

ALASKA LEGISLATURE COMMITTEE FILES, 2003-2004 86/2

11008 HOUSE STATE AFFAIRS

will take heed to the italicized "Mining Watch" quote above. While considering the resounding lack of supportable reasons for EO 107, remember that Governor Murkowski has appointed Tom Irwin as Commissioner of ADNR; a man with significant mining industry background. Then your vision of Murkowski administration and industry intent will be clear.

The relevance of what I have reported is that the administration is using documented misinterpretations and falsehoods to support moving fish and fish habitat protection from ADF&G to ADNR. Despite a lack of logical justifications and the numerous documented false arguments, the Murkowski administration wants us to believe that moving fish and fish habitat protection authority from ADF&G to ADNR will not decrease the level protection provided by ADF&G. I am supposed to believe this when the messengers do not even understand the details of what it is that they are promoting.

EO 107 is neither a cost cutting measure nor an administrative streamlining measure. EO 107 is the Murkowski administration's Hydro-Ax that is idling and ready to clear a right of way for development at the cost of salmon, resident fish, fish habitat, wildlife and humans supported by fish and fish habitat, nearshore and inland subsistence, sport, commercial, and personal use fisheries.

Salmon have benefited Alaskan socially and economically for thousands of years. Look to the future and do not allow salmon, resident species of fish, and wildlife and humans that depend on fish and fish habitat to be trampled in the stampede for the "New Wealth" of Alaska. **I support responsible development, therefore the only choice I have is to Strongly urge the legislature and all Alaskans to DISAPPROVE Governor Murkowski's transfer of fish and fish habitat protection authority from ADF&G to ADNR. Please DISSAPPROVE EO 107.**

Thank you for your time,

Doug Hill  
P.O. Box 220236  
Anchorage, Alaska 99522  
348-8519  
deeryard2001@yahoo.com

*Thank you for being fair and impartial  
during the House State Affairs Hearings  
on EO 107.*

### **Brief Summary of Alaska's Fraser Report Investment Attractiveness (IA) Ratings**

(The higher the IA score the more attractive a government/geographical region is for mining company investment)

In the 1998/99 Fraser Report Alaska received an IA index rating of 46 and ranked the 9<sup>th</sup> most attractive of 31 governments/geographical regions surveyed. Twenty-two out of 31 governments/geographical regions were less attractive for investment than Alaska.

In the 1999/00 Fraser Report Alaska received an IA index rating of 55 and ranked the 8<sup>th</sup> most attractive of 35 governments/geographical regions surveyed. Twenty-seven out of 35 governments/geographical regions were less attractive for investment than Alaska.

In the 2000/01 Fraser Report Alaska received an IA index rating of 74 and ranked the 8<sup>th</sup> most attractive of 35 governments/geographical regions surveyed. Twenty-seven out of 35 governments/geographical regions were less attractive for investment than Alaska.

In the 2001/02 Fraser Report Alaska received an IA index rating of 80 and ranked the 7<sup>th</sup> most attractive of 45 governments/geographical regions surveyed. Thirty-eight out of 45 governments/geographical regions were less attractive for investment than Alaska.

Russia received an IA index rating of 58.

China received an IA index rating of 57.

In the 2002/03 Fraser Report Alaska received an IA index rating of 62 and ranked the 15<sup>th</sup> most attractive of 47 governments/geographical regions surveyed. Thirty-two out of 47 governments/geographical regions were less attractive to investment than Alaska. Russia received a score of 63 and Alaska ranked higher, and therefore more attractive, than Argentina, New Guinea, Kazakhstan, Indonesia, Venezuela and Ecuador to name a few.

### **Percentage Of Companies Who Consider Factor A Deterrent To Investment**

#### **2002/2003 Fraser Report**

The percentage of companies that consider *environmental regulation* as a **deterrent** to exploration investment in Alaska was 41 percent. Ninety-three percent was the highest.

The percentage of companies that consider *regulatory duplication and inconsistencies* as a **deterrent** to exploration investment in Alaska was 25 percent. Seventy-six percent was the highest.

The percentage of companies that consider *uncertainty concerning the administration, and interpretation, and enforcement of environmental regulations* a **deterrent** to exploration investment in Alaska was 26 percent. Eighty-four percent was the highest percentage.

The percentage of companies that consider *taxation* as a **deterrent** to exploration investment in Alaska was eleven percent. Seventy-three percent was the highest.

### **Percentage Of Companies Who Indicate That Factor Encourages Investment**

#### **2002/2003 Fraser Report**

The percentage of companies who consider *mineral potential assuming current regulations/land use policies* **encourages** exploration investment in Alaska was 71 percent. Ninety-four percent was the highest percentage.

My name is Doug Hill

Thank you for allowing this testimony.

I am an Alaska resident.

I am 44 and have been in Alaska since my teens.

I have lived on and off the road system -- most of my life in Alaska has been spent in rural areas.

I am currently an employee of the ADF&G.

I have worked as a building construction carpenter

I have worked for Alaska Packers unloading fish and as a carpenter.

I have been a village maintenance worker for the catholic diocese

I have extensive experience with Alaska's inshore and inland fisheries as a commercial fisherman, a personal use fisherman, a sport fisherman, and a subsistence fisherman.

While living in the Yukon River village of St Marys I spent summers with Yupik friends at their fish camp on Manning Island near the mouth of the Yukon River.

I also have extensive field experience with Alaska's inshore and inland fisheries while working for the Alaska Department of Fish and Game's Habitat, Wildlife, Sportfish and

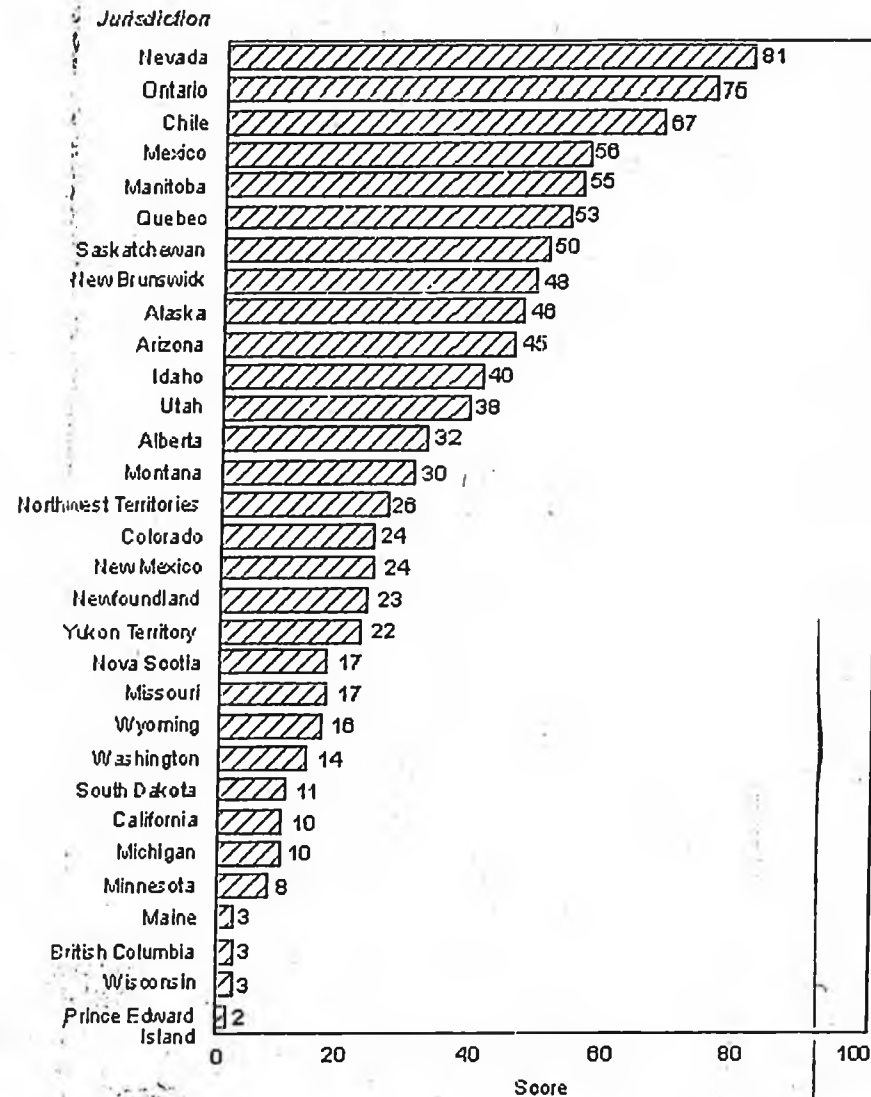
Commercial fisheries Division. I have a degree in biology from UAF and I have approximately 14 years of combined technician and biologist experience with ADF&G.

I spend a lot of personal time fishing, hunting, and paddling on the inshore and inland waterways of Alaska.

I am testifying on behalf of myself.

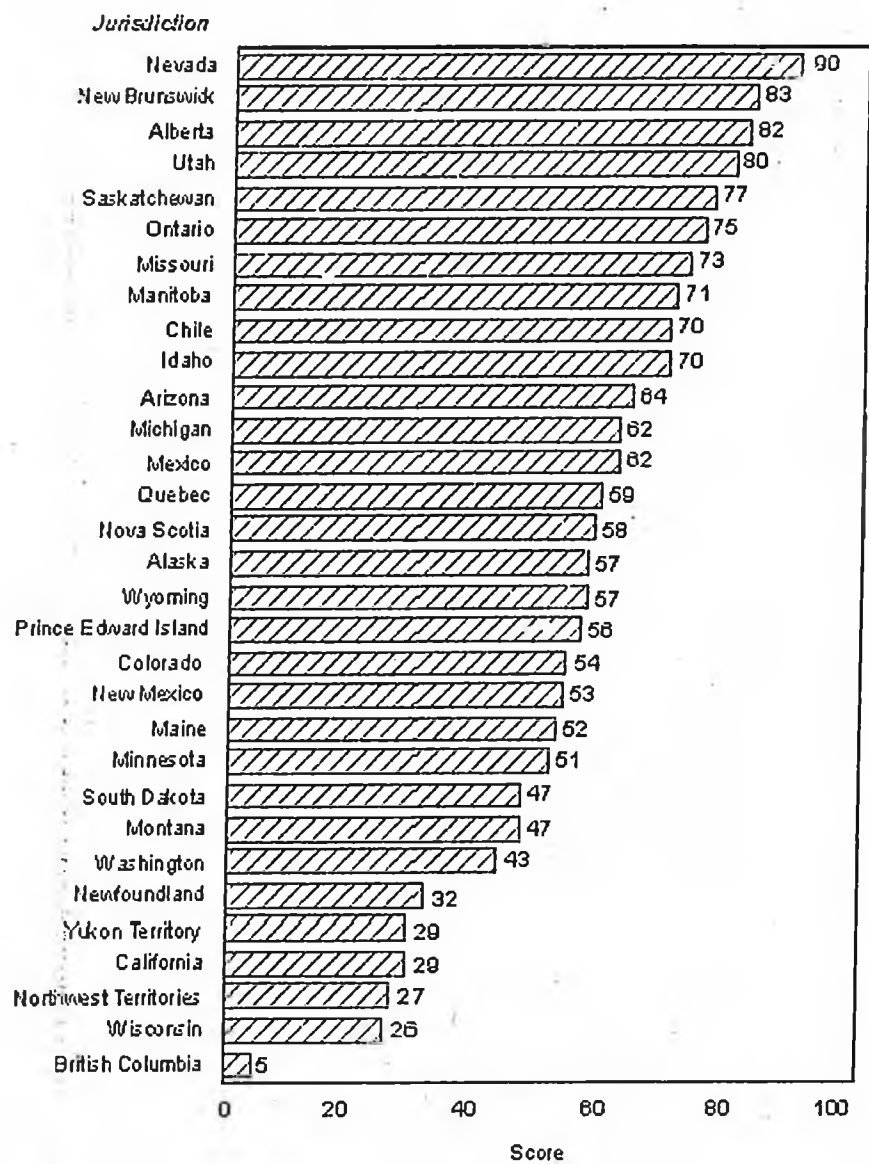
# Fraser Institute Survey of Mining Companies Operating In the USA 1998/1999 Report

Figure 22: Investment Attractiveness Index (North America)



# Fraser Institute Survey of Mining Companies Operating In the USA 1998/1999 Report

**Figure 21: Policy Potential Index (North America)**

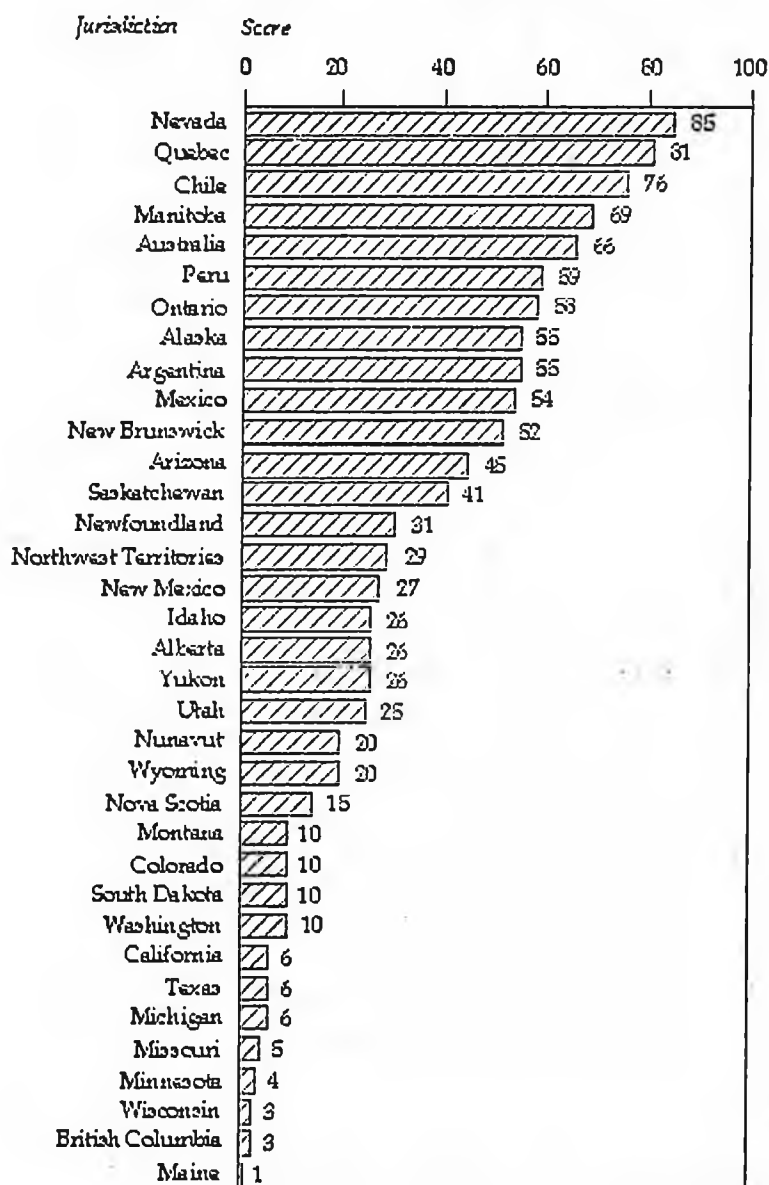


and favourable investment environments.

Also placing in the top ten jurisdictions for overall investment attractiveness are Peru (59), Ontario (58), Argentina and Alaska (tied at 55), and Mexico (54).

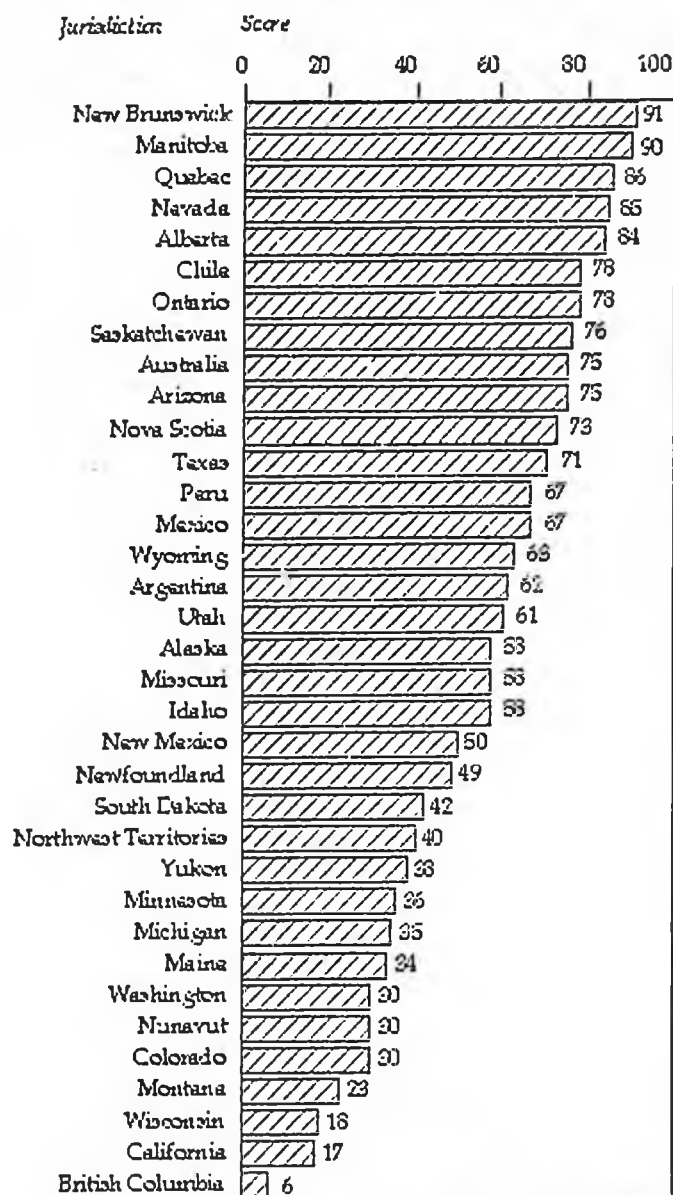
On the other end of the scale, Maine (1), Wisconsin and British Columbia (tied at 3), Minnesota (4), and Missouri (5), were rated the least attractive areas for new mining investment. British Columbia's low rating on the investment attractiveness index is mainly due to its abysmal performance on the policy potential index. Wisconsin's low investment attractiveness score suggests the results of its moratorium on mining and well-publicized anti-mining attitude as well as its low score on the mineral potential index. Maine did poorly because of its bottom rating on the mineral potential index and its mediocre performance on policy. Other low scoring jurisdictions include Michigan, Texas and California (tied at 6).

Figure 3: Investment Attractiveness Index



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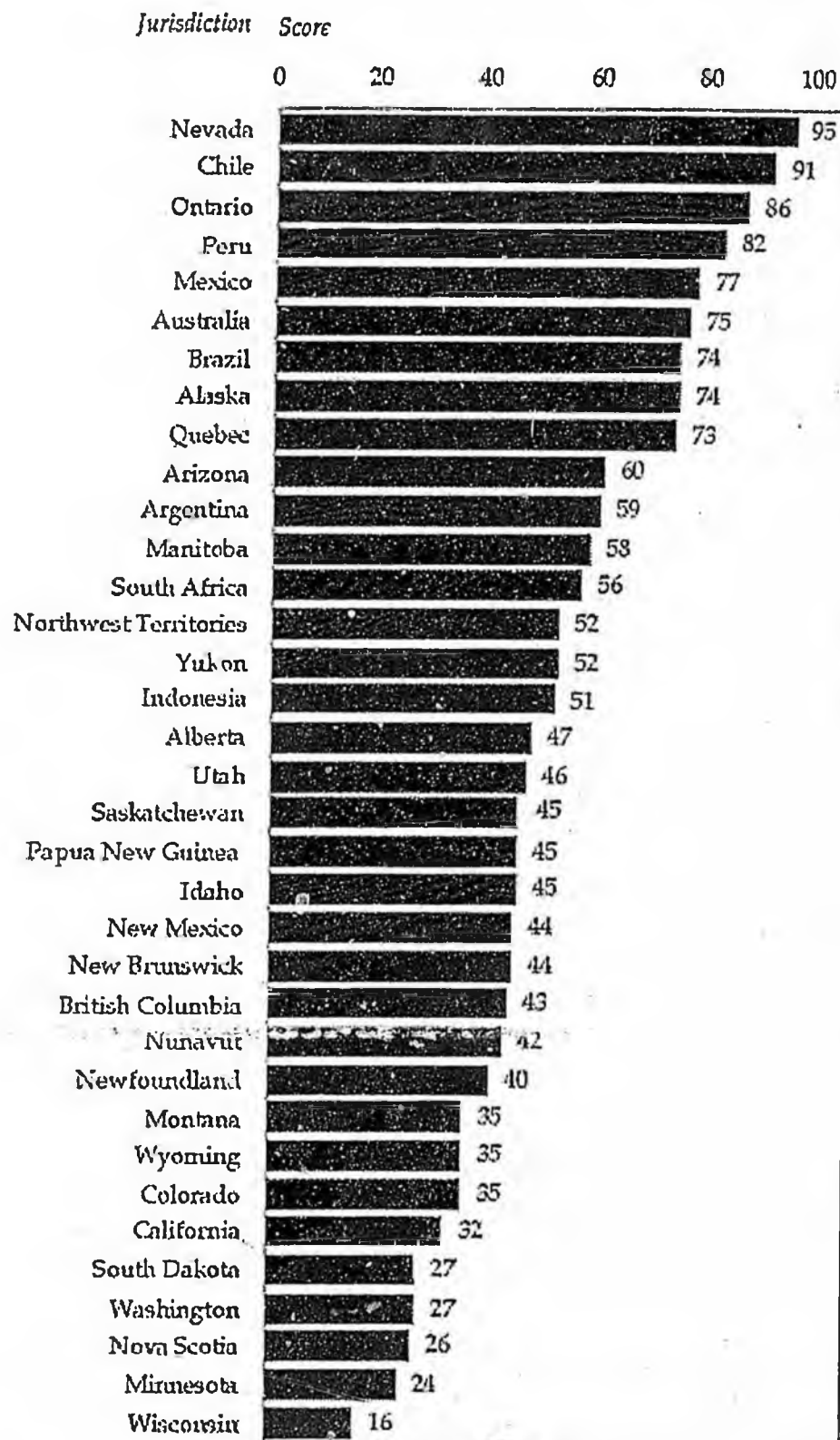
Figure 1: Policy Potential Index



### The Mineral Potential Index

The Mineral Potential Index rates a region's attractiveness based on companies' perceptions of geology. The top-rated regions are Nevada, with a perfect score of 100, Chile (97), Quebec and Alaska (tied at 94), Australia, Peru, and Argentina (tied at 89). The worst-rated regions on this index include Maine (3), Missouri and Texas (tied at 9), Minnesota (11), and Michigan and Wisconsin (tied at 17).

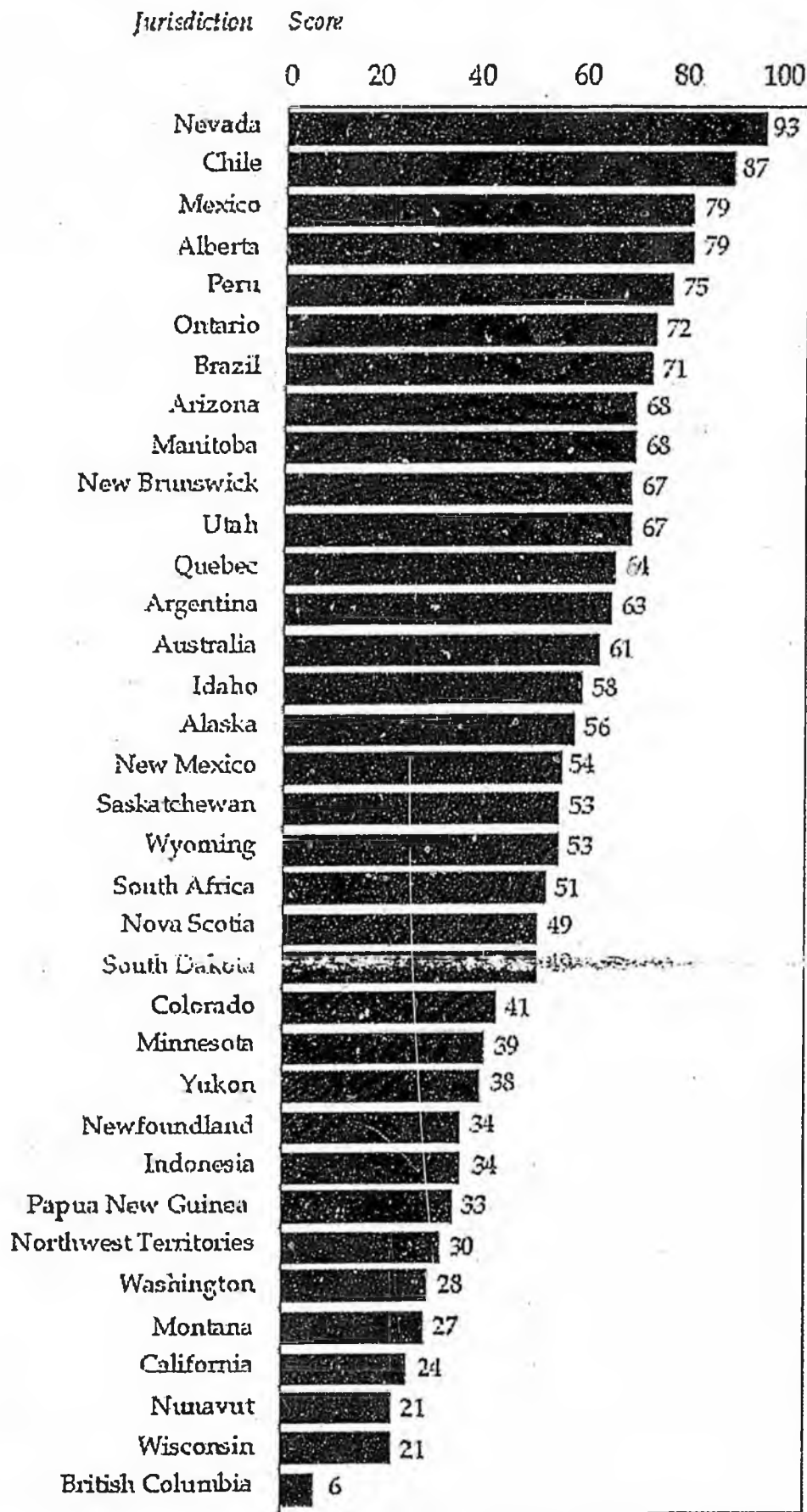
**Figure 3: Investment Attractiveness Index**



**The Investment Attractiveness Index Shows the Best- and Worst-Rated Places to Spend Exploration Dollars**

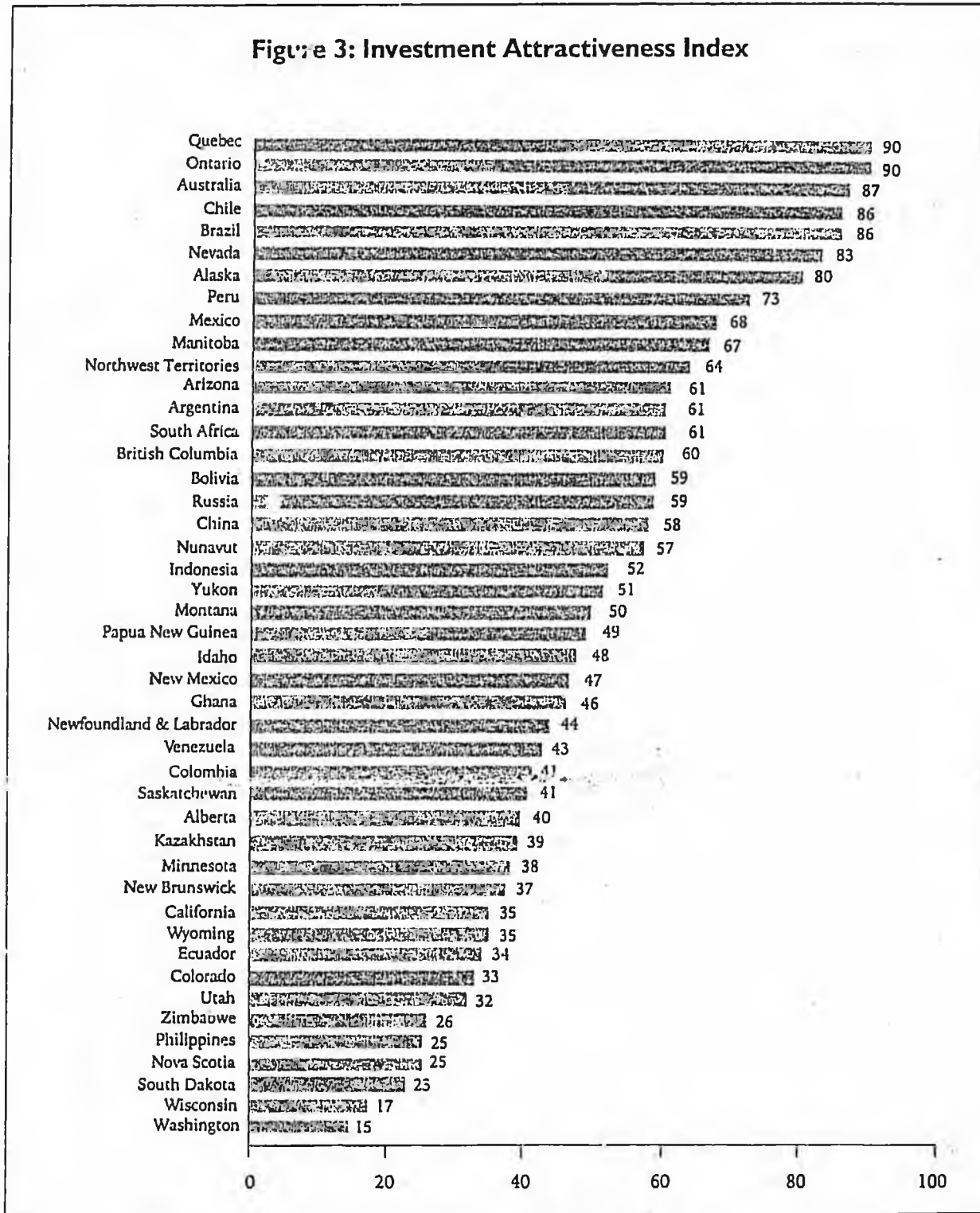
An overall Investment Attractiveness Index is constructed by combining the mineral

Figure 1: Policy Potential Index



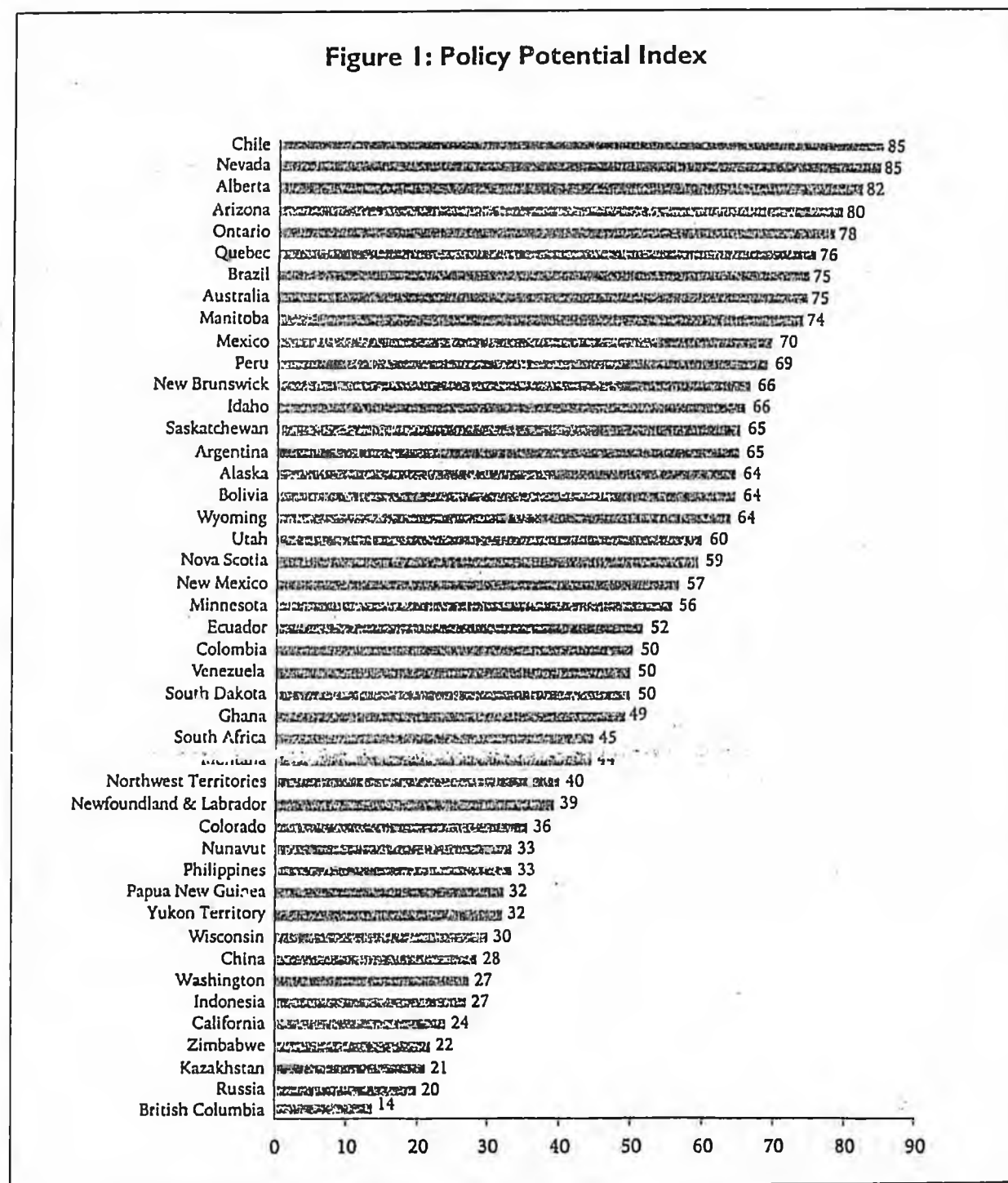
In past years, we have given equal weight to the policy and mineral scores. This year we asked respondents what weights they would put on policy and mineral potential. We used the median result, which puts a 60 percent weight on mineral potential and a 40 percent weight on policy.

**Figure 3: Investment Attractiveness Index**



year's first place, rates a close second with a score of 98. Other top jurisdictions include Australia (96), Brazil (93), Alaska (91), British Columbia (91), Chile (87), Russia (84), Nevada (82) and the Northwest Territories (80). The worst-rated regions on this index include Nova Scotia (2), South Dakota (4), Washington (7), Wisconsin (9), and Alberta (11).

Figure 1: Policy Potential Index



**Figure 3: Investment Attractiveness Index**

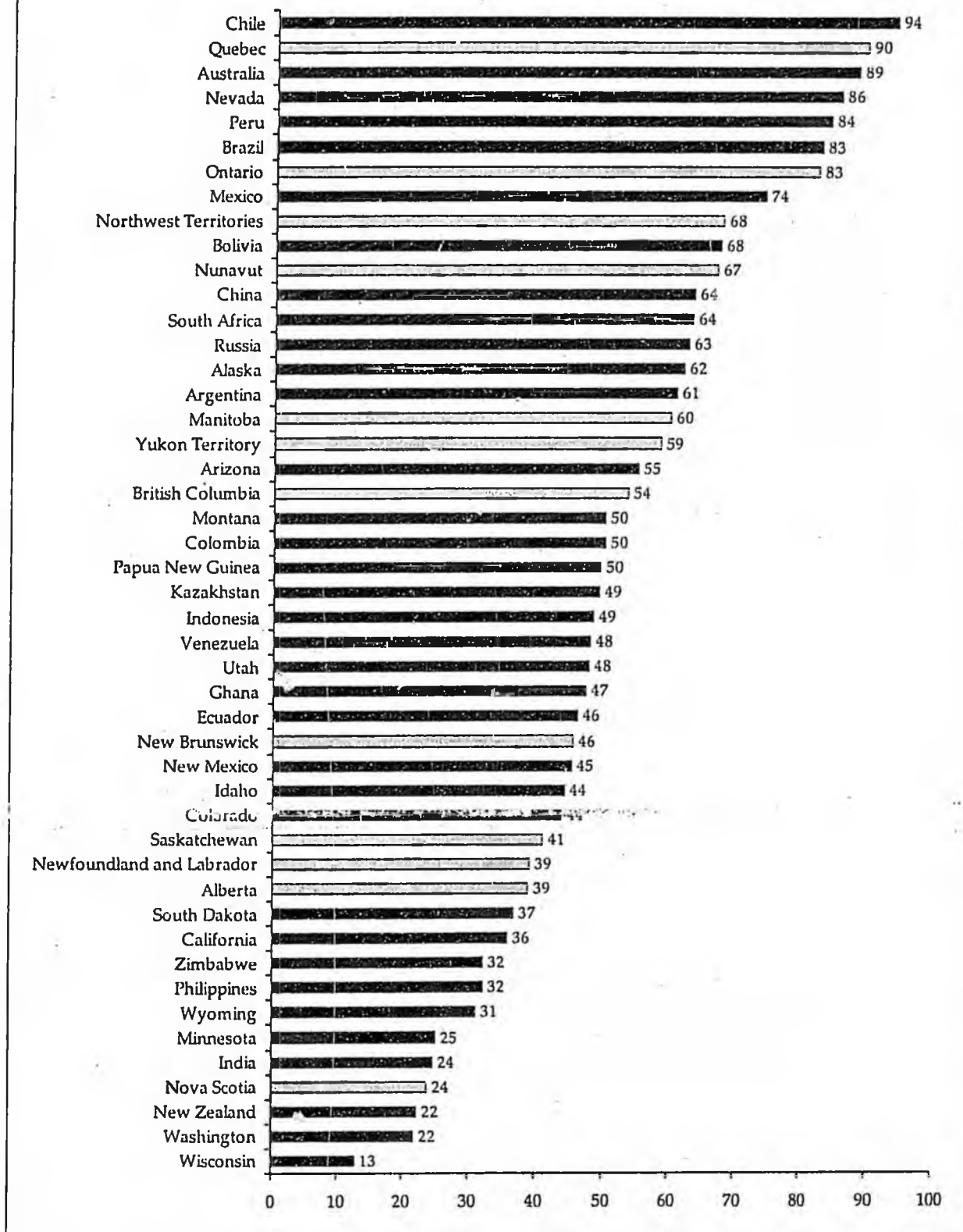
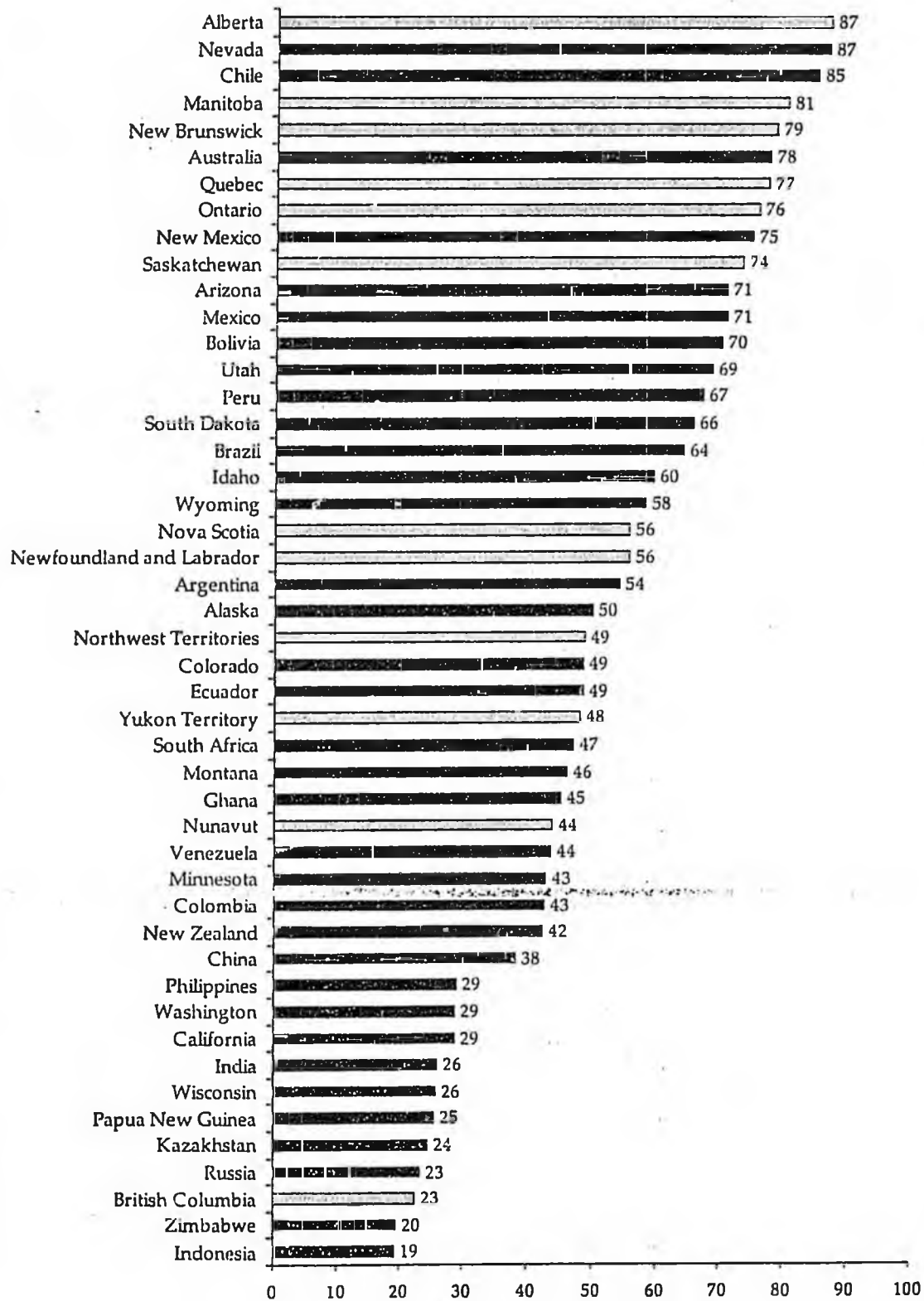
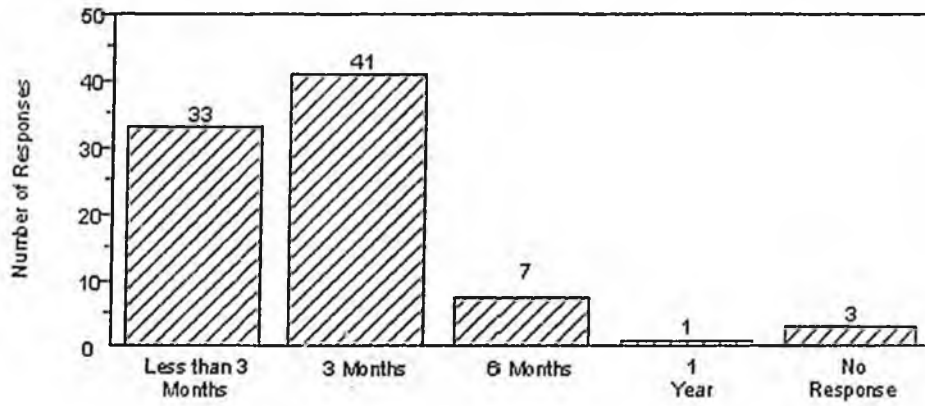


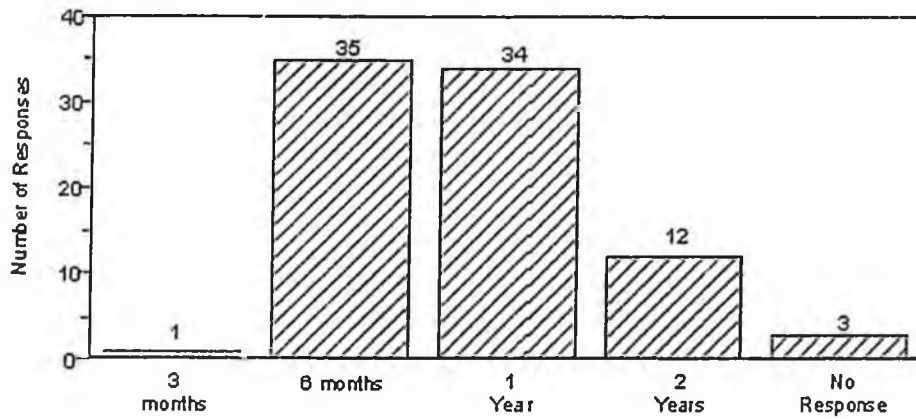
Figure 1: Policy Potential Index



**Figure 29: What do you think would be an acceptable amount of time to receive an exploration permit to drill, trench and build access roads?**



**Figure 30: What do you think would be an acceptable amount of time for approval of an environmental impact/assessment study (in order to start mining)?**





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Table 4: USA Percentage of Respondents Who Indicate Factors Encourage or Are Neutral to Exploration Investment*																	
State/Factor	AK	AZ	CA	CO	ID	ME	MI	MN	MO	MT	NV	NM	SD	UT	WA	W	WY
Taxation	86%	75%	39%	50%	61%	59%	67%	55%	74%	41%	91%	63%	48%	75%	40%	39%	70%
Environmental Regulation	46%	40%	7%	11%	22%	3%	18%	16%	26%	12%	77%	24%	8%	30%	9%	3%	29%
Regulatory Duplication and Inconsistencies	58%	50%	25%	31%	30%	30%	36%	39%	50%	34%	73%	29%	40%	44%	30%	21%	38%
Land Claims Uncertainty	69%	78%	71%	74%	74%	70%	76%	77%	76%	66%	83%	59%	63%	71%	60%	70%	72%
Protected Areas Uncertainty	48%	51%	23%	22%	32%	37%	48%	48%	38%	24%	73%	42%	38%	33%	21%	21%	28%
Mineral Potential	90%	73%	53%	60%	67%	31%	37%	37%	39%	72%	93%	60%	39%	61%	44%	32%	43%
Labour Regulation	80%	77%	59%	79%	80%	79%	77%	77%	76%	76%	87%	78%	80%	84%	78%	77%	81%
Uncertainty Concerning the Administration, Interpretation, and Enforcement of Regulations	75%	59%	14%	15%	42%	12%	16%	17%	35%	17%	83%	36%	18%	50%	20%	6%	32%
Infrastructure	28%	95%	88%	88%	80%	86%	94%	87%	87%	79%	95%	88%	86%	87%	84%	87%	82%
Socio-economic Agreements	76%	87%	71%	76%	84%	90%	90%	90%	90%	77%	93%	83%	76%	89%	79%	82%	88%

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



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Table 2: USA Percentage of Respondents Who Consider Factors a Strong Deterrent to Exploration Investment*																	
State/Factor	AK	AZ	CA	CO	ID	ME	MI	MN	MO	MT	NV	NM	SD	UT	WA	WV	WY
Taxation	2%	11%	22%	7%	7%	24%	14%	10%	11%	19%	6%	7%	17%	7%	16%	36%	10%
Environmental Regulation	7%	15%	65%	48%	18%	63%	28%	34%	19%	46%	5%	34%	43%	8%	57%	78%	18%
Regulatory Duplication and Inconsistencies	3%	18%	42%	34%	9%	30%	18%	22%	15%	16%	6%	21%	20%	15%	30%	46%	21%
Land Claims Uncertainty	8%	8%	13%	3%	9%	7%	7%	7%	7%	5%	2%	15%	7%	6%	6%	13%	9%
Protected Areas Uncertainty	16%	10%	49%	22%	16%	11%	7%	15%	4%	37%	4%	14%	13%	9%	29%	33%	16%
Mineral Potential	3%	3%	23%	14%	4%	38%	29%	26%	29%	10%	1%	11%	17%	6%	17%	34%	13%
Labour Regulation	5%	0%	2%	0%	0%	0%	3%	3%	0%	0%	0%	0%	0%	0%	3%	3%	0%
Uncertainty Concerning the Administration, Interpretation, and Enforcement of Regulations	4%	11%	49%	38%	19%	44%	28%	39%	20%	51%	5%	31%	36%	12%	46%	78%	18%
Infrastructure	21%	2%	0%	0%	0%	0%	0%	2%	0%	2%	0%	0%	2%	0%	0%	0%	2%
Socio-economic Agreements	7%	3%	12%	5%	0%	3%	0%	0%	0%	3%	0%	6%	9%	0%	3%	12%	3%

\*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."



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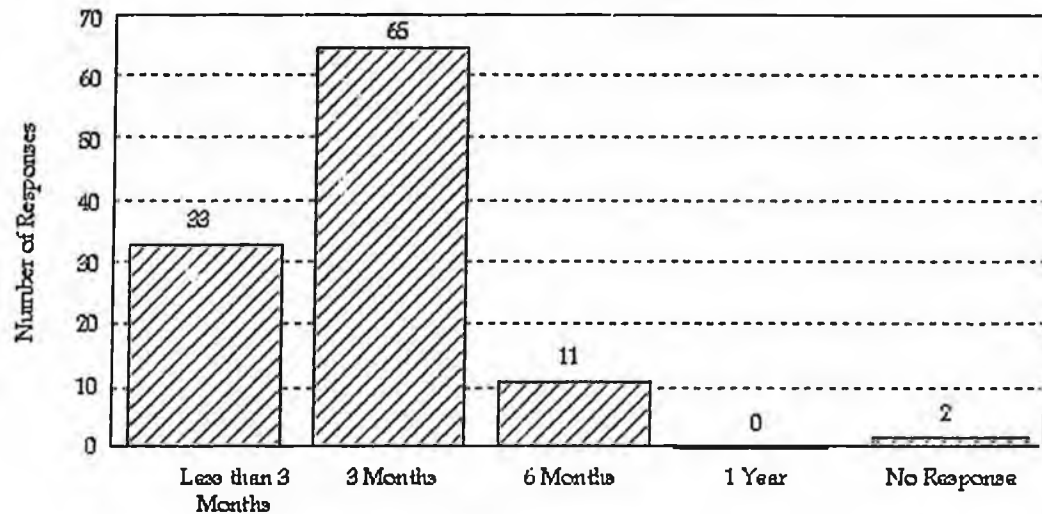
# Annual Survey of Mining Companies 1999/2000:

## Section IV: Regulation

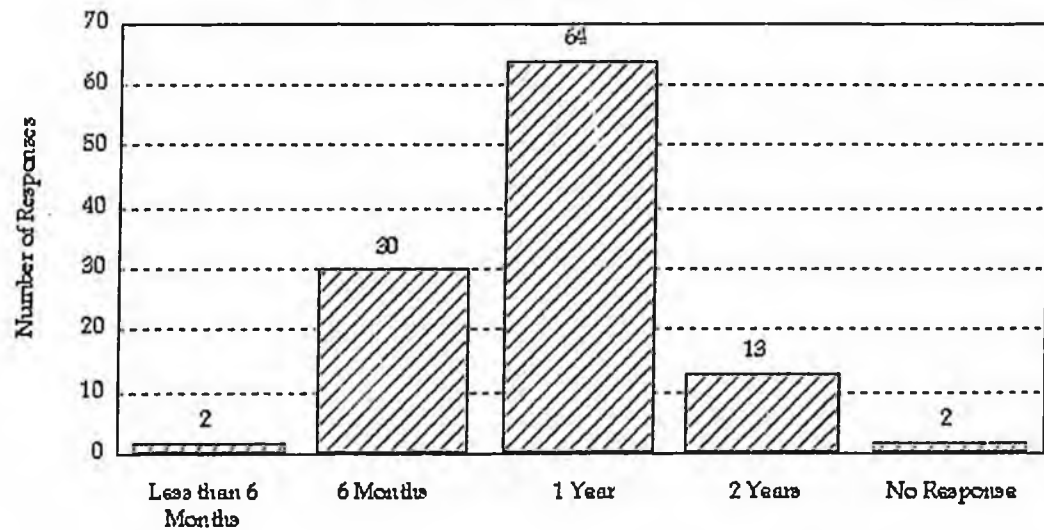
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**Figure 25: What do you think would be an acceptable amount of time to receive an exploration permit to drill, trench, and build access roads?**



**Figure 26: What do you think would be an acceptable amount of time for approval of an environmental impact/assessment study (in order to start mining)**



**Table 5: Number of Companies Indicating a Jurisdiction has the Most/Least Favourable Policies Towards Mining**

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<b>Table 4: USA Percentage of Respondents Who Indicate Factors Encourage or Are Neutral to Exploration Investment*</b>																		
State/Factor	AK	AZ	CA	CO	ID	ME	MI	MN	MO	MT	NV	NM	SD	TX	UT	WA	WI	WY
Taxation	89%	73%	21%	46%	56%	27%	40%	36%	50%	51%	93%	61%	33%	64%	66%	43%	26%	61%
Environmental Regulation	51%	44%	5%	15%	36%	12%	16%	14%	19%	4%	80%	34%	13%	33%	42%	5%	0%	29%
Regulatory Duplication and Inconsistencies	61%	43%	11%	17%	34%	16%	21%	24%	35%	20%	73%	38%	25%	40%	55%	18%	13%	27%
Land Claims Uncertainty	73%	83%	75%	78%	73%	82%	84%	82%	84%	84%	94%	69%	77%	89%	87%	63%	72%	77%
Protected Areas Uncertainty	43%	53%	16%	17%	30%	29%	28%	33%	37%	23%	76%	37%	33%	54%	34%	20%	21%	42%
Mineral Potential	95%	81%	56%	52%	66%	24%	33%	32%	28%	66%	100%	71%	48%	28%	62%	50%	33%	50%
Labour Regulation	84%	88%	56%	74%	91%	89%	78%	79%	83%	79%	98%	88%	87%	96%	97%	69%	71%	91%
Uncertainty Concerning the Administration, Interpretation, and Enforcement of Regs.	83%	56%	14%	20%	44%	21%	17%	17%	27%	17%	88%	41%	25%	59%	56%	8%	6%	42%
Infrastructure	26%	92%	89%	75%	83%	80%	89%	84%	93%	79%	93%	82%	86%	84%	85%	82%	82%	87%
Socio-economic Agreements	77%	83%	62%	67%	77%	64%	67%	64%	79%	61%	93%	74%	73%	81%	80%	65%	63%	79%

**Table 2: USA**  
**Percentage of Respondents Who Consider Factors a Strong Deterrent to Exploration Investment\***

State/Factor	AK	AZ	CA	CO	ID	ME	MI	MN	MO	MT	NV	NM	SD	TX	UT	WA	WI	WY
Taxation	0%	2%	33%	14%	3%	18%	25%	18%	9%	20%	0%	12%	22%	8%	6%	20%	37%	11%
Environmental Regulation	8%	19%	73%	49%	24%	64%	52%	45%	48%	78%	5%	37%	59%	24%	25%	65%	87%	26%
Regulatory Duplication and Inconsistencies	6%	10%	46%	32%	11%	32%	26%	33%	12%	46%	2%	27%	33%	5%	14%	49%	63%	12%
Land Claims Uncertainty	9%	5%	10%	8%	6%	11%	12%	11%	4%	8%	2%	8%	13%	4%	3%	11%	24%	10%
Protected Areas Uncertainty	17%	9%	57%	48%	25%	16%	14%	13%	22%	50%	6%	11%	23%	7%	20%	38%	35%	14%
Mineral Potential	0%	2%	22%	18%	7%	49%	41%	22%	33%	17%	0%	7%	21%	39%	8%	23%	41%	18%
Labour Regulation	2%	0%	10%	5%	0%	0%	4%	7%	0%	3%	0%	3%	0%	0%	0%	3%	7%	0%
Uncertainty Concerning the Administration, Interpretation, and Enforcement of Regs.	3%	10%	55%	45%	21%	55%	42%	40%	27%	71%	3%	38%	41%	14%	12%	62%	83%	10%
Infrastructure	20%	0%	5%	2%	2%	5%	2%	2%	2%	3%	1%	0%	0%	0%	2%	0%	2%	0%
Socio-economic Agreements	2%	0%	11%	12%	3%	12%	4%	4%	0%	15%	0%	3%	4%	0%	0%	10%	8%	0%

\*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."

*it according to the regulations." In "Canada (Federal) [and] British Columbia (Provincial) ... [t]here is no concern or apparent understanding of the mineral industry." They need a "[r]eduction in the capital gains tax and unregulating [sic] some of the excessive restrictions."*

- President of a senior mining company

*"Arizona" has an exemplary policy climate. "Our Industrial Minerals project received final BLM permits less than one year from the beginning of due diligence. The mining operation will commence within 9 months of concluding the original transaction."*

- Vice President Corporate Development of a junior mining company

**Figure 16: Uncertainty Concerning the Administration, Interpretation, and Enforcement of Existing Regulations**

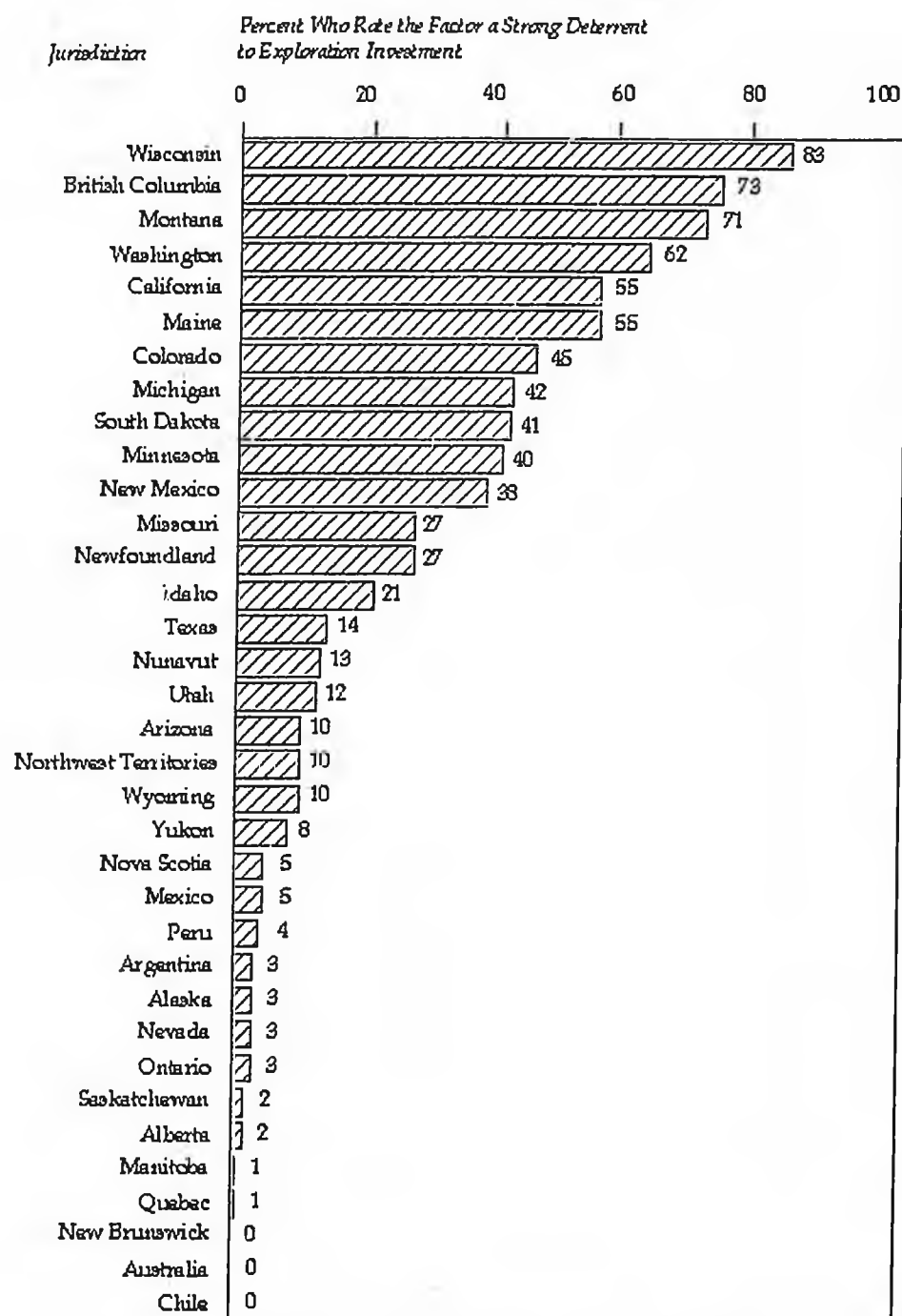
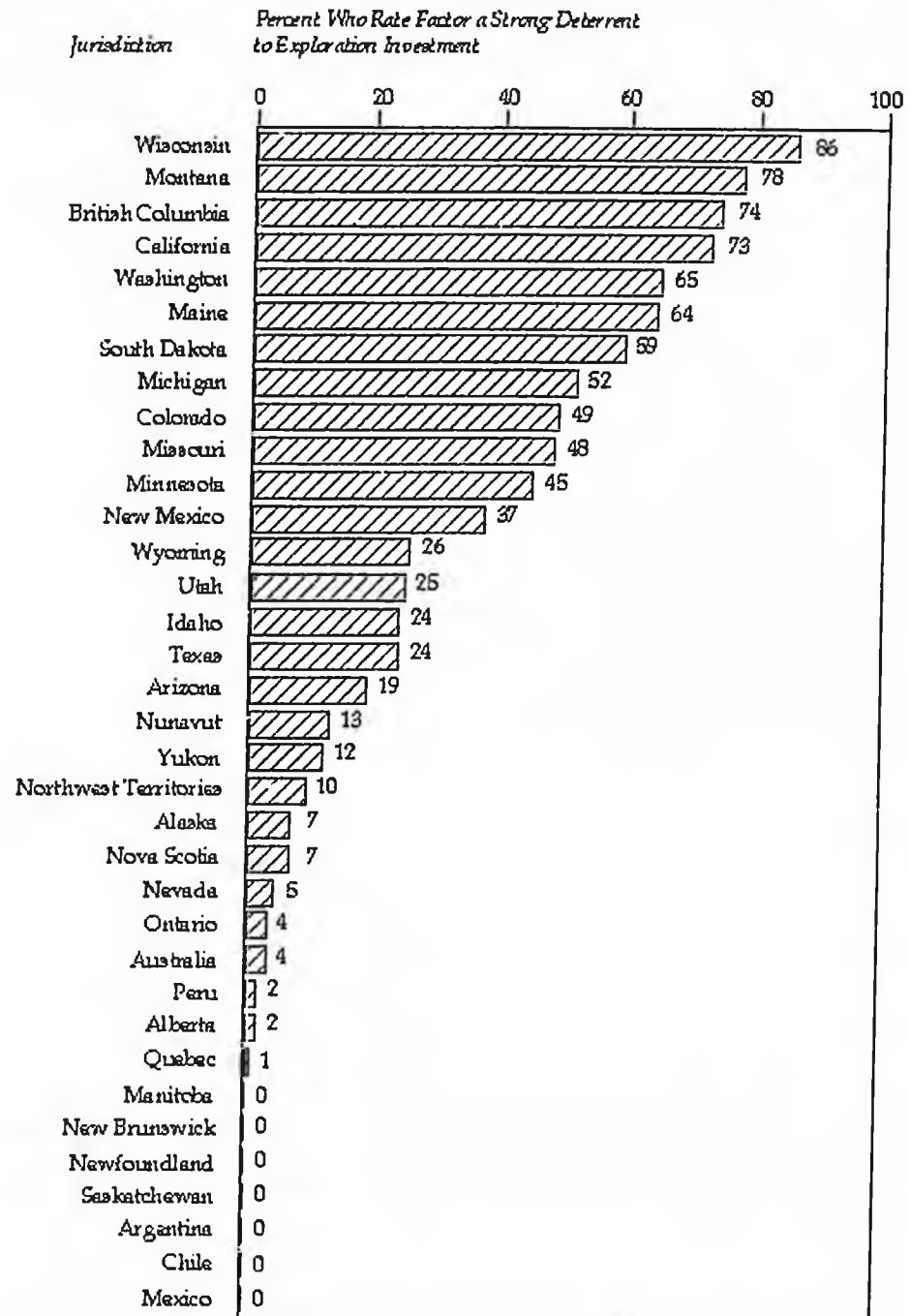


Figure 17: Environmental Regulations



### Regulatory Duplication and Inconsistencies

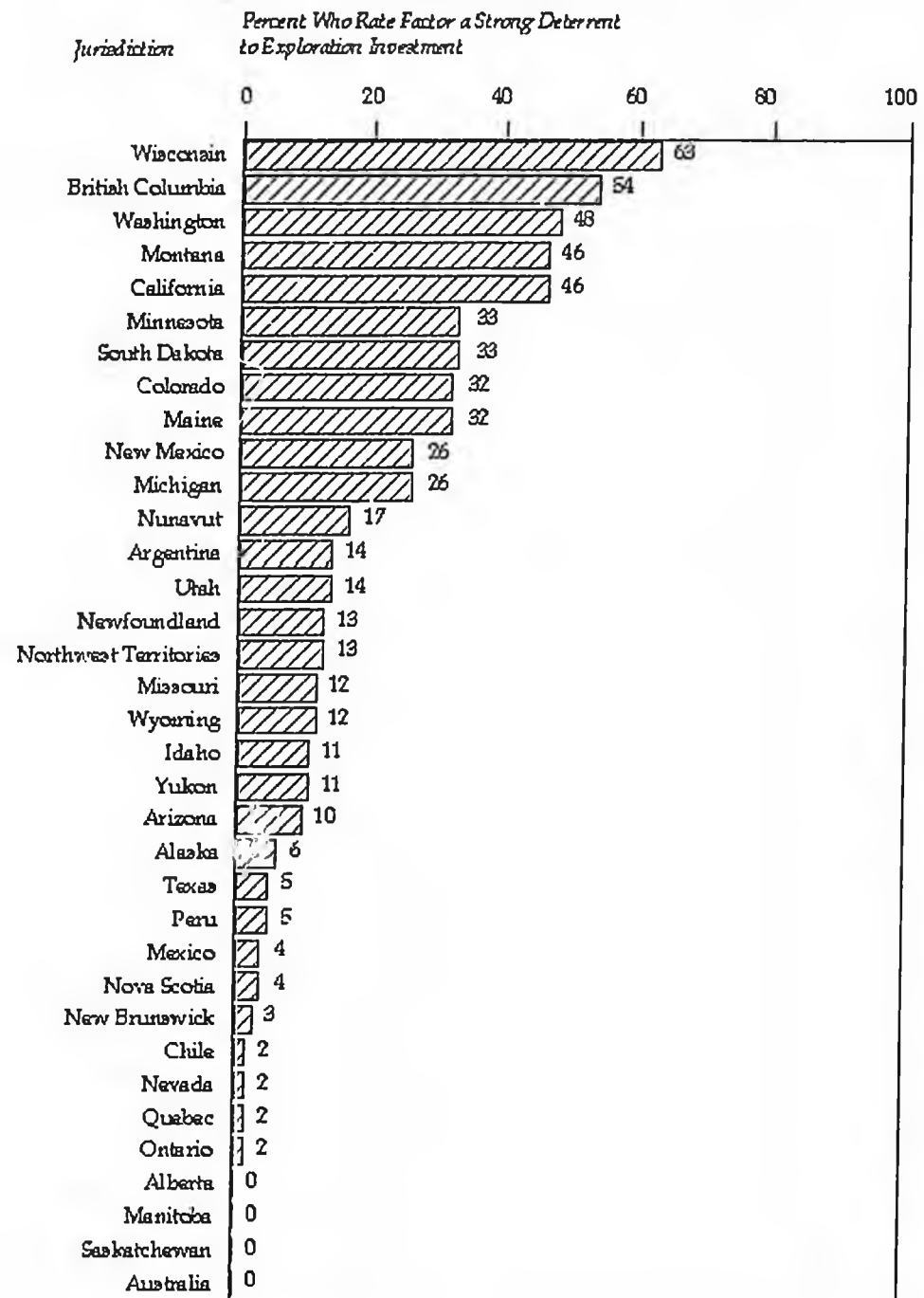
*In "Nunavut I counted 17 panels, committees, boards, and government agencies which were to be notified or consulted with before proceeding with an exploration project."*  
- Senior Geologist of a senior mining company

*"Idaho" has an exemplary policy climate. The "Joint Review Process for permitting mines ... [b]rings all agencies together to avoid foot dragging by individuals or agencies."*  
- President of a junior mining company

*My horror story is "[s]tate environmental departments that have split personalities. The Mining Dept. may be reasonable, but the Surface Water Dept. may be harsh because it lives under EPA oversight."*

- General Manager of a junior mining company

**Figure 18: Regulatory Duplication and Inconsistencies**



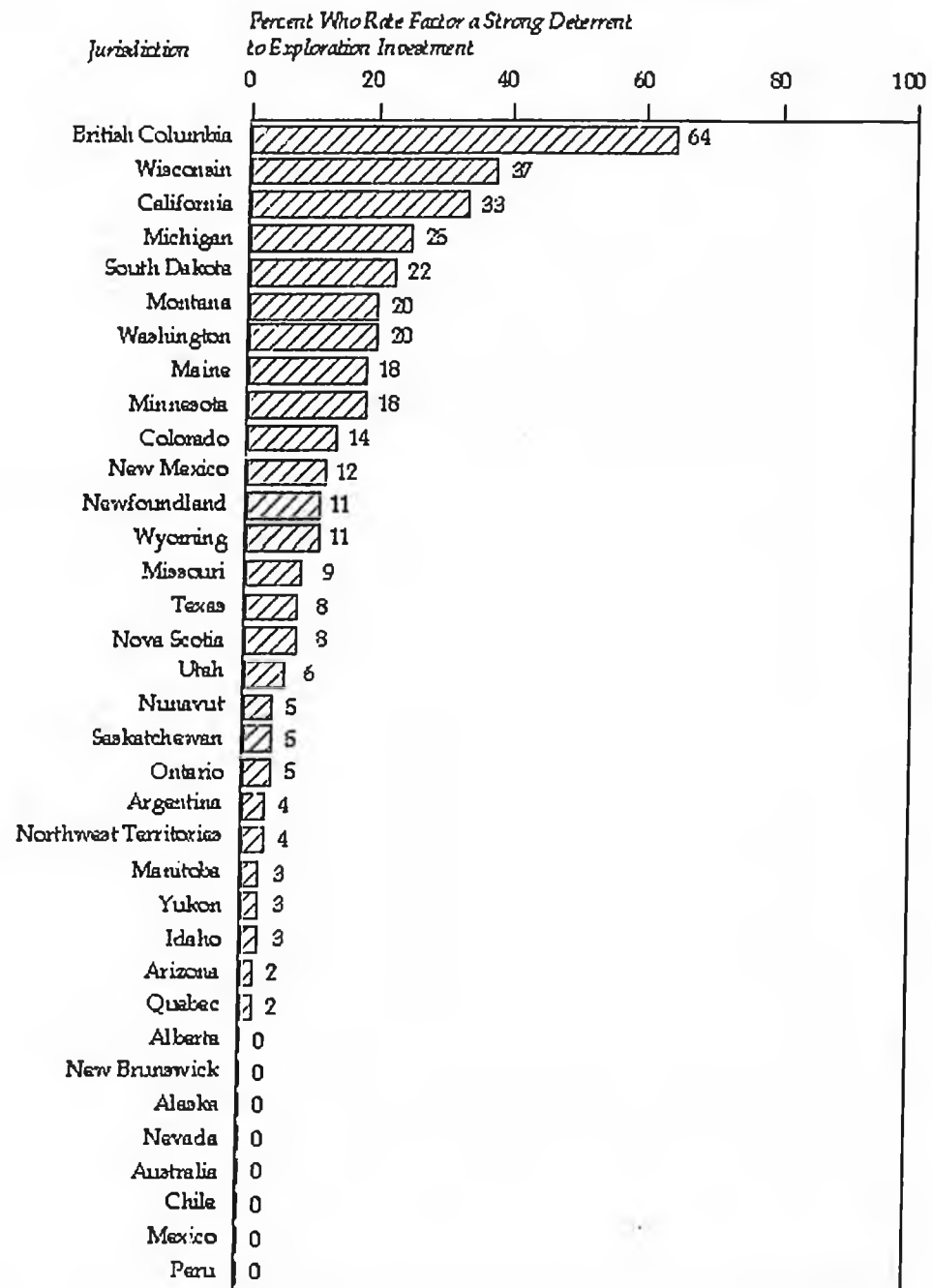
**Uncertainty Concerning What Areas Will be Protected as Wilderness or Parks**

*"BC" is the jurisdiction with the least favourable policies towards mining. "If a resource is found, don't slap a park around it."*

- Exploration Manager of a junior mining company

*"Yukon's Protected Area Strategy has strongly compromised its own outlined process, and has used land claim agreements as a mechanism to secure large amounts of protected land. No cap on percentage of land was ever established, so a strong*

Figure 21: Taxation



### Socio-economic Agreements

*"BC has taken [a] preservationist/anti-mining stance toward further development."*  
 - Manager, Exploration—North America of a senior mining company

*"Washington, USA" has a "[v]ery negative public perception towards mining."*  
 - Vice President of a senior mining company

*"Manitoba, Saskatchewan, Ontario [and] Quebec" have the most favourable policies towards mining. "These provinces actively support mining and provide incentives, favourable regulations, etc. Most importantly, the government is openly supportive and will back mining through difficult public challenges (i.e., permitting)."*  
 - Vice President, Exploration of a junior mining company

**Table 2: USA, Argentina, Brazil, Chile, Mexico, and Peru—Percentage of Respondents Who Consider Factors a Strong Deterrent to Exploration Investment\***

Province/ Factor	AK	AZ	CA	CO	ID	MN	MT	NV	NM	SD	UT	WA	WI	WY	Argentina	Brazil	Chile	Mexico	Peru
Taxation	4%	7%	44%	34%	18%	29%	44%	0%	15%	19%	3%	41%	37%	19%	21%	16%	5%	12%	11%
Environmental Regulation	17%	25%	79%	59%	38%	48%	80%	7%	38%	51%	25%	66%	80%	32%	2%	4%	2%	4%	2%
Regulatory Duplication	18%	18%	58%	44%	22%	39%	52%	11%	35%	31%	22%	51%	51%	19%	16%	9%	4%	7%	14%
Land Claims Uncertainty	8%	10%	10%	4%	4%	8%	11%	3%	7%	13%	7%	11%	11%	4%	7%	4%	4%	3%	8%
Protected Areas Uncertainty	25%	20%	62%	43%	32%	33%	58%	10%	26%	27%	28%	45%	42%	28%	5%	11%	4%	5%	7%
Labour Regulation	4%	0%	12%	0%	0%	3%	7%	0%	2%	0%	0%	2%	11%	0%	10%	2%	2%	2%	0%
Uncertainty in the Administration, Interpretation, and Enforcement of Regs.	12%	19%	73%	55%	26%	45%	69%	4%	34%	51%	17%	57%	72%	28%	12%	12%	6%	9%	20%
Infrastructure	22%	1%	1%	3%	3%	3%	2%	0%	2%	2%	2%	7%	6%	5%	16%	17%	6%	5%	15%
Socio-economic Agreements	9%	4%	22%	19%	2%	15%	18%	0%	4%	5%	5%	18%	28%	10%	2%	2%	0%	3%	0%
Mineral Potential With Current Regs.	4%	10%	38%	28%	15%	23%	45%	2%	17%	27%	18%	43%	49%	18%	8%	2%	1%	0%	2%
Mineral Potential With No Land Use Restrictions	1%	1%	6%	3%	5%	12%	5%	0%	2%	9%	7%	13%	13%	11%	3%	0%	0%	0%	0%

\*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 4: USA, Argentina, Brazil, Chile, Mexico, and Peru—Percentage of Respondents Who Indicate Factors Encourage/Are Neutral to Exploration Investment\***

Province/ Factor	AK	AZ	CA	CO	ID	MN	MT	NV	NM	SD	UT	WA	WI	WY	Argentina	Brazil	Chile	Mexico	Peru
Taxation	81%	68%	22%	31%	55%	50%	33%	97%	59%	38%	57%	32%	32%	62%	62%	64%	88%	67%	66%
Environmental Regulation	49%	27%	6%	10%	25%	15%	5%	79%	23%	15%	39%	8%	5%	32%	90%	85%	94%	79%	88%
Regulatory Duplication	57%	38%	19%	24%	39%	34%	23%	71%	39%	33%	46%	26%	30%	47%	56%	52%	78%	61%	65%
Land Claims Uncertainty	74%	75%	63%	71%	70%	70%	61%	80%	62%	65%	78%	60%	66%	73%	84%	65%	90%	75%	72%
Protected Areas Uncertainty	39%	35%	13%	15%	23%	25%	15%	68%	30%	32%	28%	14%	24%	35%	87%	70%	88%	84%	80%
Labour Regulation	75%	84%	57%	79%	84%	77%	73%	87%	79%	78%	84%	74%	76%	83%	69%	62%	73%	54%	72%
Uncertainty in the Administration, Interpretation, and Enforcement of Regs.	72%	43%	10%	15%	34%	32%	12%	87%	34%	15%	48%	12%	13%	40%	50%	53%	78%	52%	54%
Infrastructure	28%	91%	87%	74%	78%	89%	75%	95%	76%	82%	87%	77%	82%	80%	29%	21%	72%	53%	32%
Socio-economic Agreements	78%	78%	63%	64%	84%	80%	70%	97%	76%	76%	80%	62%	67%	79%	64%	54%	72%	51%	62%
Mineral Potential With Current Regs.	71%	51%	20%	28%	39%	32%	29%	93%	38%	25%	43%	20%	22%	37%	75%	83%	96%	81%	83%
Mineral Potential With No Land Use Restrictions	97%	84%	76%	73%	73%	52%	76%	99%	75%	44%	66%	66%	52%	58%	85%	95%	99%	93%	97%

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

**Table 4: USA, Argentina, Brazil, Chile, Mexico, and Peru—Percentage of Respondents Who Indicate Factors Encourage/Are Neutral to Exploration Investment\***

Province/ Factor	AK	AZ	CA	CO	ID	MN	MT	NV	NM	SD	UT	WA	WI	WY	Argentina	Brazil	Chile	Mexico	Peru
Taxation	81%	68%	22%	31%	55%	50%	33%	97%	59%	38%	57%	32%	32%	62%	62%	64%	88%	67%	66%
Environmental Regulation	49%	27%	6%	10%	25%	15%	5%	79%	23%	15%	39%	8%	5%	32%	90%	85%	94%	79%	88%
Regulatory Duplication	57%	38%	19%	24%	39%	34%	23%	71%	39%	33%	46%	26%	30%	47%	56%	52%	78%	61%	65%
Land Claims Uncertainty	74%	75%	63%	71%	70%	70%	61%	80%	62%	65%	78%	60%	66%	73%	84%	65%	90%	75%	72%
Protected Areas Uncertainty	39%	35%	13%	15%	23%	25%	15%	68%	30%	32%	28%	14%	24%	35%	87%	70%	88%	84%	80%
Labour Regulation	75%	84%	57%	79%	84%	77%	73%	87%	79%	78%	84%	74%	76%	83%	69%	62%	73%	54%	72%
Uncertainty in the Administration, Interpretation, and Enforcement of Regs.	72%	43%	10%	15%	34%	32%	12%	87%	34%	15%	48%	12%	13%	40%	50%	53%	78%	52%	54%
Infrastructure	28%	91%	87%	74%	78%	89%	75%	95%	76%	82%	87%	77%	82%	80%	29%	21%	72%	53%	32%
Socio-economic Agreements	78%	78%	63%	64%	84%	80%	70%	97%	76%	76%	80%	62%	67%	79%	64%	54%	72%	51%	62%
Mineral Potential With Current Regs.	71%	51%	20%	28%	39%	32%	29%	93%	38%	25%	43%	20%	22%	37%	75%	83%	96%	81%	83%
Mineral Potential With No Land Use Restrictions	97%	84%	76%	73%	73%	52%	76%	99%	75%	44%	66%	66%	52%	58%	85%	95%	99%	93%	97%

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

**Figure 4: Uncertainty Regarding the Administration/Interpretation of Existing Regulations**

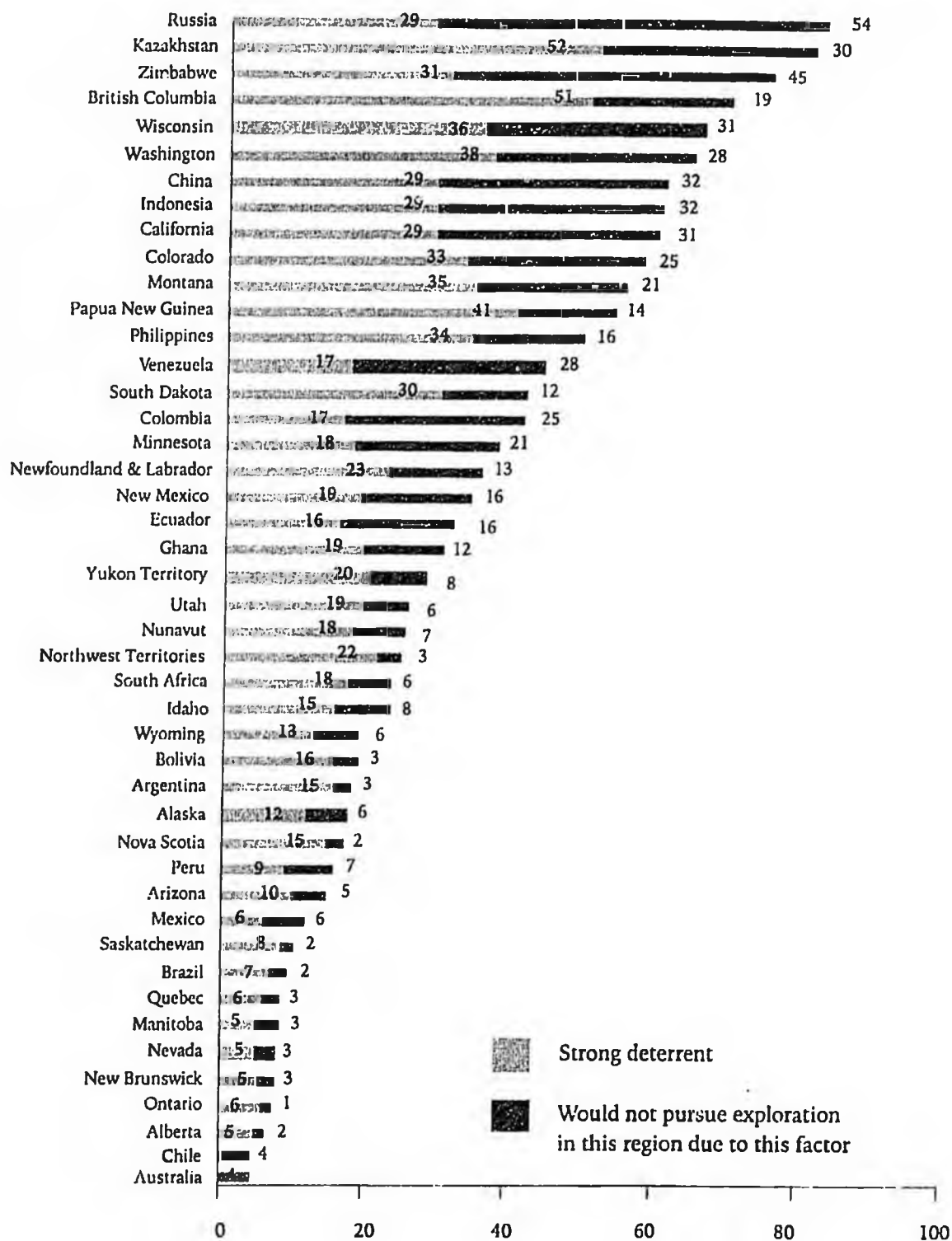


Figure 5: Taxation

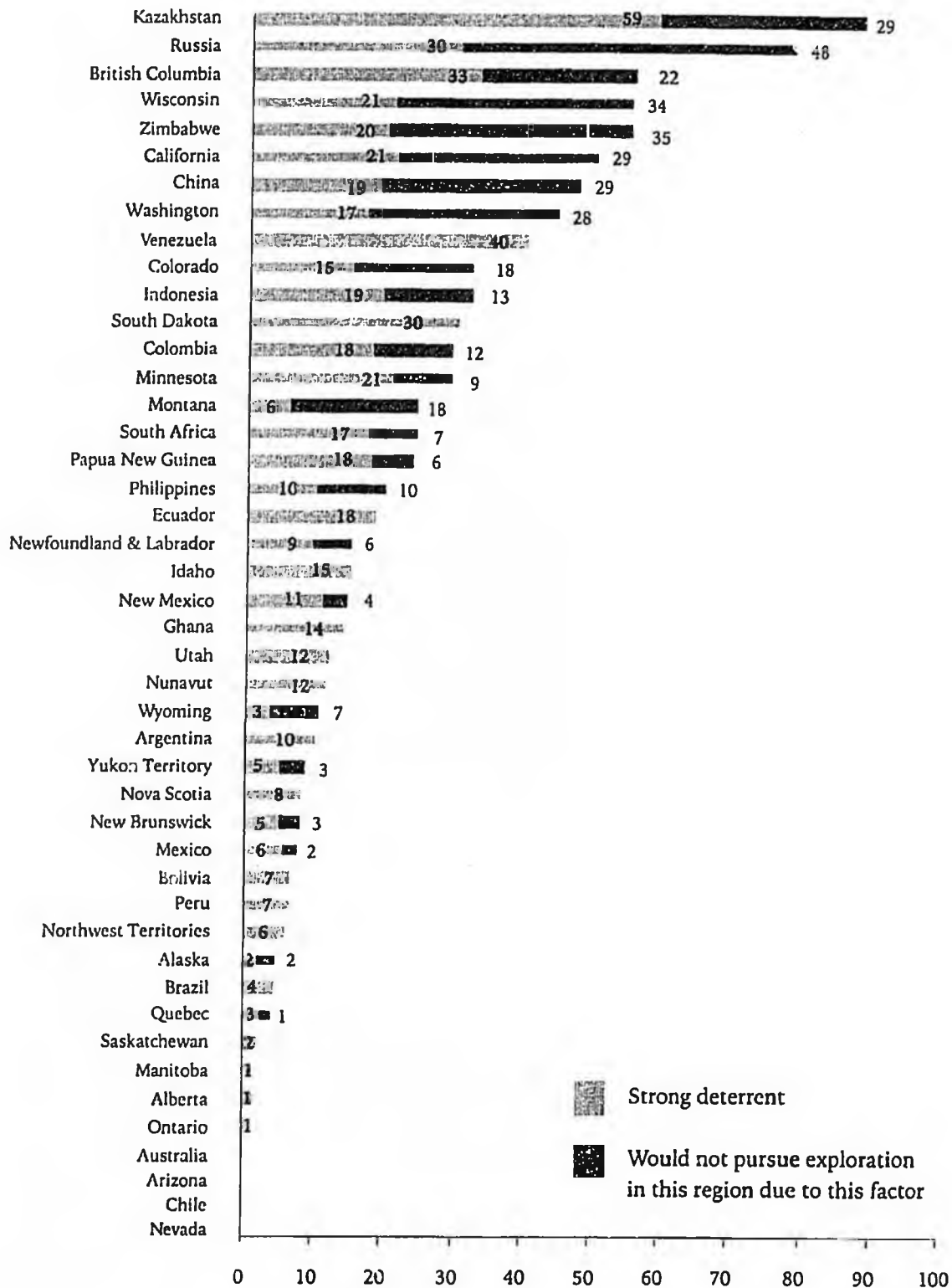
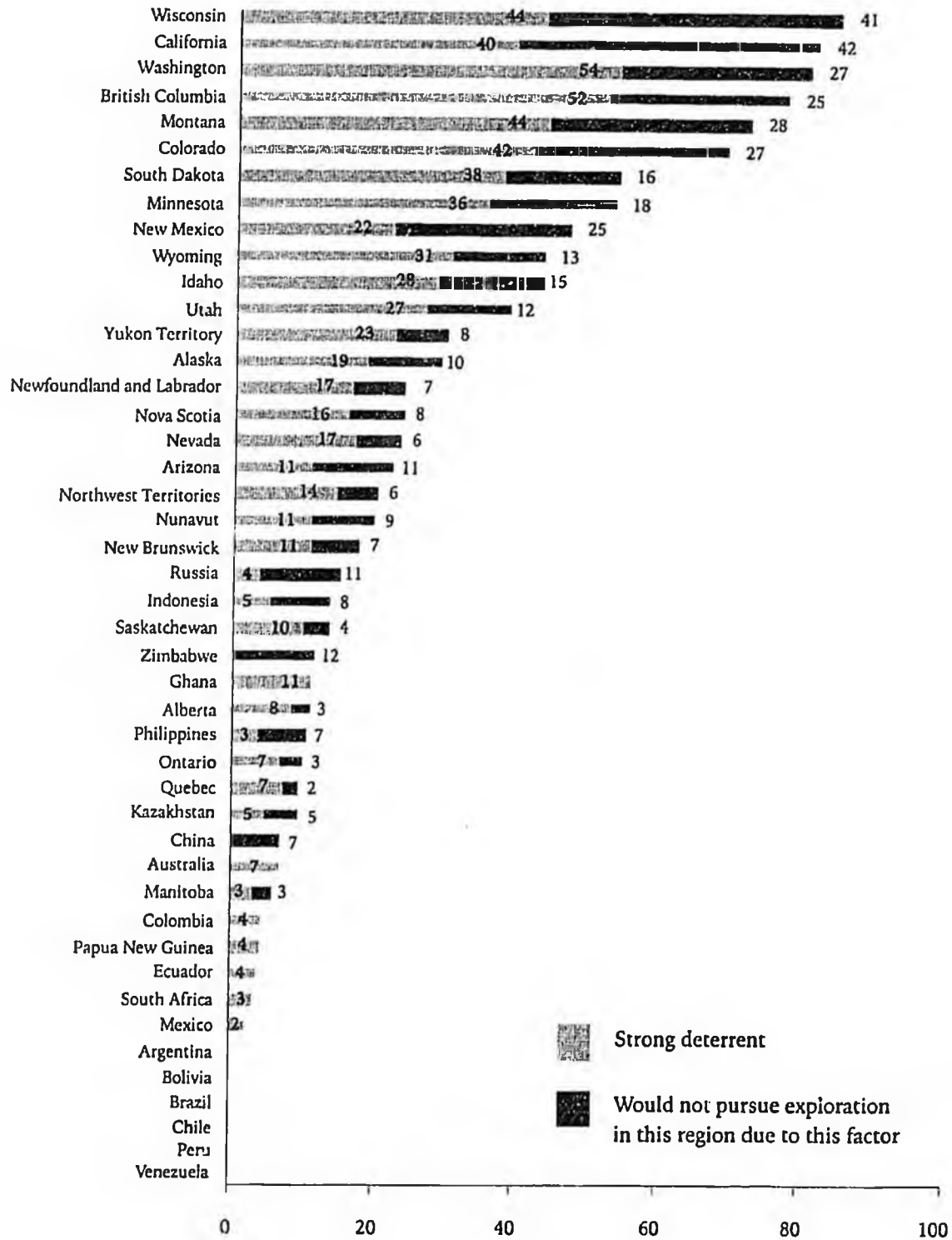
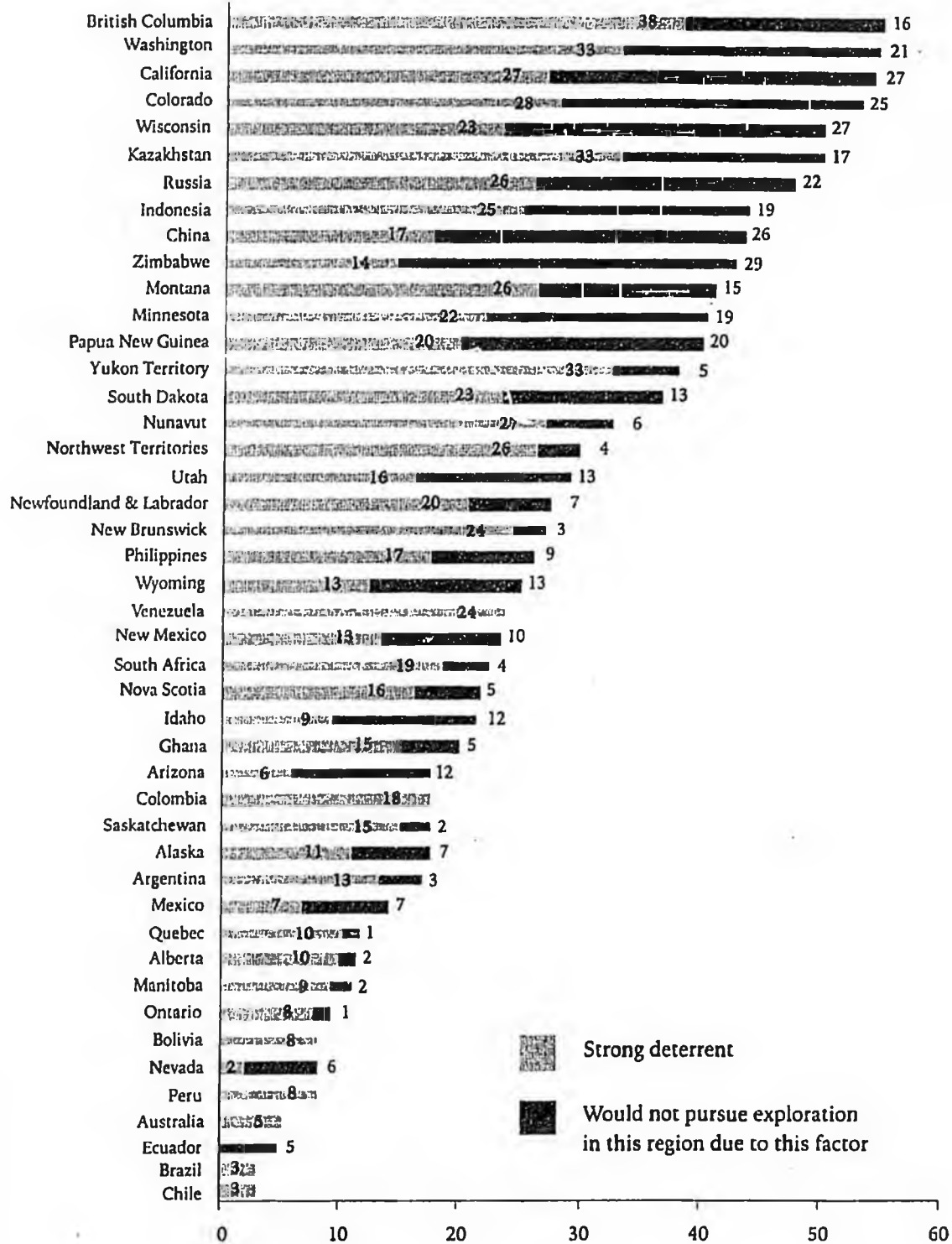


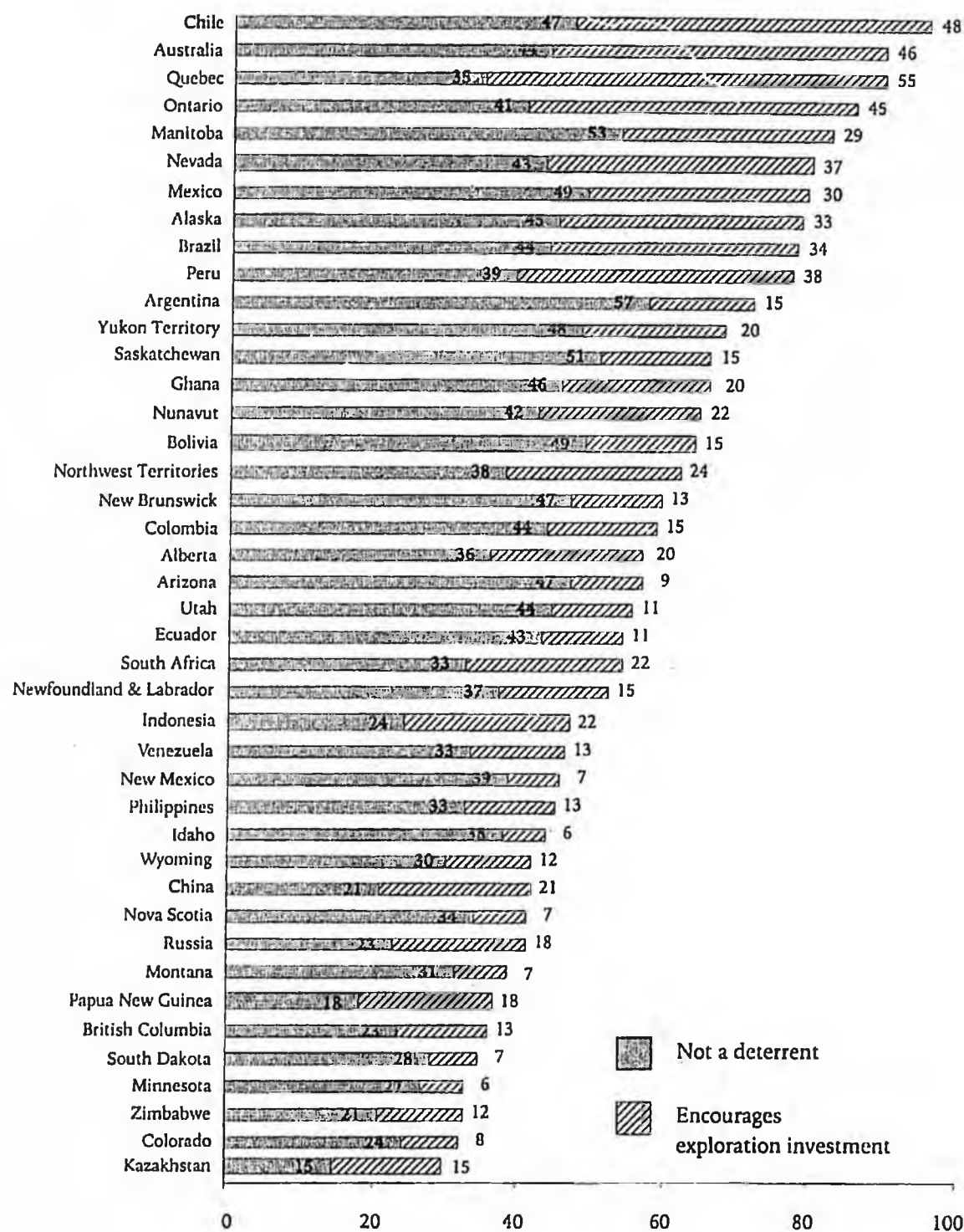
Figure 6: Environmental Regulations



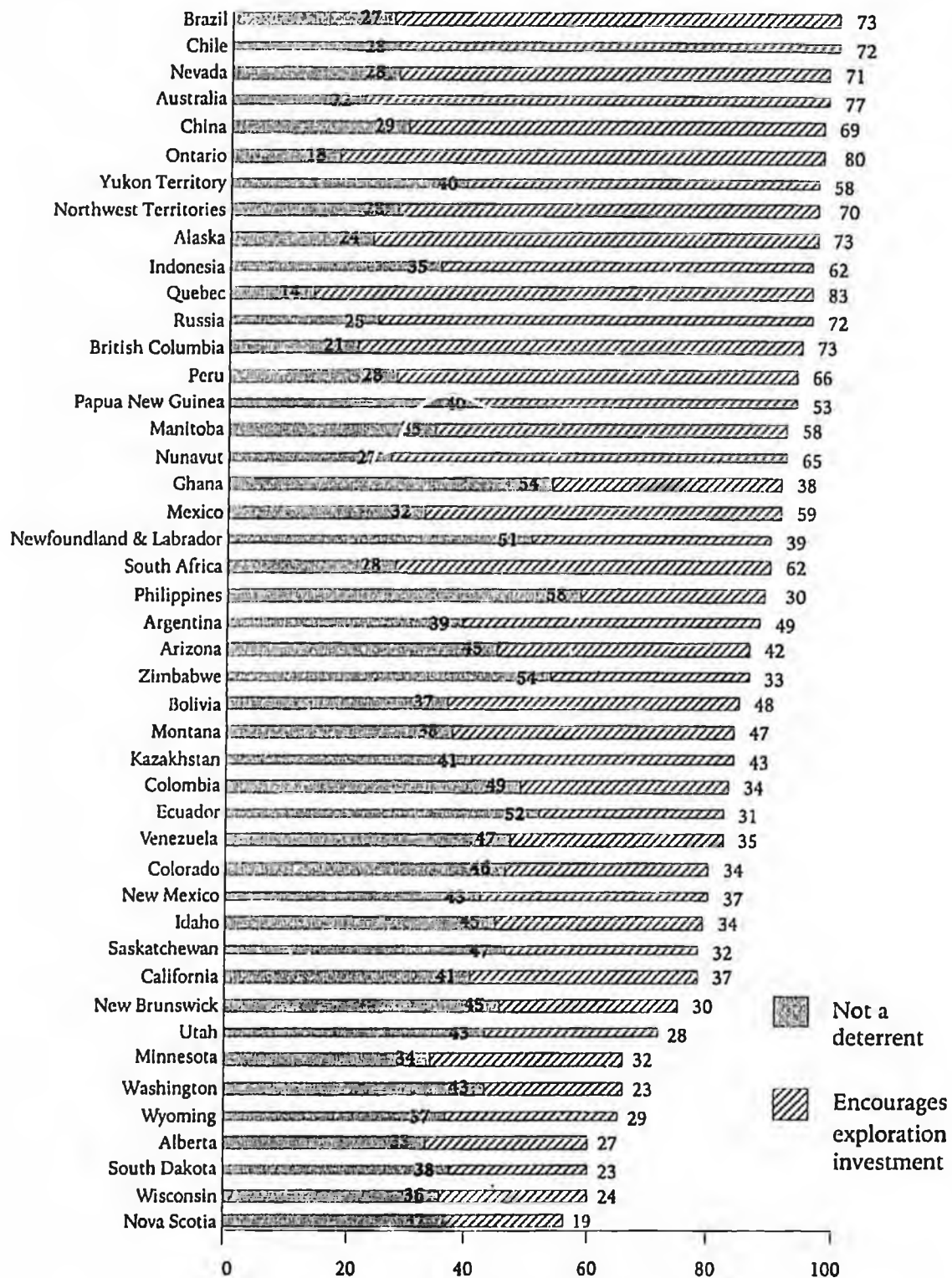
**Figure 7: Regulatory Duplication and Inconsistencies**



**Figure 14: Mineral Potential Assuming Current Regulation**



**Figure 15: Mineral Potential Assuming No Regulation and Further Assuming Industry Best Practices Standards**



**Table 2: United States of America—Percentage of Respondents Who Indicate Factors Encourage/Are Neutral to Exploration Investment\***

State/Factor	AK	AZ	CA	CO	ID	MN	MT	NV	NM	SD	UT	WA	WI	WY
Taxation	77%	66%	24%	44%	59%	44%	39%	93%	61%	40%	58%	33%	28%	55%
Environmental Regulation	36%	42%	4%	9%	30%	18%	8%	60%	31%	16%	32%	2%	0%	28%
Regulatory Duplication	39%	35%	5%	6%	30%	16%	12%	59%	17%	10%	29%	6%	10%	28%
Land Claims Uncertainty	60%	72%	67%	64%	71%	70%	65%	83%	64%	60%	62%	66%	65%	62%
Protected Areas Uncertainty	30%	33%	18%	20%	34%	25%	23%	54%	29%	28%	27%	23%	25%	28%
Labour Regulation	75%	84%	64%	79%	82%	63%	78%	88%	82%	74%	85%	66%	61%	74%
Uncertainty in the Administration, Interpretation, and Enforcement of Regulations	52%	54%	13%	17%	44%	26%	12%	71%	34%	27%	36%	13%	11%	41%
Infrastructure	38%	92%	84%	90%	94%	90%	90%	97%	91%	87%	91%	83%	85%	87%
Socioeconomic Agreements	77%	90%	62%	71%	86%	86%	77%	94%	83%	80%	89%	74%	78%	86%
Political Stability	94%	93%	75%	84%	91%	83%	80%	96%	82%	83%	91%	82%	83%	94%
Mineral Potential Assuming Current Regulation	78%	57%	24%	32%	44%	33%	39%	80%	46%	35%	56%	24%	19%	42%
Mineral Potential Assuming No Land Use Restrictions	97%	87%	78%	80%	79%	66%	85%	99%	80%	60%	72%	66%	60%	65%

\* 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 5: United States of America—Percentage of Respondents Who Consider Factors a Strong Deterrent to Exploration Investment\***

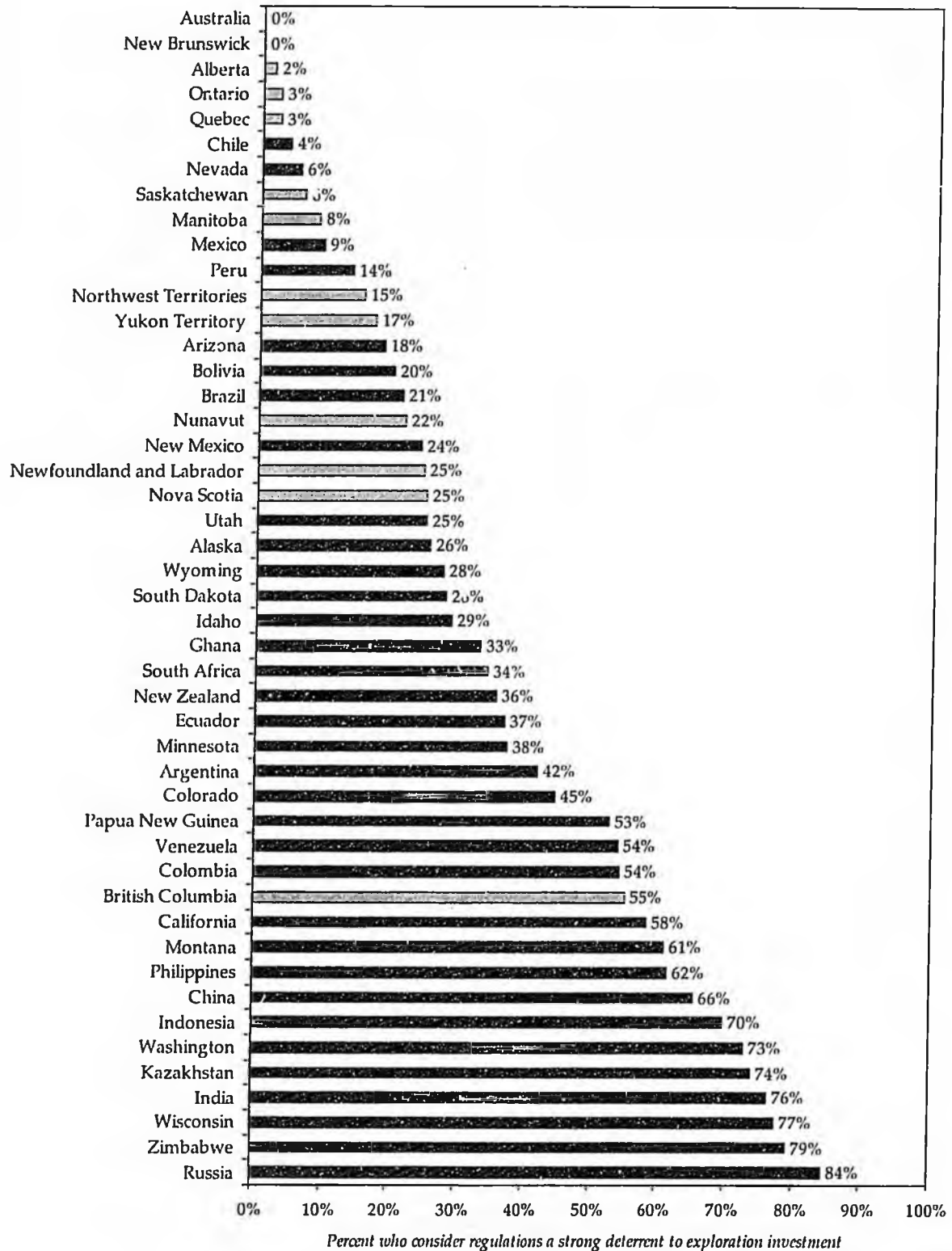
State/Factor	AK	AZ	CA	CO	ID	MN	MT	NV	NM	SD	UT	WA	WI	WY
Taxation	4%	0%	50%	32%	15%	29%	24%	0%	14%	30%	12%	44%	55%	10%
Environmental Regulation	29%	22%	81%	69%	44%	53%	72%	23%	47%	54%	39%	81%	85%	44%
Regulatory Duplication	17%	18%	54%	53%	21%	41%	41%	8%	23%	37%	29%	55%	50%	25%
Land Claims Uncertainty	10%	8%	17%	18%	9%	12%	14%	6%	12%	14%	9%	13%	10%	9%
Protected Areas Uncertainty	28%	25%	50%	46%	29%	31%	31%	18%	29%	36%	29%	40%	38%	31%
Labour Regulation	2%	0%	8%	3%	0%	0%	0%	0%	3%	0%	0%	9%	7%	0%
Uncertainty in the Administration, Interpretation, and Enforcement of Regulations	17%	15%	60%	58%	23%	39%	56%	8%	34%	42%	26%	65%	67%	19%
Infrastructure	16%	0%	4%	2%	0%	0%	2%	0%	0%	0%	2%	6%	5%	2%
Socioeconomic Agreements	2%	0%	19%	11%	3%	0%	6%	0%	3%	6%	3%	15%	16%	3%
Political Stability	0%	0%	10%	4%	2%	6%	9%	0%	4%	4%	2%	9%	8%	0%
Mineral Potential Assuming Current Regulation	8%	19%	46%	30%	26%	41%	43%	10%	32%	30%	27%	52%	60%	33%
Mineral Potential Assuming No Land Use Restrictions	0%	2%	9%	5%	4%	5%	3%	0%	4%	11%	4%	7%	8%	10%

\* 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."

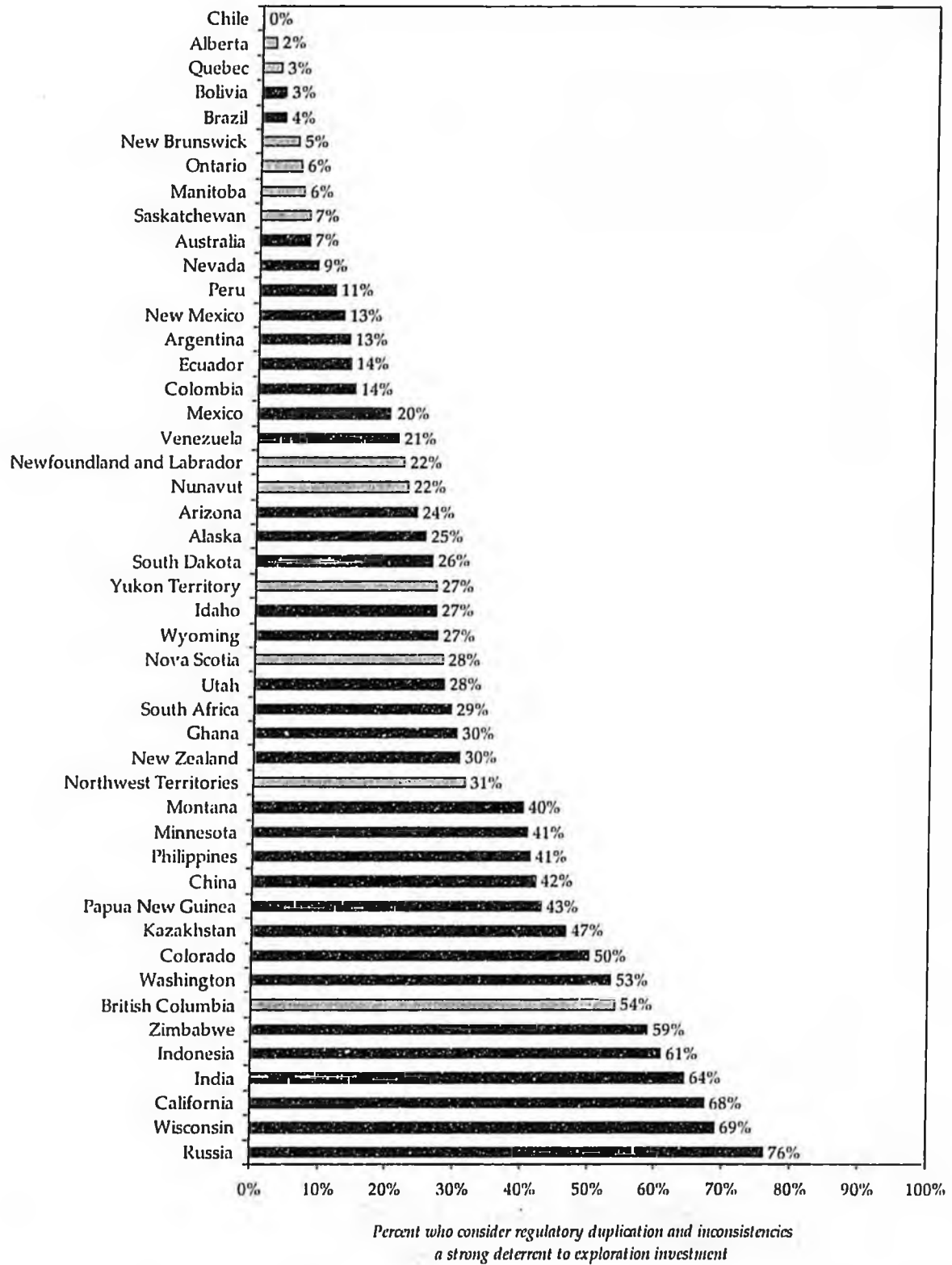
**Figure 2: Mineral Potential Index**



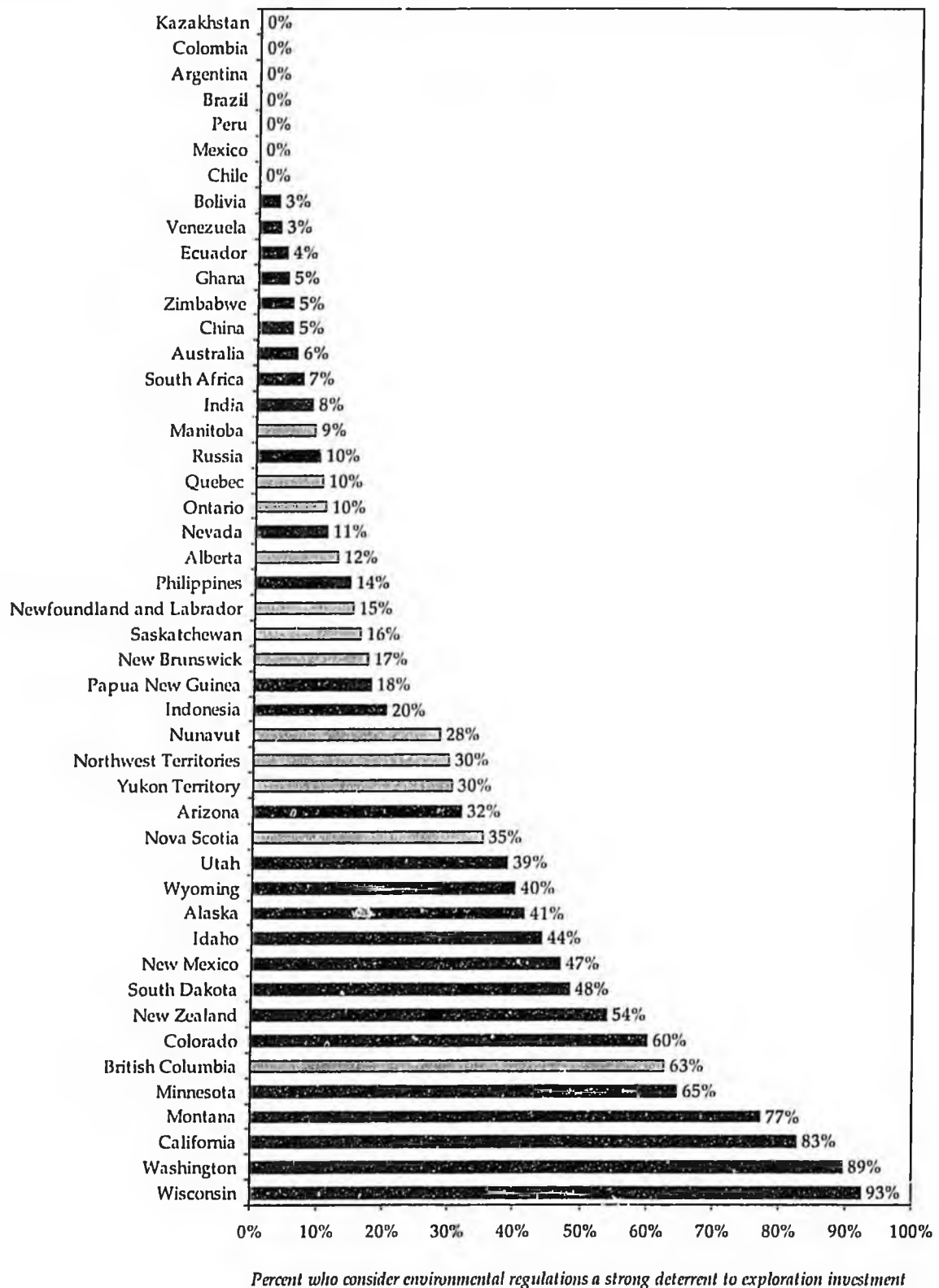
**Figure 4: Uncertainty Concerning the Administration, Interpretation, and Enforcement of Existing Regulations**



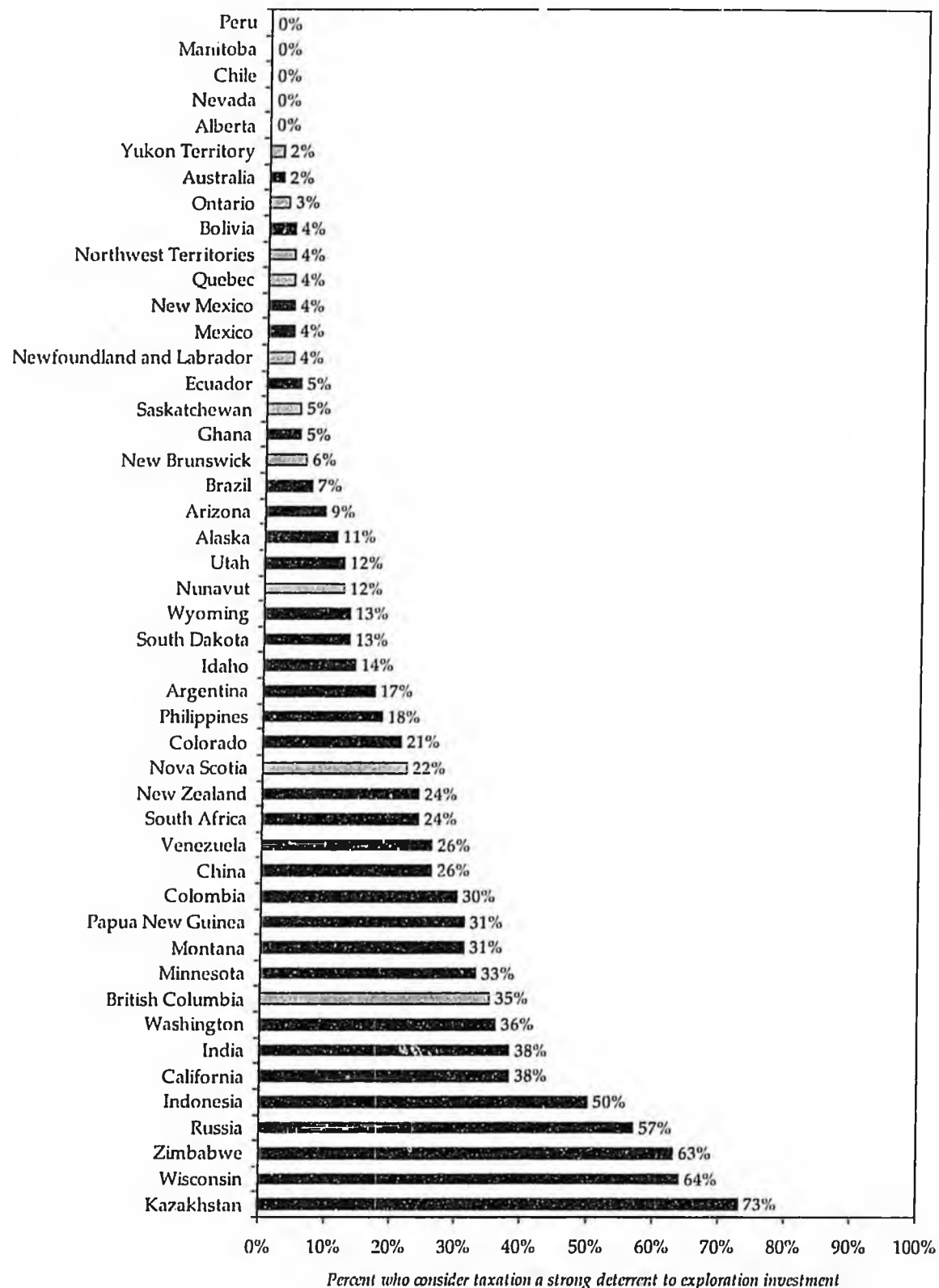
**Figure 5: Regulatory Duplication and Inconsistencies**



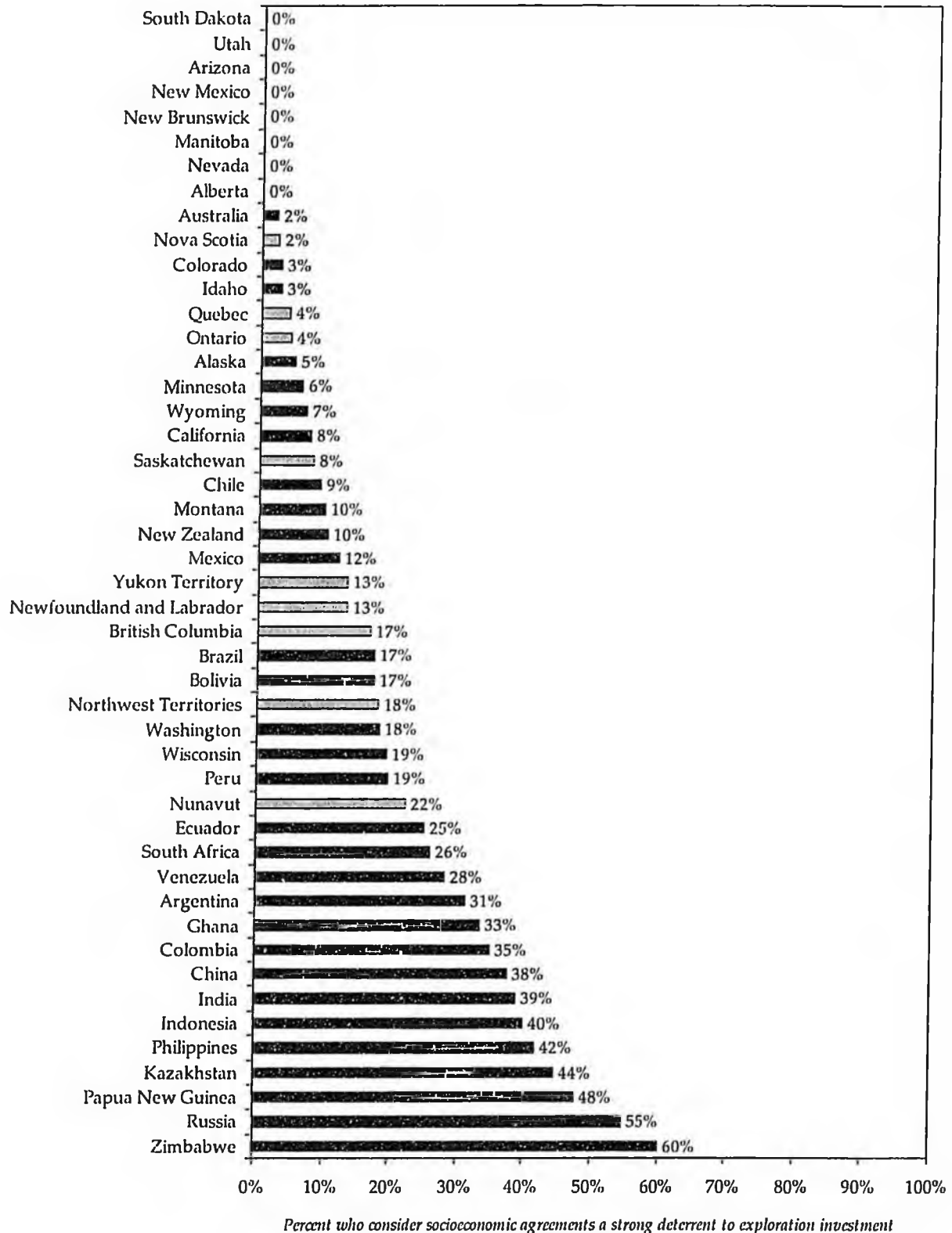
**Figure 6: Environmental Regulations**



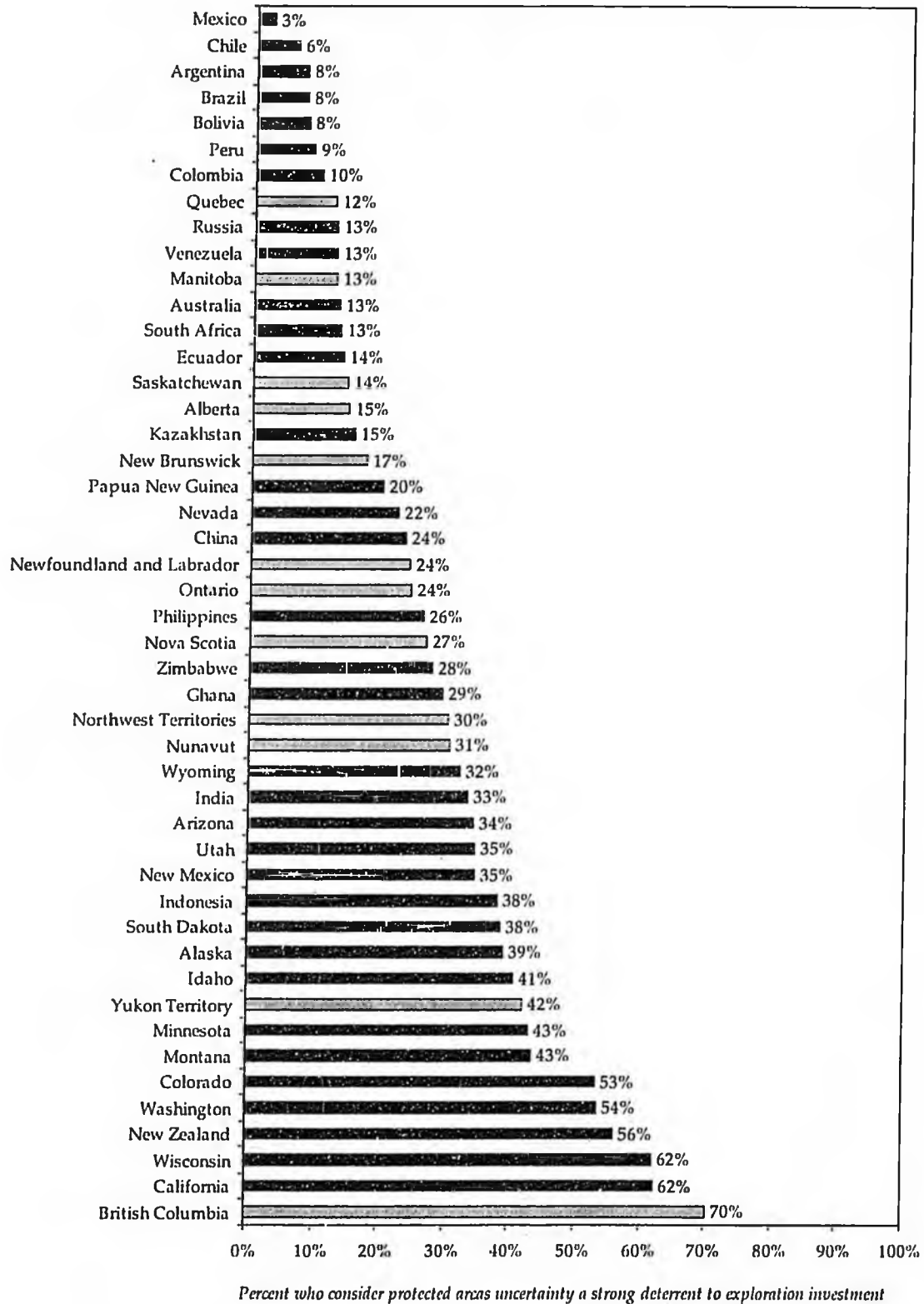
**Figure 9: Taxation Regime**



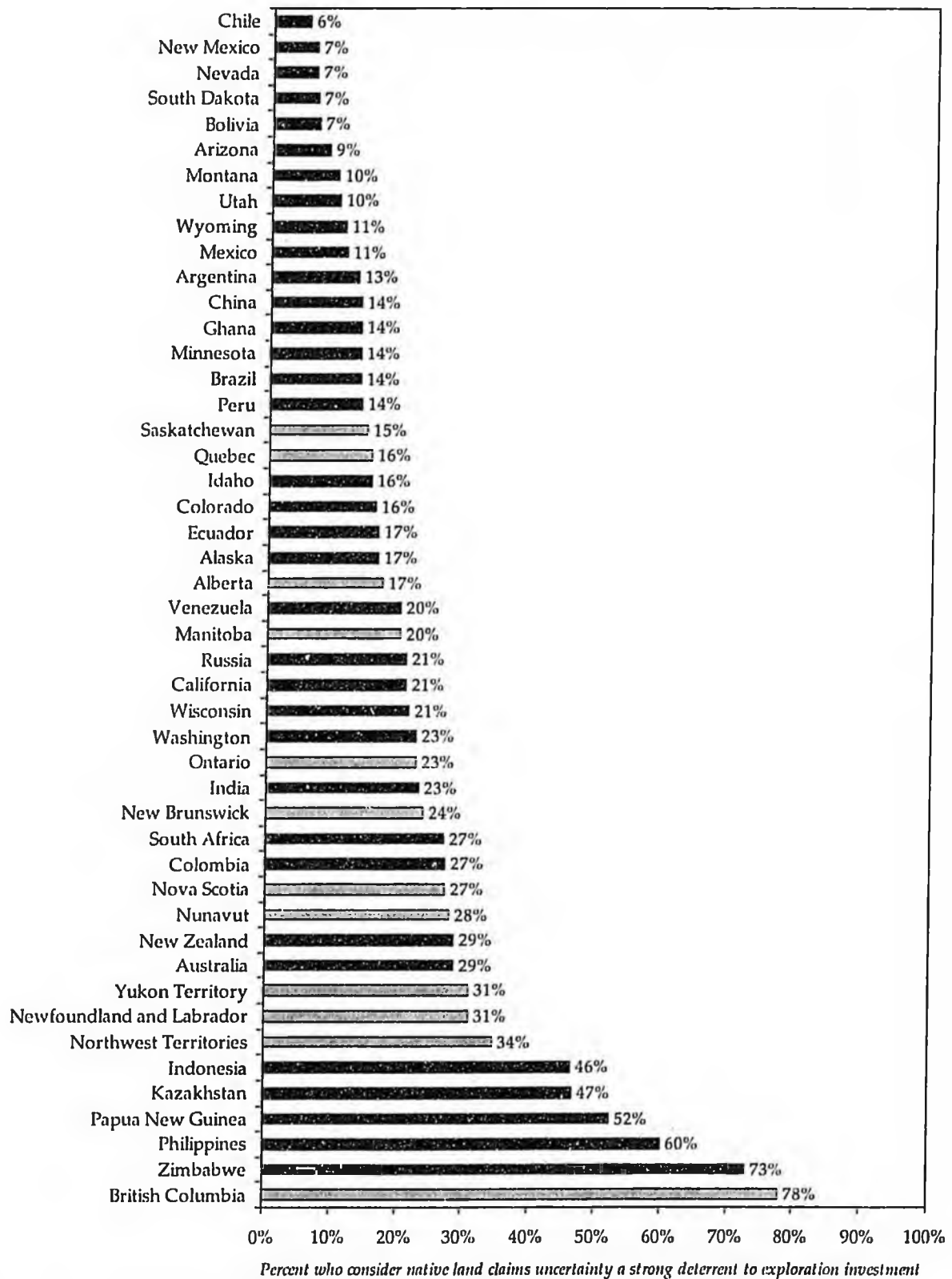
**Figure 13: Socioeconomic Agreements**



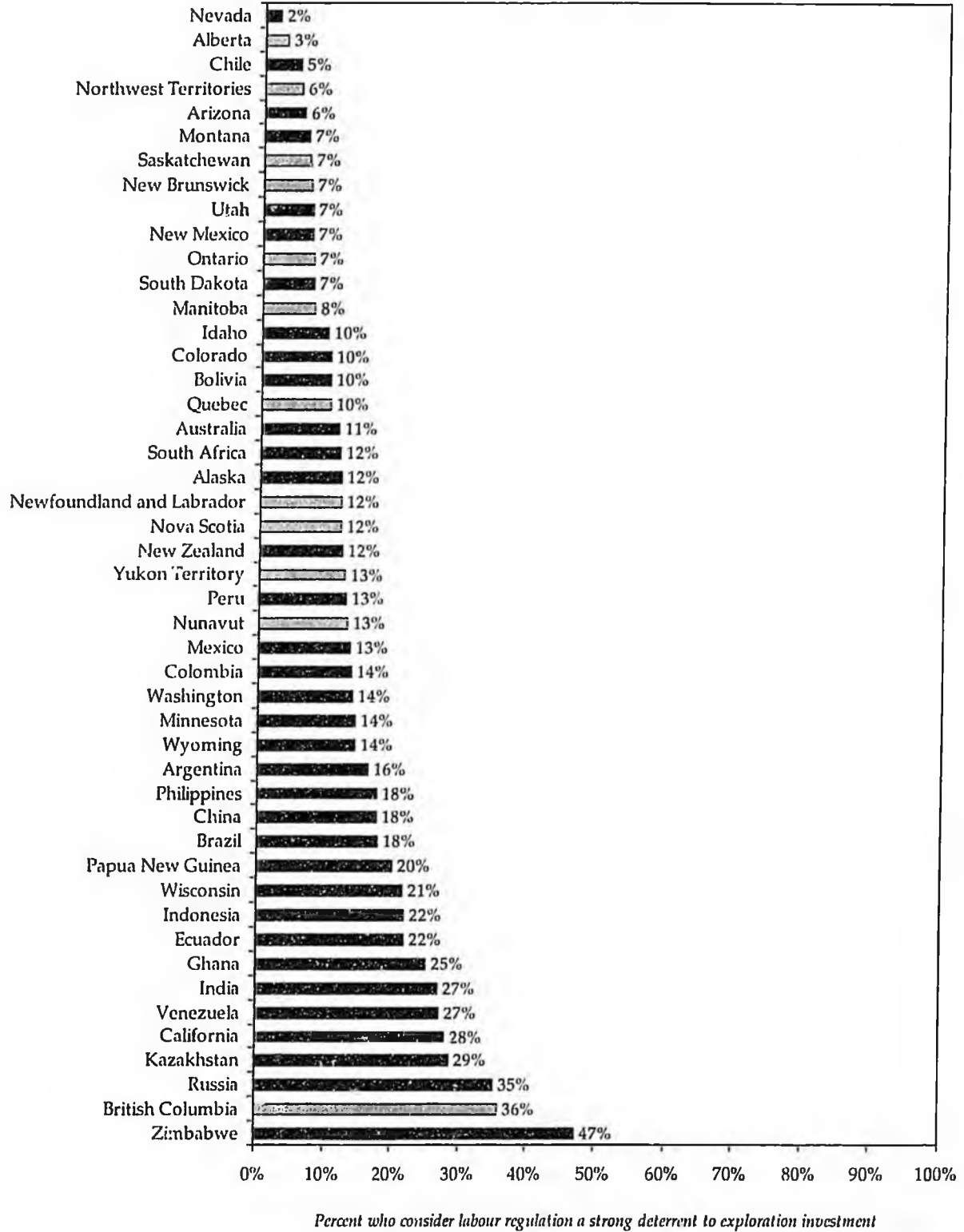
**Figure 7: Uncertainty Concerning which Areas will be Protected as Wilderness or Parks**



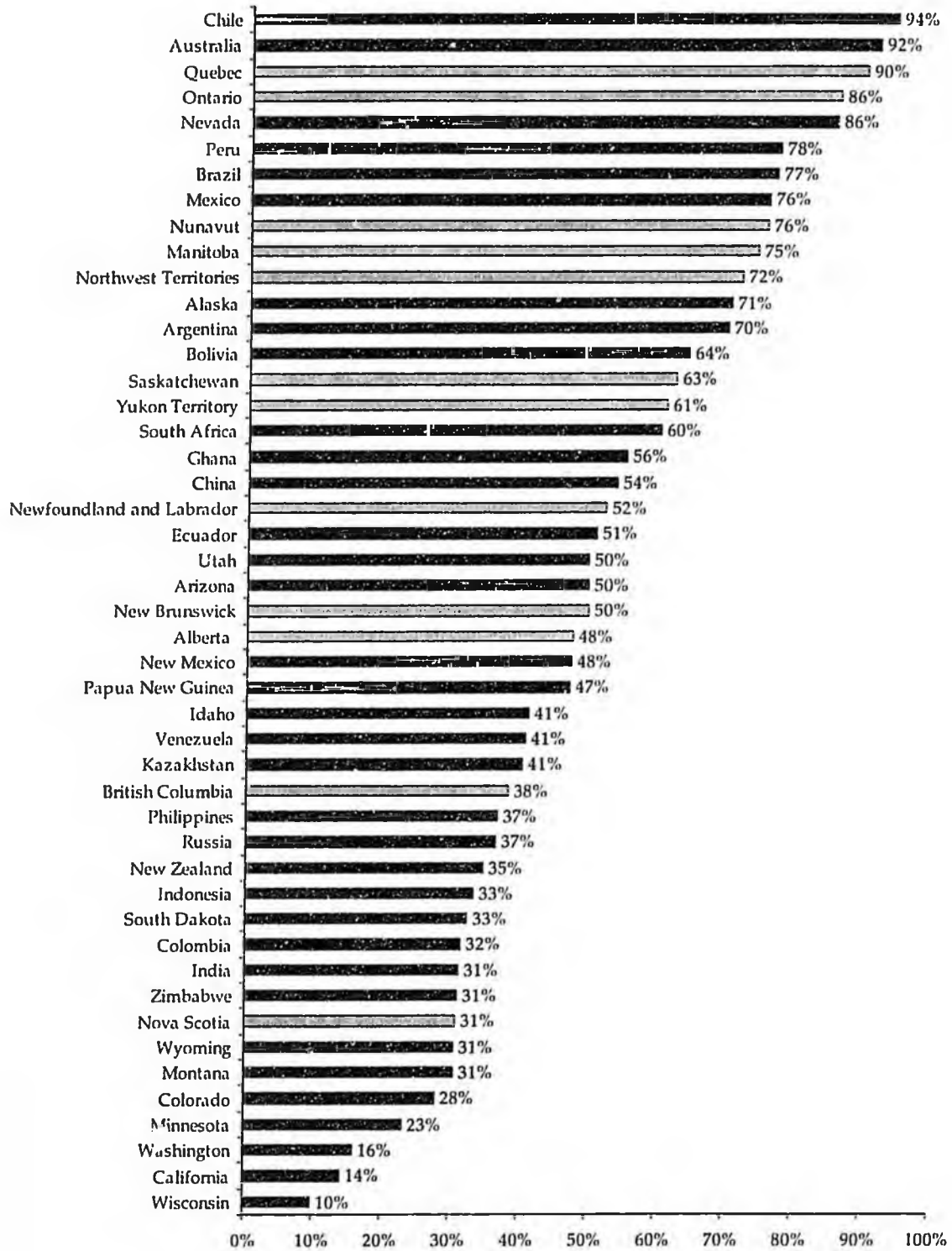
**Figure 8: Native Land Claims Uncertainty**



**Figure 11: Labour Regulation**

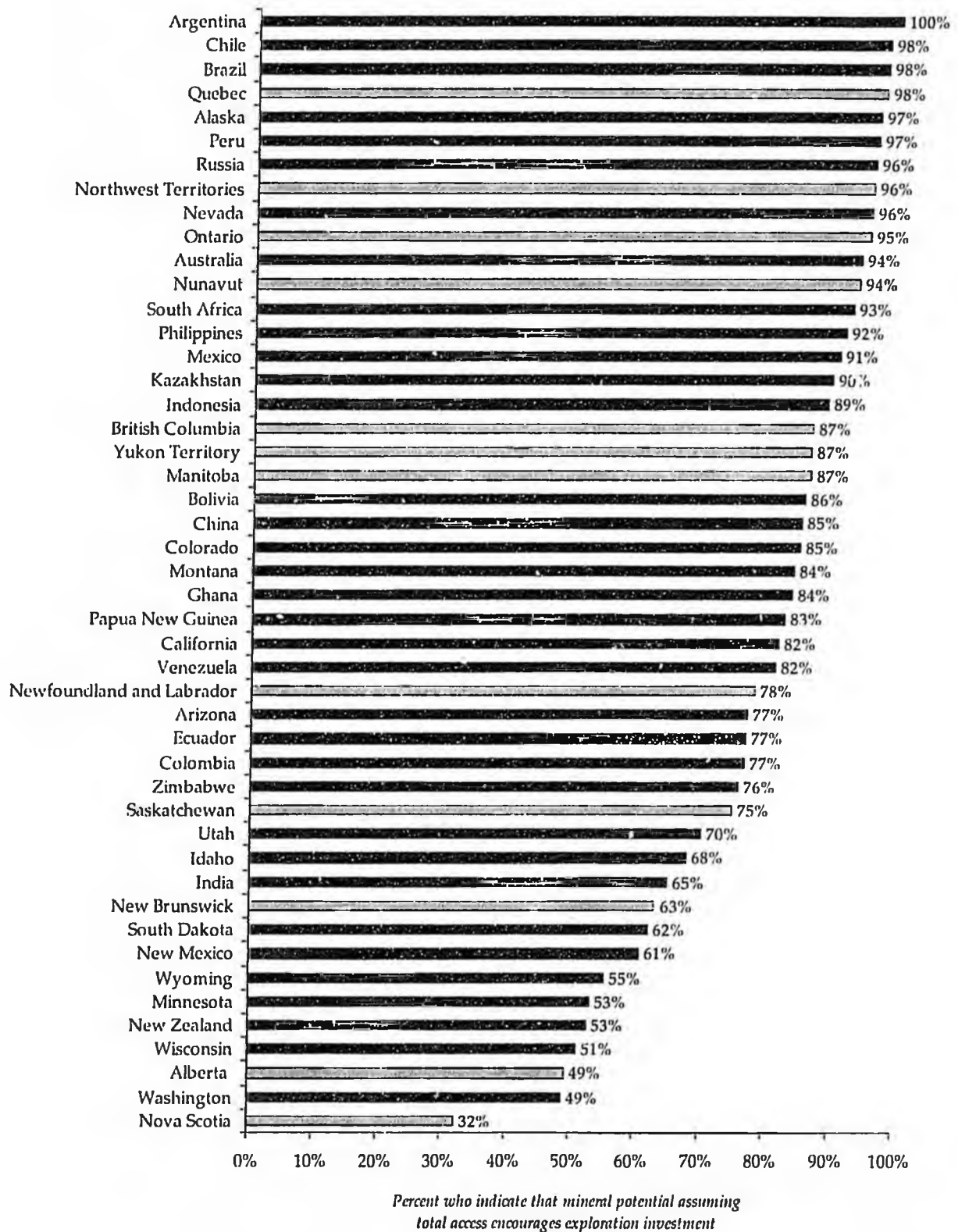


**Figure I4: Mineral Potential Assuming Current Regulation/Land Use Policies**

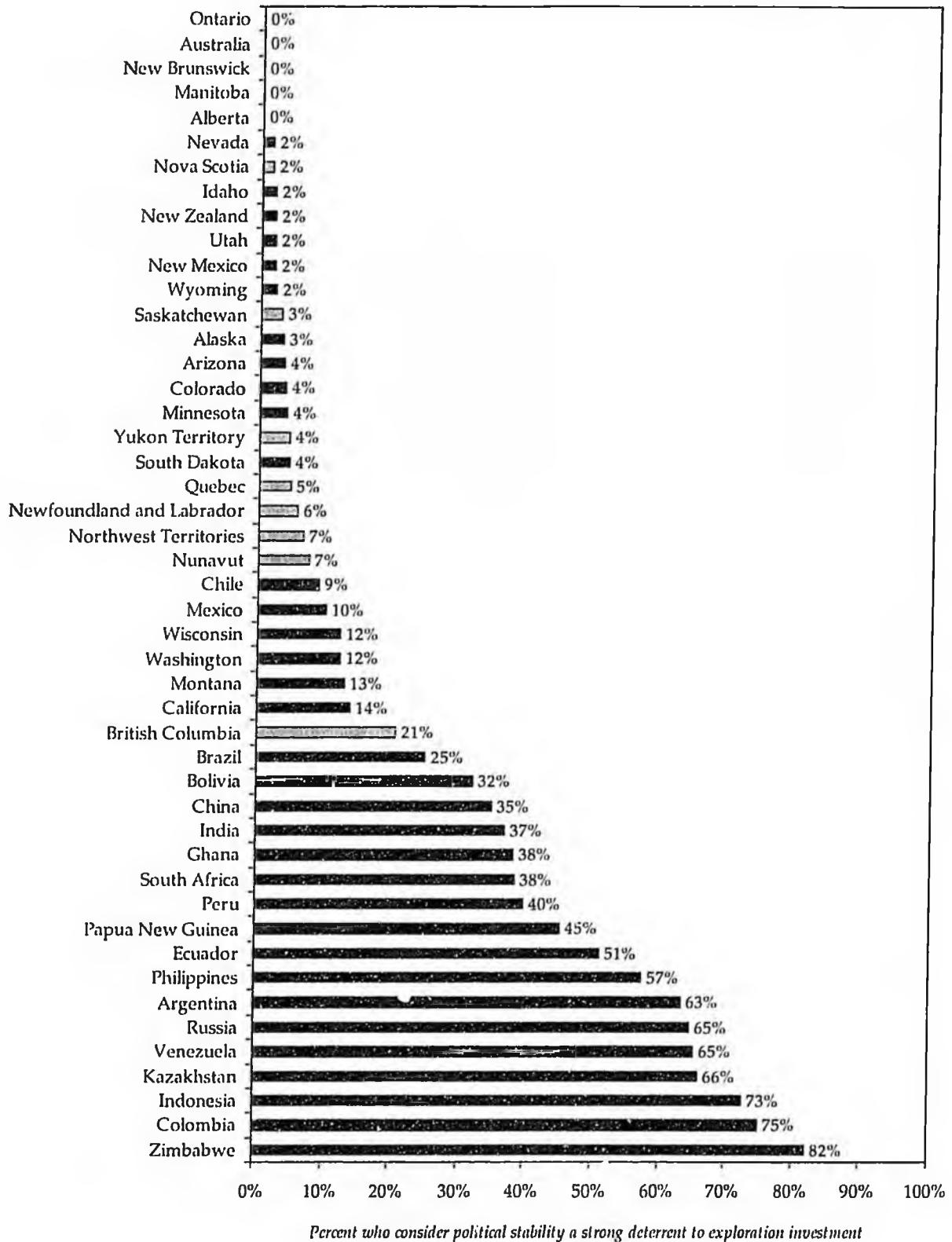


*Percent who indicate that mineral potential assuming current land use policies encourages exploration*

**Figure 15: Mineral Potential Assuming NO Land Use Restrictions in Place, and Further Assuming Industry "Best Practice" Standards**



**Figure 12: Political Stability**



**Table 1a: Percentage of Respondents who Indicate Factors Encourage Exploration Investment\***

Country/ Region	Jurisdiction	Regula- tory Uncer- tainty	Regula- tory Duplica- tion	Environ- mental Regula- tions	Protected Areas Uncer- tainty	Land Claims Uncer- tainty	Taxation
Canada	Alberta	80%	65%	56%	53%	48%	88%
	British Columbia	11%	12%	12%	5%	1%	31%
	Manitoba	75%	74%	67%	59%	44%	81%
	New Brunswick	77%	68%	51%	57%	38%	71%
	Newfoundland	54%	55%	56%	48%	37%	78%
	Northwest Terri- tories	47%	37%	34%	32%	20%	61%
	Nova Scotia	61%	56%	42%	51%	39%	61%
	Nunavut	43%	42%	34%	35%	39%	65%
	Ontario	82%	64%	62%	35%	40%	75%
	Quebec	91%	73%	70%	59%	58%	88%
	Saskatchewan	66%	55%	50%	45%	43%	74%
Yukon Territory	55%	44%	36%	22%	23%	68%	
USA	Alaska	49%	39%	24%	17%	62%	68%
	Arizona	39%	35%	29%	31%	63%	69%
	California	8%	15%	4%	8%	63%	35%
	Colorado	11%	17%	8%	13%	58%	43%
	Idaho	32%	27%	27%	16%	63%	57%
	Minnesota	16%	7%	6%	18%	59%	38%
	Montana	12%	17%	9%	17%	63%	46%
	Nevada	77%	66%	64%	56%	69%	94%
	New Mexico	28%	38%	22%	23%	53%	71%
	South Dakota	16%	22%	15%	8%	59%	61%
	Utah	36%	36%	35%	23%	66%	65%
	Washington	5%	10%	3%	7%	55%	32%
	Wisconsin	6%	7%	3%	7%	46%	28%
	Wyoming	28%	19%	20%	18%	56%	61%

**Table 1b: Percentage of Respondents who Indicate Factors Encourage Exploration Investment\***

Country/ Region	Jurisdiction	Infra- structure	Labour Regu- lation	Political Stability	Socio- economic Agree- ments	Mineral Potential Assuming Current Regula- tion	Mineral Potential Assuming No Land Use Re- strictions
Canada	Alberta	97%	78%	99%	84%	48%	49%
	British Columbia	60%	27%	63%	42%	38%	87%
	Manitoba	78%	65%	96%	77%	75%	87%
	New Brunswick	92%	65%	94%	75%	50%	63%
	Newfoundland	59%	67%	84%	49%	52%	78%
	Northwest Territories	15%	57%	80%	36%	72%	96%
	Nova Scotia	87%	64%	90%	67%	31%	32%
	Nunavut	14%	48%	79%	28%	76%	94%
	Ontario	80%	71%	95%	74%	86%	95%
	Quebec	87%	67%	83%	81%	90%	98%
	Saskatchewan	77%	57%	89%	73%	63%	75%
	Yukon Territory	22%	58%	76%	45%	61%	87%
USA	Alaska	26%	47%	81%	60%	71%	97%
	Arizona	92%	65%	88%	76%	50%	77%
	California	88%	44%	72%	60%	14%	82%
	Colorado	84%	57%	81%	65%	28%	85%
	Idaho	84%	61%	91%	68%	41%	68%
	Minnesota	83%	50%	84%	64%	23%	53%
	Montana	78%	60%	78%	65%	31%	84%
	Nevada	97%	82%	95%	83%	86%	96%
	New Mexico	89%	68%	92%	71%	48%	61%
	South Dakota	83%	70%	89%	72%	33%	62%
	Utah	88%	64%	88%	76%	50%	70%
	Washington	73%	45%	78%	55%	16%	49%
	Wisconsin	86%	46%	76%	58%	10%	51%
Wyoming	80%	57%	88%	69%	31%	55%	

**Table 2a: Percentage of Respondents who Consider Factors  
Strong Deterrents to Investment\***

<b>Country/ Region</b>	<b>Jurisdiction</b>	<b>Regu- latory Uncer- tainty</b>	<b>Regu- latory Duplication</b>	<b>Environ- mental Regula- tions</b>	<b>Protected Areas Uncer- tainty</b>	<b>Land Claims Uncer- tainty</b>
Canada	Alberta	2%	2%	12%	15%	17%
	British Columbia	55%	54%	63%	70%	78%
	Manitoba	8%	6%	9%	13%	20%
	New Brunswick	0%	5%	17%	17%	24%
	Newfoundland	25%	22%	15%	24%	31%
	Northwest Territories	15%	31%	30%	30%	34%
	Nova Scotia	25%	28%	35%	27%	27%
	Nunavut	22%	22%	28%	31%	28%
	Ontario	3%	6%	10%	24%	23%
	Quebec	3%	3%	10%	12%	16%
	Saskatchewan	6%	7%	16%	14%	15%
Yukon Territory	17%	27%	30%	42%	31%	
USA	Alaska	26%	25%	41%	39%	17%
	Arizona	18%	24%	32%	34%	9%
	California	58%	68%	83%	62%	21%
	Colorado	45%	50%	60%	53%	16%
	Idaho	29%	27%	44%	41%	16%
	Minnesota	38%	41%	65%	43%	14%
	Montana	61%	40%	77%	43%	10%
	Nevada	6%	9%	11%	22%	7%
	New Mexico	24%	13%	47%	35%	7%
	South Dakota	28%	26%	48%	38%	7%
	Utah	25%	28%	39%	35%	10%
	Washington	73%	53%	89%	54%	23%
	Wisconsin	77%	69%	93%	62%	21%
	Wyoming	28%	27%	40%	32%	11%

**Table 2b: Percentage of Respondents who Consider Factors  
Strong Deterrents to Investment\***

<b>Country/ Region</b>	<b>Jurisdiction</b>	<b>Infra- structure</b>	<b>Labour Regu- lation</b>	<b>Political Stability</b>	<b>Socio- economic Agree- ments</b>	<b>Mineral Potential Assuming Current Regulation</b>
Canada	Alberta	0%	3%	0%	0%	15%
	British Columbia	6%	36%	21%	17%	33%
	Manitoba	5%	8%	0%	0%	6%
	New Brunswick	0%	7%	0%	0%	16%
	Newfoundland	7%	12%	6%	13%	11%
	Northwest Territories	50%	6%	7%	18%	08%
	Nova Scotia	4%	12%	2%	2%	31%
	Nunavut	50%	13%	7%	22%	10%
	Ontario	4%	7%	0%	4%	4%
	Quebec	1%	10%	5%	4%	5%
	Saskatchewan	2%	7%	3%	8%	10%
Yukon Territory	37%	13%	4%	13%	16%	
USA	Alaska	36%	12%	3%	5%	9%
	Arizona	0%	6%	4%	0%	20%
	California	4%	28%	14%	8%	51%
	Colorado	2%	10%	4%	3%	34%
	Idaho	0%	10%	2%	3%	22%
	Minnesota	7%	14%	4%	6%	42%
	Montana	2%	7%	13%	10%	47%
	Nevada	0%	2%	2%	0%	8%
	New Mexico	0%	7%	2%	0%	20%
	South Dakota	0%	7%	4%	0%	30%
	Utah	0%	7%	2%	0%	23%
	Washington	7%	14%	12%	18%	59%
	Wisconsin	2%	21%	12%	19%	68%
	Wyoming	2%	14%	2%	7%	23%

## Appendix B: Survey Questions

### A. EXPLORATION 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.

1. What percentage of your annual exploration budget in 2001 was spent within:

<b>LATIN AMERICA</b>	<b>NORTH AMERICA</b>	Kazakhstan	_____
Argentina	Canada	New Zealand	_____
Bolivia	USA	Papua New Guinea	_____
Brazil	<b>WORLD</b>	Philippines	_____
Chile	Australia	Russia	_____
Colombia	China	Ghana	_____
Mexico	Ghana	South Africa	_____
Peru	India	Zimbabwe	_____
Venezuela	Indonesia	Other (not listed)	_____

*Should total 100 percent*

2. Has that percentage changed over the 5 years from 1996-2001? If so, please indicate whether there was a positive (+), or negative (-) change, or no change (0).

<b>LATIN AMERICA</b>	<b>NORTH AMERICA</b>	Kazakhstan _____
Argentina _____	Canada _____	New Zealand _____
Bolivia _____	USA _____	Papua New Guinea _____
Brazil _____	<b>WORLD</b>	Philippines _____
Chile _____	Australia _____	Russia _____
Colombia _____	China _____	Ghana _____
Mexico _____	Ghana _____	South Africa _____
Peru _____	India _____	Zimbabwe _____
Venezuela _____	Indonesia _____	Other (not listed) _____

3. Has your total (worldwide) exploration expenditure increased, decreased, or remained the same over the five years from 1996-2001?

Increased \_\_\_\_\_ Decreased \_\_\_\_\_ Remained the Same \_\_\_\_\_

## B. INVESTMENT FACTORS

The following pages list factors such as mineral potential, taxation, and regulations that influence investment decisions. Please use the scale provided to rate each jurisdiction with respect to the factor listed in bold at the top of each page. You need only rate those regions with which you are familiar. If you are unfamiliar with a jurisdiction, leave the question blank or circle "6," the 'do not know' option.

### Scale:

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

2. Has that percentage changed over the 5 years from 1996-2001? If so, please indicate whether there was a positive (+), or negative (-) change, or no change (0).

<b>LATIN AMERICA</b>		<b>NORTH AMERICA</b>	Kazakhstan _____
Argentina _____		Canada _____	New Zealand _____
Bolivia _____		USA _____	Papua New Guinea _____
Brazil _____		<b>WORLD</b>	Philippines _____
Chile _____		Australia _____	Russia _____
Colombia _____		China _____	Ghana _____
Mexico _____		Ghana _____	South Africa _____
Peru _____		India _____	Zimbabwe _____
Venezuela _____		Indonesia _____	Other (not listed) _____

3. Has your total (worldwide) exploration expenditure increased, decreased, or remained the same over the five years from 1996-2001?

Increased \_\_\_\_\_ Decreased \_\_\_\_\_ Remained the Same \_\_\_\_\_

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- 4 = strong deterrent to exploration investment
- 5 = would not pursue exploration in this region due to this factor
- 6 = do not know

## I. TAXATION REGIME\*

Please circle the appropriate rating, according to the scale in the box below, for the following regions' TAXATION REGIME (personal, corporate, payroll, capital taxes and the complexity of tax compliance).

(See above for key to scale)

CANADA						
	1	2	3	4	5	6
Alberta	1	2	3	4	5	6
British Columbia	1	2	3	4	5	6
Manitoba	1	2	3	4	5	6
New Brunswick	1	2	3	4	5	6
Newfoundland	1	2	3	4	5	6
Northwest Territories	1	2	3	4	5	6
Nova Scotia	1	2	3	4	5	6
Nunavut	1	2	3	4	5	6
Ontario	1	2	3	4	5	6
Quebec	1	2	3	4	5	6
Saskatchewan	1	2	3	4	5	6
Yukon	1	2	3	4	5	6
UNITED STATES						
	1	2	3	4	5	6
Alaska	1	2	3	4	5	6
Arizona	1	2	3	4	5	6
California	1	2	3	4	5	6
Colorado	1	2	3	4	5	6
Idaho	1	2	3	4	5	6
Minnesota	1	2	3	4	5	6
Montana	1	2	3	4	5	6
Nevada	1	2	3	4	5	6
New Mexico	1	2	3	4	5	6
South Dakota	1	2	3	4	5	6
Utah	1	2	3	4	5	6
Washington	1	2	3	4	5	6
Wisconsin	1	2	3	4	5	6
Wyoming	1	2	3	4	5	6

LATIN AMERICA						
Argentina	1	2	3	4	5	6
Bolivia	1	2	3	4	5	6
Brazil	1	2	3	4	5	6
Chile	1	2	3	4	5	6
Colombia	1	2	3	4	5	6
Ecuador	1	2	3	4	5	6
Mexico	1	2	3	4	5	6
Peru	1	2	3	4	5	6
Venezuela	1	2	3	4	5	6
OTHER COUNTRIES						
Australia	1	2	3	4	5	6
China	1	2	3	4	5	6
Ghana	1	2	3	4	5	6
India	1	2	3	4	5	6
Indonesia	1	2	3	4	5	6
Kazakhstan	1	2	3	4	5	6
New Zealand	1	2	3	4	5	6
Papua New Guinea	1	2	3	4	5	6
Philippines	1	2	3	4	5	6
Russia	1	2	3	4	5	6
South Africa	1	2	3	4	5	6
Zimbabwe	1	2	3	4	5	6

*\*Repeated for all other factors.*

### C. INVESTMENT CLIMATE

1. How would you weight the importance of mineral potential versus policy factors when considering a new exploration project (assuming some basic mineral potential exists)?

Mineral \_\_\_\_\_ %      Policy \_\_\_\_\_ %      (Total 100%)

2. What country or jurisdiction do you think has the most favourable policies towards mining?

\_\_\_\_\_

Why? \_\_\_\_\_

3. What country or jurisdiction do you think has the least favourable policies towards mining?

\_\_\_\_\_

Why? \_\_\_\_\_

4. If there could be one policy change in this jurisdiction, what should it be?

\_\_\_\_\_

5. If you have an example of either a regulatory "horror story" related to operating in a particular jurisdiction or an example of what you would consider an exemplary policy climate, please describe in the space below. Please attach another sheet if you need more room.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

#### **D. BACKGROUND INFORMATION**

1. Are you a Junior or Senior mining company?

Junior \_\_\_\_\_ Senior \_\_\_\_\_

2. What is your position with the company? \_\_\_\_\_

3. What commodity is currently assigned the greatest percentage of your exploration budget?

\_\_\_\_\_

4. What jurisdictions, if any, would you like to see added to the survey next year?

\_\_\_\_\_

5. What was the value of your 2001 annual exploration expenditures\* (please specify \$US or \$Canadian) within:

<b>LATIN AMERICA</b>	<b>NORTH AMERICA</b>	Kazakhstan	_____
Argentina	Canada	New Zealand	_____
Bolivia	USA	Papua New Guinea	_____
Brazil	<b>WORLD</b>	Philippines	_____
Chile	Australia	Russia	_____
Colombia	China	Ghana	_____
Mexico	Ghana	South Africa	_____
Peru	India	Zimbabwe	_____
Venezuela	Indonesia	Other (not listed)	_____

*\*Please note that individual surveys are strictly confidential.*

The information from this question is used to determine the total exploration budgets of all of the companies participating in the survey. If you are uncomfortable giving a specific amount, please give a range.

Thank you for participating in *The Fraser Institute's Annual Survey of Mining Companies*. To ensure that your opinions are included with the results, and to be entered into the thank you draw for Cdn\$1,000, please return your questionnaire with the response card or your business card promptly.

**The Fraser Institute's  
Annual Survey of Mining Companies**

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Copies of *The Fraser Institute's Annual Survey of Mining Companies 2002/2003* are available for order. If you would like to receive a copy of this report, or of previous editions, please photocopy, complete, and return the following form:

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I have enclosed a cheque for \$ \_\_\_\_\_ payable to The Fraser Institute, or  
please charge my credit card:  Visa  Mastercard  American Express

Card # \_\_\_\_\_ Exp. Date \_\_\_\_\_ / \_\_\_\_\_

Signature /Date \_\_\_\_\_

If you would like to participate in *The Fraser Institute's Annual Survey of Mining Companies 2003/2004*, please respond before August 1, 2003, and indicate here:

Yes, my opinion counts! Please include me in next year's survey.

Send completed forms to:

Publications Coordinator, The Fraser Institute  
4<sup>th</sup> Floor, 1770 Burrard St., Vancouver, BC, Canada V6J 3G7  
or fax: (604) 688-8539

We'd like to thank the all the sponsors of the  
*Annual Survey of Mining Companies 2002/2003*. We would especially like to  
thank the PDAC for their support and encouragement.

MAR 11 2003

The Honorable Bruce Weyhrauch

March 10, 2003

Alaska House of Representatives

Alaska State Capitol

Juneau, Alaska 99801-1182

Dear Representative Weyhrauch

Our fish and wildlife resources are critical to sport, commercial and subsistence users and supports many businesses based on tourism. Visitors to Alaska arrive with the perception that there will be abundant opportunities to fish and view wildlife. The protection of habitat that supports healthy populations of fish and wildlife is necessary. The Alaska Department of Fish and Game has effectively protected fish and wildlife habitat such as streams that are known salmon spawning and rearing areas. Salmon returns directly affect hundreds of species of wildlife.

In the past people have been confident that the Department of Fish and Game whose mission is to protect fish and wildlife resources would provide the necessary input that would maintain the check and balances during permitting disputes with other agencies and businesses whose mission is resource development. The Governor's executive order that transfers permitting authority and biologists from the Department of Fish and Game to the Department of Natural Resources cripples the effectiveness of the permitting staff by eliminating any Fish and Game input into permitting decisions. All Fish and Game divisions have provided valuable research and input on fish and wildlife issues in the past. This transfer will be costly both in expertise lost from the reduced number of biologists and the loss of shared research. Some sources of funding for the Habitat Division will also be lost because of this move resulting in fewer site inspections and less enforcement.

There is an efficient way of reviewing permits in place within Fish and Game now. An average of 2000 permits are reviewed per year with an average turnaround time of 14-17 days. Only 1% of the permit applications per year are refused with good reasons.

Restoring habitat after it has been destroyed is far more costly and requires much more time than protecting habitat. The move described in the Governor's executive order will result in damaged or lost habitat over the long term.

Please do not sit still on this important issue. I would like to know how you will support the process of bringing together a joint session of the House and Senate for discussion of this executive order and alternatives to this plan. Please vote to disapprove this executive order.

Thank you for your time.

Sincerely,

  
Lisa A. Hoferkamp

MAR 14 2003

I strongly oppose Executive Order 107. As a cartographer and GIS specialist at the Department of Fish and Game for the last 20 years I have seen the dedication and effectiveness of Habitat biologists and I know the value of the coordination and shared information that exists between Habitat Division and the Divisions of Sportfish, Wildlife Conservation, Subsistence and Commercial Fisheries. Governor Murkowski gave "streamlining" as the reason for issuing Executive Order 107 but records show that there is an efficient system for processing permits now at the Department of Fish and Game. ADF&G Habitat biologists handle an average of 2000 permits a year with a turnaround time of about 14 days. Contrary to what I have heard in arguments supporting this executive order there are no "routine" permits. Each permit is unique in its location and associated problems. Over the years these biologists have put in an enormous amount of unpaid time to do their work. They are overworked now. Reducing the permitting staff by 30% will reduce the effectiveness and efficiency of the biologists. Moving permitting authority to ADNR will sever the coordination with other ADF&G divisions that have valuable input in making sound decisions for the protection of fish and wildlife. If this move happens there will be less funding and fewer staff for the site inspections that are important to the permit review process.

Fish and Game's primary mission is the protection of fish and wildlife resources and habitat. ADNR's commitment to fish and wildlife resource protection is secondary to their primary mission of resource development. The language of the Anadromous Fish Act gives wide latitude in the interpretation what is considered important habitat for spawning, rearing and migration of anadromous fish. I map the areas that are important to anadromous fish from data collected in the field by habitat biologists and I find it disturbing that the Commissioner at the agency whose primary mandate is resource development will be deciding what constitutes important fish habitat. If most of the final decisions on disputed habitat issues are made by the Deputy Commissioner and the Commissioner at ADNR I would suspect that these decisions will be weighted toward resource development at the cost of habitat. This executive order removes the checks and balances necessary to protect our fish and wildlife resources that have been in place since statehood.

A letter I received from my state Senator contains the statement that if "critical habitat is adversely affected it is well within the legislature's power to return Habitat to Fish and Game through state statute." I hope that most legislators have researched this issue more thoroughly and do not consider this a wise plan of action. It would be more costly to restore damaged habitat than to protect it and this restoration will take place over a long span of time. The effects to the habitat resulting from this loss of protection may not be obvious for years but by that time it may be too late. With the loss of habitat our wild salmon runs may be greatly diminished like some of those in Oregon and this will have effects on hundreds of species of wildlife. You cannot simply return Habitat Division permitting to Fish and Game after this "experiment" fails. By that time you would have lost valuable people through layoff, the years of expertise they brought to their jobs and the training they would have given to new staff.

I have been living in Alaska for over twenty years and have enjoyed fishing and wildlife viewing through the years. Our fish and wildlife resources attract thousands of tourists to this state annually. These resources are also important to sport and commercial fishermen and subsistence users. We need effective protection of habitat to support healthy populations of fish and wildlife. This executive order weakens this protection. The effects of your decision on the quality of life for Alaskans will exist long after your

term in office. Please support the process of bringing the resolution to overturn Executive Order 107 out of committees to a joint session of the house and senate for discussion and a vote. **Please vote to disapprove Executive Order 107.**

I am representing myself in this statement.

*Francis Inoue*

*Francis Inoue  
6601 Weimer Dr. #F  
Anchorage, Alaska 99502*



# Alaska State Legislature

Please enter into the record my testimony to the HOUSE STATE AFFAIRS  
committee name  
committee on EO 107, dated 3-11-03  
bill/subject

I DO NOT SUPPORT EO 107.

THIS DOES NOT COME FROM THE PUBLIC  
IT DOES NOT COME FROM THE AGENCIES.  
IT DOES NOT COME FROM THE LEGISLATURE.

IT IS AN EXECUTIVE ORDER AND THIS EXECUTIVE IS NO  
FRIEND OF THE ENVIRONMENT. I AM VERY CONCERNED THAT  
THIS SUBSTANTIAL CHANGE WILL BE HARMFUL TO THE CHECKS  
AND BALANCES IN PLACE. IT WILL BE HARMFUL TO ALASKA.  
HERE IN CORDOVA WE HAVE A FINISHED HYDROELECTRIC PROJECT  
THAT WITHOUT FISH + GAME OVERSIGHT IT WOULD NOT BE THE  
FACILITY THAT EVERYONE IS PROUD OF TODAY!

I AM CONCERNED THAT OIL EXPLORATION BEGINNING ON THE  
EAST SIDE OF THE COPPER RIVER DELTA, HOME TO ALASKA'S  
PREMIER WILD SALMON, WILL NOT HAVE THE NEEDED  
OVERSIGHT WITH THIS CHANGE. THANK YOU.

Signed: DPJ DAVID P. JANKA  
Testifier

OWNER/OPERATOR ANKLET CHARTER SERVICES

Representing (Optional)  
PO BOX 1231 CORDOVA AK 99574

Address  
907-424-3428

Phone No.

faxed 3-11-03



# Kachemak Bay Conservation Society

3734 Ben Walters Lane, Suite 202  
Homer, AK 99603  
Phone: (907)235-2062 • Fax: (907)235-4069 • [kbcbs@xvz.net](mailto:kbcbs@xvz.net)

March 10, 2003  
*House State Affairs*  
Senate Resources Committee  
Alaska State Senate  
Juneau, AK

MAR 17 2003

Dear Committee Members:

The Kachemak Bay Conservation Society is a membership organization whose mission is to protect the environment of the Kachemak Bay region and encourage sustainable use and stewardship of resources through advocacy, education/information, and collaboration.

KBCS urges the Senate Resource Committee (House State Affairs on Tuesday) to recommend overriding the Governor's E.O. 107 and keep the Habitat Division within the Department of Fish and Game. Protecting our fish and wildlife is a bi-partisan issue. As the habitat of fish and wildlife goes, so go those resources. This is well evidenced in the Lower 48 where the salmon have been greatly reduced by habitat modifications, to the point of Endangered Species status for some populations. Impacts to salmon habitat, through development, such as dams, culverts, logging, mining, application of pesticides, oil and gas development, subdivisions, road building and more, if not given careful oversight through permitting will eventually deplete our fisheries and other wildlife. Alaska's economic development needs the careful oversight of an independent "watchdog" that will protect the public interest by protecting its resources.

Placing habitat permitting within the Department of Natural Resources makes protection of our fish and wildlife secondary to DNR's mission to conserve and develop state land. ADF&G currently has habitat permitting authority over projects on various types of land ownerships, including private, borough and federal lands. DNR has a very different mandate than ADF&G, a mandate that will certainly change a system that currently ensures a balanced development of our resources. KBCS is further concerned that with DNR's development mandate, the Title 16 requirements regarding fish passage will decrease protection of our fisheries. A good example of DNR's less than adequate protection of fishery streams occurred in 1992 when the Division of Oil and Gas, under DNR, proposed a reduction or elimination of some production rig setbacks from water bodies to protect salmon streams despite protests from ADF&G.

KBCS also has other concerns about the effects of E.O. 107:

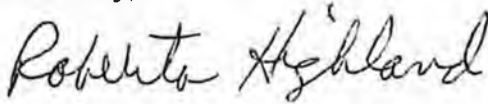
- The State will lose its system of checks and balances in the oversight of fish and wildlife.

- DNR's primary mission to develop lands will take precedence over ADF&G's mission to manage, protect, maintain, and improve the fish, game and aquatic plant resources of Alaska.
- There will be an essential disconnect between the Habitat Division and the rest of the agency that does the long-term scientific research on the species that Habitat seeks to protect. This physical separation will make collaboration and sharing of this essential research more difficult, time-consuming and expensive.
- Reducing the permitting oversight that will definitely occur with the transfer to DNR will cost us in the long run through incremental degradation of our resources, a deterioration that will occur so slowly that its effects will be noted only when it is too late to prevent them.
- KBCS has a special concern that there will not be adequate permitting or enforcement of the management plans for Kachemak Bay and Fox River Flats or the Anchor/River Fritz Creek Critical Habitat areas.
- Adequate oversight will be lost by significant reduction of employees. The permitting section is presently understaffed and will become more so if the Governor's request to eliminate 50 more jobs is implemented. How will permitting, with the necessary site inspections and research, be implemented with these additional job losses?

In 1959 the present system of checks and balances was established by vesting permitting authority with the Department of Fish and Game. The Governor's E.O. 107 takes away this important system in the name of "streamlining" the permitting process. The facts do not show any real inefficiency in the present system with 2000 permits and site visits handled yearly with an average turn-around of 14-17 days and not even 1% denied. There are no clear and convincing reasons to dismantle a permitting system that has worked well for more than 40 years.

Please overturn this Executive Order in the interests of the long-term health and productivity of our fisheries, wildlife and its habitat.

Sincerely,



Roberta Highland, President

**Subject: EO 106 and 107**

**Date: Fri, 07 Mar 2003 11:41:12 -0900**

**From: Bear Creek Outfitters <flyfish@flyfishsoutheast.com>**

**Reply-To: info@flyfishsoutheast.com**

**To: Representative\_Bruce\_Weyhrauch@legis.state.ak.us**

**MAR 11 2003**

Dear Representative Weyhrauch:

I'd like to register my opposition to EO 106 and 107 and urge you to insure that the present habitat permitting systems intact. I own and operate a fly fishing guide service and know the value of healthy wild fish stocks to my both my operation and other businesses that benefit from the presence of my clients (hotels, restaraunts, air services, etc.).

The ADF&G has done a great job of managing our fish stocks, and I believe the record will show they have done so to the detriment of only a few, if any, non-fishing business interests. I believe it is the very "wildness" of our stocks which allow both Alaska's commercial and sport fish industries to continue to compete for world market-share. Detracting from the viability of those stocks with this proposed consolidation would be short-sighted at best.

Please vote against EO 106 and 107.

Sincerely,  
Mark Kaelke

---

Bear Creek Outfitters  
Mark & Michelle Kaelke

9723 Trappers Lane  
Juneau, AK 99801

Email: info@flyfishsoutheast.com  
Web: www.flyfishsoutheast.com

(907) 789-3914 phone/fax

---

February 21, 2003

MAR 14 2003

Editor  
Anchorage Daily News

Dear Sir:

The "busy" season for the Alaska Department of Fish and Game, Habitat & Restoration Division (H&R) is beginning. The general public is calling to start the review process for docks and other construction permits for early spring and summer. The calls are varied and many. You can bet guides for fish and wildlife, lodges, the tourism industry and others who make their living from the blessings of our state's natural beauty and abundant, well-managed resources will also soon increase planning and activity to apply for permits, hire staff, market their services and generally get ready for what they hope will be a lucrative season. The habitat biologists and support staff in 3 offices (85 people total) cover the entire state of Alaska for questions, and permits on everything from beaver dams and docks to recreational mining/dredging and special area (legislatively-designated refuges, critical habitat areas, and sanctuaries) permits.

The executive order (EO107) signed by Governor Murkowski, transferring Title 16 permitting authority currently residing with the Alaska Department of Fish and Game, Habitat and Restoration Division, to the Alaska Department of Natural Resources takes effect April 15, 2003. Unless this EO is brought out of committee onto the legislative floor for a vote before April 11, **it will become law.**

When our state constitution was crafted, those founders thought it wise to separate the responsibility of watch care over our resources, particularly fish and wildlife, from the development and use of other resources such as land and water use, mining and forestry. Transferring the responsibility for even part of fish and game underneath the authority of those who are development-minded is a huge conflict of interest. The people of the State of Alaska need to decide whether they really believe that fish and wildlife habitat will continue to be well cared for – protection and public access carefully balanced – by those habitat biologists with years of education, training, and the experience to do it correctly or whether the dissolution/fragmentation of the habitat and restoration division and the rumored dissolution of the "brown shirts" arm of the State Troopers, Fish and Wildlife Protection, actually means that future protection, enhancement, and care of Alaska's fish and wildlife will take a back seat to development and greed for the first time since Alaska has achieved statehood.

Sincerely,

  
Cathy J. Kane

(P.O. Box 221345  
Anchorage, AK 99522-1345  
PH: wk/267-2112 or hm/336-9011)

(NOTE: THE OPINION EXPRESSED HERE IS MY OWN AS A PRIVATE CITIZEN OF THE STATE OF ALASKA .)

MAR 17 2003

# Wilderness Inspirations™

*Featuring the images of  
Leo and Dorothy Keeler*



P.O. Box 190647  
Anchorage, Alaska 99519  
TEL (907) 248-9916  
FAX (907) 248-8589  
e-mail: [info@akwildlife.com](mailto:info@akwildlife.com)  
<http://www.akwildlife.com>

March 10, 2003

House State Affair Committee Public Hearing  
Testimony Opposing Executive Order 107

My name is Dorothy Keeler. I have lived in Anchorage since 1976. As a professional wildlife photographer, I vigorously oppose Executive Order 107.

Governor Murkowski is trying to give the appearance of providing a sound financial plan to balance the budget. He is desperate... his campaign for Governor promised income of up to \$300,000,000.00 a year from the McCovey oil well, and that well was plugged and abandoned in February. He promised income from resource development would close the fiscal gap and is now willing to sacrifice the long term health of our fish and wildlife so he can look better during his term as governor.

Moving the habitat permitting authority from Fish & Game to the Dept. of Natural Resources is inviting the fox to guard the henhouse. I am appalled, yet not surprised, by the governor's arrogance in continuing to promote the idea when all five of the last Fish and Game Commissioners, who served under three governors, opposed the idea, citing a basic conflict of interest as the underlying reason.

Sure, his plan will save money this year. However, his plan is like using DDT to increase crop yield... both are guaranteed to work for the short term, but the long-term consequences, both planned and unexpected, will not be worth the cost. When a system of checks and balances is eliminated to save money, the State of Alaska will suffer long after Murkowski is no longer governor. Responsible members of the Legislature must not allow this to happen.

We must not allow his desperation and arrogance to forever ruin the state we love. I implore you... vote to oppose Executive Order 107.

Thank you for the opportunity to express my views.

Sincerely,

Dorothy Keeler

A handwritten signature in cursive script that reads "Dorothy Keeler". The signature is written in dark ink and is positioned below the printed name.

MAR 17 2003

# Wilderness Inspirations™

*Featuring the images of  
Leo and Dorothy Keeler*



P.O. Box 190647  
Anchorage, Alaska 99519  
TEL (907) 248-9916  
FAX (907) 248-8589  
e-mail: [info@akwildlife.com](mailto:info@akwildlife.com)  
<http://www.akwildlife.com>

March 10, 2003

House State Affair Committee Public Hearing  
Testimony Opposing Executive Order 107

I am writing to oppose passage of Governor Murkowski's Executive Order 107 directing that the Habitat Division of Fish and Game be reduced in size and moved into the Department of Natural Resources. I have been in Alaska for over 20 years and, through my federal job dealing with lands, have had numerous opportunities to work with both the Habitat Division of ADF&G and DNR. I have always found DNR extremely difficult to work with and never responsive to problems. The long history of DNR's budget being reduced has only made that problem worse. Recently I have been told if I wanted DNR to act on my request for road access, that I would need to provide the funding to hire someone to do their paperwork.

With their attitude that those that pay get service, only large companies will gain the attention of DNR's staff, and thus the permits they need. This process will prevent diversification of our economy through developing small businesses.

The logging of Native lands throughout Alaska is a prime example of poor environmental oversight by DNR staff. The DNR Forester from Glenallen was responsible for assuring that Eyak Corporations logging near Cordova was done properly. He was able to visit the site twice a year for a few days, not nearly enough time to cover the ground and assure fish streams and wildlife habitat were protected. The results showed the lack of oversight.

My working with ADF&G, though not always pleasant, has always left me with the feeling that they were protecting the resource for future generations. The staff in Habitat often present new ideas to problems I have encountered and are willing to discuss them.

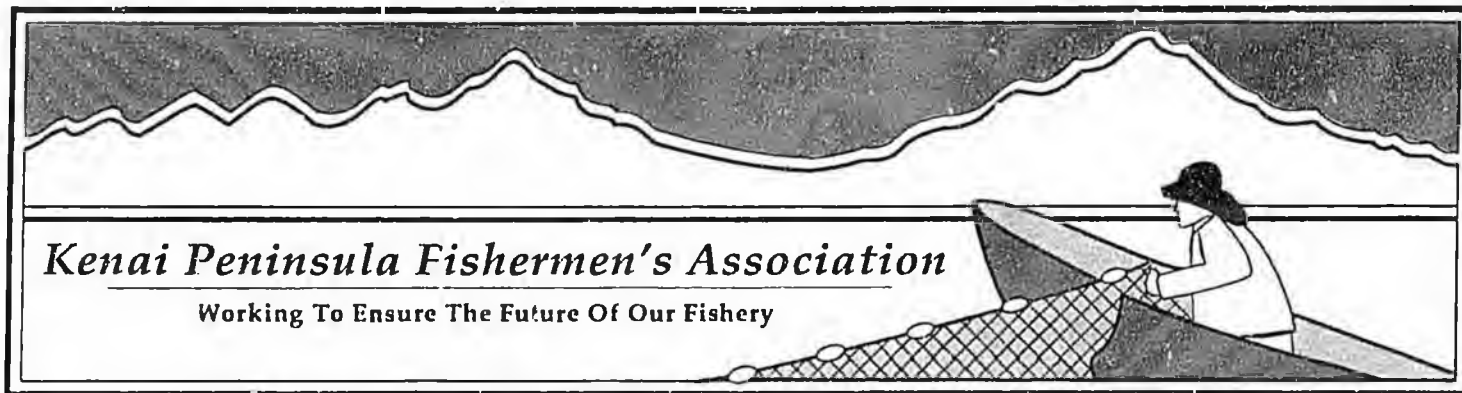
I ask all legislators to require they be presented a thorough analysis of the benefits to be gained before allowing Governor Murkowski to implement this plan. To date, no information has been presented to support moving Habitat into DNR. All that is presented are political statements of support, statements with no facts to support such a position.

The fact that five Fish and Game Commissioners stand against this action should raise many red flags warning of danger. I look at the fact that DNR and DOT Commissioners stand to gain by supporting moving Habitat. I also see Alaska's resources being raped and its people being ran over by big business interests.

Time is not of the essence in this situation and there is no reason to rush into a new management system. Please stop the pending move of Habitat into DNR.

Sincerely,

Leo Keeler



43961 Kalifornsky Beach Road • Suite E • Soldotna, Alaska • 99669  
(907) 262-2492 • Fax: (907) 262-2898 • E Mail: [kpfa@alaska.net](mailto:kpfa@alaska.net)

MAR 17 2003

March 11, 2003

Mr. Chair, Members of the House State Affairs Committee,

My name is Paul A. Shadura II, and I reside on the Kenai Peninsula. I am the president of the Kenai Peninsula Fishermen's Association.

I would like to incorporate my remarks from the Senate Resource Committee in this testimony and in addition the survey analysis from ADF&G Sportsfish Division.

Tonight I would like to comment on the document "Reorganization Proposal In Accordance With Executive Order No 107". Under "Functions Moving to Sport Fish" we find Various research and restoration projects... The sport fish division has been extremely controversial in their habitat assessments within the Kenai River watershed. It has been noted by area residents, sportfishers, commercial fishermen and others that the direction the division has taken on use issues on the Kenai River suppresses evaluation caused by boat wakes and other high traffic conditions that destroy habitat for juvenile King Salmon and other species.

Our legislators in our district are well aware of the departments conflict of interests that are apparent in Board of Fish decisions on *In River Guide* activity on the Kenai River.

In "Rates of Participation in Alaska's Recreational Fisheries", department personnel conclude: ..it appears the division is not achieving its goal of increasing sport fishing participation rates. ... the trends in this report pose a serious threat to the Fish and Game Fund. This fund provides direct and matching money for Alaska's sport fisheries. ... we must look to stabilize the contributions to this fund, especially from the sale of resident licenses given potential volatility in non-resident license sales.

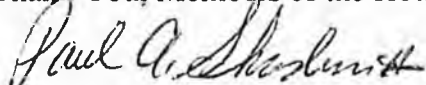
It is apparent that the division of sportfish has a conflict in protecting a habitat that has a potential income stream that funds the department. This is an inherent flaw within the division and could be perceived by the public as conflict of interest. It is the one reason why habitat assessments should be directed by a panel of impartial reviewers. The

division of Habitat has been associated with a non-biased approach to habitat degradation that favors neither commercial or sport divisions or their users.

We do not support the concept of "*the fox watching the hen house*".

Our last suggestion to strengthen the our Governor's EO is that we believe that it is possible to use Article III Section 25 to create a commission within DNR that will incorporate a review process that will allow expertise and *balance* to the regulatory permit process. The commission would have to go through the confirmation and the administration's appointee review process thereby settling issues the public may have with protection and utilization of our resources.

Thank You, Members of the House State Affairs Committee.

  
Paul A. Shadura II

Management Update

**Rates of Participation in Alaska's Recreational Fisheries  
1993-1998**

MAR 17 2003

*Doug Vincent-Lang  
and  
Bob Walker*

July 2000

Alaska Department of Fish and Game  
Division of Sport Fish  
333 Raspberry Road  
Anchorage, Alaska 99518

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## Introduction

The mission of the Division of Sport Fish is to manage, protect, maintain, and extend Alaska's recreational fishery resources in the interest of the economy, consistent with the sustained yield principle and subject to allocations through the public regulatory process. Under this mission, one of the primary goals of the Division is to provide a diverse mix of recreational fishing opportunities that are of interest to Alaskans and visitors of our state.

Over the past several years, managers of Alaska's sport fisheries have increasingly been hearing that some anglers, both residents and visitors to the state, are dissatisfied with the sport fishing opportunities available to them. Recent data from the statewide harvest survey appear to substantiate this, indicating lower rates of participation in sport fishing throughout Alaska (Howe et. al. 1999). The causes and reasons for the declines and dissatisfaction are not known, but have been the focus of several newspaper articles and editorials.

The decreasing rates of participation and the causes behind the declines are of concern to managers of Alaska's recreational fisheries. To gain further insight into this issue we analyzed information available to the Division from the sale of sport fishing licenses to resident and non-residents through the years 1993 to 1998. The number of licenses sold each year is one index that can be used to track participation rates, and indirectly angler satisfaction with Alaska's sport fishing opportunities. License sales have the added benefit of also providing estimates of revenues to the Fish and Game Fund, a major funding source of the Division of Sport Fish. The historic license database can also be used to examine demographic profiles of license purchasers (e.g., their residency, sex, and age) that can be useful in evaluating trends in sport fishing participation.

This report summarizes information pertaining to license sales and participation rates by residents and non-residents in Alaska's sport fisheries from 1993 through 1999.

## Methods

At the time of license purchase an angler is required to provide their name, address, sex, citizenship, and birth date. These data are annually entered in a computer database. We combined the license file databases for the years 1993 through 1999 and culled the resultant database to track unique individuals purchasing a license. Matching was based on driver's license numbers, social security numbers, dates of birth, addresses, and names. We then used this database to evaluate trends in resident and non-resident angler purchasing licenses over this period. Trends evaluated included the number of resident and non-resident anglers (as indexed by the number of licenses sold), the residency of the anglers, the age and sex of the anglers, and the revenues generated from the license sales.

## Findings

Between 1993 and 1999 the number of people purchasing a sport fishing license increased from just over 370,000 to about 402,000 (Table 1, Figure 1). During 1993 a majority of the people purchasing a sport fishing license were residents (Table 1, Figure 2). However, beginning in 1994 and continuing through 1999, the number of non-residents purchasing a sport fishing license has outnumbered residents purchasing a license. Also noteworthy is the trend that the number of non-residents purchasing a sport fishing license has been generally increasing while the number of residents purchasing sport fishing license has been decreasing (Table 1, Figure 2).

Because of the differing trends between residents and non-residents, results for each group will be reported on separately below.

### *Resident Anglers<sup>1</sup>*

Between 1993 and 1999 the number of resident Alaskans purchasing a sport fishing license has decreased annually (Table 1, Figure 3). In 1993 nearly 191 thousand residents purchased a sport fishing license but by 1999 this number had dropped to just over 176 thousand, a drop of 8%. This occurred despite an increase in population of 25,000 over this period (Williams 1998, 2000). As such, the percent of the population purchasing a sport fishing license decreased over this period from about 33% in 1993 to just over 28% in 1999 (Figure 4).

The number of resident Alaskans purchasing a license decreased in all areas of the state (Figure 5). In southcentral Alaska the number of resident Alaskans purchasing a license decreased by over 10,000 (an 8% decline) between 1993 and 1999. In southeast Alaska decreased by about 3,000 (an 11% decline) and in interior Alaska the number decreased by about 2,000 (a 3% decline).

Males purchasing a sport fishing license outnumber females by about 2:1 (Figure 6). However, both sexes showed decreased purchases between 1993 and 1999 in about equal proportions (Figure 6).

The number of resident Alaskans between the ages of 16-29 and between 30-39 that bought fishing licenses decreased between 1993 and 1999 (Figure 7). In contrast, the number of resident Alaskans between the ages of 40-49 and between 50-60 increased between 1993 and 1999 (Figure 7). Residents under the age of 16 and over 60 do not need to purchase a license.

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<sup>1</sup> Residents under the age of 16 and over 59 do not need to purchase a resident sport fishing license. Therefore, their participation is not reflected in this analysis.

About 45% of the resident Alaskans who purchased a sport fishing license between 1993 and 1999 bought a license only one of those years (Figure 8). In contrast only 8% purchased a license in all 7 of the years (Figure 8).

As could be predicted based on the above information, revenues to the Fish and Game Fund from the sales of resident sport fishing licenses dropped by about 250,000 dollars between 1993 and 1999 (Figure 9). If revenues had remained at the 1993 levels, this represents a total loss of about \$820,000 of revenue to the Fish and Game Fund over this period.

### *Non-Resident Anglers*

Between 1993 and 1999 the number of non-resident purchasing a sport fishing license increased annually (Table 1, Figure 10). In 1993 over 170,000 non-residents purchased a sport fishing license. By 1999 this number had increased to just less than 230,000, an increase of 33%.

Much of the increase in sales is likely attributable to an increase in tourism to Alaska. The number of tourists visiting Alaska between 1993 and 1999 increased annually, from about 850,000 in 1993 to about 1.2 million in 1999 (Table 2, Figure 11). However, the rate of increase has begun to decrease in recent years, indicating that the number of tourists visiting Alaska may be leveling off (Table 2).

The percent of tourists visiting Alaska that purchased a sport fishing license between 1993 and 1995 increased (Figure 12). However, since 1996 the percent purchasing a license has decreased each year, with just less than 19% purchasing a license in 1999.

Most of the increase in license sales came from non-residents from the other 49 U.S. states. This group made up 93-95% of non-resident anglers. The number of these non-resident visitors who purchased a license increased from about 163,000 in 1993 to over 213,000 in 1999 (Figure 13). Similarly, but to a lesser extent, the sales of sport fishing licenses to non-residents of foreign countries also increased between 1993 and 1999 (Figure 13).

Non-resident males purchasing a sport fishing license outnumber non-resident females by about 4:1 (Figure 14). Both sexes showed increased purchases between 1993 and 1999; however, the number of licenses sold to non-resident females increased faster than did the sales to males (Figure 14).

The number of non-residents purchasing a sport fishing license increased across all age categories except between the ages of 30-39 between 1993 and 1999 (Figure 15). Most non-residents who purchased a sport fishing license were older than 40 years of age (Figure 15).

About 85% of the non-residents who purchased a sport fishing license between 1993 and 1999 bought a license only one of those years (Figure 16).

Revenues to the Fish and Game Fund from the sales of sport fishing licenses to non-residents increased by about \$1.9 million between 1993 and 1999 (Figure 17). Although much of this increase can be attributed to increased sales, a change in the type and cost structure of the licenses also contributed to the increased revenues. The proportion of the total revenues derived from non-residents from license sales increased from 55% in 1993 to about 70% in 1999.

### **Discussion and Recommendations**

One of the primary goals of the Division of Sport Fish is to provide sport fishing opportunity that is of interest to Alaskans and visitors of our state. Although we have this goal identified we have rarely examined our success towards achieving it. This report is a first step at examining participation rates by resident and non-resident anglers in Alaska's sport fisheries.

Much to our concern, resident participation rates are dropping. The declines do not appear to be geographically based given that resident license sales are declining throughout all areas of Alaska. Also, the declines do not appear to be gender based as licenses sales are decreasing for both males and females. Finally, we saw that license sales were decreasing for residents younger than the age of 45. In contrast, licenses sales were increasing for people older than 45.

Also surprising was the fact that few residents purchased a sport fishing license more than twice over a six year period. Only one-half of the residents purchasing a license in one year purchased another license within the next five years. This suggested to us that most Alaskans are not repeat participants in sport fishing or that many opportunistically purchase their licenses.

The trends in resident participation rates noted in this report are troubling. The reasons behind the declines in resident participation rates are unknown and cannot be identified from the data used to identify the trends. However, it can be speculated that sport fishing is not competing favorably with the demands of school, career, and family or other leisure opportunities. It may also be that some residents are not happy with the range of sport fishing opportunities that are available to them.

In contrast, non-resident participation rates have been increasing. This has likely been a result of increasing tourism to Alaska and marketing of sport fishing to these tourists. However, there are signs suggesting that the rate of increase in non-resident participation is beginning to level off as the number of tourists visiting Alaska is beginning to level off. Also, the percent of tourists purchasing a license is beginning to drop, suggesting that tourists visiting Alaska are selecting to not participate in sport fishing

opportunities available to them. This suggests that non-resident participation rates may be beginning to stabilize. If tourism begins to decline due to a downturn in the national economy or tourists selecting another location to vacation in, non-resident participation may actually begin to decline. Factors affecting the perceived availability of sport fishing opportunities, especially for king salmon and halibut, will likely influence non-resident participation rates in the future.

In combination, it appears the Division is not achieving its goal of increasing sport fishing participation rates. In response we are beginning to explore the changing participation trends using a series of surveys aimed at assessing angler satisfaction with their angling opportunities. The Division is currently designing a survey to explore, in more detail, the reasons behind the trends in resident participation rates. Based on the findings of these studies we may wish to change the mix of opportunities available to the angling public or begin to promote the opportunities that are currently available.

Last, the trends noted in these report pose a serious threat to the Fish and Game Fund. This fund provides direct and matching money for management of Alaska's sport fisheries. If we are to continue to our past successes in stock assessment and management we must look to stabilize the contributions to this fund, especially from the sale of resident licenses given potential volatility in non-resident license sales. We must also consider, given the susceptibility of license revenue contributions to this fund, looking at diversifying our income stream.

### **Literature Cited**

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Table 1. Number of residents and non-residents who purchased an Alaskan sport fishing license, 1993-1999.

Year	Residents	Non-residents	Both
1993	190,748	171,345	362,093
1994	191,435	192,951	384,386
1995	184,191	205,172	389,363
1996	183,407	208,693	392,100
1997	180,831	218,440	399,271
1998	177,307	216,913	394,220
1999	176,167	228,398	404,565

Table 2. Number of tourists visiting Alaska, 1993-1999.

Year	Number	Percent change
1993	846,200	+8.2%
1994	931,400	+10.1%
1995	967,100	+3.8%
1996	1,064,300	+10.1%
1997	1,120,600	+5.3%
1998	1,163,700	+3.9%
1999	1,199,000	+3.0%

MAR 11 2003



**KENAI RIVER**  
Special Management Area

"Working together...for the river"

## ADVISORY BOARD

March 5, 2003

Dear Representative:

During a meeting of the Kenai River Special Management Area (KRSMA) Advisory Board on February 20, our Board discussed Governor Murkowski's Executive Order No. 107, which transfers the fish habitat permitting functions, and all of the Department of Fish and Game's responsibilities to protect fish habitat and riparian buffers on logging operations from the Department of Fish and Game to the Department of Natural Resources. We urge that you take Legislative action to disapprove this executive order, and use your position to affirm that the fish and wildlife habitat protection standards for the State of Alaska are not to be compromised.

Our comments related to EO 107 are those of the KRSMA Board, and may not reflect the position of the Department of Natural Resources. The KRSMA Board was established to advise the Department of Natural Resources on issues of importance within the Kenai River watershed. We take our charge seriously as the Kenai River is the lifeblood for a tremendous segment of our Kenai Peninsula economy, from supporting a vital sportfishing and tourism industry, to supplying the largest share of the fishery resources upon which the commercial fishing industry depends. Maintaining healthy habitat is the basis for maintaining sustained salmon runs.

We are concerned that transferring the habitat permitting functions of ADF&G to ADNR will weaken the important checks and balances that must be weighed in all resource development equations. Resource development permitting decisions that are made by more than one agency will enable healthy dialogue and discussion between experts with diverse, often conflicting, but equally essential missions. Centralizing all permit decisions within one agency will increase the likelihood that decisions will be made that promote resource development at the expense of habitat preservation and protection. At what cost must we learn the lesson of the Pacific Northwest? When we, too, have lost much of our salmon resources due to the insidious loss of important habitat?

The KRSMA Board has supported the creation and implementation of the Kenai River Center (KRC) in Soldotna, a brainchild of former Kenai Peninsula Borough Mayors Don Gilman and Mike Navarre. The KRC is an award-winning example of interagency cooperation and permit streamlining and efficiency. Permit applicants are provided a "one stop" office for all of their permitting needs, having access to Borough representatives, state agency representatives from ADF&G and ADNR and federal



Kenai Area Office, Box 1247, Soldotna, AK 99669, Soldotna 262-5581  
Kenai Peninsula Borough, Box 850, Soldotna, AK 99669, Soldotna 262-4441

Alaska Division of Parks and Outdoor Recreation, Department of Natural Resources, in cooperation with the Kenai Peninsula Borough.



agency representatives from EPA. Our experience in working with the ADF&G-Habitat Division staff has been positive and productive.

We do not agree with the premise that inefficiencies within the Habitat Division dictate the transfer of permitting functions to ADNR, as EO 107 alludes. Rather, the Habitat Division representatives at the Kenai River Center have been instrumental in efficiently and fairly issuing permits to hundreds of applicants yearly, while also helping to educate landowners, businesses and others regarding how they might play a role in protecting critical fish habitat along the Kenai River. Over the past decade, there has been a tremendous increase in habitat protection awareness and education among residents of the Kenai River watershed, much of it brought about by Habitat Division permitting staff.

We respectfully urge you to consider your role in promoting the responsible development of Alaska's natural resources while protecting those habitat resources that support the wealth of the state's sport, commercial and subsistence fisheries and wildlife resources. Please oppose Executive Order 107. Thank you for your consideration of our request.

Sincerely,

A handwritten signature in cursive script that reads "Ken Lancaster". The signature is written in dark ink and is positioned above the printed name and title.

Ken Lancaster  
KRSMA Advisory Board President

Cc: DNR Commissioner Tom Irwin

MAR 14 2003

Statement of Dr. Eric Knudsen to  
State Affairs Committee on  
Executive Order 107 to Transfer Habitat Division from ADF&G to ADNR  
March 11, 2003

I am a professional fisheries scientist with over 20 years experience in management and research on Pacific salmon, steelhead, and other fish and wildlife. I have conducted studies both here in Alaska and the Pacific Northwest, much of which have focused on the effects of habitat alterations on the ecology and productivity of salmon and trout. I am a member of the American Fisheries Society and I am the current Past President of the Western Division AFS. A copy of a letter from WDAFS President Don MacDonald to Governor Murkowski on this issue is attached to my testimony for the hearing record. My testimony today represents only my own professional opinions.

I would like to make three primary, scientifically based points that, taken, together, argue for a joint resolution to reject Executive Order 107, which would transfer the permitting functions of the ADF&G Habitat Division to ADNR.

First, there is absolutely no scientific doubt that healthy stream and riparian habitats are fundamental to the amount of salmon, steelhead, and other related fish and wildlife produced in Alaskan watersheds. Both research and experience have shown that where habitats are degraded from upland and streamside effects, or where access to streams are blocked by road culverts or increased landslides and erosion, salmon populations have been diminished. The scientific record on this is extensive.

Second, a combination of solid science in Alaska and elsewhere, together with a long history of experience in the Pacific Northwest, clearly demonstrates that the gradual, incremental, cumulative effects of numerous seemingly minor habitat alterations can lead to the destruction of the habitat base that supports productive salmon populations and the fisheries that depend on those populations. Each development project may not alone have a serious impact but, when added together, the cumulative effects can be devastating.

Third, scientific research in the Pacific Northwest has generally led to the conclusion that it is much more difficult to repair stream and riparian habitats to their fully functional state than it is to simply protect the natural stream functions in the first place. Recent scientific literature on repairing damaged habitats has indicated that the repairs can be relatively ineffective when compared to naturally functioning stream ecosystems. Importantly, the argument that, if the relaxation of habitat protection results in damage, as it may under this transfer of responsibility, subsequent tightening of habitat protection will only prevent further damage. The problem is that habitat damage is insidious and irreversible: once the damage is done it is extremely difficult to repair.

Taken together, these rigorous, scientific conclusions have demonstrated that it is imperative to protect stream and riparian habitats. Experience in the Pacific Northwest is replete with examples of degraded habitats and lost salmon runs. While not all the losses are attributable to habitat effects, it is also clear that, when the effects of heavy fishing or