance interactions that range from health & safety concerns over worker and mining site conditions to concerns over land tenure when it comes to mining rights and leases.

The federal government-mining industry relationship on the other hand tends to be based on higher order issues such as heritage concerns over protected areas, parks, or biodiversity, and of course environmental assessment and toxics issues (see Chart 3). In addition, the federal government's responsibility for aboriginals, Crown lands generally and for the lands north of 60 mean that land tenures and leases have to be arranged through the federal government in many circumstances. The Indian Lands Act also comes into play.

To begin to appreciate the complexity of the relationship, it is useful to consider a particular point along the mining sequence; land acquisition, for example. As illustrated in Chart 4, there are numerous provincial contact points in the land acquisition process. Federally, issues over land preservation such as protected spaces, habitat protection, CEAA, CEPA, land use restrictions (e.g., aboriginal lands) enter into the decision-making process (see Chart 5).

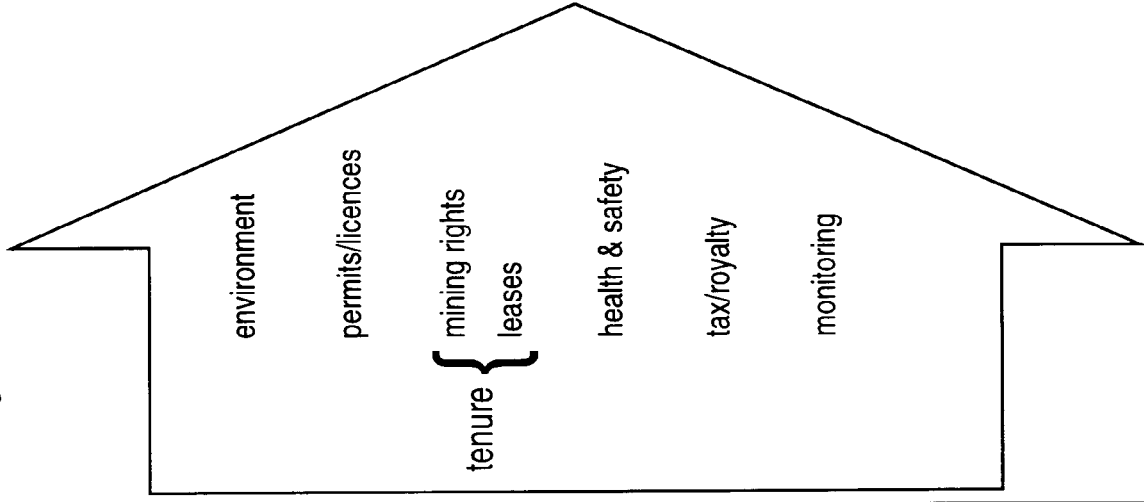
Total compliance costs through the mining sequence can be extremely costly and multiply depending upon the size, type of deposit and location. However complex the chart makes the relationship appear, the reality is that it is much more complex largely because of interaction among federal statutes and the lack of federal-provincial harmonization in key areas.

2.4 Major Irritants in the Client Relationship

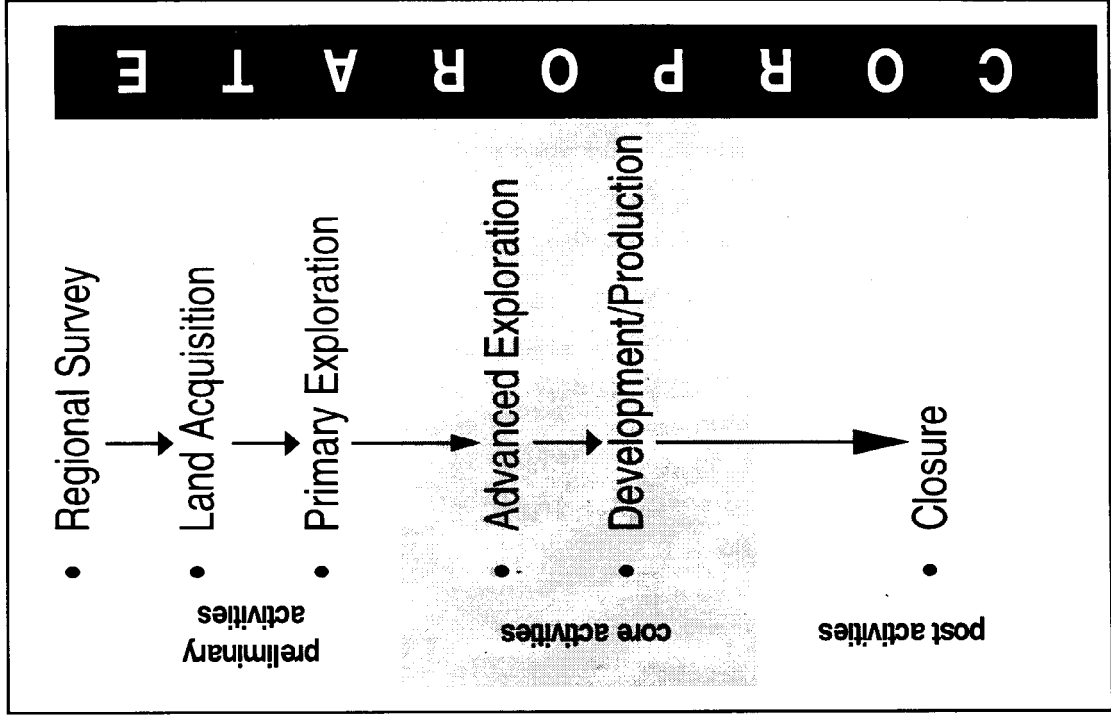
Against this backdrop of multiple interfaces, the "client" has identified a number of major concerns with the federal government-industry relationship. While there is a clear mix of substantive policy concerns and interface relationship concerns, it is worth briefly reviewing some of these claims:

Chart 3 - GOVERNMENT INTERFACE

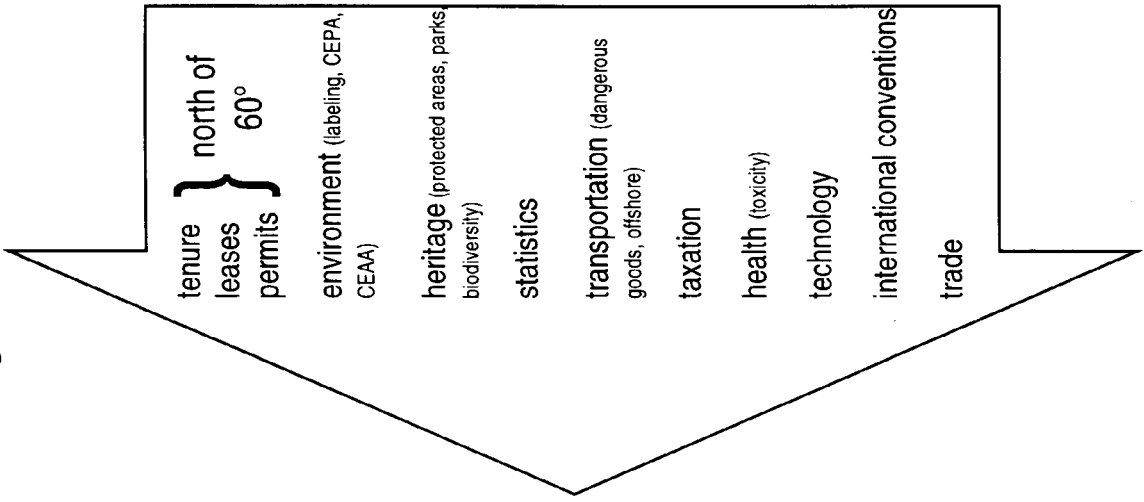
Provincial Regulations/Processes



Mining Sequence



Federal Regulations/Processes



Fish Habitat Management and the Fisheries Act

The Fisheries Act has become a major concern for the industry on a number of counts:

- the provision in Section 35 which prohibits harm to fish habitat unless expressly authorized by the Minister, and the implications of applying for such authorization;
- the fact that an authorization now triggers an assessment under the Canadian Environmental Assessment Act (CEAA) and the role of Fisheries and Oceans officials in the assessment process;
- potential conflicts between individual sections of the same act
- the appearance of uneven application of the single water use provision and its basis or lack thereof on scientific principles
- different approaches by different departments to issues such as mixing zones
- federal-provincial duplication of regulations such as effluent regulations

As solutions to some of these concerns MAC puts forward the need to clarify the conditions under which DFO officials will be involved in an environmental assessment and the need to ensure their timely participation; the need for national consistency in the application of the “no net loss” policy; the need to recognize natural background levels of metals in water and sediments when establishing standards; the need to harmonize the approaches of departments; the need to leave the setting of site specific requirements to the provinces.

Canadian Environmental Assessment Act (CEAA)

Largely because most mining projects require an authorization under the Fisheries Act, and because the authorization is a trigger for an environmental assessment, the federal government, through CEAA, has developed a major new intervention in the mining process. The application of the Act to mining projects has to date been limited as most minor projects have been screened quickly, and the Act has only been in force since 1995. Nevertheless, a number of concerns are raised:

- CEAA has no formal mechanism to encourage timeliness and efficiency
- harmonization with provincial assessment processes has been slow to emerge

CHART 4 - PROCESS ISSUES (PROVINCIAL)

Process Issues
(e.g., Ontario)*

Mining Sequence

- Land Acquisition

**C
O
R
P
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Mining claims on private lands
 Crown lands
 Native lands exemptions
 Licensing
 Prospectors
 Client number
 Corporation
 Rights
 Staking requirements
 Recording procedures
 Dispute procedures
 Transfer of Interests

Abandonment, cancellation or forfeiture
 Assessment work
 Credits prior to staking
 Mining claims
 Filing procedures
 Dispute procedures
 Mining leases

Rights
 Application
 Renewal
 Surface rights
 Transfer
 Surrender
 Forfeiture
 Dispute
 Convert
 Termination

Patents
 Freehold
 Unpatented
 Licences of Occupation
 Rights
 Application
 Transfer
 Surrender
 Aggregate Permits
 Rights
 Application
 Royalty
 Transfer
 Surrender
 Aggregate Licences
 Rights
 Application
 Annual fee
 Transfer
 Surrender

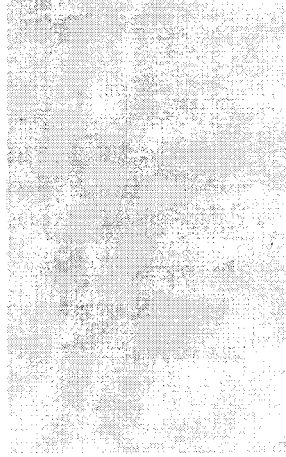
*Derived from PDAC Guide (Ontario) 12/93

CHART 5 - PROCESS ISSUES (FEDERAL)

Process Issues (Federal)

Mining Sequence

- Land Acquisition



C O R P O R A T E

- Land Use Restrictions
- Aboriginal Lands
- Geographic Regions
 - North of 60
- Protected Spaces
- Mineral Assessments
- Assess Foregone Benefits
 - minerals
 - jobs
- Habitat Protection
 - Endangered Species
- CEAA
- CEPA
- Feed into Decision-Making Process

- processes and guidelines vary among federal government departments
- there are no standards for interpreting and applying the principle of cumulative effects

Some of the solutions proposed to address these concerns include introducing binding time lines into the assessment process, the need to accelerate harmonization efforts with the provinces, the need for interdepartmental harmonization rules, and the need for clarification of the cumulative effects provision.

Land Use Issues

In recent years there has been a proliferation of conservation-related initiatives by both federal and provincial governments which have affected both land use and land access. These have included: the Network of Protected Areas, the Canadian Biodiversity Strategy and the federal Endangered Species legislation and strategy. From the industry's perspective:

- there is a lack of coordination and consistent scientifically-based rationale and decision-making processes within and between governments
- clarity is lacking as to types of protected areas included in networks and as to the areas that are open or closed to mining

To address these concerns, the industry proposes identifying a central focus within the federal government responsible for coordinating land-related initiatives, a formal federal-provincial mechanism to coordinate land initiatives and development of better information on existing and proposed protected areas.

2.5 Conclusion

There are two basic elements of the mining company-government relationship that raise concern for the industry: policy (substance) -- what the relationship is about -- and compliance-enforcement (process) -- the relationship itself. While this distinction is not perfect, for the purpose of trying to develop new approaches to the relationship, it is conceptually useful, and a good starting point for developing new approaches. In addition, the federal-provincial dimension adds enormous complexity to the two basic elements identified here.

While we have been selective in presenting both industry concerns and solutions, it should be apparent that at the level of the relationship itself, there are a number of things that could be addressed. Many of the industry's solutions relate to the need for clarifications, better communication, harmonization, better information, greater transparency in areas where discretion is involved, clear timelines, the elimination of overlap, and so on. Action in these areas may be the best way to lay a new foundation for a more effective service relationship between the industry and government.

3.0 FROM PROBLEMS TO SOLUTIONS

3.1 The Primary and Secondary Relationships

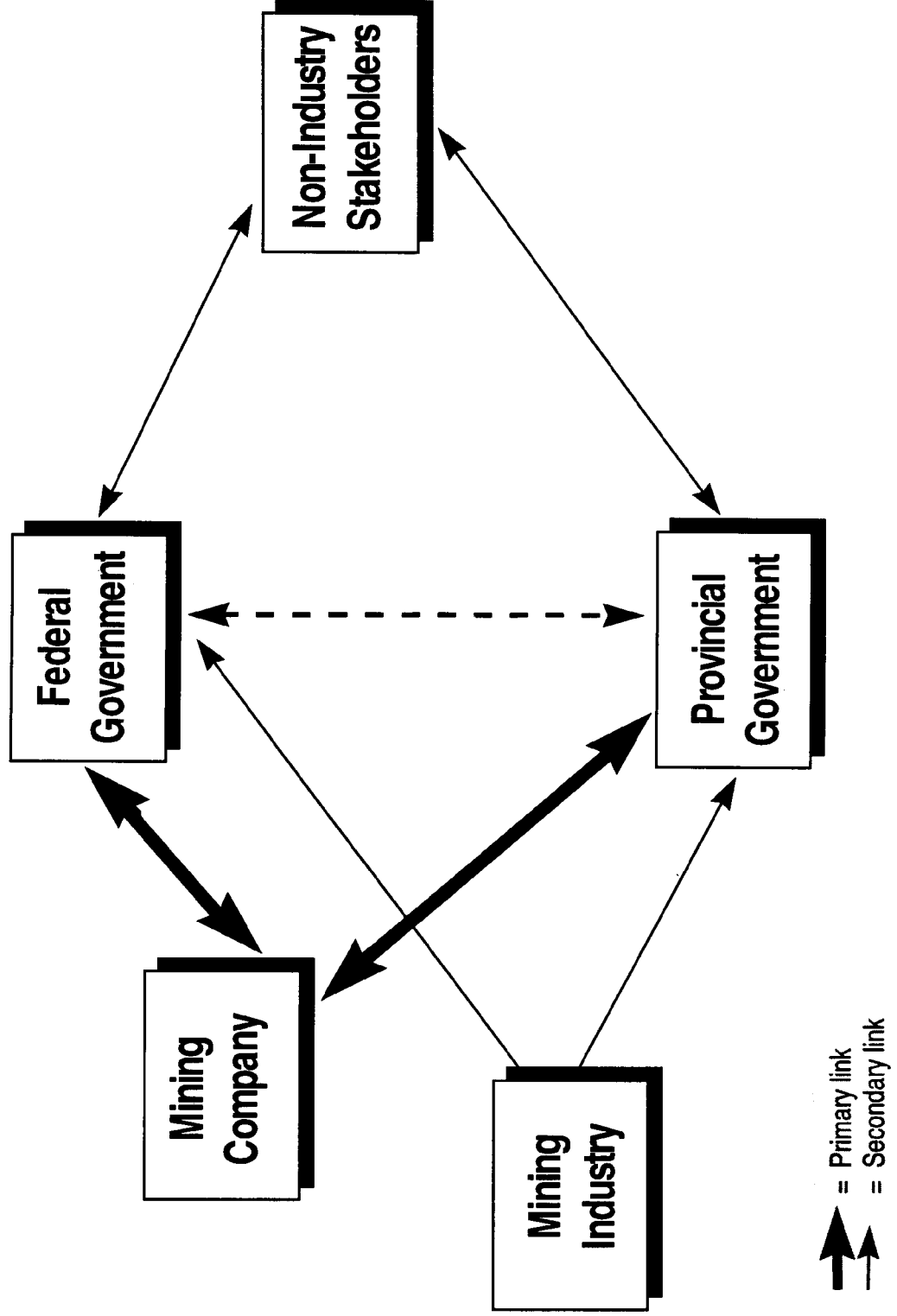
Re-inventing the government-mining industry relationship requires a clear sense of why things need to be fixed, what exactly needs to/can be fixed and how it can be fixed. The first part of this report has focused on the issues of why and what. This section moves to a discussion of how.

Chart 6 sets out the “primary” and “secondary” relationships in the mining-government interface. The primary relationships are defined as those that **must** exist in order for mining activity to take place. The secondary relationships are defined as those where governments for various reasons interact with other stakeholders; perhaps as a result of statutory requirements or perhaps as a result of the ongoing consensus and consultations process.

There are, of course, relationships outside of the government sphere -- between the mining company/industry and non-industry stakeholders for example; and between the mining company and its unions. We assume that these relationships are essentially private, although we recognize that government may have opportunities to and interests in strengthening them through collaborative multi-stakeholder processes.

Consistent with the objectives we set out at the beginning of this report, the following discussion focuses on ways to improve the primary relationships. It is understood, however, that some non-industry stakeholders may see such a strengthening as a threat to their own interests. To address this issue, as noted above, our focus is first on the relationship itself -- process issues -- which should not be a threat.

Chart 6: Primary & Secondary Links in the Mining/Government Relationship



The two primary links in Chart 6 are those between a mining company and the federal government on the one hand and the provincial government on the other. These are the relationships that exist by definition if mining activity is to take place.

All other links in Chart 6 are secondary by the definition above. This being said, the relationship between federal and provincial governments, is critical to an improved relationship between the mining company and either level of government -- essentially this is the issue of harmonization of activities and elimination of overlap and duplication.

3.2 The Key Ingredients of Success

It is one thing to identify the relationships to be improved. It is quite another to address them. After all, if the government-mining company relationship was “easy” to fix, it presumably would have been done by now. As we move to options for improving the relationship, it is critical to understand that the right organizational option is typically not sufficient to guarantee success.

There are at least four critical ingredients that are necessary for success:

1. A vision of what is required and a statement of objectives.
2. Sponsor commitment; someone with ultimate responsibility for seeing that the vision is realized, and who has the authority and leverage to ultimately make things happen.
3. A plan for realizing objectives, which would include organizational solutions.
4. A lead change agent; the person entrusted by the sponsor with the actual implementation of the plan.

We briefly review some of the elements associated with each of these.

The vision can be as narrowly or broadly defined as desired. In the case at hand, while we focus on re-inventing the way the federal government **interacts** with mining companies through the mining sequence, the vision could be broadened to include the substantive matters over which the interaction takes place (process vs. substance). On the interaction side, for example, the vision could be the federal government stating its commitment to the mining industry that all federal regulatory compliance specific to the mining sequence would take no more than a fixed period of time.

The specific objectives associated with the vision would need to be articulated. These would be in the form of service quality determinants: responsiveness, timeliness, accuracy/reliability, access and competence. They could be objectives such as minimizing compliance costs or minimizing compliance time. They could be precisely defined in such a way that measurable performance indicators could be established -- a maximum number of days to obtain a permit, a maximum number of points of contact, a maximum period of time to complete an environmental assessment -- or defined in qualitative terms through satisfaction measures, for example.

The vision and objectives must be established in consultation with the "client." It makes little sense to develop these internally only to find they don't address the real concerns of the client.

As a clear signal of its intent, the government could consider establishing a charter or code of conduct that clearly lays out the vision and the specific objectives, and would guide the government in its pursuit of an improved relationship. This charter could be used for internal purposes to "re-wire" to meet new commitments and it could be a public commitment as well.

Sponsor commitment is perhaps the most critical element of a successful strategy. If the sponsor of change is not fully committed, in most cases the organization will fall back to what is comfortable -- the old ways of doing things. The question is who the sponsor should be? In the case of the mining industry, where a range of federal departments has authority at different points in the process, the sponsor must, at a minimum, be in a position to address cross departmental issues. This requires a place in the system where all the various authorities ultimately come together and where conflict or gridlock can be resolved.

The plan, essentially an implementation plan, needs to lay out the broad strategy as well as the individual steps in realizing the vision. The federal government would have to organize internally among departments to see the commitment fulfilled. The plan should be broken down into steps that are manageable. For example, even if the vision is broad, it is not likely to make sense to try to address everything at once. Establish targets, make progress and use successes to develop momentum. Elements of the implementation plan would also benefit from consultation with the client.

The lead change agent implements the plan on behalf of the sponsor. The change agent will be accountable on a day to day basis. While the agent needs to have the right personal/leadership capabilities, where in the system they are physically located (i.e. in which department) is of less importance.

3.3 Organizational Solutions

Assuming the vision is defined and the sponsor is in place, a key part of the implementation plan will be organizational structure. What structures would lend themselves to ensuring the vision can be realized?

We look briefly at four organizational options: a designated agency; an account manager; a mining sector advisory council; and a re-vitalized federal/provincial council of mining Ministers. The first two of these would focus on the primary relationship with the mining company -- fixing the process. The second two would begin to broaden the initiative to address to include substantive matters.

1. Designated Agency/Single Point of Contact

A single agency would be established within the federal government. It would be designated to ensure that for specific mining projects, the relationship objectives and commitments set out in the **charter** were met. In effect the agency, or the head of the agency would become the lead change agent. This agency would open a file on the project and track progress of the government interface through the key aspects of the mining sequence. The file could remain open through a specific aspect of the mining sequence -- the environmental assessment -- or through the life of the mine. In either case, its responsibilities would be to fulfill the obligations set out in the charter.

The agency could be a single point of contact between the mining company and all interested federal departments. In effect the agency could attempt to “shield” the project proponent from the multiple contacts as a general principle, recognizing the need for direct proponent intervention in some circumstances.

In order for the model to be effective there would need to be internal re-alignment within and among departments to conform to the service delivery standards and commitments. The physical location of the agency and its organizational structure and size would have

to be sorted out as issues, although we would not envisage a large, stand alone organization.

(In order to increase visibility – and possibly accountability -- a variant on this model could place the agency (or simply an individual) in a position in the Privy Council Office, reporting to the Prime Minister and to Cabinet on matters related to mining projects).

It is open for debate as to whether the agency itself should take on any new statutory accountabilities or whether they would remain with responsible line departments, with the agency becoming a simple coordinating body. In either case a sponsor would have to be identified (even with new statutory accountabilities for the agency there will be horizontal issues that will need to be addressed).

The agency's key focus would be improving the primary relationship. One of the major risks is that the agency becomes a proponent for the industry on matters of substance, in which case it becomes viewed skeptically within government. On the other hand, if it is seen by the industry to be simply another layer of bureaucracy, it solves nothing. Given the strategic objectives, expectations would need to be managed.

2. *Account Manager*

An *account manager* model addresses similar issues to that of a designated agency. The main difference between is that the account manager is structured around a single individual per file rather than an entire designated agency. In this context, there may be no need for a formal agency. On the other hand, it would be possible to build the account manager concept into the agency model.

As above, the account manager would be responsible for managing the project account according to the objectives set out in the charter. The account manager would stay involved with the file throughout the government interface and would be charged with keeping the client fully informed of progress, issues, timing, meetings and so on.

The accountabilities between the project proponent and the government (account manager) would be completely transparent. As in the case of the designated agency, the extent to which Ministerial accountabilities would have to be adjusted would depend on the desired formal nature of the account manager's responsibilities. (If the account

manager forgets to inform the proponent of a meeting, which has a subsequent affect on the project, who is liable?)

The physical location of the account manager would also be an issue as would their formal reporting relationship. Over time, the individual account manager would develop a keen sense of “administrative” red tape -- delays that are largely created within the system rather than based on any statutory compliance -- and could, with the strength of the sponsor behind them, become an internal advocate for procedural changes that would contribute to an improved primary relationship.

3. *Mining Sector Advisory Council*

A *Mining Sector Advisory Council* (MSAC) could be modeled after the counterpart in the forestry sector (which has been in place for 15 years). The Council members would be appointed by Ministers (NRCan? Industry? Environment?) and in addition to reps from the mining industry could include others such as labour and environmentalists. The Council would meet on a regular cycle with Ministers to deal with a pre-agreed agenda.

The model would be aimed at enhancing the secondary relationship -- mining industry to government. At this level, the relationship would be focused on higher order sectoral issues such as trade, technology, the fiscal regime, federal-provincial harmonization issues, overlap and duplication, standard and so on. It is the vehicle through which regulatory/red tape issues would be discussed in a co-ordinated and comprehensive fashion. The Council would not address the project specific issues and would not be a project advocate.

Within the federal government, such a council may encourage some breaking down of the vertical silos among ministers and departments so long as their is a sponsor commitment to work with the industry on its overall agenda. It is not expected that there would be any significant accountability issues given the proposed nature of the Council’s work.

As a consultative mechanism the Council approach would be fully complementary with an approach to improving the primary relationship. Indeed, the Council could become the “guardian” of the primary relationship or charter. In addition, the broader the base (i.e. the more inclusive of groups outside the mining sector) of the Council the more effective its voice could be as a consultative vehicle on the overall federal policy framework governing the industry.

The one major gap that would remain would be a formal bridge from the Council to a forum for discussion of federal-provincial harmonization and coordination issues.

4. *Federal/Provincial Mining Ministers*

Federal and provincial mines Ministers currently meet formally once a year -- the annual mines Ministers' conference. The meeting becomes a focal point for those areas that require coordinated federal-provincial effort. An intergovernmental working group of officials establishes themes for the meeting and sets agendas. Industry and other stakeholders work with departments, and are invited to submit written presentations, in the lead up to the conference to ensure their views are known and put forward at the meeting. Except for a two hour closed session the meetings are held in open.

The federal/provincial conference addresses the full range of policy and programming level coordination issues. By its nature it is concerned with many of the issues that would also be of concern in the MSAC model described above. As it stands, now, however, the conference does not benefit from the formal, coordinated and extensive input from the client (the mining industry) and other stakeholders; there is no formal relationship.

There would appear to be two options. The first would be to continue to ensure that the agenda for the conference and work of the forum are sensitive to the views and needs of the industry. The second would be to move to a formal alignment of the industry and governments:

The recommendation would be to strengthen the secondary relationship (mining industry and other stakeholders) by formally aligning and integrating the annual Ministers' cycle with an MSAC type model.

The substantive agendas would be set jointly by governments and stakeholders. Policy and analytical work could also be jointly undertaken, perhaps through a government-industry sponsored secretariat. While the annual cycle might end/begin with the conference, an additional meeting(s) could be scheduled to address progress, review the forward agenda and so on.

The benefits of such a process are obvious. It would formally bring the industry and the two levels of government together. With regard to matters requiring federal and

provincial cooperation it would have the direct benefit of the first-hand diagnostic views from the industry as well as their view of solutions. At the same time it would be a learning process for the industry and other stakeholders as they gain an appreciation of the complexities of managing shared jurisdictions. We should also note that improving this secondary relationship could also be instrumental in improving the primary relationship if governments are prepared to begin talking about seamless service delivery to the client. In any case, if visible and measurable progress was achieved through this process it would likely be a major plus for the industry as a whole.

This is not to suggest that such a model is not without its risks. The federal-provincial forum is complex enough without bringing stakeholders formally into the process. The size and formality of the forum could make for a very difficult, slow and time consuming working environment. As well, it would not diminish the need for relationships between the industry on the one hand and separately with the two levels of government.

Nevertheless, given the importance of improving the secondary relationship, and the clear need for federal-provincial coordination to do so, it would appear that the potential benefits of such an integrated model far outweigh the benefits.

3.4 Conclusion

Defining the **client** as the mining **company**, it is recognized that the primary benefits flow to improving the process of the relationship between a company that wants to do mining business in Canada and the government. In this case, without any formal federal-provincial coordination to provide a seamless front to the client, the relationship can only be addressed at the federal level.

The designated agency/account manager models appear to provide an opportunity to eliminate much of the process frustration experienced as a result of the multiple points of contact. Whether they can actually reduce cycle time and costs depends in part on the strength of the sponsor commitment.

The MSAC model provides a complementary strengthening of the secondary relationship -- between the federal government and the industry and other stakeholders. What is missing is the federal-provincial coordination. Although this takes place through the annual Ministers' conference, it is argued that some type of a formal alignment between

the conference and an MSAC could fully round out the primary and secondary relationships.

At the beginning of this section it was argued that not everything can be done at once although it is important to a clear vision of the way ahead before embarking on anything. As the breadth of the full model is set out here, this rule becomes more meaningful. Initial focus should be on fixing those things that are easiest to fix, and in this case it is likely the primary relationship at the federal level.

4.0 NEXT STEPS

Our analysis and organizational options have benefited from the informal input of the industry and federal officials. However, before developing the options in greater depth, there is further need to:

- tighten and clarify the problem definition, particularly the distinction between “process” issues and “substantive” issues;
- conduct a series of interviews with industry on mapping problems to solutions -- from the client perspective; and
- establish more formally an overall vision, objectives, and a full implementation plan at least for initial steps (e.g. the primary federal relationship), including the parameters around organizational options and the development of such things as service quality determinants and measurable service indicators.